



# **Economic Data Report**

**Quarter 4 of 2022/2023**

*Research & Innovation*



## TABLE OF CONTENTS

		Page
1.	<b><u>INTRODUCTION</u></b>	<b>3</b>
2.	<b><u>MACRO ECONOMY</u></b>	<b>3</b>
2.1	<b><u>The Global Economy</u></b>	<b>3</b>
2. 2	<b><u>South African Economy</u></b>	<b>7</b>
2.2.1	<b><i>Highlights Q4 2022/2023</i></b>	<b>7</b>
2.3	<b><u>North West Province Economic Overview</u></b>	<b>21</b>
2.3.1	<b><i>North West Key Economic Indicators Compared to South Africa</i></b>	<b>21</b>
2.3.2	<b><i>North West Location and Infrastructure</i></b>	<b>33</b>
2.3.3	<b><i>North West Policy Guidelines</i></b>	<b>34</b>
3.	<b><u>SOUTH AFRICA's GLOBAL COMPETITIVENESS</u></b>	<b>34</b>
4.	<b><u>FOREIGN DIRECT INVESTMENT (FDI)</u></b>	<b>40</b>
4.1	<b><u>Global Investment Trends</u></b>	<b>42</b>
4.2	<b>Africa</b>	<b>43</b>
4.3	<b>South Africa</b>	<b>44</b>
4.4	<b>North West Province</b>	<b>46</b>
5.	<b><u>TRADE</u></b>	<b>50</b>
6.	<b><u>RECOMMENDATIONS</u></b>	<b>54</b>

## 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: Inflation Peaking amid Low Growth

(Source: WORLD ECONOMIC OUTLOOK (WEO) Update; January 2023)

The global economy is experiencing a number of turbulent challenges:

- Inflation higher than seen in several decades,
- Tightening financial conditions in most regions,
- Russia's invasion of Ukraine, and
- The lingering COVID-19 pandemic all weigh heavily on the outlook.

Global growth is projected to fall from an estimated 3.4 % in 2022 to 2.9 % in 2023, then rise to 3.1 % in 2024. The forecast for 2023 is 0.2% higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000–19) average of 3.8 %. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 % in 2022 to 6.6 % in 2023 and 4.3 % in 2024, still above pre-pandemic (2017–19) levels of about 3.5 %.

The balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 WEO. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation are plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing conditions could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress.

In most economies, amid the cost-of-living crisis, the priority remains achieving sustained disinflation.

- With tighter monetary conditions and lower growth potentially affecting financial and debt stability, it is necessary to deploy macroprudential tools and strengthen debt restructuring frameworks.
- Accelerating COVID-19 vaccinations in China would safeguard the recovery, with positive cross-border spillovers.

- Fiscal support should be better targeted at those most affected by elevated food and energy prices, and broad-based fiscal relief measures should be withdrawn.
- Stronger multilateral cooperation is essential to preserve the gains from the rules-based multilateral system and to mitigate climate change by limiting emissions and raising green investment.

#### Recommendations

- Aggressive monetary tightening is critical to avoid inflation de-anchoring;
- Protection of vulnerable groups through targeted near-term support to alleviate the burden of the cost-of-living crisis;
- Addressing growing government debt through improvement in debt resolution frameworks;
- Improve productivity and economic capacity;
- Fast-track the green energy transition will yield long-term payoffs for energy security; and
- Successful multilateral cooperation to support economic integration.

**Table 1. Overview of the World Economic Outlook Growth Projections World Economic Outlook Update January 2023**

	Projections										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>World Output</b>	3,2	3,2	3,3	3,8	3,5	2,8	-3,1	6,2	3,4	2,9	3,1
<b>Advanced Economies</b>	1,9	2,1	1,7	2,5	2,2	1,6	-4,5	5,4	2,7	1,2	1,4
<b>United States</b>	2,4	2,6	1,6	2,4	3	2,2	-3,4	5,9	2	1,4	1
<b>Euro Area</b>	0,9	2	1,9	2,5	1,9	1,3	-6,3	5,3	3,5	0,7	1,6
<b>Germany</b>	1,6	1,5	1,9	2,5	1,3	0,6	-4,6	2,6	1,9	0,1	1,4
<b>France</b>	0,6	1,1	1,2	2,3	1,8	1,8	-7,9	6,8	2,6	0,7	1,6
<b>Italy</b>	-0,3	0,8	0,9	1,7	0,8	0,3	-9	6,7	3,9	0,6	0,9
<b>Spain</b>	1,4	3,2	3,3	3	2,4	2	-10,8	5,5	5,2	1,1	2,4
<b>Japan</b>	-	1,1	0,9	1,9	0,3	0	-4,5	2,1	1,4	1,8	0,9
<b>United Kingdom 2/</b>	3,1	2,2	1,9	1,8	1,3	1,4	-9,3	7,6	4,1	-0,6	0,9
<b>Canada</b>	2,5	0,9	2,3	3	2	1,9	-5,2	5	3,5	1,5	1,5
<b>Other Advanced Economies 3/</b>	2,8	2,2	2,3	2,9	2,7	1,9	-1,8	5,3	2,8	2	2,4
<b>Emerging Market and Developing Economies</b>	4,6	4,3	4,4	4,8	4,5	3,7	-2	6,7	3,9	4	4,2
<b>Emerging and Developing Asia</b>	6,8	6,8	6,4	6,6	6,3	5,4	-0,8	7,4	4,3	5,3	5,2
<b>China</b>	7,3	6,9	6,7	6,8	6,7	6	2,2	8,4	3	5,2	4,5
<b>India 4/</b>	7,2	8	7,1	7,2	6,1	4	-6,6	8,7	6,8	6,1	6,8
<b>Emerging and Developing Europe</b>	2,8	4,7	3,2	3,9	3,3	2,5	-1,8	6,9	0,7	1,5	2,6
<b>Russia</b>	0,7	-2,8	-0,2	1,6	2,5	2	-2,7	4,7	-2,2	0,3	2,1
<b>Latin America and the Caribbean</b>	1,3	0,1	-0,7	1,2	1,1	0,1	-6,9	7	3,9	1,8	2,1
<b>Brazil</b>	0,1	-3,8	-3,5	1,1	1,3	1,4	-3,9	5	3,1	1,2	1,5
<b>Mexico</b>	2,2	2,6	2,9	2,1	2,2	-0,2	-8,1	4,7	-2,2	0,3	2,1
<b>Middle East and Central Asia</b>	2,7	2,7	4,9	2,3	2,1	1,4	-2,9	4,5	5,3	3,2	3,7
<b>Saudi Arabia</b>	3,6	4,1	1,7	-0,7	2,4	0,3	-4,1	3,2	8,7	2,6	3,4
<b>Sub-Saharan Africa</b>	5,1	3,4	1,4	3	3,2	3,2	-1,6	4,7	3,8	3,8	4,1
<b>Nigeria</b>	6,3	2,7	-1,6	0,8	1,9	2,2	-1,8	3,6	3	3,2	2,9
<b>South Africa</b>	1,6	1,3	0,6	1,4	0,8	0,2	-6,3	4,9	2,6	1,2	1,3
<b>Memorandum</b>											
<b>World Growth Based on Market Exchange Rates</b>	2,7	2,7	2,5	3,2	3,1	2,4	-3,4	6	3,1	2,4	3,4

<b>European Union</b>						1,8	-5,8	5,5	3,7	0,7	1,8
<b>ASEAN-5-5/</b>	4,6	4,9	4,9	5,3	5,3	4,9	-3,4	3,8	5,2	4,3	4,7
<b>Middle East and North Africa</b>						0,8	-3,4	4,1	5,4	3,2	3,5
<b>Emerging Market and Middle-Income Economies</b>						3,5	-2,2	7	3,8	4	4,1
<b>Low-Income Developing Countries</b>	6	4,6	3,6	4,7	5,1	5,3	0,1	4,1	4,9	4,9	5,6
<b>World Trade Volume (Goods and Services)6/</b>	3,7	2,6	2,5	5,7	3,9	0,9	-7,9	10,4	5,4	2,4	3,4
<b>Imports</b>											
<b>Advanced Economies</b>	3,6	4	2,6	4,7	3,6	1,4	-8,8	9,4	6,6	2,3	2,7
<b>Emerging Market and Developing Economies</b>	3,9	0,3	2,3	7,5	5	-0,2	-6,2	12,1	3,4	2,6	4,6
<b>Exports</b>											
<b>Advanced Economies</b>	3,6	4	2,6	4,7	3,3	1,3	-9,1	8,7	4,2	2,5	
<b>Emerging Market and Developing Economies</b>	3,9	0,3	2,3	7,5	4,1	-0,2	-4,8	11,8	3,3	2,9	
<b>Commodity Prices (U.S. dollars)</b>											
<b>Oil 7/</b>	-7,5	-47,2	-15,7	23,3	29,4	-10,2	-32,7	65,8	39,8	-16,2	-7,1
<b>Nonfuel (average based on world commodity export weights)</b>	-4	-17,5	-1,6	6,4	1,3	0,8	6,7	26,4	7	-6,3	-0,4
<b>World Consumer Prices 8/</b>							3,2	4,7	8,8	6,6	4,3
<b>Advanced Economies 9/</b>	1,4	0,3	0,8	1,7	2	1,4	0,7	3,1	7,3	4,6	2,6
<b>Emerging Market and Developing Economies 9/</b>	4,7	4,7	4,3	4,3	4,9	5,1	5,2	5,9	9,9	8,1	5,5
<b>London Interbank Offered Rate (percent)</b>											
<b>On U.S. Dollar Deposits (six month)</b>	0,3	0,5	1,1	1,5	2,5	2,3	0,7	0,2	0,4		
<b>On Euro Deposits (three month)</b>	0,2	0	-0,3	-0,3	-0,3	-0,4	-0,4	-0,5	-0,5		
<b>On Japanese Yen Deposits (six month)</b>	0,2	0,1	-	-	-	0	0	-0,1	0		
<b>"Source: IMF staff.</b>											

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 26, 2022--November 23, 2022. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

1/ Difference based on rounded figures for the current and October 2022 WEO forecasts. Countries whose forecasts have been updated relative to October 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 projections are presented on a fiscal year basis, with FY 2022/23 (starting in April 2022) shown in the 2022 column. India's growth projections are 5.4 percent in 2023 and 6.8 percent in 2024 based on calendar year.

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

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 assumed price of oil in US dollars a barrel, based on futures markets (as of November 29, 2022), is \$81.13 in 2023 and \$75.36 in 2024. 8/ Excludes Venezuela. 9/ The inflation rate for the euro area is 5.7% in 2023 and 3.3% in 2024, that for Japan is 2.8% in 2023 and 2.0% in 2024, and that for the United States is 4.0% in 2023 and 2.2% in 2024

## A Rocky Recovery

(Source: WORLD ECONOMIC OUTLOOK (WEO) Update; WEO April 2023)

Tentative signs in early 2023 that the world economy could achieve a soft landing—with inflation coming down and growth steady—have receded amid stubbornly high inflation and recent financial sector turmoil. Although inflation has declined as central banks have raised interest rates and food and energy prices have come down, underlying price pressures are proving sticky, with labor markets tight in a number of economies. Side effects from the fast rise in policy rates are becoming apparent, as banking sector vulnerabilities have come into focus and fears of contagion have risen across the broader financial sector, including nonbank financial institutions. Policymakers have taken forceful actions to stabilize the banking system. As discussed in depth in the Global Financial Stability Report, financial conditions are fluctuating with the shifts in sentiment.

In parallel, the other major forces that shaped the world economy in 2022 seem set to continue into this year, but with changed intensities.

- Debt levels remain high, limiting the ability of fiscal policymakers to respond to new challenges.
- Commodity prices that rose sharply following Russia's invasion of Ukraine have moderated, but the war continues, and geopolitical tensions are high.
- Infectious COVID-19 strains caused widespread outbreaks last year, but economies that were hit hard—most notably China—appear to be recovering, easing supply-chain disruptions.
- Despite the fillips from lower food and energy prices and improved supply-chain functioning, risks are firmly to the downside with the increased uncertainty from the recent financial sector turmoil.

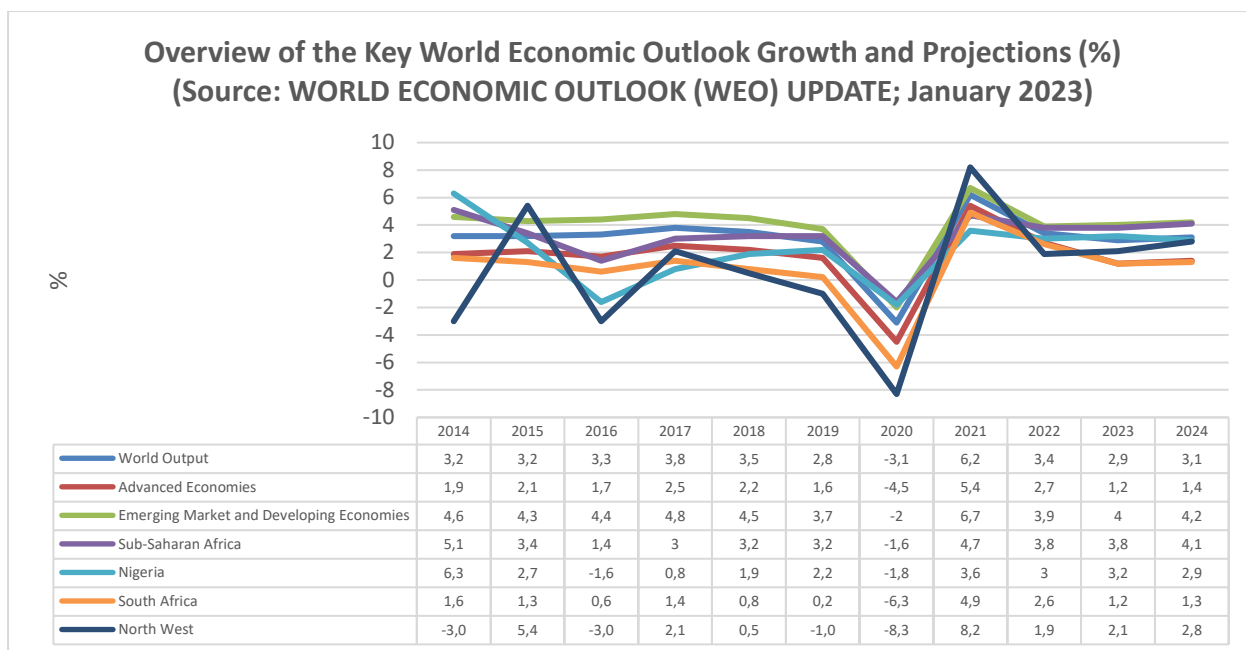
The baseline forecast, which assumes that the recent financial sector stresses are contained, is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before rising slowly and settling at 3.0 percent, the lowest medium-term forecast in decades.

Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023—the weakest growth since the global downturn of 2001, barring the initial COVID-19 crisis in 2020 and during the global financial crisis in 2009—with advanced economy growth falling below 1 percent.

Fiscal policymakers should buttress monetary and financial policymakers' actions in getting inflation back to target while maintaining financial stability.

In most cases, governments should aim for an overall tight stance while providing targeted support to those struggling most with the cost-of-living crisis.

**Figure 1: Overview of the Key World Economic Outlook Growth and Projections (%)**  
(Source: **WORLD ECONOMIC OUTLOOK (WEO) UPDATE; January 2023**)



## 2.2 South African Economy

### 2.2.1 Highlights Q4 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 60,6 million in mid-2022. 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 over the past 8 years grew by an average of 1.6% while the economy grew by 3,1% which will increase income per capita and result in a wealthier population.

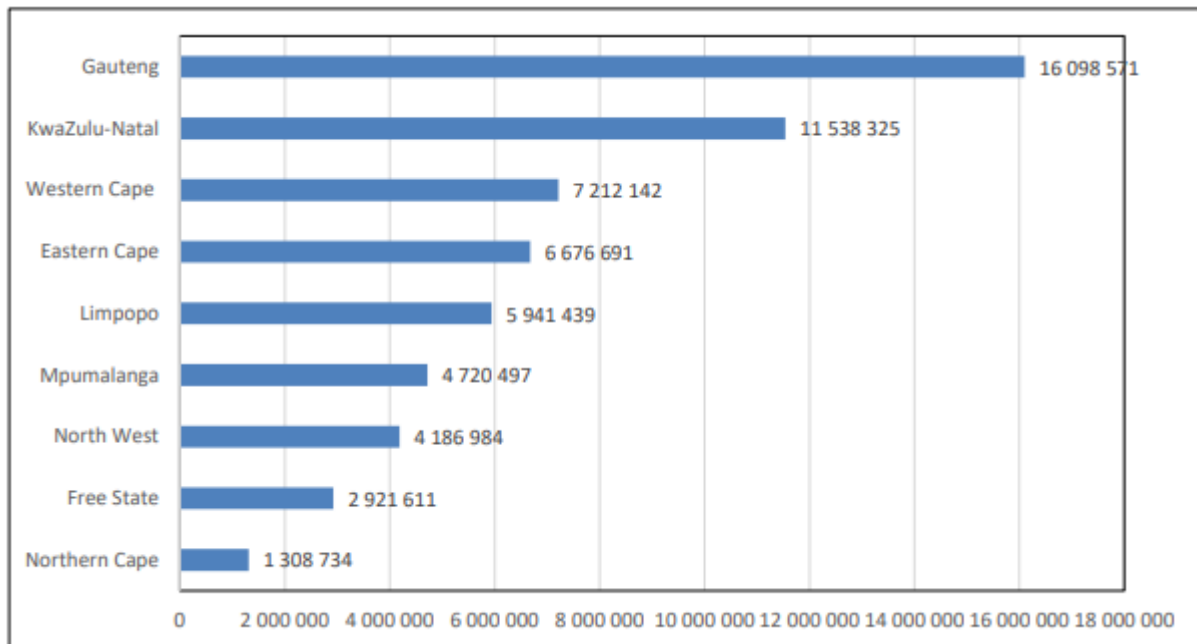
**Table 2: South African and North West Population and Population Growth Rates**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>South Africa</b>	52 827 909	53 649 096	54 488 424	55 319 826	56 140 764	56 990 964	57 859 351	58 726 826	59 538 697	60 142 978	60 604 992
<b>Growth rate %</b>	1,56%	1,55%	1,56%	1,53%	1,48%	1,51%	1,52%	1,50%	1,38%	1,01%	0,77%
<b>North-West</b>	3 575 520	3 636 912	3 698 739	3 759 428	3 819 022	3 881 560	3 946 988	4 012 494	4 076 040	4 122 854	4 186 984
<b>Growth rate %</b>	1,75%	1,72%	1,70%	1,64%	1,59%	1,64%	1,69%	1,66%	1,58%	1,15%	1,56%

**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
<b>Total</b>	<b>29 624 882</b>	<b>100,0</b>	<b>30 980 110</b>	<b>100,0</b>	<b>60 604 992</b>	<b>100,0</b>

**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**

Age	North West		
	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
<b>Total</b>	<b>2 128 956</b>	<b>2 058 028</b>	<b>4 186 984</b>

## South African Economic Growth Q4: GDP Declines in the Fourth Quarter

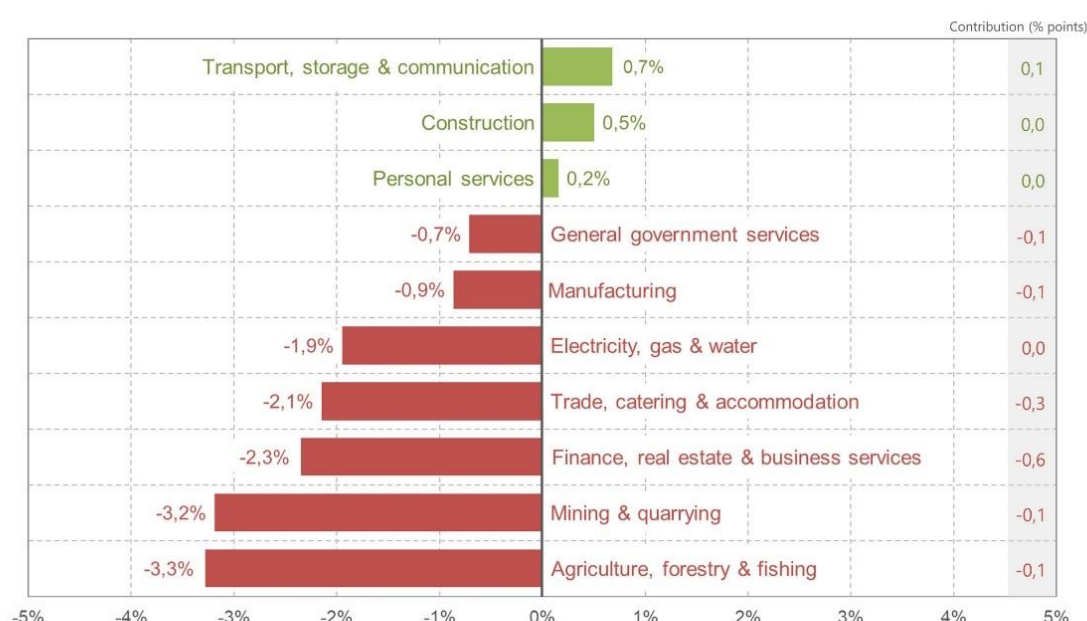
After rallying in the third quarter of 2022, South African gross domestic product (GDP) declined by 1,3% in the fourth quarter (October–December).<sup>1</sup> Growth was dragged lower mainly by finance, trade, mining, agriculture, manufacturing and general government services.

### Finance and trade the biggest drags on growth

Seven of the ten industries contracted in the fourth quarter. The finance, real estate & business services industry shrank by 2,3%. This was on the back of lower economic activity in financial intermediation, insurance & pension funding and auxiliary activities. As the finance, real estate & business services industry is the largest in the South African economy, the 2,3% decrease was the biggest factor behind the decline in GDP, subtracting 0,6 of a percentage point from GDP growth (Figure 1).

Figure 1: Seven industries contracted in Q4: 2022

Industry growth rates – Q4: 2022 compared with Q3: 2022 (constant 2015 prices, seasonally adjusted)



Source: Gross domestic product (GDP), 4<sup>th</sup> quarter 2022

The trade, catering & accommodation industry was the second largest negative contributor to growth, recording a contraction of 2,1%. This was mainly due to a decline in wholesale trade.

Mining output was dragged lower by a decline in the production of diamonds, iron ore and platinum group metals (PGMs).

Economic activity in the electricity, gas & water supply industry was hampered by lower levels of production and consumption of electricity (mainly due to load shedding) and water.

Agriculture recorded the largest contraction in the quarter (-3,3%), pulled lower mainly by weaker production figures for field crops and horticulture products.

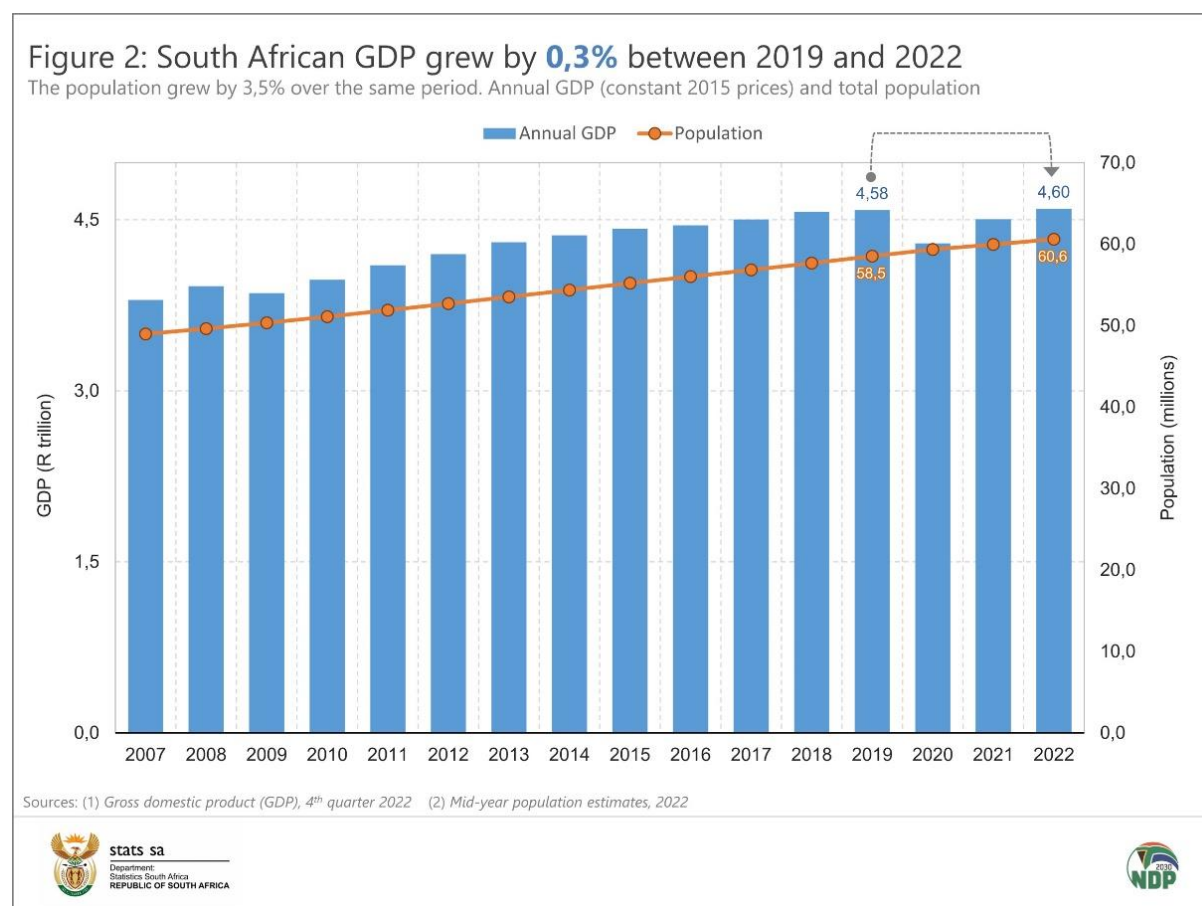
On the positive side, transport, storage & communication, construction and personal services were the bright spots in the fourth quarter. Transport, storage & communication made the largest positive impact,

rising by 0,7% and contributing 0,1 of a percentage point to growth. This was mainly due to increased economic activity in passenger land transport, air transport and communication services.

### Economic growth flat since 2019

The fourth quarter data concludes the results for the calendar year, providing an opportunity to revisit the annual GDP series. The South African economy grew for a second consecutive year, expanding by 2,0% between 2021 and 2022, from R4,50 trillion to R4,60 trillion.<sup>2</sup>

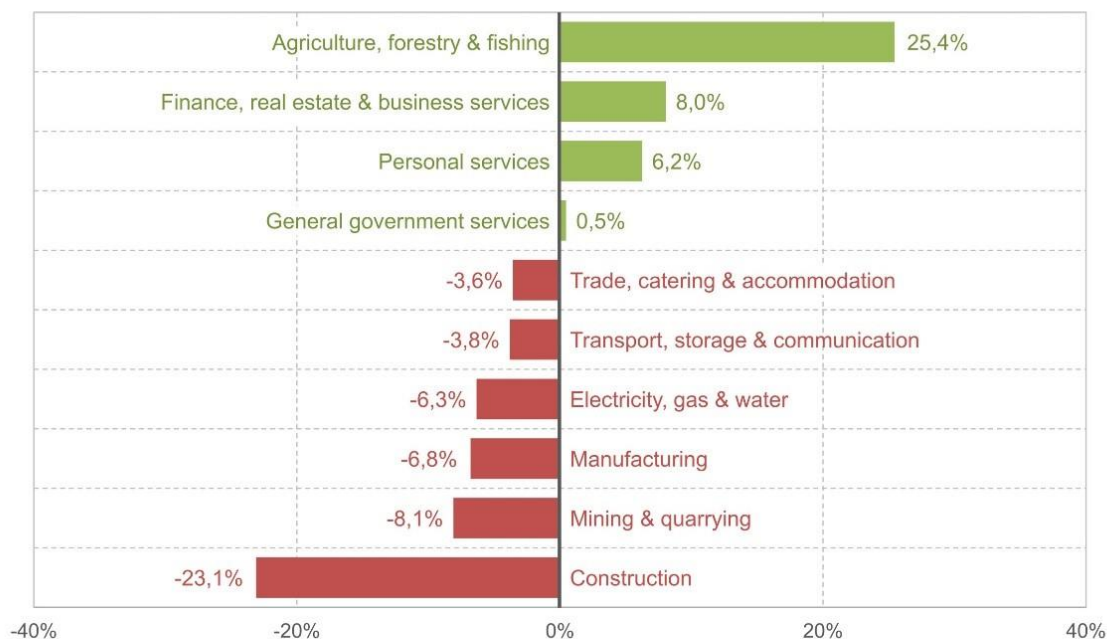
Although GDP reached an all-time high in 2022, the economy has only grown by 0,3% from the 2019 pre-pandemic reading of R4,58 trillion. This lags behind the 3,5%<sup>3</sup> rise in the country's population over the same period.



Exploring the economy in more detail, six industries have yet to recover to their pre-pandemic levels of production (Figure 3). Construction is the worst in shape, remaining 23,1% smaller than what it was before the pandemic. In fact, construction's woes started way before COVID-19. A shadow of its former self, 2022 marked construction's sixth consecutive year of economic decline.

**Figure 3: Six industries lag their pre-pandemic levels of production**

Percentage change in annual value added – 2022 compared with 2019 (constant 2015 prices)



Source: Gross domestic product (GDP), 4<sup>th</sup> quarter 2022



On the upside, South African agricultural activity was robust in the face of the pandemic. The industry grew strongly in 2020 while many other industries faltered, following up with further gains in 2021 and 2022. The finance, real estate & business services industry also recorded positive growth figures for all three years, although not as strong as agriculture.

## 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 7,1% in March 2023, up from 7,0% in February 2023. The consumer price index increased by 1,0% month-on-month in March 2023.

The main contributors to the 7,1% 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 14,0% year-on-year, and contributed 2,4 percentage points to the total CPI annual rate of 7,1%.
- Housing and utilities increased by 4,0% year-on-year, and contributed 1,0 percentage point.
- Transport increased by 8,9% year-on-year, and contributed 1,3 percentage points.
- Miscellaneous goods and services increased by 5,9% year-on-year, and contributed 0,9 of a percentage point. Goods was 9,4%, down from 9,5% in February; and Services was 4,5% down from 4,6% in February.

Note: Not all items in the CPI are surveyed every month. Table F shows the survey schedule for items that are not surveyed monthly. Additional surveys are conducted for these items when Stats SA is aware of significant price changes outside regular survey months.

**Table 5: Historical Inflation Rates**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg
<b>2014</b>	5,8%	5,9%	6,0%	6,0%	6,6%	6,6%	6,3%	6,4%	5,9%	5,9%	5,8%	5,3%	6,1%
<b>2015</b>	4,4%	3,9%	4,0%	4,5%	4,6%	4,7%	5,0%	4,6%	4,6%	4,7%	4,8%	5,2%	4,6%
<b>2016</b>	6,2%	7,0%	6,3%	6,2%	6,1%	6,3%	6,0%	5,9%	6,1%	6,4%	6,6%	6,8%	6,4%
<b>2017</b>	6,6%	6,3%	6,1%	5,3%	5,4%	5,1%	4,6%	4,8%	5,1%	4,8%	4,6%	4,7%	5,3%
<b>2018</b>	4,4%	4,0%	3,8%	4,5%	4,4%	4,6%	5,1%	4,9%	4,9%	5,1%	5,2%	4,5%	4,7%
<b>2019</b>	4,0%	4,1%	4,5%	4,4%	4,5%	4,5%	4,0%	4,3%	4,1%	3,7%	3,6%	4,0%	4,1%
<b>2020</b>	4,5%	4,6%	4,1%	3,0%	2,1%	2,2%	3,2%	3,1%	3,0%	3,3%	3,2%	3,1%	3,3%
<b>2021</b>	3,2%	2,9%	3,2%	4,4%	5,2%	4,9%	4,6%	4,9%	5,0%	5,0%	5,5%	5,9%	4,5%
<b>2022</b>	5,7%	5,7%	5,9%	5,9%	6,5%	7,4%	7,8%	7,6%	7,5%	7,6%	7,4%	7,2%	6,9%
<b>2023</b>	6,9%	7,0%	7,1%										

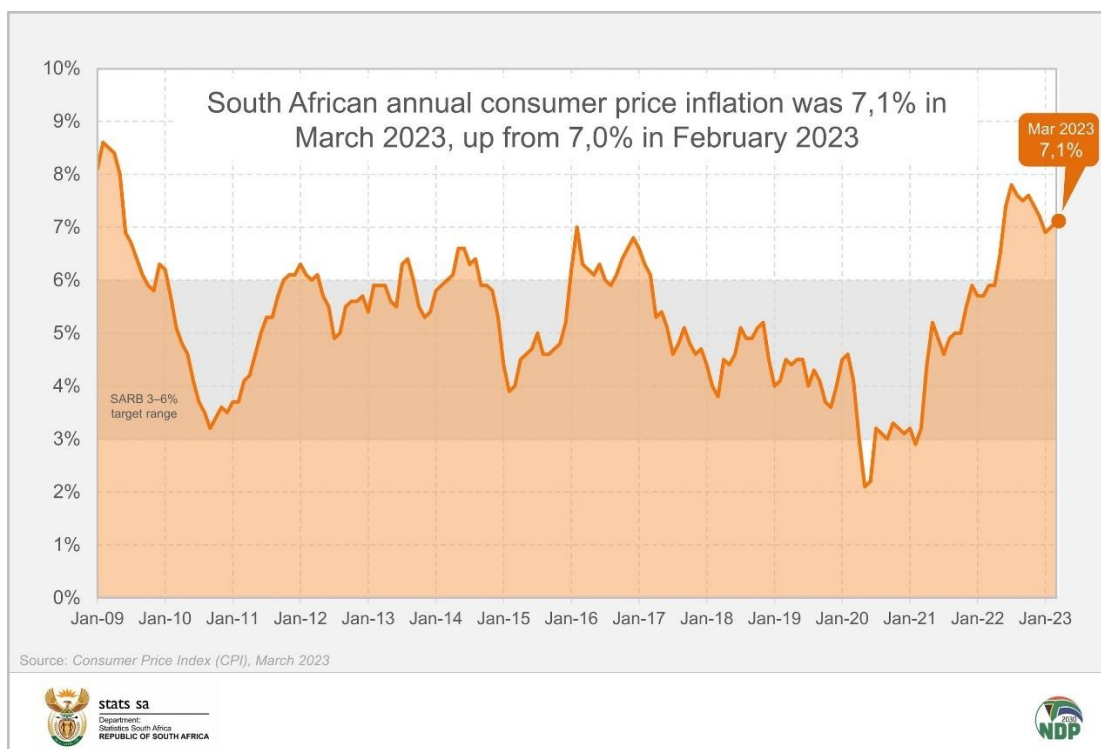
Provincial annual inflation rates ranged from 7,1% in Western Cape to 8,5% in the Free State.

**Table 6: Provincial Inflation Rates**

Province	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	Nov 2022 CPI	Mar- 2023 CPI
<b>Western Cape</b>	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%	7,1%	7,1%
<b>Eastern Cape</b>	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%	8,4%	7,9%
<b>Northern Cape</b>	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%	8,0%	7,8%
<b>Free State</b>	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%	8,8%	8,5%
<b>KwaZulu-Natal</b>	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%	8,1%	7,9%
<b>North West</b>	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%	7,3%	7,2%
<b>Gauteng</b>	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%	7,2%	6,6%
<b>Mpumalanga</b>	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%	8,2%	7,9%
<b>Limpopo</b>	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%	8,2%	7,4%

### Inflation rises for a second consecutive month as food prices bite

Headline consumer inflation edged higher to 7,1% in March from 7,0% in February and 6,9% in January.



The monthly change in the consumer price index (CPI) was 1,0% in March, the most significant monthly rise since July 2022 when it was 1,5%. Food & non-alcoholic beverages and transport were the main drivers behind the annual and monthly increases.

### Food inflation continues its upward trend

Inflation for food & non-alcoholic beverages continued to accelerate, with prices increasing by 14,0% in the 12 months to March. This represents the largest annual increase since the 14,7% rise in March 2009 (14 years ago).

In March, milk, eggs & cheese; sugar, sweets & desserts; fruit and vegetables; and the product category 'other food products' experienced upward inflationary pressure. The milk, eggs & cheese product group witnessed its annual rate reaching 13,6% from the recent low of 3,7% in April 2022. The reading in March is the highest annual increase since February 2009's print of 13,9%.

Bread & cereals, meat, oils & fats, and fish bucked the trend, recording slower growth. The annual increase for bread & cereals was 20,3% in March, down from 20,5% in February. Meat inflation edged lower to 10,6% from 11,4% in February. Prices of oils & fats decreased for a seventh successive month, dragging the annual rate to 16,0% from 16,7%.

### Transport inflation down on lower fuel prices

The transport index rose by 8,9% in the 12 months to March, down from the 9,9% annual rate recorded in February. The downward shift was led by eight consecutive months of slowing fuel inflation, which reached 8,1% in March from 10,9% in February. This is much lower than the 56,2% peak in July 2022.

However, fuel prices rose by 4,5% between February and March. This was mainly due to the price of inland 95-octane petrol rising by R1,27 per litre.<sup>1</sup>

### The latest data on education fees

Education fees are surveyed once a year in March. Overall, fees increased by 5,7% in 2023, higher than the 4,4% rise recorded in 2022. Fee increases were recorded for primary and pre-primary schools (up 6,3%), secondary schools (up 5,8%) and tertiary institutions (up 5,3%).

Other education-related products and services that recorded price increases include crèches (up 4,6%), university boarding fees (up 6,7%), textbooks (up 11,3%) and school bags (up 10,6%). The 11,3% rise in textbooks is the largest annual increase since October 2009 (12,0%).

### Other notable price changes in March

New excise taxes for alcohol and tobacco products came into effect in March, contributing to a monthly increase of 2,2%. However, the annual rate dropped slightly to 6,2% from 6,3% in February.

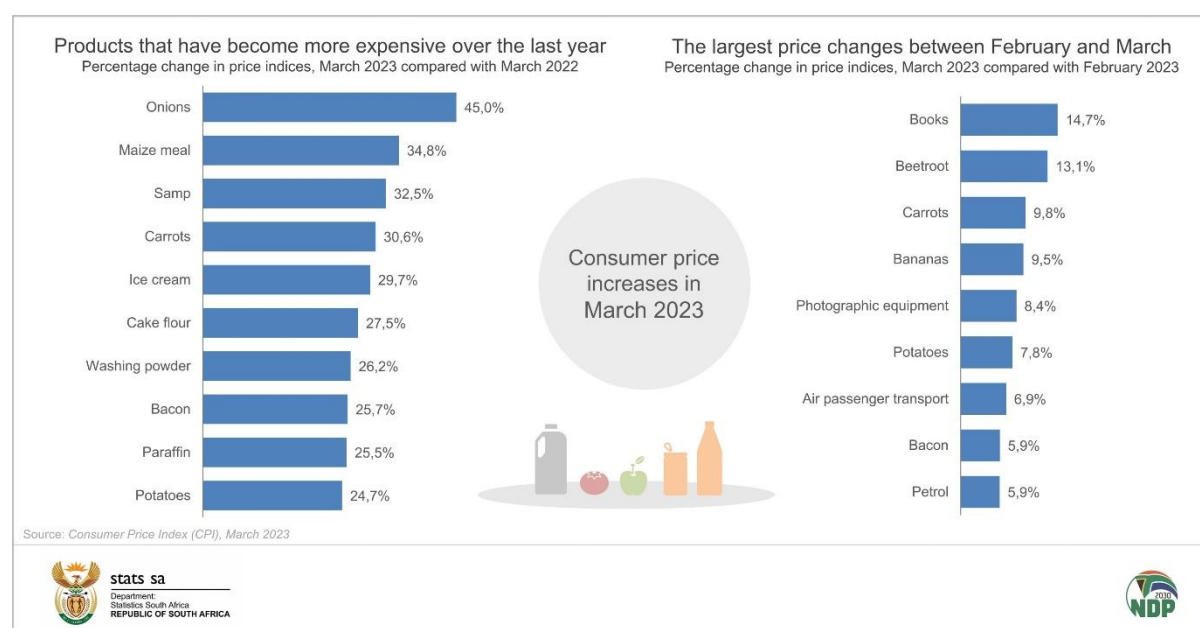
Data for the first quarter survey of housing rentals is also included in the CPI for March. Annual inflation for actual rentals was unchanged from December at 2,5%, while owner-occupied housing was 2,7% compared with December's reading of 2,8%.

In March, inflation for household contents and services rose to 6,9% from 6,2% in February. This is the highest annual increase since June 2009 (7,0%). Prices for appliances, tableware and equipment rose by 7,7%.

Domestic worker wages increased by 1,2% in March from December, leading to a 5,2% annual rise – the highest since February 2019 when the same rate was recorded.

Prices for personal care items increased by 11,1% in the 12 months to March. This is the highest annual rate since the 12,0% in October 2009.

The charts below show the products that recorded the largest percentage price increases in March.



### 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 2022**

	<b>Consumer Price Index (CPI)</b>	<b>Producer Price Index (PPI)</b>
<b>Average 2012</b>	5,6%	
<b>Average 2013</b>	4,7%	6,0%
<b>Average 2014</b>	6,1%	7,5%
<b>Average 2015</b>	4,6%	3,6%
<b>Average 2016</b>	6,4%	7,0%
<b>Average 2017</b>	5,3%	4,9%
<b>Average 2018</b>	4,7%	5,5%
<b>Average 2019</b>	4,1%	4,7%
<b>Average 2020</b>	3,3%	2,5%
<b>Average 2021</b>	4,5%	7,1%
<b>Average 2022</b>	6,9%	14,3%

## **Key findings for February 2023**

### ***Intermediate manufactured goods***

The annual percentage change in the PPI for intermediate manufactured goods was 5,0% in February 2023 (compared with 5,6% in January 2023). The index decreased by 0,1% month-on-month. The main contributors to the annual rate were:

- basic and fabricated metals (1,5 percentage points);
- sawmilling and wood (1,3 percentage points); and
- chemicals, rubber and plastic products (1,3 percentage points).

The contributor to the monthly rate was:

- basic and fabricated metals (-0,7 of a percentage point).
- sawmilling and wood (0,2 of a percentage point);
- recycling and manufacturing n.e.c. (0,2 of a percentage point);
- textiles and leather goods (0,1 of a percentage point); and
- chemicals, rubber and plastic products (0,1 of a percentage point).

### ***Electricity and water***

The annual percentage change in the PPI for electricity and water was 11,2% in February 2023 (compared with 9,8% in January 2023). The index increased by 1,3% month-on-month. Electricity contributed 10,2 percentage points to the annual rate and water contributed 1,0 percentage point to the annual rate (Figure 3.1). Electricity contributed 1,3 percentage points to the monthly rate.

### ***Mining***

The annual percentage change in the PPI for mining was 19,5% in February 2023 (compared with 19,9% in January 2023). The index increased by 3,6% month-on-month. The main contributors to the annual rate were:

- non-ferrous metal ores (6,8 percentage points);
- coal and gas (6,7 percentage points); and
- gold and other metal ores (3,2 percentage points).

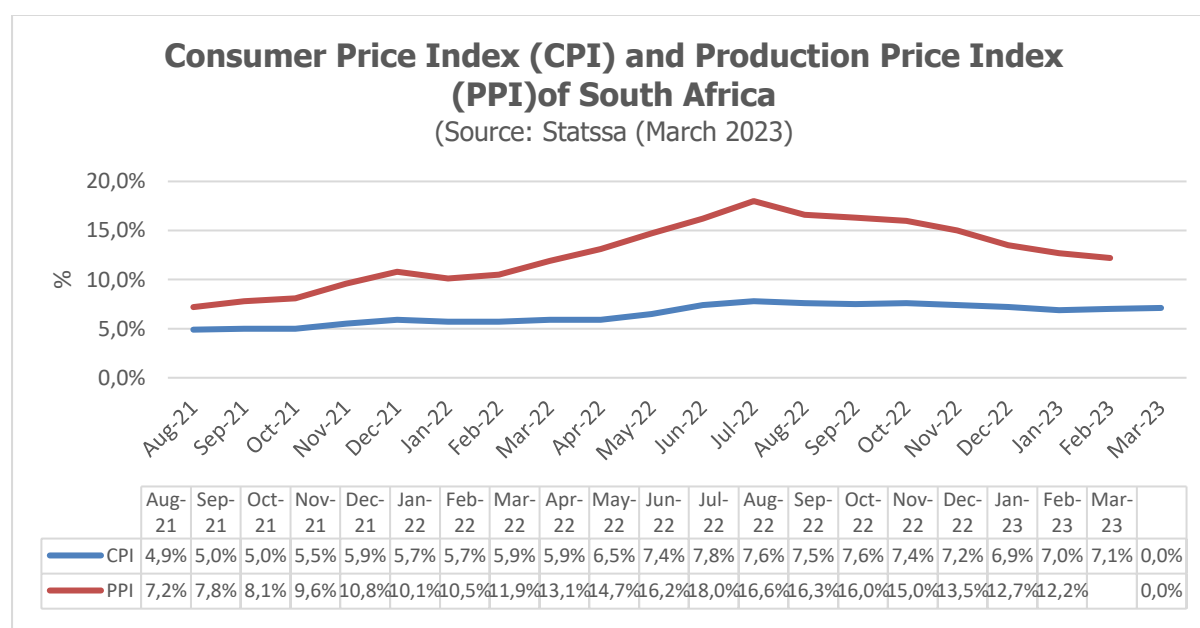
The main contributors to the monthly rate were:

- non-ferrous metal ores (3,1 percentage points); and
- gold and other metal ores (1,1 percentage points).

### ***Agriculture, forestry and fishing***

The annual percentage change in the PPI for agriculture, forestry and fishing was 14,2% in February 2023 (compared with 11,7% in January 2023). The index increased by 1,2% month-on-month. The main contributors to the annual rate were agriculture (11,2 percentage points) and fishing (2,2 percentage points). The contributors to the monthly rate were agriculture (1,0 percentage point) and fishing (0,2 of a percentage point)

**Figure 4: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) August 2021 to March 2023**



## **Employment**

### **Fourth quarter jobs rise in SA formal non-agricultural sector**

Working-age population increased by 141 000 or 0,3% in the fourth quarter of 2022 compared to the third quarter of 2022. Compared to Q4: 2021, the working-age population increased by 574 000 or 1,4%.

The number of employed persons increased by 169 000 to 15,9 million in Q4: 2022, and the number of unemployed persons increased by 28 000 to 7,8 million compared to Q3: 2022, resulting in an increase of 197 000 (up by 0,8%) in the number of people in the labour force.

The number of discouraged work-seekers decreased by 151 000 (down by 4,3%) while the number of people who were not economically active for reasons other than discouragement increased by 95 000 (up by 0,7%) between the two quarters, resulting in a net decrease of 57 000 in the not economically active population.

To better understand the observed large changes in key labour market indicators between Q3: 2022 and Q4: 2022, special tabulations were done to study movements between labour market statuses.

It was observed that a large number of persons moved from "not economically active" category to "employed" and "unemployed" statuses between the two quarters, which resulted in a decrease of 0,2 of a percentage point in the unemployment rate to 32,7%.

The labour force participation rate in Q4: 2022 was higher than that reported in Q3: 2022 as a result of these movements – increasing by 0,2 of a percentage point to 58,5%. The absorption rate increased by 0,3 of a percentage point to 39,4% in the fourth quarter of 2022 compared to the third quarter of 2022.

Employment gains were observed in the formal sector (up by 143 000) and Private households (up by 54 000), while losses were observed in the informal sector (down by 15 000) and Agricultural sector (down by 12 000) in Q4: 2022.

Compared to a year ago, total employment increased by 1,4 million persons (or 9,6%). The number of unemployed persons decreased by 168 000 (or 2,1%), while the number of persons who were not economically active decreased by 649 000 (or 3,7%)

**Table 6: Employment by Province**

Province	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand					Per cent	
<b>South Africa</b>	<b>14 544</b>	<b>15 765</b>	<b>15 934</b>	<b>169</b>	<b>1 390</b>	<b>1,1</b>	<b>9,6</b>
Western Cape	2 263	2 428	2 596	167	333	6,9	14,7
Eastern Cape	1 247	1 360	1 380	20	132	1,5	10,6
Northern Cape	264	324	336	12	71	3,6	27,0
Free State	727	798	794	-3	67	-0,4	9,2
KwaZulu-Natal	2 424	2 539	2 541	2	117	0,1	4,8
<b>North West</b>	<b>858</b>	<b>858</b>	<b>881</b>	<b>23</b>	<b>23</b>	<b>2,6</b>	<b>2,6</b>
Gauteng	4 524	4 923	4 905	-18	381	-0,4	8,4
Mpumalanga	1 052	1 199	1 186	-13	134	-1,0	12,7
Limpopo	1 184	1 337	1 317	-20	133	-1,5	11,2

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

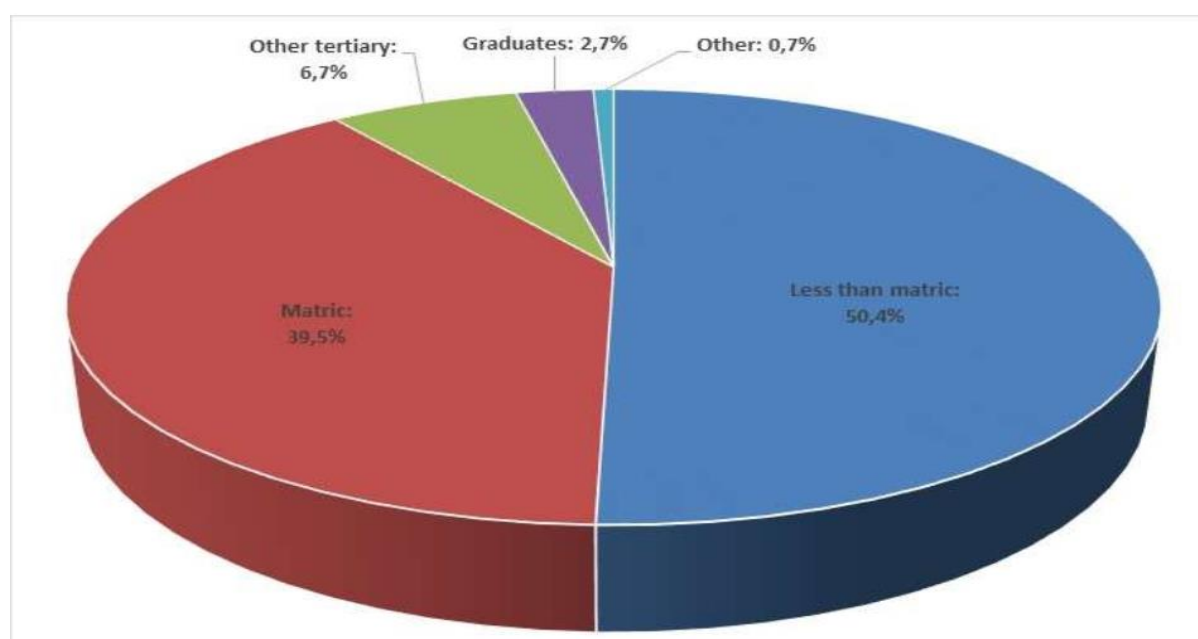
The number of employed persons increased in five provinces between Q3: 2022 and Q4: 2022. Large employment increases were recorded in Western Cape (up by 167 000), North West (up by 23 000), Eastern Cape (up by 20 000) and Northern Cape (up by 12 000).

Employment losses were recorded in Limpopo (down by 20 000), Gauteng (down by 18 000), Mpumalanga (down by 13 000) and Free State (down by 3 000) during the same period.

Western Cape recorded the biggest quarter-to-quarter change in employment with an increase of 6,9%. Compared to Q4: 2021, the largest increases in employment were recorded in Gauteng (up by 381 000), Western Cape (up by 333 000), Mpumalanga (up by 134 000), Limpopo (up by 133 000) and Eastern Cape (up by 132 000).

Northern Cape had the biggest year-on-year percentage change in employment with an increase of 27,0%, followed by Western Cape and Mpumalanga with increases of 14,7% and 12,7%, respectively.

**Table 7: Proportion of the unemployed by education level, Q4: 2022**



Of the 7,8 million unemployed persons in the fourth quarter of 2022, as many as 50,4% did not have matric, and 39,5% had completed matric. Almost 7% of the unemployed had other tertiary qualifications, while only 2,7% of unemployed persons were graduates.

**Table 8: Unemployment Rate by Province**

	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qtr-to-qtr change	Year-on-year change	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qtr-to-qtr change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
<b>South Africa</b>	<b>35,3</b>	<b>32,9</b>	<b>32,7</b>	<b>-0,2</b>	<b>-2,6</b>	<b>46,2</b>	<b>43,1</b>	<b>42,6</b>	<b>-0,5</b>	<b>-3,6</b>
Western Cape	28,0	24,5	22,5	-2,0	-5,5	30,4	29,5	26,8	-2,7	-3,6
Eastern Cape	45,0	42,4	42,1	-0,3	-2,9	53,2	50,6	47,1	-3,5	-6,1
Northern Cape	25,0	26,4	22,1	-4,3	-2,9	50,1	45,9	44,0	-1,9	-6,1
Free State	36,7	33,8	34,6	0,8	-2,1	44,2	40,8	39,6	-1,2	-4,6
KwaZulu-Natal	32,4	30,6	31,4	0,8	-1,0	48,7	46,4	47,9	1,5	-0,8
<b>North West</b>	<b>33,8</b>	<b>39,0</b>	<b>37,0</b>	<b>-2,0</b>	<b>3,2</b>	<b>49,9</b>	<b>53,3</b>	<b>52,3</b>	<b>-1,0</b>	<b>2,4</b>
Gauteng	36,6	33,7	34,0	0,3	-2,6	44,4	39,0	39,4	0,4	-5,0
Mpumalanga	39,7	35,1	36,1	1,0	-3,6	52,4	46,5	48,2	1,7	-4,2
Limpopo	33,9	31,0	31,8	0,8	-2,1	52,8	49,9	49,6	-0,3	-3,2

The official unemployment rate decreased by 0,2 of a percentage point to 32,7% in Q4: 2022 compared to Q3: 2022. The official unemployment rate decreased in four provinces. The largest decreases were recorded in Northern Cape (down by 4,3 percentage points), followed by Western Cape and North West (down by 2,0 percentage points each).

Mpumalanga recorded the largest increase of 1,0 percentage point in the official unemployment rate, followed by Free State, KwaZulu-Natal and Limpopo (up by 0,8 of a percentage point each) and Gauteng (up by 0,3 of a percentage point).

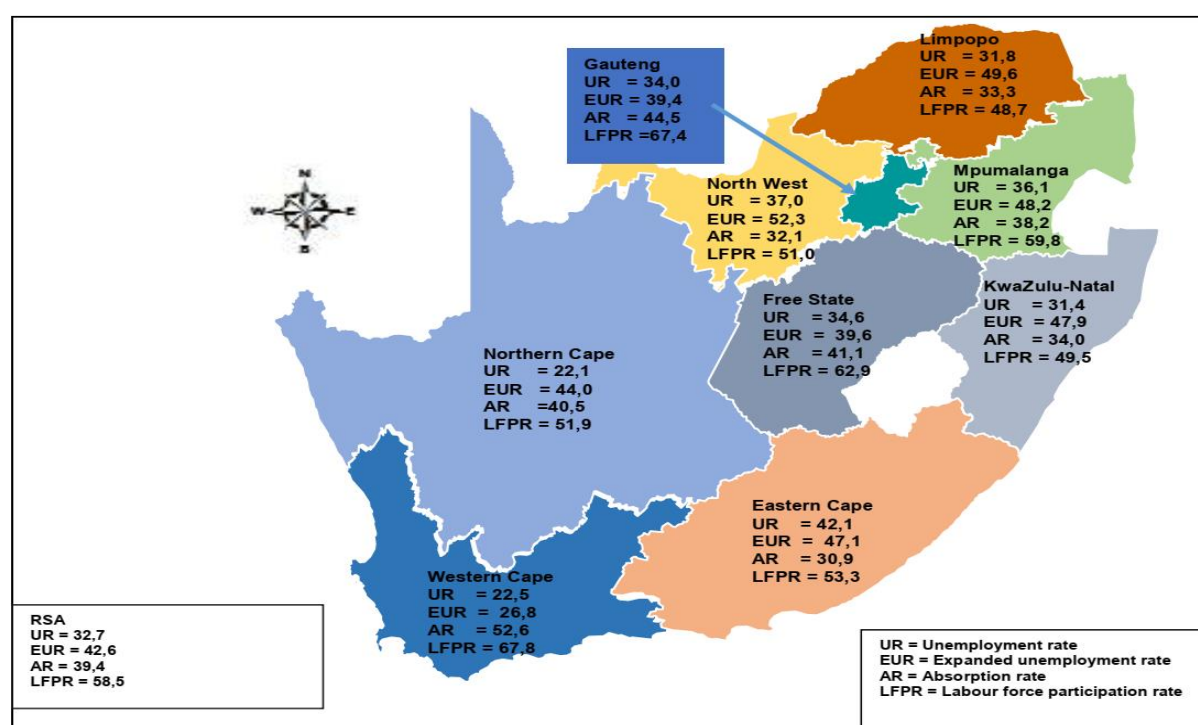
Year-on-year, official unemployment rate decreased by 2,6 percentage points. Official unemployment rate decreased in eight provinces. The largest decrease in the unemployment rate was recorded in Western Cape (down by 5,5 percentage points), followed by Mpumalanga (down by 3,6 percentage points), Eastern Cape and Northern Cape (down by 2,9 percentage points each) and Gauteng (down by 2,6 percentage points). The only increase in the unemployment rate was recorded in North West (up by 3,2 percentage points).

Expanded unemployment rate decreased by 0,5 of a percentage point in Q4: 2022 compared to Q3: 2022. Most provinces recorded a decrease in expanded unemployment rate, except in Mpumalanga, KwaZulu-Natal and Gauteng, where it increased by 1,7 percentage points, 1,5 percentage points and 0,4 of a percentage point, respectively. Largest decrease was recorded in Eastern Cape (down by 3,5 percentage points), followed by Western Cape (down by 2,7 percentage points), Northern Cape (down by 1,9 percentage points) and Free State (down by 1,2 percentage points).

Compared to the same period last year, expanded unemployment rate decreased by 3,6 percentage points in Q4: 2022. Eight out of the nine provinces recorded decreases in expanded unemployment rate. The largest decrease in expanded unemployment rate was recorded in Eastern Cape and Northern Cape (down by 6,1 percentage points each), followed by Gauteng (down by 5,0 percentage points) and Free State (down by 4,6 percentage points).

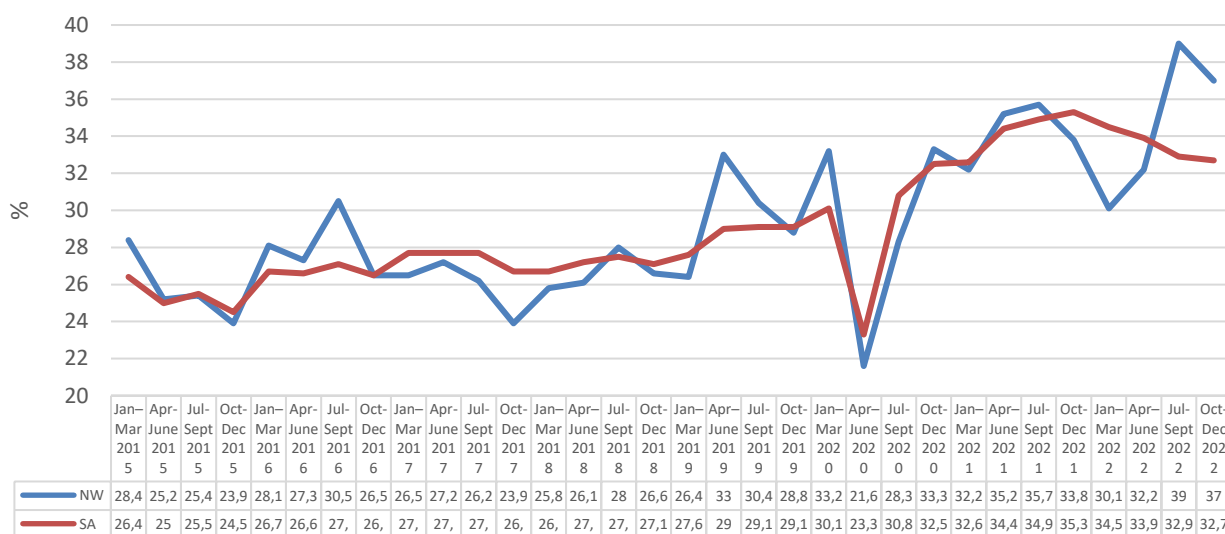
The only increase in expanded unemployment rate was recorded in North West (up by 2,4 percentage points).

**Figure 4: Summary of the Labor Market Measures at a Glance**



**Figure 5: South Africa and North West Unemployment Rate (Source: Statssa Q4 2022)**

### South Africa and North West Unemployment Rate



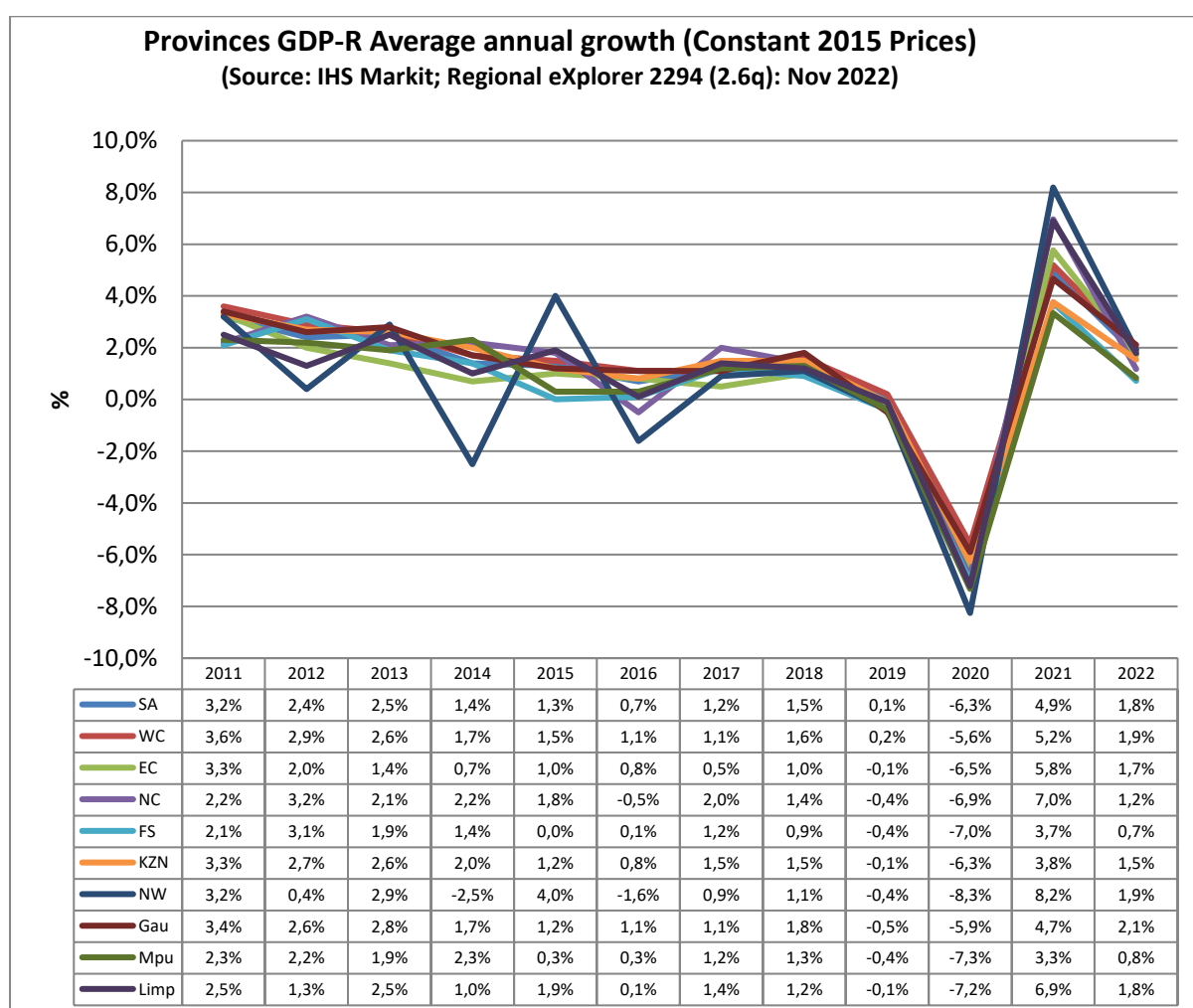
## 2.3 North West Province Economic Overview

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

It is clear that the GDP of the North West Province had the most dramatic contraction with Covid-19 in 2020 but also recovered very well in 2021 with a positive growth of 0,5% for the period of 2018 to 2023.

**Figure 5: GDP-R Average annual growth Provinces (Constant 2015 Prices)**

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



(Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)

- The population of South Africa increased to 60 604 992 million in mid-2022 with the North West population at 4 186 984.
- Inflation Consumer Price Index (CPI) is a matter of concern as it has moved outside the 3%-6% target of the Reserve Bank in October 2022 recording an increase of 7,6% for South Africa and 7,3% for the North West Province. With the Production Price Rate increase of 16% there is no indication that the inflation rate will decrease soon.
- Increases in Energy Prices continue with a proposed ESKOM hike of 32% for 2023 2024 as well as the fuel price is also remaining high at over \$80 per barrel. These increases will ultimately contribute to inflation as well.

- The South African Reserve Bank raised its repo rate by 75 bps to 7% at its November 2022 meeting (double that of a year ago). The increase is taking the prime lending rate to 10.50%, meaning more pain for consumers.
- The official unemployment rate in Q3 of 2022 decreased to 32,9% for South Africa and increased by 6,8% to 39,0% for the North West. The North West Province (NWP) and its four District Municipalities' key demographic and socio-economic characteristics are summarised in the table below and put in context to the South African national picture.

The North West Province (NWP) and its four District Municipalities' key demographic and socio-economic characteristics are summarised in the table below and put in context to the South African national picture.

- The region covers approximately 104 882 square kilometres, forming 8.6 percent of the national area.
- The area is not densely populated compared to the national population density.
- The NWP houses approximately 7 percent of the country's total population.
- Income levels in the NWP are below the national average (which is to be expected for the more rural and sparsely populated areas in South Africa).
- The unemployment rate is slightly higher than the national average. At the same time, the percentage of people in poverty (measured using Stats SA's definition of the number of people below the food poverty line) is marginally lower than the national average.
- The NWP has a resident population of approximately 4.1 million people;
- The area contributes about 6.3 percent to 2021 national production and has a share of approximately 5.5 percent of national employment (including both formal and informal sector employment).
- The Human Development Index (HDI ) for the NWP indicates that the province lags slightly behind the national average (0.61 vs 0.64).
- Based on the IHS Markit's Index of Buying Power (IBP), the buying power in the area indicates that only 5.6 percent of the country's spending power resided in the NWP in 2021.

Please note that Dark Green = Highest value per variable/measure; Dark Red = Lowest value per variable/measure. 1 The upper poverty line is defined by Stats SA as the level of consumption at which individuals can purchase sufficient food and non-food items without sacrificing one for the other.

Variable / Measure (2021)	Bojanala Platinum DM (BPDM)	Ngaka Modiri Molema DM (NMMDM)	Dr Ruth Segomotsi Mompoti DM (RSMDM)	Dr Kenneth Kaunda DM (KKDM)	North West Province (NWP)	National
Size of area (sq. km)	18 333	28 114	43 764	14 671	104 882	1 221 246
Population (number)	1 844 459	964 297	523 007	811 996	4 143 760	60 324 819
Population density (number of people per sq. km)	100.61	34.30	11.95	55.35	39.51	49.40
Economically active population (as % of total pop.)	35.2%	27.5%	24.3%	35.0%	32.0%	36.8%
Number of households (Number)	581 326	259 596	142 134	232 709	1 215 766	16 650 357
Average household income (Rand, current prices)	236 112	195 615	179 980	283 897	230 049	264 920
Annual per capita income (Rand, current prices)	74 416	52 661	48 912	81 362	67 496	73 121
Gini coefficient (Index between 0 and 1)	0.61	0.61	0.61	0.63	0.62	0.63
Formal sector employment (Number)	273 410	168 313	75 273	175 334	692 331	12 132 368
Informal sector employment (Number)	42 443	32 067	17 176	33 868	125 554	2 627 361
Unemployment rate (Official definition)	47.9%	20.4%	22.6%	21.0%	34.2%	33.6%
Share below the food poverty line (Stats SA defined)	26.0%	38.4%	40.4%	30.8%	31.7%	32.5%
Poverty gap rate (from the upper poverty line) <sup>1</sup>	31.7%	31.8%	31.7%	31.6%	31.7%	31.4%
Human Development Index (HDI)	0.63	0.57	0.55	0.64	0.61	0.64
Index of Buying Power (IBP)	0.03	0.01	0.01	0.01	0.06	1.00
GVA (R million current prices)	179 041	65 053	25 482	79 947	349 523	5 572 608
GVA % of SA (Current prices)	3.2%	1.2%	0.5%	1.4%	6.3%	100.0%
GVA (R million constant 2015 prices)	90 733	45 240	17 673	55 957	209 602	4 074 103
GVA % of SA (Constant 2015 prices)	3.2%	1.2%	0.5%	1.4%	6.3%	100.0%
GVA % of NWP (Constant 2015 prices)	43.3%	21.6%	8.4%	26.7%	100.0%	n/a
Annual GVA % growth (using constant 2015 prices)	-1.8%	2.9%	2.6%	2.7%	0.6%	0.4%

**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 2294 (2.6q): Nov 2022)							
		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
<b>Size of Area</b>	(km <sup>2</sup> )	1 221 246	104 882	18 333	28 114	43 764	14 671
	% Share of Region		8,6%	17,5%	26,8%	41,7%	14,0%
<b>Demographic</b>	Total population	59 646 053	4 095 248	1 820 994	953 420	517 562	803 272
	% Share of Region		6,9%	44,5%	23,3%	12,6%	19,6%
	Population Growth rate (%) 2020	1,5%	1,5%	1,6%	1,4%	1,3%	1,4%
	Number of Households	16 820 584	1 226 035	587 937	261 720	142 422	233 956
<b>Development</b>	Human Development Index (HDI)	0,66	0,63	0,65	0,59	0,56	0,66
	Gini coefficient	0,64	0,63	0,62	0,62	0,62	0,63
	<b>Poverty indicators</b>						
	People below the food poverty line (StatsSA defined)	19 584 179	1 311 981	479 744	370 524	211 467	250 247

	2020 %	32,71%	31,99%	26,46%	38,59%	40,74%	31,07%
	2021%	32,46%	31,66%	26,01%	38,42%	40,43%	30,82%
	% 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%
	%Change 2020 to 2021	-0,25%	-0,33%	-0,45%	-0,16%	-0,30%	-0,26%
	Highest level of education: age 20+; Matric only	12 982 536	830 243	435 142	155 973	73 075	166 053
	Population density (number of people per km²)	49,40	39,51	100,61	34,30	11,95	55,35
	Urban Population Rate (%)	64,76%	46,55%	38,90%	28,58%	39,12%	90,06%

The NW shows improvement in most of the *developmental indicators* (2009 used as baseline). Most notable is the improvement in the Human Development Index (HDI) currently at 0.63 up 0.52 in 2009. Similar improvements are seen in both the number and percentage of people below the food poverty line (StatsSA defined). Improvements in all measures relating to schooling and education are also reported.

		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
<b>Household Infrastructure</b>	Share of household occupying formal dwellings (2021)	81,30%	83,50%	79,10%	85,70%	90,80%	87,70%
<b>Labour</b>	EAP as % of total population, official definition 2020	36,85%	32,00%	35,19%	27,55%	24,32%	34,99%
	Unemployment rate, official definition (%)	33,60%	34,21%	47,90%	20,39%	22,65%	21,01%
	Youth Unemployment rate (Aged 15-24) (Official Definition)	64,08%	66,92%	80,78%	52,37%	50,93%	50,08%
<b>Income &amp; Expenditure</b>	Annual total personal income (R million, current prices)	4 411 012	279 686	137 258	50 781	25 581	66 065
	Annual per capita income (Rand, current prices)	73 121	67 496	74 416	52 661	48 912	81 362
	Annual per household income (Rand, current prices)	264 920	230 049	236 112	195 615	179 980	283 897
	Index of buying power	100,00%	5,60%	2,72%	1,06%	0,54%	1,28%

(Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)

The *Index of Buying Power* has also increased for the NW province. IHS Global Insight's Index of Buying Power (IBP) indicates that 5,6% of the country's spending power is located in the NW. Income levels in the NWP are below the national average (which is to be expected for the more rural areas in South Africa). The unemployment rate is slightly higher than that of the national average, while the percentage of people living in poverty is marginally lower than the national average. The NWP has a share of approximately 5.4% of national employment.

### Contribution of the four District Municipalities to GVA in the NWP in 2017 and 2021

*The NWP is a large and significant local economy in the South African economic context.* Bojanala Platinum DM (BPDM) contributed 43.3 percent of the province's economic activity in 2021, followed by Dr Kenneth Kaunda DM (KKDM) at 26.7 percent, Ngaka Modiri Molema DM (NMMDM) at 21.6 percent and Dr Ruth Segomotsi Mompoti DM (RSMDM) contributing 8.4 percent.

The contribution of the four District Municipalities to GVA in the NWP in 2017 and 2021 is shown in the figure ebelow. The major contributor to GVA in the NWP is the BPDM, which represents about 43.3 percent of the total contribution to GVA in 2021 (down from 48.6% in 2017), with KKDM at 26.7 percent (up from 24.3% in 2017), NMMDM at 21.6 percent (up from 19.4% in 2017)and RSMDM at 8.4 percent (up from 7.7% in 2017).

Over time these shares have changed little. Since 2017, KKDM, RSMDM, and NMMDM have gained some economic activity, whereas BPDM has lost some (due to the large concentration of mining activity in the region)

		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompati DM	Dr Kenneth Kaunda DM
<b>Economic</b>	GVA-R Current prices (R 1000)	5 572 608 252	349 522 846	179 041 138	65 052 887	25 481 512	79 947 308
	GVA-R Constant 2015 prices (R 1000)	4 074 102 928	209 602 155	90 732 692	45 239 961	17 673 001	55 956 501
	GVA-R Constant 2015 prices (R 1000) Avg Annual Growth 2021	5,00%	6,20%	8,00%	4,70%	4,40%	4,80%
	GVA-R Constant 2015 prices (R 1000) Avg Annual Growth 2022	1,86%	2,03%	1,88%	2,33%	2,13%	2,00%
	Sector's share of regional total (%) 2022	SA	NW	BPDM	NMMDM	DRSMDM	DKKDM
	Agriculture	2,74%	3,06%	0,94%	5,37%	9,15%	4,03%
	Mining	9,48%	36,11%	61,93%	7,96%	7,04%	10,06%
	Manufacturing	13,74%	5,22%	5,06%	5,73%	3,58%	5,70%
	Electricity	3,16%	3,02%	2,16%	4,78%	3,43%	3,37%
	Construction	2,45%	1,54%	0,90%	1,96%	2,39%	2,36%
	Trade	13,90%	10,19%	6,58%	12,41%	14,53%	15,18%
	Transport	7,56%	4,55%	2,66%	6,15%	6,96%	6,74%
	Finance	21,47%	13,24%	8,92%	15,44%	20,01%	19,04%
	Community services	25,49%	23,07%	10,85%	40,20%	32,92%	33,52%
	Total Industries	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
	GDP-R Current prices (R 1000)	6 192 497 252	386 955 882	194 325 190	73 427 948	28 884 599	90 318 145
	GDP-R Constant 2015 prices (R 1000)	4 504 292 296	231 899 862	98 560 863	50 696 103	19 884 896	62 758 000
	GDP-R Constant 2015 prices Avg Annual Growth 2020	-6,34%	-8,25%	-13,60%	-3,68%	-4,29%	-3,65%
	GDP-R Constant 2015 prices Avg Annual Growth 2021	4,91%	8,19%	6,92%	9,24%	8,53%	9,27%

GDP-R Constant 2015 prices Avg Annual Growth 2022	1,76%	1,91%	1,50%	2,34%	2,15%	2,13%
GDP-R Constant 2015 prices Avg Annual Growth 2018-2023	0,34%	0,51%	-1,37%	2,20%	1,81%	2,01%
GDP-R per Capita Current prices	102 653	93 383	105 356	76 147	55 228	111 230
GDP-R per Capita Constant Prices 2015	74 667	55 964	53 436	52 573	38 020	77 289
Tress index	46,4	52,56	67,65	51,97	51,31	51,32

(Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)

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.

From 2017 to 2021, there has been little change in the NWP's sectoral composition.

An exception is the share of mining, which increased from 25.1 percent in 2017 to 35.7 percent in 2021.

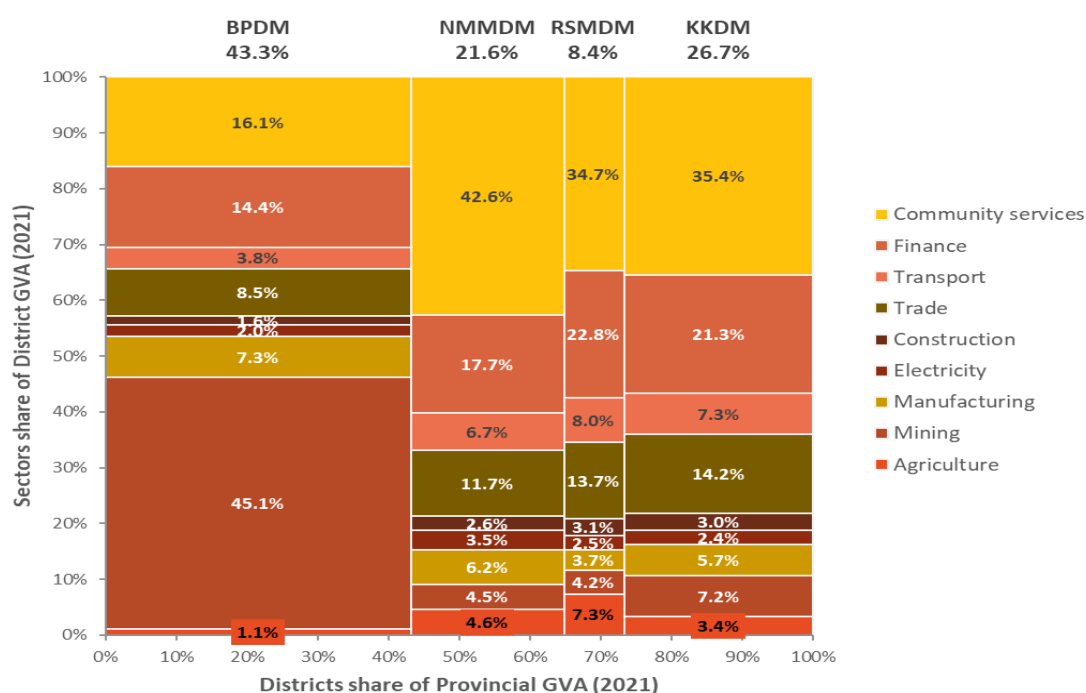
Manufacturing's share decreased from 6.0 percent to 5.0 percent in 2021.

All other sectors' shares decreased from their initial levels in 2017.

The structure of the NWP's economy shows an unhealthy mix of contributions from only a few sectors.

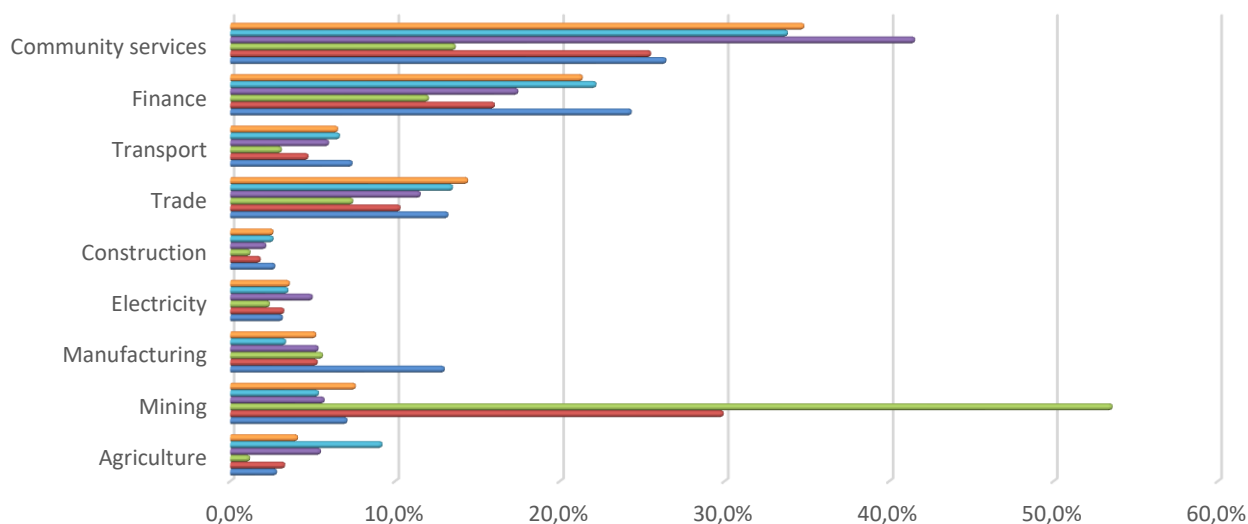
Figure 8 shows how the contribution of each sector is distributed across the NWP's four District Municipalities (horizontally) and across economic sectors (vertically) for GVA.

**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 2021** (Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)



### 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%
DRSDM	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 4% for the North West province but higher in Bojanala at 4,6% where the Pilanesberg Game Reserve is located. It is clear from the 2021 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 2020 and 2021 figures.

**Table 10: Tourism Statistics 2020 and 2021 Compared**

Number of Trips by Purpose of trip	SA	NW	BPDM	NMMDM	DRSMDM	DKKDM
Leisure / Holiday 2020	6 240 939	526 247	365 288	48 028	28 482	84 448
Business 200	1 941 513	92 380	46 668	13 515	6 342	25 855
Visits to friends and relatives 2020	12 567 568	888 086	329 905	231 423	166 729	160 028
Other (Medical, Religious, etc) 2020	1 915 316	75 369	23 566	15 656	13 798	22 349
<b>Total 2020</b>	<b>22 665 335</b>	<b>1 582 082</b>	<b>765 428</b>	<b>308 622</b>	<b>215 351</b>	<b>292 681</b>
Leisure / Holiday 2021	5 812 264	588 782	405 099	55 419	32 985	95 279
Business 2021	2 663 855	142 054	69 457	20 983	9 908	41 707
Visits to friends and relatives 2021	12 651 390	915 790	317 798	250 791	183 862	163 338
Other (Medical, Religious, etc) 2021	2 584 539	105 215	30 642	23 543	21 297	29 734
<b>Total 2021</b>	<b>23 712 048</b>	<b>1 751 840</b>	<b>822 996</b>	<b>350 735</b>	<b>248 051</b>	<b>330 058</b>
Number of Trips by Origin of tourist	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Domestic tourists 2020	19 437 667	1 378 523	647 425	279 170	201 554	250 374
Domestic tourists 2021	21 337 099	1 603 255	738 401	328 746	237 568	298 539
International tourists 2020	3 227 668	203 559	118 002	29 452	13 798	42 307
International tourists 2021	2 374 949	148 586	84 595	21 989	10 483	31 519
<b>Total tourists 2020</b>	<b>22 665 335</b>	<b>1 582 082</b>	<b>765 428</b>	<b>308 622</b>	<b>215 351</b>	<b>292 681</b>
<b>Total tourists 2021</b>	<b>23 712 048</b>	<b>1 751 840</b>	<b>822 996</b>	<b>350 735</b>	<b>248 051</b>	<b>330 058</b>
Bednights by Origin of Tourist	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Domestic tourists 2020	58 021 882	3 384 539	1 589 819	685 526	494 941	614 253
Domestic tourists 2021	71 981 428	4 173 892	1 926 169	857 481	619 787	770 454
International tourists 2020	32 315 443	1 193 846	696 690	173 600	79 635	243 921
International tourists 2021	25 015 487	790 112	454 046	117 295	54 592	164 180
<b>Total tourists 2020</b>	<b>90 337 325</b>	<b>4 578 385</b>	<b>2 286 509</b>	<b>859 125</b>	<b>574 576</b>	<b>858 173</b>
<b>Total tourists 2021</b>	<b>96 996 914</b>	<b>4 964 004</b>	<b>2 380 215</b>	<b>974 776</b>	<b>674 379</b>	<b>934 634</b>
<b>Total Tourist Spending (R 1000, Current prices) 2020</b>	<b>131 051 777</b>	<b>6 886 642</b>	<b>4 176 752</b>	<b>1 047 722</b>	<b>441 776</b>	<b>1 220 392</b>
<b>Total Tourist Spending (R 1000, Current prices) 2021</b>	<b>296 534 867</b>	<b>15 447 200</b>	<b>9 015 452</b>	<b>2 466 122</b>	<b>1 094 464</b>	<b>2 871 163</b>
2020 Growth in Tourism (using bednights) by origin	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Domestic tourists	-56,74%	-57,68%	-57,74%	-58,05%	-57,35%	-57,38%
International tourists	-68,33%	-71,05%	-71,74%	-69,89%	-69,45%	-70,28%
<b>Total tourists</b>	<b>-61,75%</b>	<b>-62,23%</b>	<b>-63,28%</b>	<b>-61,14%</b>	<b>-59,57%</b>	<b>-62,06%</b>
2021 Growth in Tourism (using bednights) by origin						
Domestic tourists	24,06%	23,32%	21,16%	25,08%	25,22%	25,43%
International tourists	-22,59%	-33,82%	-34,83%	-32,43%	-31,45%	-32,69%
<b>Total tourists</b>	<b>7,37%</b>	<b>8,42%</b>	<b>4,10%</b>	<b>13,46%</b>	<b>17,37%</b>	<b>8,91%</b>
<b>Total Tourist spend as % of GDP (Current prices) 2020</b>	<b>2,36%</b>	<b>2,14%</b>	<b>2,67%</b>	<b>1,66%</b>	<b>1,76%</b>	<b>1,57%</b>
<b>Total Tourist spend as % of GDP (Current prices) 2021</b>	<b>4,79%</b>	<b>3,99%</b>	<b>4,64%</b>	<b>3,36%</b>	<b>3,79%</b>	<b>3,18%</b>

Average Tourist spend per resident capita (Rand, Current prices) 2020	2 197	1 682	2 294	1 099	854	1 519
Average Tourist spend per resident capita (Rand, Current prices) 2021	4 916	3 728	4 888	2557	2093	3 536

(Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)

**Table 11: International Trade Statistics 2021**

International Trade	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Exports (R 1000)	1 810 179 453	10 793 422	6 819 984	2 314 335	301 094	1 358 009
Imports (R 1000)	1 328 526 000	7 749 526	3 393 394	591 252	326 460	3 438 420
Total Trade (R 1000)	3 138 705 453	18 542 949	10 213 378	2 905 588	627 554	4 796 429
Trade Balance (R 1000)	481 653 453	3 043 896	3 426 590	1 723 083	-25 366	-2 080 411
Exports as % of GDP	29,23%	2,79%	3,51%	3,15%	1,04%	1,50%
Total trade as % of GDP	50,69%	4,79%	5,26%	3,96%	2,17%	5,31%
Regional share - Exports	100,00%	0,60%	0,38%	0,13%	0,02%	0,08%
Regional share - Imports	100,00%	0,58%	0,26%	0,04%	0,02%	0,26%
Regional share - Total Trade	100,00%	0,59%	0,33%	0,09%	0,02%	0,15%

(Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)

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 were 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.

In 2021 the exports of the North West province remained low.

### Sectoral comparative advantages of areas in the NWP

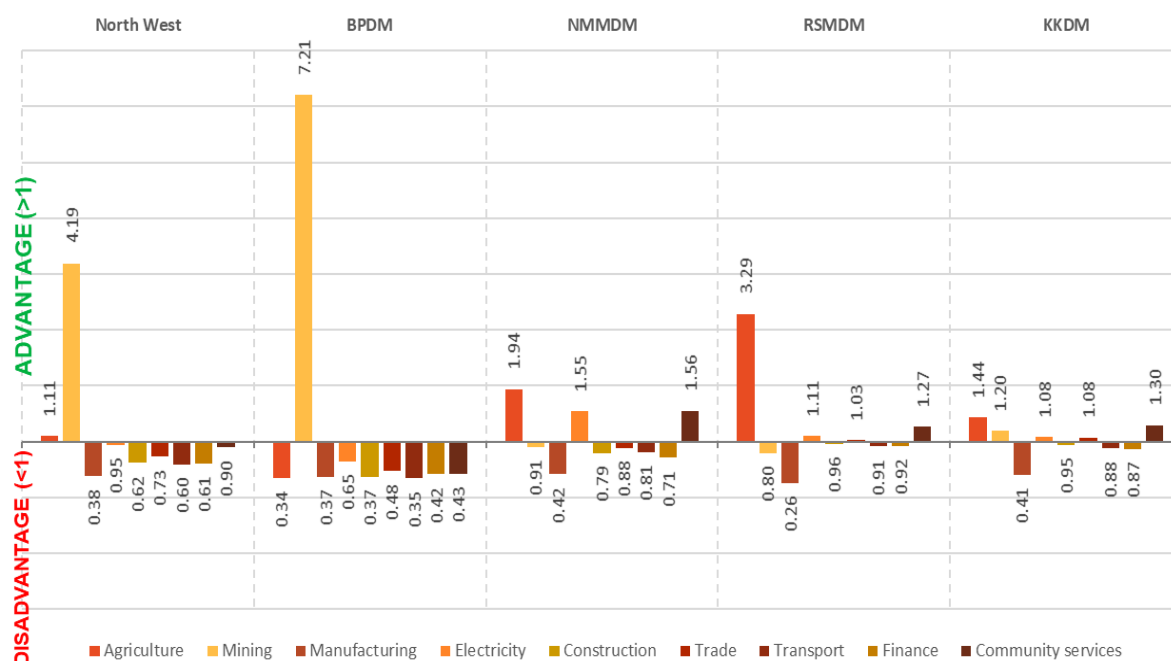
The comparative advantages of sectors within areas are measured by the index called a location quotient. This index illustrates whether a specific area has a comparative advantage (or disadvantage) in a specific sector when comparing the sector's contribution to the economic output of the area relative to that of the national picture. More specifically, the location quotient is calculated by taking the percentage share of the sector in the regional economy divided by the percentage share of that same sector in the national economy.

Similar to the NWP overall, all the District Municipalities of the NWP have a comparative advantage for the primary and government/ community services sectors compared to the national picture, except for the NMMDM and RSMDM for mining and BPDM for Agriculture. Also, the electricity and water services sector shows a comparative advantage for the NMMDM, RSMDM and KKDM. Wholesale and retail trade feature prominently in the RSMDM and KKDM. In all other sectors, all the District Municipalities, as well as the NWP, have a comparative disadvantage. All areas except BPDM have a comparative advantage in the

agriculture sector. None of the areas in the NWP has a comparative advantage in the manufacturing sector.

**Table 12: Areas with location quotients  $\geq 1.1$  by broad economic sector in the NWP (2021)**

(Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)



**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
<b>District Municipalities</b>									
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
<b>Local Municipalities</b>									
<b>BPDM</b>									
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
<b>NMMDM</b>									
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

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

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

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

## Employment

### North West Employment Figures Compared to South Africa (Source: STASSA Q4 2022)

**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 April 2020 to December 2022**

South Africa Thousands	SA Apr–Jun 2020 Thous	SA July–Sep 2020 Thous	SA Oct–Dec 2020 Thous	SA Jan–Mar 2021 Thous	SA Apr–Jun 2021 Thous	SA July–Sep 2021 Thous	SA Oct–Dec 2021 Thous	SA Jan–Mar 2022 Thous	SA Apr–Jun 2022 Thous	SA July–Sep 2022 Thous	SA Oct–Dec 2022 Thous	SA % Share Contribution Jul–Sept 2022	Y on Y Change Thous
Agriculture	799	808	810	792	862	829	868	844	874	873	860	5,4%	-7,0
Mining	373	419	384	395	398	345	370	406	407	407	436	2,7%	66,0
Manufacturing	1 456	1 460	1 491	1 497	1 415	1 402	1 316	1 579	1 507	1 630	1 656	10,4%	340,0
Utilities	113	90	99	115	118	96	82	103	104	116	124	0,8%	43,0
Construction	1 066	1 080	1 166	1 079	1 222	1 157	1 133	1 073	1 177	1 223	1 212	7,6%	79,0
Trade	2 946	3 008	3 063	2 979	3 087	2 778	2 896	2 994	3 163	3 245	3 297	20,7%	402,0
Transport	885	878	943	903	969	964	951	960	906	939	982	6,2%	32,0
Finance	2 234	2 434	2 312	2 527	2 248	2 386	2 404	2 332	2 460	2 380	2 484	15,6%	79,0
Community	3 244	3 381	3 551	3 567	3 401	3 191	3 268	3 546	3 821	3 849	3 727	23,4%	462,0

<b>and Social Services</b>													
<b>Private House Holds</b>	1 005	1 121	1 197	1 127	1 194	1 130	1 258	1 072	1 124	1 088	1 142	7,2%	-117,0
<b>Other</b>	27	12	8	14	27	5	3	4	18	15	15	0,1%	12,0
<b>TOTAL</b>	14 148	14 691	15 024	14 995	14 942	14 282	14 544	14 914	15 562	15 765	15 934	100,0%	1 390,0

South Africa Thousands	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	July-Sept 2022	Oct-Dec 2022	% Change Y on Y
<b>Population 15-64 yrs</b>	38 874	39 021	39 167	39 311	<b>39 445</b>	38 433	39 745	39 888	40 033	40 177	40 322	40 462	1,4
<b>Labour Force</b>	23 452	18 443	21 224	22 257	<b>22 237</b>	22 968	21 925	22 466	22 776	23 556	23 491	23 688	5,4
<b>Employed</b>	16 383	14 148	14 691	15 024	14 995	16 313	14 282	14 544	14 914	15 562	15 765	15 934	9,6
<b>Unemployed</b>	7 070	4 295	6 533	7 233	7 242	6 655	7 643	7 921	7 862	7 994	7 725	7 753	-2,1
<b>Not economically active</b>	15 422	20 578	17 944	17 054	17 218	15 465	17 820	17 423	17 257	16 621	16 831	16 774	-3,7
<b>Discouraged work-seekers</b>	2 918	2 471	2 696	2 930	3 131	2 749	3 862	3 806	3 752	3 568	3 514	3 363	-11,7
<b>Other</b>	12 504	18 107	15 248	14 124	14 086	12 716	13 958	13 617	13 505	13 053	13 317	13 412	-1,5
<b>Rates (%)</b>													
<b>Unemployment rate</b>	<b>30,1</b>	<b>23,3</b>	<b>30,8</b>	32,5	<b>32,6</b>	29,0	34,9	35,3	34,5	33,9	32,9	32,7	-2,6
<b>Employed / population ratio (Absorption)</b>	42,1	36,3	37,5	38,2	38,0	42,4	35,9	36,5	37,3	38,7	39,1	39,4	2,9
<b>Labour force participation rate</b>	60,3	47,3	54,2	56,6	56,4	59,8	55,2	56,3	56,9	58,6	58,3	58,5	2,2

**Table 16: North West's Employment Figures April 2020 to December 2022**

	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	July-Sept 2022	Oct-Dec 2022	% Change Y on Y
<b>Population 15-64 yrs</b>	<b>2 630</b>	<b>2 641</b>	<b>2 651</b>	<b>2 661</b>	<b>2 588</b>	<b>2 599</b>	<b>2 692</b>	<b>2 702</b>	2 712	2 722	2 732	2 742	1,5
<b>Labour Force</b>	<b>1 452</b>	<b>1 114</b>	<b>1 298</b>	<b>1 416</b>	<b>1 318</b>	<b>1 370</b>	<b>1 323</b>	<b>1297</b>	1 312	1 363	1 407	1 397	7,7
<b>Employed</b>	969	874	930	944	970	918	851	858	917	924	858	881	2,6
<b>Unemployed</b>	483	240	368	472	348	452	472	439	395	439	549	516	17,7
<b>Not economically active</b>	1 178	1 527	1 353	1 245	1 270	1 228	1 369	1 405	1 400	359	1 325	1 344	-4,3
<b>Discouraged work-seekers</b>	229	231	247	241	339	260	355	334	363	360	355	353	5,7
<b>Other</b>	949	1296	1106	1004	931	968	1 014	1 071	1 038	999	970	992	-7,4
<b>Rates (%)</b>													
<b>Unemployment rate</b>	<b>33,2</b>	<b>21,6</b>	<b>28,3</b>	<b>33,3</b>	<b>26,4</b>	<b>33</b>	<b>35,7</b>	<b>33,8</b>	30,1	32,2	39	37	-2
<b>Employed / population ratio (Absorption)</b>	36,9	33,1	35,1	35,5	37,5	35,3	31,6	31,8	33,8	33,9	31,4	32,1	0,7
<b>Labour force participation rate</b>	55,2	42,2	49	53,2	50,9	52,7	49,1	48	48,4	50,1	51,5	51	-0,5

**Table 17: North West Employment by Industry Figures Compared to South Africa (Source: STASSA Q4 2022)**

North West Thousands	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	Jul-Sept 2022	Oct-Dec 2022	NW% Share Oct-Dec 2022	NW as % of SA	Y on Y Change Thous
<b>Agriculture</b>	45	66	40	40	70	52	71	51	54	34	44	5,0%	5,1%	-27,0
<b>Mining</b>	122	140	120	123	138	124	126	109	120	126	137	15,6%	31,4%	11,0
<b>Manufacturing</b>	63	44	51	72	44	63	39	53	59	46	42	4,8%	2,5%	3,0
<b>Utilities</b>	4	1	7	9	5	5	5	4	4	4	4	0,5%	3,2%	-1,0
<b>Construction</b>	51	53	60	64	82	60	56	67	70	58	55	6,2%	4,5%	-1,0
<b>Trade</b>	180	178	176	175	187	160	154	224	211	186	164	18,6%	5,0%	10,0
<b>Transport</b>	33	35	29	30	38	28	19	27	17	28	40	4,5%	4,1%	21,0
<b>Finance</b>	85	110	107	96	92	93	92	103	80	80	98	11,1%	3,9%	6,0
<b>Community and Social Services</b>	240	242	282	265	269	216	224	216	226	238	231	26,2%	6,2%	7,0
<b>Private House Holds</b>	50	61	72	59	51	50	72	62	82	58	65	7,4%	5,7%	-7,0
<b>Other</b>													0,0%	0,0
<b>TOTAL</b>	<b>874</b>	<b>930</b>	<b>944</b>	<b>933</b>	<b>979</b>	<b>851</b>	<b>858</b>	<b>917</b>	<b>924</b>	<b>858</b>	<b>881</b>	<b>100,0%</b>	<b>5,5%</b>	<b>23,0</b>

### 2.3.2 North West Location and Infrastructure

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

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

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

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

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

The 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	31.7	33

	tomorrow"		
11.	Incentivize firms to embrace diversity, equity and inclusion to enhance creativity	61.5	19

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

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

## THE IMD WORLD COMPETITIVENESS SCOREBOARD

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

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

2017	2018	2019	2020	2021
53	53	56	59	62

## Challenges in 2021

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

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

- government efficiency,
- business efficiency,
- economic performance and infrastructure.

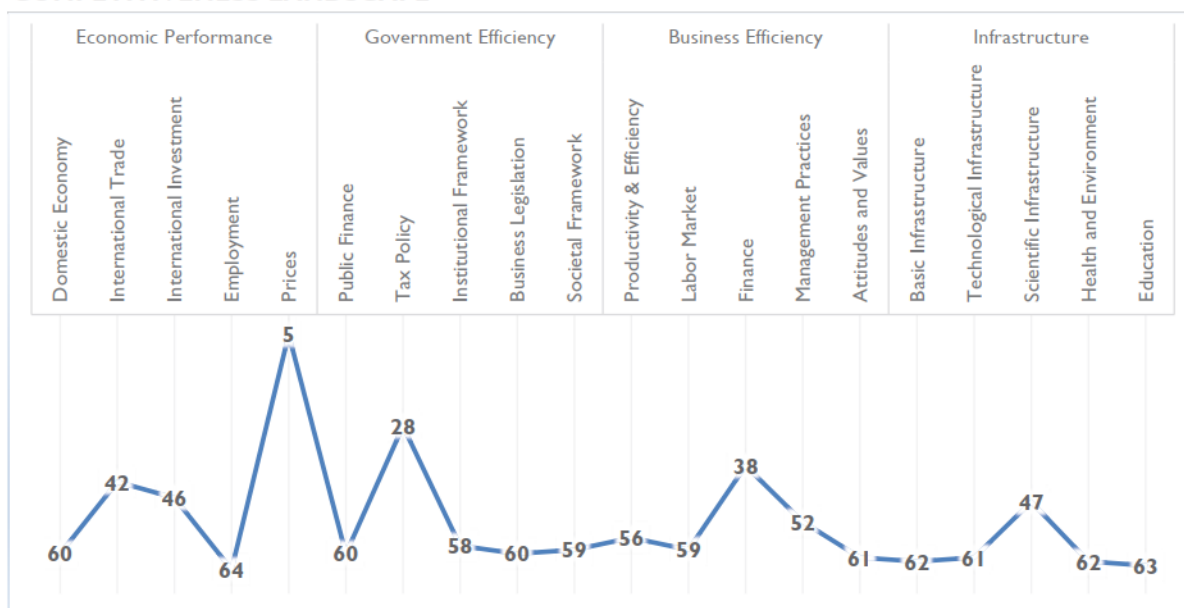
Productivity SA is the information partner for the IMD in South Africa.

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

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

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

## COMPETITIVENESS LANDSCAPE



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

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

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

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


1. Starting a business
2. Dealing with construction permits
3. Getting electricity
4. Registering property
5. Getting credit
6. Protecting minority investors
7. Paying taxes
8. Trading across borders
9. Enforcing contracts
10. Resolving insolvency

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

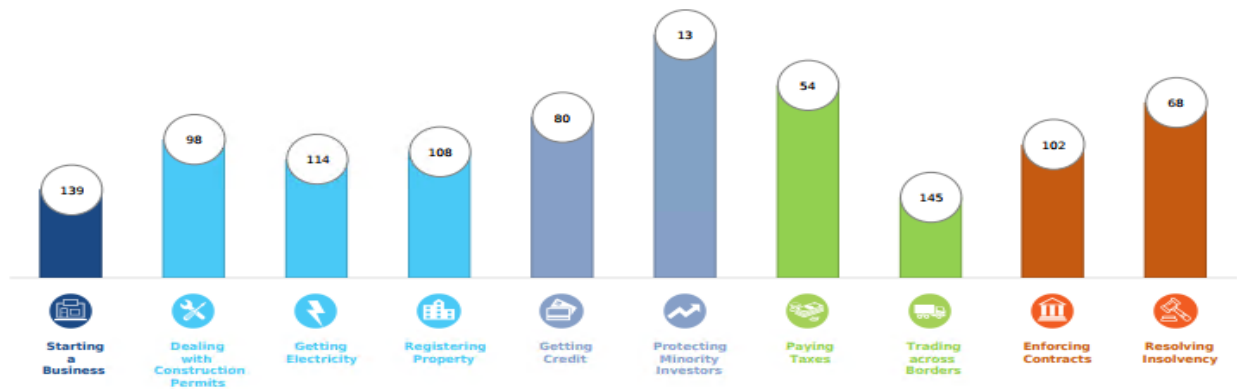
What is measured in *Doing Business*?



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

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

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



## Topic Scores



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

## 4. FOREIGN DIRECT INVESTMENT (FDI)

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

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

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

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

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

Summary of The 2021 Foreign Direct Investment (FDI) Confidence Index

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

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

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

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

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

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

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

## **4.1 Global Investment Trends**

Global FDI flows 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.

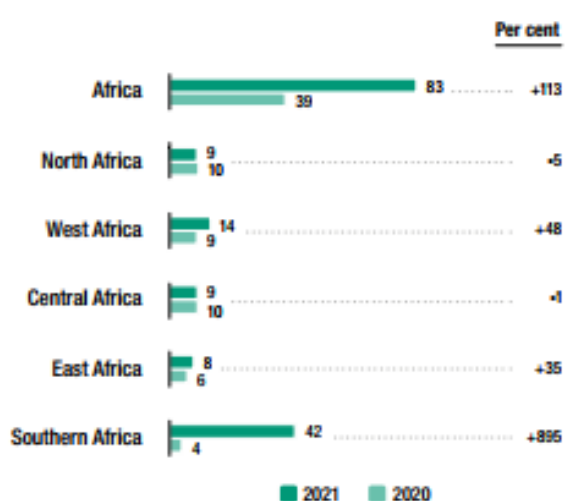
Finally, comparing the largest, the smallest and the digital MNEs shows starkly contrasting investment trends. Sales of UNCTAD's top 100 digital MNEs grew five times faster than those of the traditional top 100 over the past five years, with the pandemic providing a huge boost. The largest MNEs engage 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, FDIWINE database (<https://unctad.org/Idb/statistics>).

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 to 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
<b>Total</b>	<b>1,961</b>	<b>n/a</b>	<b>241,189</b>	<b>122</b>	<b>1,488,759.11</b>	<b>759.54</b>

**Notes:**

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

## 4.4 North West Province

### North West FDI Projects Detail

**Table 20: FDI Projects recorded for the North West Province between January 2010 and August 2021**

---

Headline figures

---

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

## Project Profiles

---

### October 2019 - Bridgestone into South Africa

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

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

Jobs Created: 159 (est)

Investment: ZAR 380.78 million

FDI project type: Expansion

### May 2018 - Grand Capital into South Africa

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

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

Company contact: Sergey Kozlovsky (Head, Analytics)

Jobs Created: 19 (est)

Investment: ZAR 136.66 million (est)

FDI project type: New

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

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

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

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

Jobs Created: 157 (est)

Investment: ZAR 388.40 million (est)

FDI project type: Co-Location

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

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

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

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

Jobs Created: 2 (est)

Investment: ZAR 160.40 million

FDI project type: Co-Location

#### **April 2014 - Syngenta into South Africa**

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

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

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

Jobs Created: 55 (est)

Investment: ZAR 166.87 million (est)

FDI project type: Co-Location

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

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

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

Company contact: Thomas Carlsson (Chief Financial Officer)

Jobs Created: 383 (est)

Investment: ZAR 799.82 million (est)

FDI project type: New

#### **April 2011 - Monsanto into South Africa**

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

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

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

Jobs Created: 147 (est)

Investment: ZAR 323.67 million

FDI project type: New

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

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

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

Jobs Created: 1706 (est)

Investment: ZAR 1,967.91 million

FDI project type: Co-Location

## **5. TRADE**

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

#### **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).

- Africa is moving towards a one African Market.
- To date, 54 countries have signed the Agreement and 47 signatories have deposited instruments of ratification.
- Africa is creating the largest single free trade area, with 1,3 billion people and a Gross Domestic Product of \$3.4 trillion.
- The implementation of AfCFTA will improve intra-Africa trade & the continent's share and participation in global trade.
- It will further stimulate and improve Africa's economy as well as contribute to lifting millions of people out of poverty.
- The free trade area holds the potential to inject \$450 billion worth of investment into the African economy and help lift between 50 to 100 million people out of poverty by 2035. This would represent a significant improvement to the economy and the quality of life of people.

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 \$3,4 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**

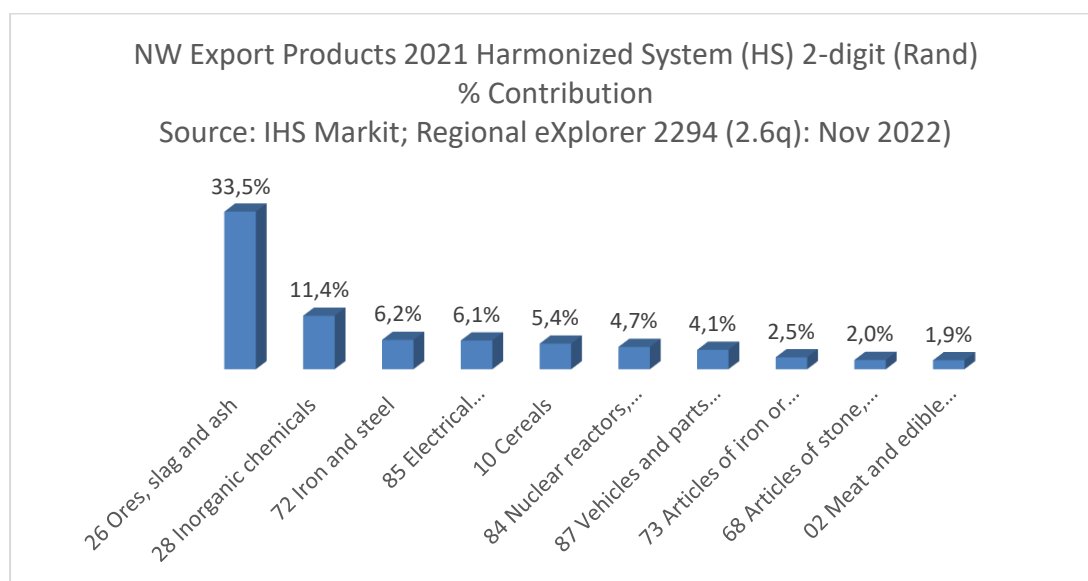
The negative impact of COVID-19 and the resulting lockdown is also clearly visible when comparing the international trade statistics from 2019 and 2021. reduced.

**Table 21: NORTH WEST TRADE VALUES**

<b>NORTH WEST International Trade Totals 2021</b> (Source: IHS Markit; Regional eXplorer 2294 (2.6q); Nov 2022)						
	<b>SA</b>	<b>NW</b>	<b>BPDM</b>	<b>NMMDM</b>	<b>DRSMDM</b>	<b>DKKDM</b>
<b>Exports (R 1000)</b>	1 810 179 453	10 793 422	6 819 984	2 314 335	301 094	1 358 009
<b>Imports (R 1000)</b>	1 328 526 000	7 749 526	3 393 394	591 252	326 460	3 438 420
<b>Total Trade (R 1000)</b>	3 138 705 453	18 542 949	10 213 378	2 905 588	627 554	4 796 429
<b>Trade Balance (R 1000)</b>	481 653 453	3 043 896	3 426 590	1 723 083	-25 366	-2 080 411
<b>Exports as % of GDP</b>	29,23%	2,79%	3,51%	3,15%	1,04%	1,50%
<b>Total trade as % of GDP</b>	50,69%	4,79%	5,26%	3,96%	2,17%	5,31%
<b>Regional share - Exports</b>	100,00%	0,60%	0,38%	0,13%	0,02%	0,08%
<b>Regional share - Imports</b>	100,00%	0,58%	0,26%	0,04%	0,02%	0,26%
<b>Regional share - Total Trade</b>	100,00%	0,59%	0,33%	0,09%	0,02%	0,15%
<b>NORTH WEST International Trade Totals 2020</b> (Source: IHS Markit; Regional eXplorer 2175 (2.6p); October 2021)						
	<b>SA</b>	<b>NW</b>	<b>BPDM</b>	<b>NMMDM</b>	<b>DRSMDM</b>	<b>DKKDM</b>
<b>Exports (R 1000)</b>	1 394 345 999	9 936 026	6 189 990	2 356 350	260 438	1 129 247
<b>Imports (R 1000)</b>	1 109 458 999	5 760 462	2 610 311	506 784	153 435	2 489 932
<b>Total Trade (R 1000)</b>	2 503 804 998	15 696 488	8 800 302	2 863 134	413 873	3 619 179
<b>Trade Balance (R 1000)</b>	284 887 001	4 175 564	3 579 679	1 849 566	107 003	-1 360 684
<b>Exports as % of GDP</b>	25,3%	3,1%	3,9%	3,7%	1,0%	1,5%
<b>Total trade as % of GDP</b>	45,3%	4,9%	5,6%	4,5%	1,6%	4,8%
<b>Regional share - Exports</b>	100,0%	0,7%	0,4%	0,2%	0,0%	0,1%
<b>Regional share - Imports</b>	100,0%	0,5%	0,2%	0,0%	0,0%	0,2%
<b>Regional share - Total Trade</b>	100,0%	0,6%	0,4%	0,1%	0,0%	0,1%
<b>International Trade 2019</b> (Source: IHS Markit; Regional eXplorer 1923 (2.6i) October 2020)						
	<b>SA</b>	<b>NW</b>	<b>BPDM</b>	<b>NMMDM</b>	<b>DRSMDM</b>	<b>DKKDM</b>
<b>Exports (R 1000)</b>	1 303 144 999	103 472 583	99 697 307	1 578 752	739 251	1 457 273

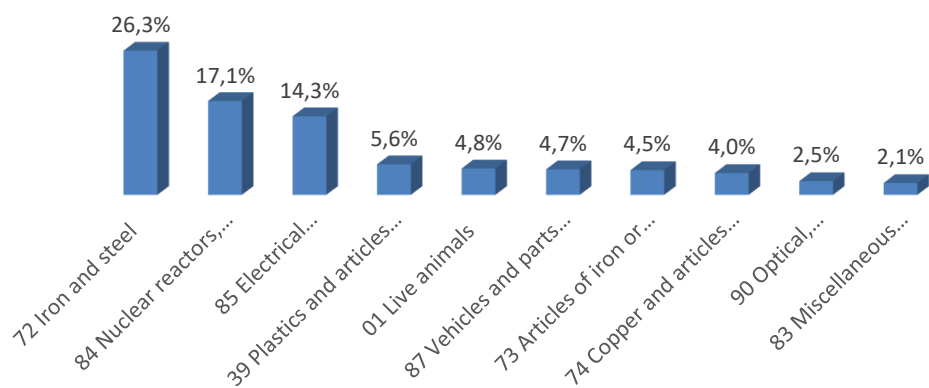
<b>Imports (R 1000)</b>	1 263 823 998	6 237 964	3 255 797	264 500	183 652	2 534 016
<b>Total Trade (R 1000)</b>	2 566 968 997	109 710 547	102 953 103	1 843 252	922 902	3 991 289
<b>Trade Balance (R 1000)</b>	39 321 000	97 234 619	96 441 510	1 314 253	555 599	-1 076 743
<b>Exports as % of GDP</b>	25,7%	34,0%	62,4%	2,7%	3,2%	2,3%
<b>Total trade as % of GDP</b>	50,6%	36,0%	64,4%	3,1%	4,0%	6,4%
<b>Regional share - Exports</b>	100,0%	7,94%	7,7%	0,1%	0,1%	0,1%
<b>Regional share - Imports</b>	100,0%	0,49%	0,3%	0,0%	0,0%	0,2%
<b>Regional share - Total Trade</b>	100,0%	4,27%	4,0%	0,1%	0,0%	0,2%
International Trade (2018) Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019						
	<b>SA</b>	<b>NW</b>	<b>BPDM</b>	<b>NMMDM</b>	<b>DRSMDM</b>	<b>DKKDM</b>
<b>Exports (R 1000)</b>	1 247 225 999	87 832 784	84 085 706	1 552 124	677 355	1 517 598
<b>Imports (R 1000)</b>	1 222 943 998	6 897 343	3 521 084	217 496	408 902	2 749 861
<b>Total Trade (R 1000)</b>	2 470 169 997	94 730 127	87 606 790	1 769 620	1 086 258	4 267 459
<b>Trade Balance (R 1000)</b>	24 282 001	80 935 440	80 564 622	1 334 629	268 453	-1 232 263
<b>Exports as % of GDP</b>	25,6%	30,3%	55,1%	2,9%	3,2%	2,4%
<b>Total trade as % of GDP</b>	50,7%	32,6%	57,4%	3,3%	5,1%	6,8%
<b>Regional share - Exports</b>	100,0%	7,0%	6,7%	0,1%	0,1%	0,1%
<b>Regional share - Imports</b>	100,0%	0,6%	0,3%	0,0%	0,0%	0,2%
<b>Regional share - Total Trade</b>	100,0%	3,8%	3,5%	0,1%	0,0%	0,2%
International Trade (2017) Source: IHS Markit; Regional eXplorer 1338 (2.6b)						
	<b>SA</b>	<b>NW</b>	<b>BPDM</b>	<b>NMMDM</b>	<b>DRSMDM</b>	<b>DKKDM</b>
<b>Exports (R 1000)</b>	1 191 658 171	24 259 997	21 309 361	1 086 060	488 320	1 376 256
<b>Imports (R 1000)</b>	1 094 510 375	6 623 924	2 387 554	274 431	395 797	3 566 142
<b>Total Trade (R 1000)</b>	2 286 168 546	30 883 921	23 696 915	1 360 491	884 118	4 942 397
<b>Trade Balance (R 1000)</b>	97 147 796	17 636 073	18 921 808	811 628	92 523	-2 189 886
<b>Exports as % of GDP</b>	25,6%	8,8%	14,5%	2,2%	2,4%	2,3%
<b>Total trade as % of GDP</b>	49,1%	11,2%	16,1%	2,8%	4,4%	8,3%
<b>Regional share - Exports</b>	100,0%	2,0%	1,8%	0,1%	0,0%	0,1%
<b>Regional share - Imports</b>	100,0%	0,6%	0,2%	0,0%	0,0%	0,3%
<b>Regional share - Total Trade</b>	100,0%	1,4%	1,0%	0,1%	0,0%	0,2%

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



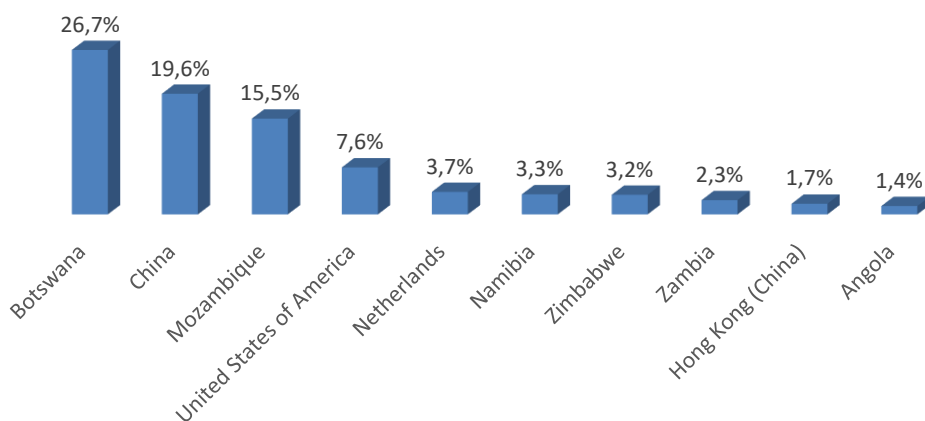
### NW Import Products 2021 Harmonized System (HS) 2-digit (Rand) % Contribution

Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)



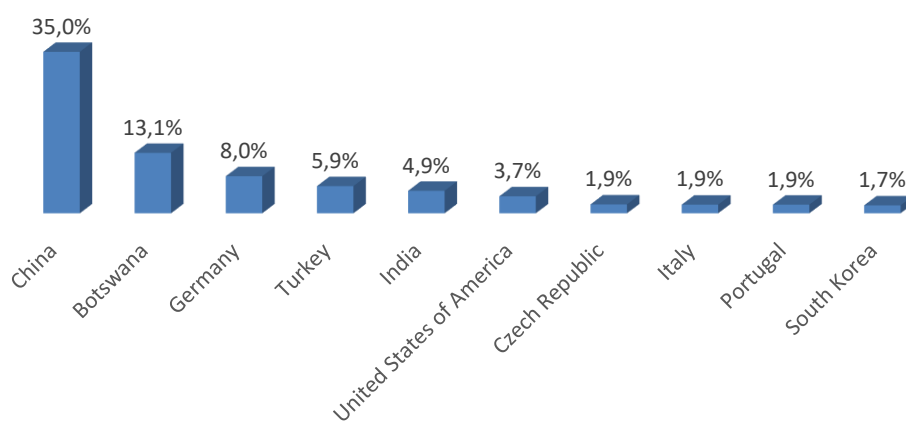
### NW Export Countries 2021 % Contribution

Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)



### NW Import Countries 2021 % Contribution

Source: IHS Markit; Regional eXplorer 2294 (2.6q): Nov 2022)



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

**Report Submitted By**

**Date: 31 March 2023**



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