



Northern Cape Trade and Investment Outlook *"Open for Business"*

JULY 2018



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**Agri-business
& Rural
Development**



**Economic
Intelligence**



**Economic
Planning**



**Innovation &
Sustainable
Development**



**Development
Facilitation &
Implementa-
tion**



**Property
Development
Services**



**Tourism
Planning &
Research**



**Skills &
Enterprise
Development**

Urban-Econ Development Economist



Economic Planning

Focus Industries

Agro-Processing
Mineral Beneficiation
Manufacturing and Industrial Development
Business Development
New Technologies & Innovation
Regional Economic Development

Product Offering

Vertical Integration and Product Diversification Strategies
Market Diversification and Export Destination Identification
Feasibility Studies
Bankable Business Plans
Funding Applications and Investment Facilitation
Trade & Investment Strategies



1) WHY IS TRADE AND INVESTMENT IMPORTANT TO THE NORTHERN CAPE?

WHY IS TRADE AND INVESTMENT IMPORTANT TO THE NORTHERN CAPE?

1. NC has an **attractive economy for investors**, but is not without its **challenges**.
2. The NC can be described as an **emerging economy** due to the following factors:
 - a) Abundant **natural resources (including electricity)**.
 - b) Developing **transport and logistics** infrastructure.
 - c) Competitive **niche industries & primary manufacturing**.
 - d) Youthful population demographic.
3. However, the Province still faces numerous challenges such as:
 - a) Inefficient investor **application and regulatory approval** processes that are poorly coordinated.
 - b) Limited disposable **household income** and higher-than-average **transport costs** compared to other provinces.
 - c) Limited **access to land** and information concerning **land availability**.



Youth constitute **19.1%** of total NC population



228 404 of NC population are youth aged 15-24



60.8% of NC youth live in income-poor households



NC Youth Unemployment rate **46.2%**

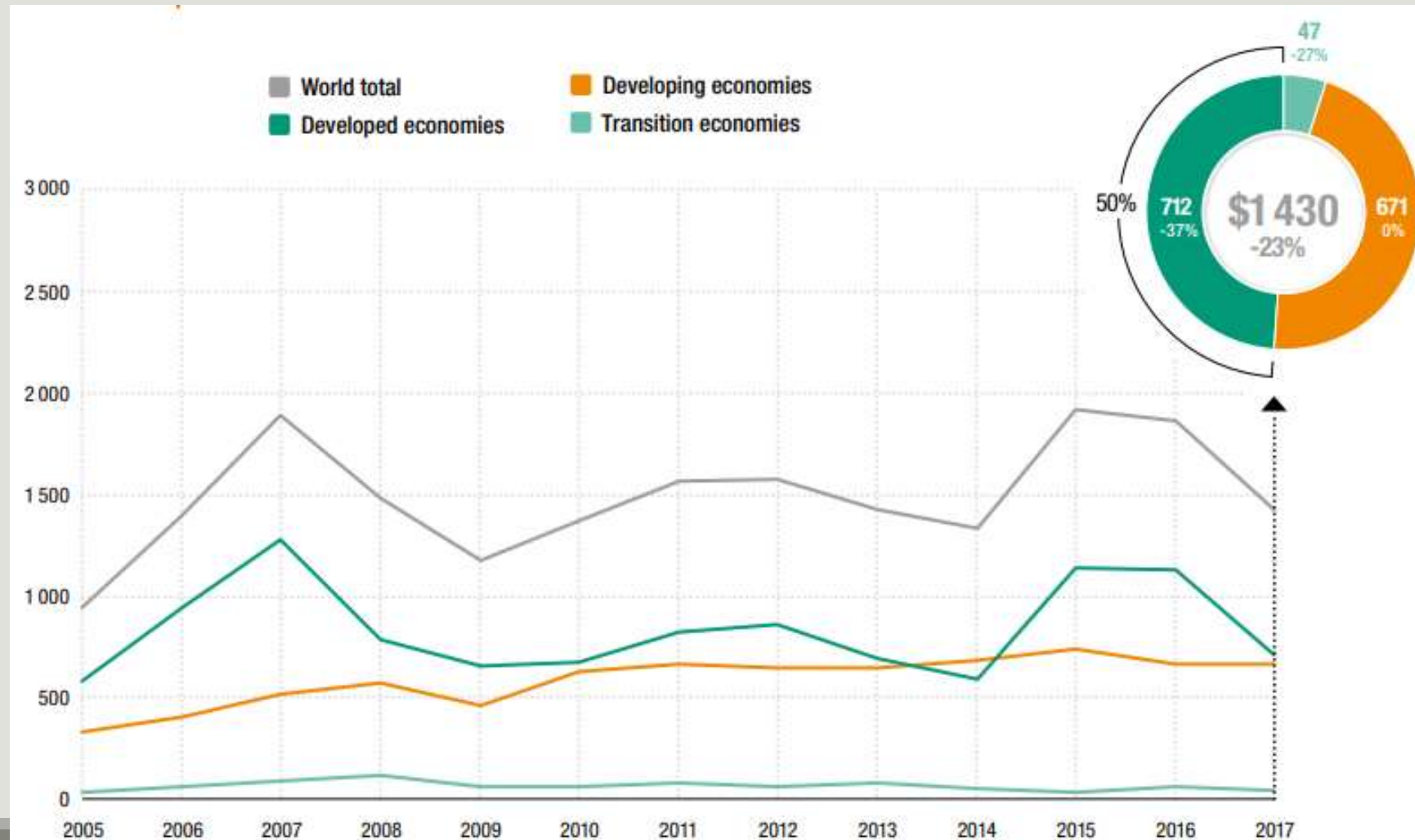


2) GLOBAL ECONOMIC AND INVESTMENT OUTLOOK

GLOBAL ECONOMIC AND INVESTMENT OUTLOOK

FDI inflows, global and by group of economies, 2005 – 2017 (Billions of dollars and per cent)

1. The global economy is on a path of **slow and fragile recovery** following the impacts of the economic slowdowns in both China and the US in recent years.
2. Many countries are struggling with a **massive debt burden** and **high unemployment** - hampering growth.
3. Developed countries' **FDI flows contracted by 23% in 2017**.
4. While developing economies **absorbed 47% of total FDI**.



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



3) KEY INVESTMENT DRIVERS AND TRENDS

KEY INVESTMENT DRIVERS AND TRENDS

1) Resource Economies
and Commodities



2) The 4th Industrial
Revolution and
Disruptive Technologies



3) SA's Investment
Re-Positioning Drive

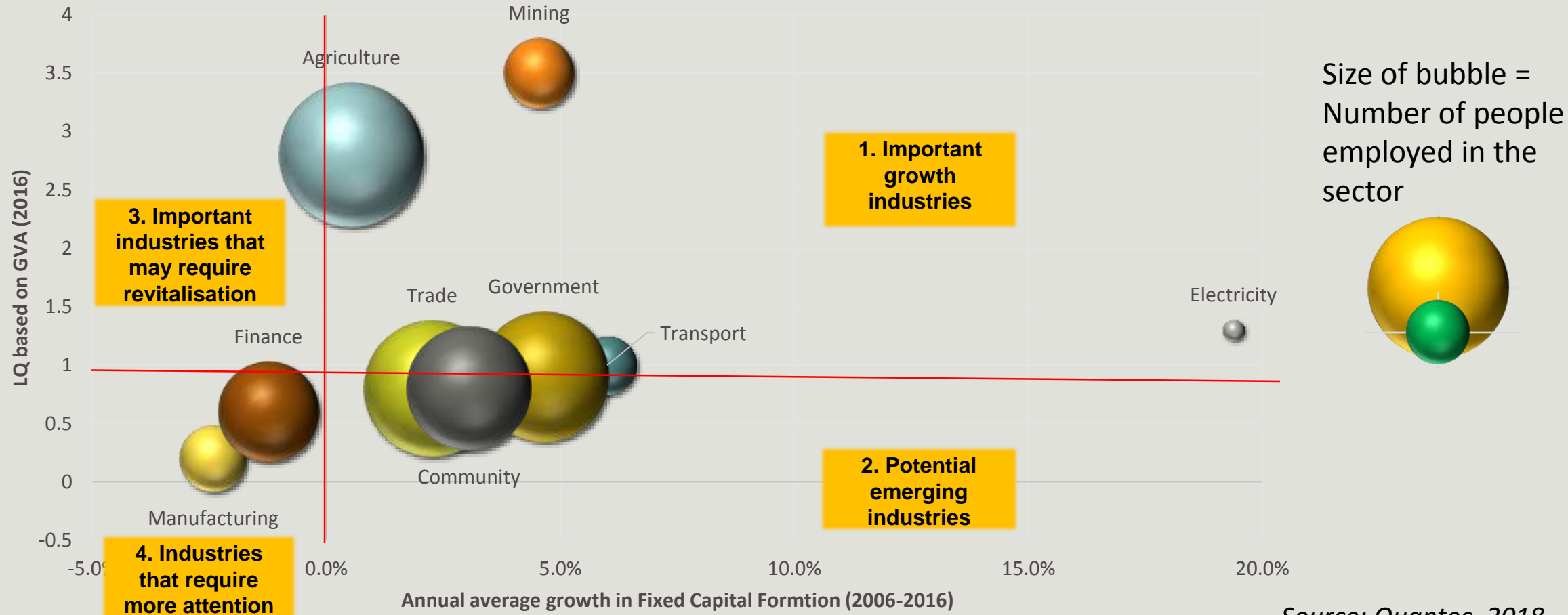
KEY INVESTMENT DRIVERS AND TRENDS

1) Resource Economies and Commodities



- a) The NC made its most significant contributions to South Africa's GDP in the **mining (6.9%)** and **agriculture (6.4%)** sectors in 2016.
- b) Within the provincial economy, **mining** employed **18,169 people, 4.4% of the labour force in 2017.**
- c) The **agricultural sector** employed **4,091 people, 20.7% of the labour force in 2017.**

RESOURCE ECONOMIES AND COMMODITIES



Source: Quantec, 2018

RESOURCE ECONOMIES AND COMMODITIES

The sectors that were the most attractive for investment in the NC according to their **Location Quotient and Fixed Capital Formation of Gross Value Added** analysis were:

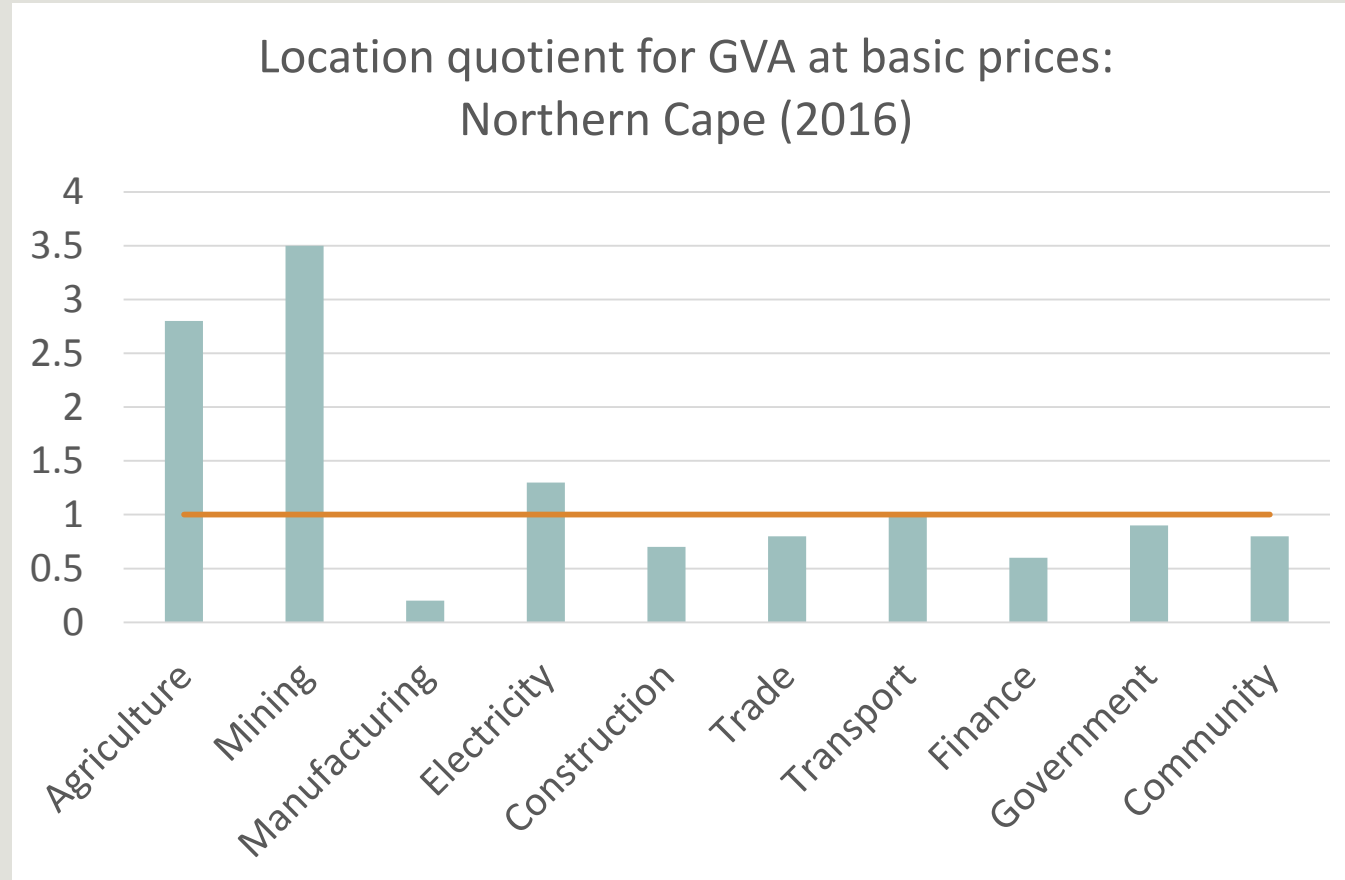
1. **Mining**
2. **Agriculture**
3. **Energy**
4. Finance
5. Manufacturing
6. Trade

RESOURCE ECONOMIES AND COMMODITIES

1. The three sectors that were the most attractive for investment in 2017 in the NC were:

- a) Agriculture
- b) Mining
- c) Energy

2. The degree of specialisation in **Mining** and **Agriculture** is much higher than the other sectors in the province.



Source: Quantec, 2018

KEY INVESTMENT DRIVERS AND TRENDS

2) The 4th Industrial Revolution and Disruptive Technologies



- a) Defined by a **digital revolution** that has been occurring since the middle of the 20th century.
- b) Most salient feature is a **fusion of technologies** that is increasingly blurring the lines between the physical, digital and biological spheres.
- c) Nine **Key Enabling Technologies** (KETs) emerging:
 - i. Photonics
 - ii. Industrial biotechnology
 - iii. Nanotechnology
 - iv. Advanced materials
 - v. Micro-nano electronics
 - vi. Advanced manufacturing systems
 - vii. **Artificial intelligence**
 - viii. **Machine learning**
 - ix. **Robotics**

KEY INVESTMENT DRIVERS AND TRENDS

2) The 4th Industrial Revolution and Disruptive Technologies



- d) Possibilities opening up for **new trade opportunities and sources of investment** such as:
- i. Opportunities to **extensively package services** with products.
 - ii. Sources of **information** on how products are used and age, drawing on embedded sensors and open data.
 - iii. Becoming a **'factory-less' goods producer** capturing investor value by selling technological know-how and leaving physical production to others.
 - iv. Re-manufacturing **end-of-life products** to original specifications or better.
 - v. Creating value from **new strategic alliances** within and between sectors.
 - vi. Exploiting **new technologies** more rapidly.

KEY INVESTMENT DRIVERS AND TRENDS

3) SA's Investment Repositioning Drive



- a) SA government aims to **attract roughly R1.3 trillion** in FDI over the next five years.
- b) Investment rate aims to **increase from 19.5% of GDP to 30% of GDP** by 2030.
- c) Evidence of significant investor interest in the country, stemming from the raised hopes of **higher economic growth**, restoration of **good government**, improvement at **SOEs** and **public finances**.

An aerial night photograph of a city, showing a dense urban landscape with numerous lights from buildings and streets. The sky is a deep twilight blue. A prominent blue rectangular box is overlaid on the right side of the image, containing white text. The text is centered within the box and reads "4) THE NC TRADE AND INVESTMENT PROFILE".

4) THE NC TRADE AND INVESTMENT PROFILE

THE NC TRADE AND INVESTMENT PROFILE



ECONOMIC GROWTH TRENDS

The most significant growth over the last decade has been measured in the main urban centres of the province.

District Municipality	Real GVA Contribution (%) – 2018	Total Labour Contribution – 2018
John Taolo Gaetsewe	25.07% (↑)	14.72%
Namakwa	12.81% (↑)	11.39%
Pixley ka Seme	10.33% (↓)	15.95%
ZF Mgcawu	21.49% (↑)	25.73%
Frances Baard	30.33% (↓)	32.23%
NC Total	R 62,847.33	350,505

THE NC TRADE AND INVESTMENT PROFILE



RESOURCE PROFILE: MINING

District Municipality	Real GVA Contribution (%) – 2018	Total Labour Contribution – 2018
John Taolo Gaetsewe	43.42% (↑)	9.38%
Namakwa	15.39% (↓)	4.26%
Pixley ka Seme	1.03% (↓)	0.31%
ZF Mgcawu	13.68% (↓)	2.39%
Frances Baard	8.16% (↓)	1.91%
NC Total	100%	18,169

RESOURCE PROFILE: AGRICULTURE

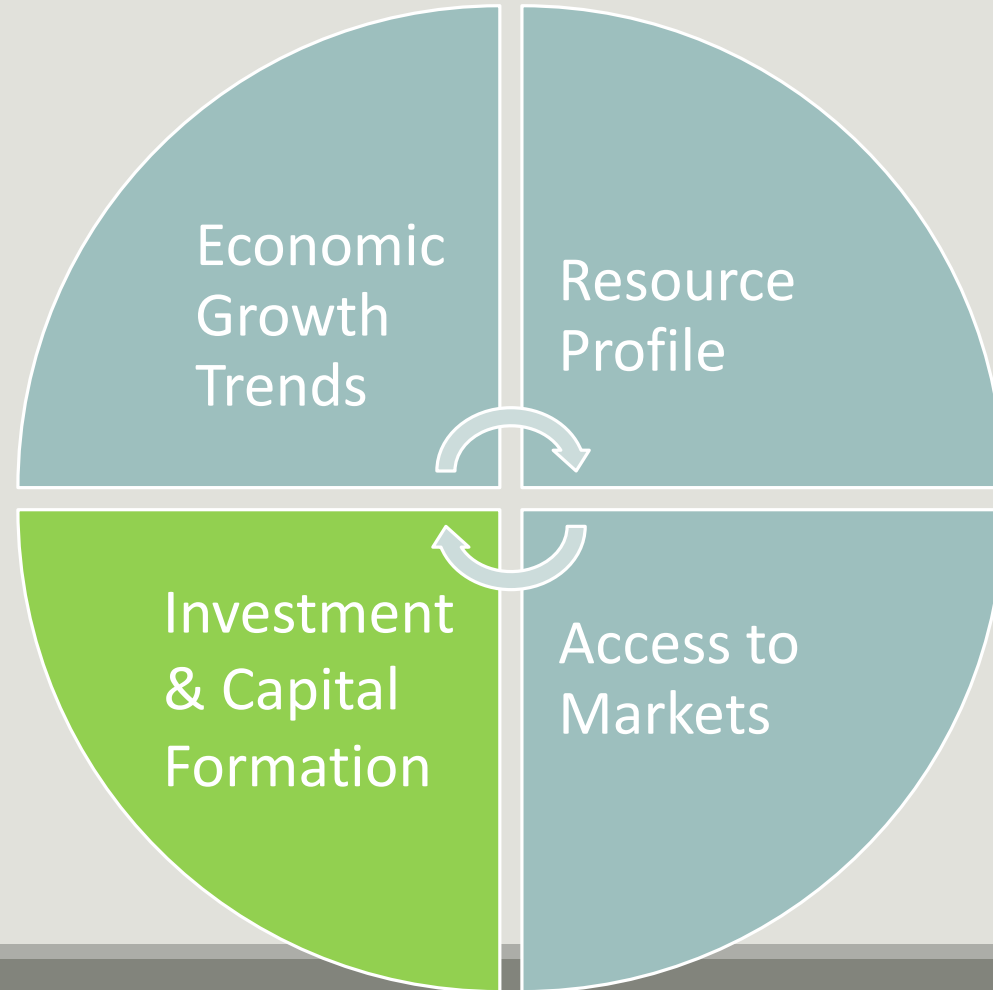
District Municipality	Real GVA Contribution (%) – 2018	Total Labour Contribution – 2018
John Taolo Gaetsewe	1.45% (↓)	6.24%
Namakwa	2.58% (↑)	10.21%
Pixley ka Seme	4.33% (↑)	17.67%
ZF Mgcawu	7.26% (↑)	36.37%
Frances Baard	2.78% (↑)	12.12%
NC Total	100%	4,091

RESOURCE PROFILE: ENERGY

1. **Renewable energy resources** found within the province include:
 - i. Natural gas
 - ii. Hydro
 - iii. Hydraulic Fracturing
 - iv. Undersea gas
 - v. Wind
 - vi. Solar

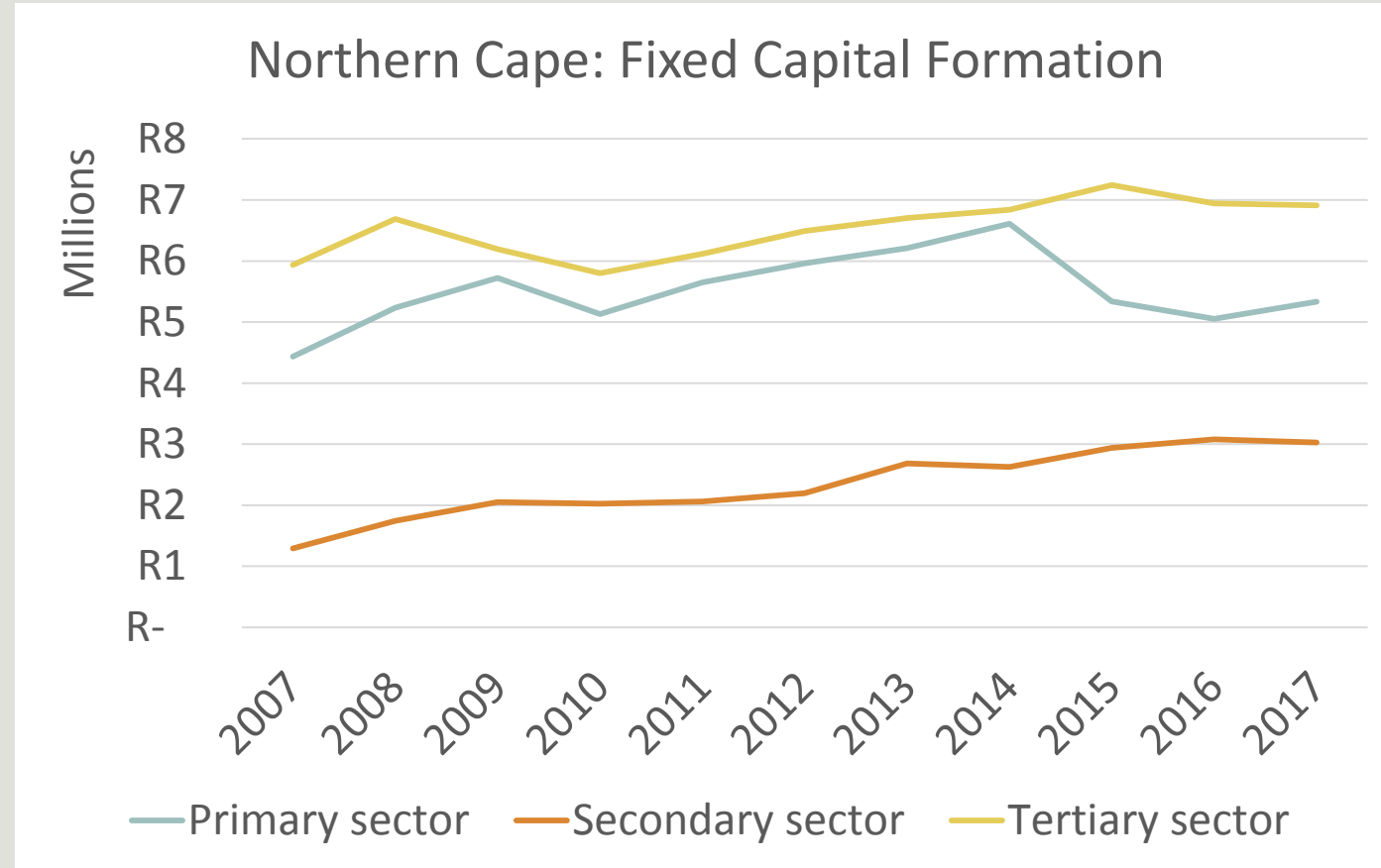
2. **Saudi Arabia** is investing a significant amount, about **R10 billion**, into the **renewable energy sector** of SA.

THE NC TRADE AND INVESTMENT PROFILE



CAPITAL FORMATION AND INVESTMENT

1. **Fixed Capital Formation (FCF)** rose within the province from R 11.6 million in 2007 to **R15.2 million** in 2017.
2. When comparing the three main economic sectors:
 - a) The **Secondary** sector increased the most from 2007 to 2017 while the **Tertiary** sector continually attracted the highest levels of FCF.
 - b) In recent years, the FCF has been sluggish in the **Primary** sector.



Source: Quantec, 2018

CAPITAL FORMATION AND INVESTMENT

1. President Cyril Ramaphosa is on an **international tour** in order to boost investment to the country and has already concluded dealings with **several countries** to secure **significant investment** into the country which will serve to greatly benefit the NC.
2. NC sectors that will **benefited from government's investment drive include:**
 - i. Energy
 - ii. Manufacturing
 - iii. Agriculture
 - iv. Mining

THE NC TRADE AND INVESTMENT PROFILE



NC ATTRACTIVENESS AND ACCESS TO MARKETS

1. **China** is the main foreign trade partner for the NC and South Africa.
2. The BRICS trade agreement is being ratified further to **decrease trade barriers between member countries and to facilitate increased investment and trade.**
3. BRICS is also **raising trade barriers between member nations and the US.**
4. The main **10 export destinations (7,3 bn in 2017)** of the NC are:
 - i. China (mining)
 - ii. India (mining)
 - iii. Japan (mining)
 - iv. Republic of Korea (mining)
 - v. Hong Kong (agriculture)
 - vi. Spain (mining)
 - vii. Netherlands (agriculture)
 - viii. Russia (mining)
 - ix. Namibia (manufacturing)
 - x. Vietnam (agriculture)



**5) RECOMMENDATIONS TO ACHIEVE
INCREASED TRADE AND INVESTMENT IN
THE NC**

RECOMMENDATIONS TO ACHIEVE INCREASED TRADE AND INVESTMENT IN THE NC

1. Development of an **investment attraction-oriented institutional platform.**
2. Establishment of **municipal-integrated investment portal, one-stop investor portal.**
3. Organisation and coordination of **LED and Commerce forums/chambers.**
4. Business **retention, expansion and attraction.**

A dramatic sunset over a rural landscape. The sky is filled with large, dark clouds illuminated from below by the setting sun, creating a vibrant orange and yellow glow. In the foreground, a lush green field stretches across the bottom. To the left, a classic metal windmill stands on a tripod frame next to a small green structure. In the middle ground, a simple, weathered white building with a dark roof is visible, with a single tree growing behind it. The overall scene is peaceful and evocative of a rural setting at dusk.

Thank you