OCTOBER 2017

GLOBAL STATE OF THE ECONOMY:

	IMF	The World Bank	OECD
Projected GDP Growth 2017	3.6%	2.7%	3.3%
2016 GDP Growth	3.1%	2.4%	3.0%
2018 GDP Growth	3.7%	2.9%	3.7%

GLOBAL HIGHLIGHTS

Global Growth	Risks to Global Economy
Global growth is improving following a recovery in industrial activity and an increase in global trade, after two years of slow growth. In emerging markets and developing economies, obstacles to growth among commodity exporters are slowly diminishing. Global growth is projected to grow to 2.7% in 2017 per the World Bank. *(Global Economic Prospects, 2017)*	While global growth is recovering, it remains weak in many countries as they try to boost potential output and build resilience against downside risks such as changes in consumer trends. *(IMF Economic Outlook, October 2017)*

NATIONAL STATE OF THE ECONOMY

National GDP Growth and Forecasts

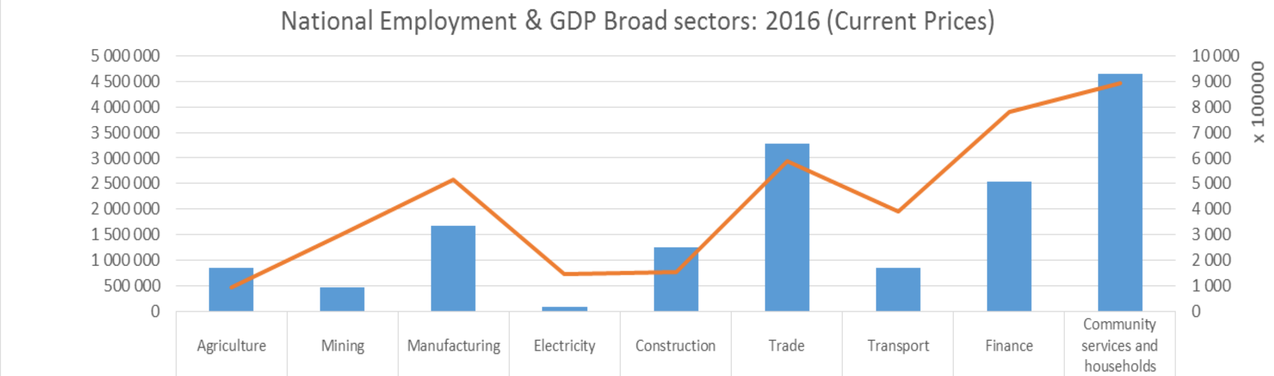
	South African Reserve Bank	International Monetary Fund	The World Bank	OECD
Projected GDP Growth for 2017	0.7%	0.7 %	0.6%	1.1%
Projected GDP Growth for 2018	1.2%	1.1%	1.1%	1.7%
2016 GDP Growth	R3.07 trillion (increase of 0.3% from 2015, sourced from *Statistics South Africa*)			

NATIONAL HIGHLIGHTS

Medium Term Budget Policy Statement (MTBS)	Infrastructure Investment	Medium Term Risks	Presidential Task Team to stabilise rising debt
The Finance Minister has revised economic growth projections downwards to 0.7% for 2017 in the MTBS. The debt to GDP ratio is forecast to widen to 60%, from 54% by 2022 and the consolidated budget deficit will increase to 4.3% of GDP in 2017/18. There were further bailouts for SAA and the SA Post office and a portion of the Telkom shares will be sold. *(SA News, gov, za/Daily Maverick/Business Day, 26th October 2017).*	In the MTBS, the Minister has estimated infrastructure expenditure of R948 billion over the medium term economic framework, the major share of which will come from State-owned Companies projected at R402.9 billion. The education sector is expected to spend R44 billion on new schools and refurbishing existing ones. Municipal spending is projected at R197 billion, while provinces are expected to spend R208 billion. *(SA News, gov, za/Daily Maverick/Business Day, 26th October 2017).*	The MTBS stated that various risks need to be taken into account over the medium term – these include additional spending commitments to emerge from policy processes under way such as providing fee-free higher education and training to poor and middle-income students. The inflation outlook has been revised downward to relieve pressure on inflation-linked expenditure such as the wage bill. Another risk is that many State-owned companies are not operating efficiently due to poor procurement practices, weak corporate governance and failure to abide by fiduciary obligations (SA News. Gov.za 26th October 2017)	A team of Cabinet Ministers has been convened to come up with solutions to stabilise debt over the next 3 years. This team is required to develop proposals to narrow the deficit, stimulate economic growth and build investor confidence. (SA News,gov.za 26th October 2017)

NATIONAL KEY INDICATORS

INFLATION RATE	PETROL PRICE	EXCHANGE RATES	VEHICLE SALES	QUARTERLY GDP / UNEMPLOYMENT TRENDS
The inflation rate increased to 5.1% in September 2017 year-on-year, after 4.8% recorded in August 2017. *(South African Reserve Bank)*	**93**: R12.82 **95**: R13.05 As at 25th October 2017 *(SANews.gov.za)*	Rand/Dollar: 14.0626 Rand/Pound: 18.6446 Rand/Euro: 16.6110 As at 26th October 2017 *(Business Day, 26th October 2017)*	September 2017 new vehicle sales was recorded at 50 675 units having increased by 3 318 units or 7, 0% from the 47 357 vehicles sold in September last year. Export sales at 36 359 vehicles had registered an improvement of 3 595 units or a gain of 11,0% compared to the 32 764 vehicles exported in September last year. *(National Association of Automobile Manufacturers of South Africa)*	The country's Gross domestic product increased by 2, 5% in the second quarter of 2017. The unemployment in the 2nd quarter of 2017 remained unchanged at 27.7%. *(www.politics.web.co.za)*

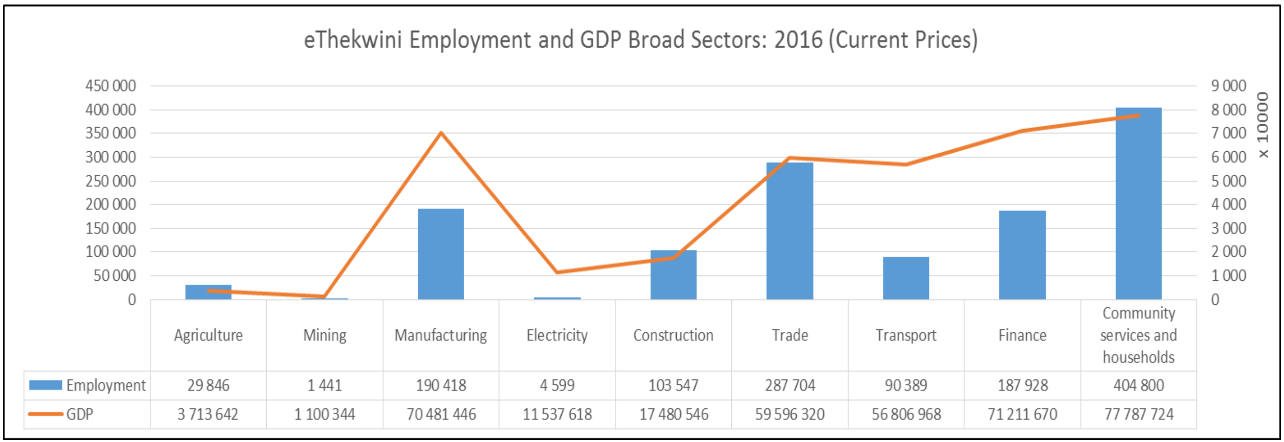


	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services and households
Employment	850 142	458 765	1 667 075	95 536	1 260 903	3 285 241	847 642	2 541 991	4 643 711
GDP	94 408 391	304 362 700	517 438 600	144 052 700	154 326 301	589 744 518	389 186 384	781 739 900	894 200 024

LOCAL STATE OF THE ECONOMY

ETHEKWINI INDICATORS

GDP / TOTAL POPULATION	TOTAL EMPLOYMENT	2nd QUARTERLY UNEMPLOYMENT UNCHANGED	POVERTY STATISTICS	ANNUAL TRADE
R302.3 billion in 2016 Increased by 1.0% *from 2015.* *(Global Insight internal database)* The eThekwini population was recorded as 3,820,174 for 2016 according to Global Insight (Increased by 1.4%) *(Global Insight internal database)*	Formal Sector employment recorded as 1,184-million according to the 2nd Quarterly Labour Force Survey in 2017 Statistics South Africa. This represented an increase of 0.5% over the previous quarter. (*http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2017.pdf)*	The City's quarterly unemployment rate was unchanged at 21.8% during the 2nd quarter of 2017. (*http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2017.pdf)*	Of eThekwini's 851,855 people living below the poverty line in 2016, 98, 7% are African, while 0, 53% are Asian, 0, 75% are colored and 0.01% white. This means that 25.2% of the African, 6.1% of the coloured, 0, 7% of the Asian and 0.04% of the white population are living below the food poverty line. *(Source: Global Insight)*	Total Exports: R71.8 billion (Increased by 12.3%) Total Imports: R104.7 billion (Increased by 9.3%) *(Global Insight internal database)*



EVENTS/LAUNCHES/INVESTMENT

Boat-building Park in Durban	Team Durban Investment Advisory Forum	City to host World Town Planning Day	Innovation Summit
A boat-building park project has been established at Bayhead in Durban a part of Operation Phakisa. The park will accommodate emerging and black-owned companies and key suppliers. *(Mercury Network, 10th October 2017).*	The eThekwini Municipality has approved the establishment of an external investment partnership Forum to be called 'Team Durban'. The Forum will provide strategic foreign direct investment advice and support to the city. *(eThekwini Info, 16th October 2017).*	The eThekwini Municipality will host the World Town Planning seminar from 6-8 November 2017 at the Inkosi Albert Luthuli International Convention Centre. The purpose of the seminar is to assist municipal planners with essential guidelines to fulfil the City's vision. *(Metro Ezasegagasini 20 October-2 November 2017).*	The Innovation Festival was held during October 2017, hosted by Innovate Durban, at the Moses Mabhida Stadium. *(Metro Ezasegagasini 20 October-2 November 2017).*

CATALYTIC PROJECTS (updated as new information received from Catalytic Projects Unit)

Project	Description	Status/Progress
Cornubia	The Construction of the first 486 units in Phase 1a Housing is complete. Presently, 995 of the 2,180 units have been completed as part of Phase 1b. Cornubia Industrial and Business Estate is 100% sold and 13 businesses are already operational in the area. Environmental authorisation has been received for Phase 2, which includes the Cornubia Business Hub in extent of 85,000m^2. The 65,000m^2 Cornubia Shopping Mall opened in September 2017 is almost fully occupied, with 1,100 permanent jobs while approximately 2,500 temporary jobs were created during construction. A 2nd phase will allow for expansion of a further 70 stores totalling 20,000m^2 in the future. When complete the entire development will create 48,000 permanent jobs. *(www.Cornubia.co.za)*	Phase 1: 2,500 units mostly complete and occupied. Cornubia Industrial and Business Estate sites sold and operational Phase 2: EIA and WULA approved. N2 Business Park, Retail Mall and Call Centre under construction
Dube TradePort	The Dube TradePort has attracted over R1.4-billion investment to date. Dube TradeZone has secured Samsung Electronics; Amsted Reelin, Rossi SA, Ukuphanta and DB Schenker. The latest business to locate at the TradeZone is Yangtze Optics Africa Cable and Cipla Biotec. Planning is underway for Dube TradeZone 2, as well as Dube AgriZone Phase 2. The Tradeport will eventually provide 150,000 permanent jobs with a total rates contribution of R180-million annually. The complete investment value is R13-billion. *(www.dubetradeport.co.za).*	Trade Zone 1, Dube City & Agrizone 1 complete. SEZ status for Tradezones received. New Link road from uShukela Highway constructed. Planning underway for subsequent phases (Trade Zones 2 & 3; Support Zone 2 & AgriZone2)
Point Waterfront	One of the key catalytic projects in the city – and also forms part of the City's initiative to redevelop and regenerate the inner-city. The first phase commenced in 2017 and relates mostly to the provision of infrastructure. The balance of the project will cover a 10-15-year horizon at between R30-R35billion of public/private sector investment. When completed, the development will create 6,750 permanent jobs and provide 11,0000 construction jobs with an annual rates contribution of R200-million. *(www.durbanpoint.co.za).*	Infrastructure to support Phase 1 of development underway (includes promenade & bulks). Negotiations to align with

		Cruise Terminal currently in process with Transnet
Centrum Site	The development of the Durban Centrum site entails a mixed-use precinct of IRPTN[1] and ICDS[2] bus stations, a new super basement parking garage with public service buildings, integrated with high-density residential, hotel, retail and commercial development. The 28-hectare site comprises the largest single area of the central city and provides the potential for comprehensive redevelopment. It is expected that this site will complement the adjoining central business district while trying to preserve the city's heritage in terms of its historic buildings. The total investment value is R9.4-billion to provide 3,350 construction- and 1,350 permanent jobs with an annual rates contribution of R67-million. *(http://www.kzntopbusiness.co.za)*	Specialist technical feasibilities complete. To appoint Programme Manager and professional consortium for detailed design.
Keystone	The 152-hectare, R6.5-billion Keystone Park Light Industrial Warehousing and Logistics Precinct is currently being developed by Keystone Park CC, located immediately adjacent to the N3 Hammarsdale interchange. Development activity commenced during January 2015 with the 15,000m^2 Malda Pack facility having started business operation in; Mr Price's new 60,000^2 National Distribution Centre was completed during June 2017 and with construction of Pepkor's new 85,000m^2 Distribution Centre programmed to be complete by December 2017. Several further significant top-structure projects are in the final states of being packaged. This regional catalytic development will generate substantial employment opportunities including around 3,500 temporary construction jobs at peak and approximately 6,500 permanent employment opportunities and annual rates of R2-million when fully completed. *(www.keystoneinvestments.co.za).*	Electricity: New permanent Eskom supply cables installed. Water & Western Aqueduct Link: Water infrastructure being delivered through the Western aqueduct link. MR385: Discussion between DoT, the Developer and eThekwini Municipality underway to upgrade MR385.
Virginia Airport	The City received an unsolicited bid from Seaworld Investment Holdings (Pty) Ltd for a 306,870m^2 mixed-use development including commercial, retail, residential, leisure and educational components at the Virginia Airport site. The bid was assessed by a technical task team comprising Supply Chain, Development Planning, Environmental and Management and the office of the Deputy City Manager Departments. It was noted that the bid satisfied the minimum requirements of the supply chain policy.*(extracted from internal reports within the PSIR Dept.)*	The City is presently considering the bid and will make a decision following recommendations by the Economic Development Unit.
Durban Film City	The development of the R7.5-billion film studio in eThekwini will go ahead after being delayed by land transfer issues with the South African National Defence Force (who still own a portion of the land at the former Natal Command site). The city will try and fast-track the transfer of the land to commence construction of a motion picture, media, resort and entertainment precinct with the potential to create approximately 4,000 to 5,000 permanent jobs and attract film makers from around the world. *(http://www.sabc.co.za/news/a/d2f4558042a8ef11bea8ffd3d964e9e6/Durban-to-begin-developing-its-own-film-studio)*	High-level conceptual site development framework and vision for site. Consultants preparing rezoning and consolidation application for submission
Durban Iconic Tower	The City received a proposal from the Durban Tower Development Company in 2016, to build a R6-billion, 88-storey skyscraper near the Moses Mabhida Stadium, which would become the highest building in the southern hemisphere. It will be built over the next 5 years and become operational by 2021 should construction commence in 2018, following approval of the project. The proposed location is on the site of the Durban Country Club and the premises of the Natal Mounted Rifles. The project may serve as a potential catalyst to future large-scale development within the Durban Inner city and the greater metropolitan area. *(https://businesstech.co.za/news/general/116170/a-look-at-the-r6-billion-skyscraper-proposed-for-durban/)*	The City's Real Estate Unit is investigating an appropriate model to advertise and unsolicited bid for a high-density, mixed-use development with the site.
Finningley Growth Sphere	The proposed R45-billion development will include schools, universities, an airfield, as well as a mix of residential options, retail and commercial with agricultural and industrial developments. Annual rates estimated at R12-billion and approximately 27,000 permanent jobs. (*Catalytic Projects Update presentation September 2017)*	The developer is awaiting clearance from National Government on the Act 70/70 and WULA[3]. The Developer has also applied for funding from the Development Bank of South Africa (DBSA).
Illovu Auto Supplier Park	The R6.5-billion Auto Supply Park (ASP) development is a strategic economic priority for both national and provincial government. The project will create 6,000 construction- and 2,600 permanent jobs. (*Catalytic Projects Update presentation September 2017)*	The SCM process is underway to appoint a suitable consortium to undertake Township establishments and rezoning. The major infrastructure upgrades are being negotiated.
Warwick Node Redevelopment	The R1/3-billion Warwick Precinct is the dominant public transport node within the municipality and the projects will include a proposed Berea Station Mall, a proposed taxi-holding facility, a cold room storage and the erection of a bovine head facility. Annual rates estimated at R250, 000 with 3,500 construction- and 2,670 permanent jobs. *(Catalytic Projects Update presentation September 2017)*	The urban designs and building plans are completed for the mall and taxi facility and awaiting city's approval. Alternative forms of infrastructure funding are

[1] Integrated Rapid Public Transport Network
[2] Inner City Distribution System
[3] Water Use Licensing & Permitting for all section 21 activities

		being explored through inter-alia public-private partnerships.
Clairwood Logistics Park	This R4.5-billion logistics park is aimed at supporting the logistics, commercial and surrounding light industrial developments in the broader South Durban Basin. *(Catalytic Projects Update presentation September 2017)*	The Environmental Impact Assessment has been approved and most of the site preparation is done. Currently busy with bulk earthworks.

EThekwini Economy at a glance: Policy Strategy Information & Research Dept. (PSIR): ref denny.thaver@durban.gov.za

Although care has been taken to source the most up-to-date information for this edition, new information may come on stream during the editing, layout and printing of the 'Economy at a Glance' publication and it may not be possible to make any updates at the time.