# ECONOMY AT A GLANCE

ETHEKWINI MUNICIPALITY

PREPARED BY ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT

ISSUE | AUGUST 2017

## GLOBAL STATE OF THE ECONOMY

| | International Monetary Fund | The World Bank | OECD |
|---|---|---|---|
| Projected GDP Growth for 2017 | 3.6% | 2.7% | 3.3% |
| 2016 GDP Growth | 3.4% | 2.4% | 3.0% |

## GLOBAL HIGHLIGHTS

### Global Issues

On 7-8 July, the Group of Twenty (G20) leaders convened in Hamburg and issued a Declaration that addressed a number of key challenges – these included terrorism, displacement poverty, hunger, health threats, job creation, climate change, energy security and inequality. The Declaration also reaffirmed the commitment of its member states to strong, sustainable, balanced and inclusive growth. *(https://www.un.org/development/desa/dpad/about-us/about-us-gem.html)*

### Risks to Global Economy

In August, the US expanded economic sanctions against the Russian Federation, targeting the energy and finance sectors, as well as some state-run companies in the metal, mining and railway sectors. (http://ewn.co.za/2017/07/28/us-senate-slaps-new-sanctions-on-russia)
The US has also imposed sanctions against North Korea due to their development of ballistic missiles. The sanctions will prohibit export of coal, iron ore, lead, lead ore and seafood. *(https://www.vox.com/world/2017/8/6/16103954/north-korea-sanctions-haley-china-un)*

### China

In the 2nd quarter, the Chinese economy grew at 6.9% driven by strong expansion in the industrial and services sectors. The improvement in industrial activity was owing to stronger manufacturing investment, as domestic and external demand improved. *(https://www.un.org/development/desa/dpad/about-us/about-us-gem.html)*

### Developing Economies

In July the International Monetary Fund (IMF) approved $1,25-billion of the Extended Fund Facility (EFF) to alleviate Egypt's balance of payments. Similar tranches of payments have been agreed with Gabon, Tunisia and the Seychelles under the EFF Programs. *(https://www.un.org/development/desa/dpad/about-us/about-us-gem.html)*

## 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 | 0.5% | 1.0% | 1.1% | 1.1% |
| 2016 GDP Growth | R3.07 trillion (increase of 0.3% from 2015, sourced from *Statistics South Africa*) | | | |

## NATIONAL HIGHLIGHTS

### SPIN-OFFS FOR RUGBY WORLD CUP BID

The economic impact, should South Africa win the bid to host the 2023 Rugby World Cup will be approximately R27 billion. The country last hosted the event in 1995.
*(Mercury, 7th August 2017)*

### BUSINESS CONFIDENCE RISES IN JULY 2017

Business confidence rose to its highest level in 6 months supported by stronger new vehicles sales and the interest rate cut – according to data released by the SA Chamber of Commerce and Industry. The Business Confidence Index rose to 95.3 points.
*(Mercury, 10th August 2017)*

### UNEMPLOYMENT RATE REMAINS UNCHANGED IN 2ND QUARTER

On a quarter-to-quarter basis the official unemployment rate remained unchanged at 27.7%. Employment declined by 113,000 to 16.1-million, whilst the number of job-seekers fell by 37,000 to 6.5-million.
*(http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2017.pdf)*

### 37TH SADC SUMMIT OPENS WITH CALL TO IMPROVE TRADE

The 37th Southern African Development Community Head of States and Government summit opened in SA on 19th August 2017. At the summit the Revised Regional Integration Strategic Development Programme (2015-2020) was discussed and progress reported on the implementation of the Regional Infrastructure Development Master Plan and the Industrialization Strategy and Roadmap.
*(SAnews.gov.za)*

## NATIONAL KEY INDICATOR

### INFLATION RATE

The inflation rate decreased

**4.6%**

year-on-year in July 2017, below a 5.1% in June. It is the lowest inflation rate since September of 2015, mainly due to a slowdown in cost of food and electricity and a fall in fuel prices.
*(South African Reserve Bank)*

### PETROL PRICE

**93: R12.24**
**95: R12.37**

As at 31st August 2017
*(SANews.gov.za)*

### EXCHANGE RATES

**R/$: 13.2112**
**R/£: 16.9557**
**R/€: 15.5412**

As at 23rd August 2017
*(Natal Mercury, 2017)*

### VEHICLE SALES

Naamsa reports that aggregate new vehicle sales at 46 719 units increased by 1 849 units or

**4,1%**

*(National Association of Automobile Manufacturers of South Africa)*

### QUARTERLY GDP / UNEMPLOYMENT TRENDS

The country's gross domestic product (GDP) growth rate was

**-0, 7%**

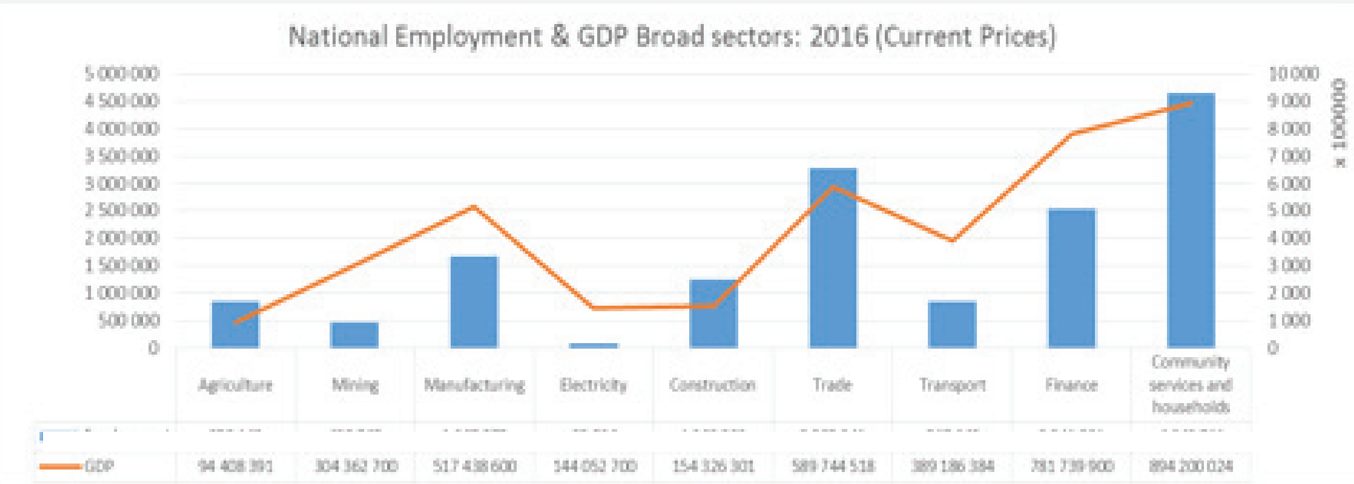
in the 1st quarter of 2017.

The unemployment in the 1st quarter of 2017 increased by

**1.2 %**

points to 27.7% - the highest since September 2003.
*(www.politics.web.co.za)*

## NATIONAL EMPLOYMENT & GDP: BROAD SECTORS: 2016



## LOCAL STATE OF THE ECONOMY

### ETHEKWINI HIGHLIGHTS

**GDP**

**R302.3 ↑**

Billion in 2016

Increased by 1.0% from 2015
*(Global Insight internal database)*

**TOTAL EMPLOYMENT**

Formal Sector employment recorded as

**1,184 mil**

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)*

**2nd QUARTERLY UNEMPLOYMENT**

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)*

**TOTAL POPULATION**

The eThekwini population was recorded as

**3,820,174**

for 2016 according to Global Insight (Increased by 1.4%)
*(Global Insight internal database)*

**ANNUAL TRADE**

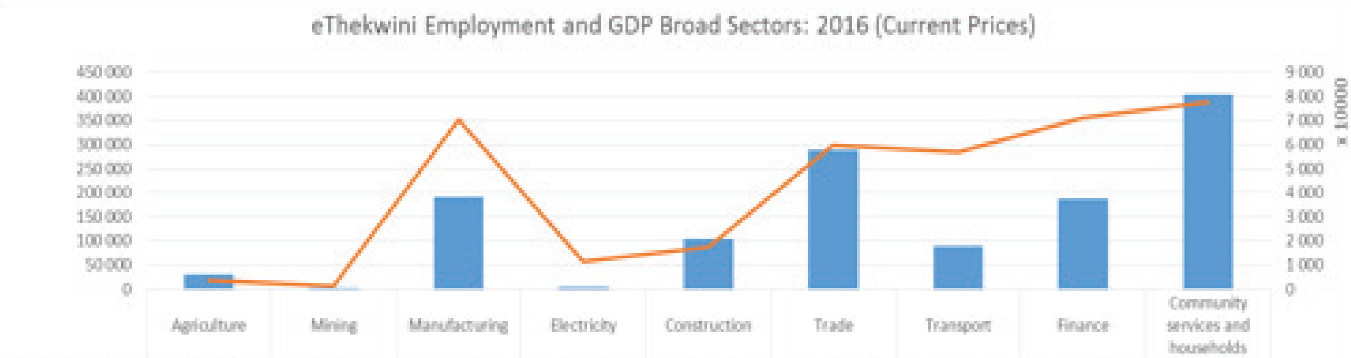
Total Exports:

**R71.8 bn**

(Increased by 12.3%)

Total Imports: R104.7 billion (Increased by 9.3%)
*(Global Insight internal database)*

### ETHEKWINI TOTAL EMPLOYMENT & GDP: BROAD SECTORS: 2016




| | Agriculture | Mining | Manufacturing | Electricity | Construction | Trade | Transport | Finance | Community services and households |
|---|---|---|---|---|---|---|---|---|---|
| Employment | 29 846 | 1 441 | 190 418 | 4 599 | 103 547 | 287 704 | 90 389 | 187 928 | 404 800 |
| GDP | 3 713 642 | 1 100 344 | 70 481 446 | 11 537 618 | 17 480 546 | 59 596 320 | 56 806 968 | 71 211 670 | 77 787 724 |

### EVENTS/LAUNCHES/INVESTMENTS

#### CITY MANAGER VOWS TO DELIVER SERVICES

The eThekwini City Manager addressed business leaders at the Durban Chamber of Commerce and Industry stating that the city will promise to listen more and engage with all stakeholders on the future direction the city must take to ensure a safe and clean city, grow the city's revenue base and steer it towards new economic growth.
*(Mercury, 7th August 2017)*

#### City approves World Bank Investment Promotion Strategy for eThekwini

The City's Executive Committee approved the Durban Investment Promotion Strategy on 1st August 2017. The purpose of the Strategy is to enhance investment facilitation support and review the resources and institutional requirements to give full effect to the Strategy.
The Implementation Plan is currently underway.
*(https://www.ilovedurban.co.za/council-approves-durban-investment-promotion-strategy/)*

#### FOREIGN INVESTOR TO CREATE 1,000 JOBS IN ETHEKWINI

Chinese company Jingmen Hubei will open 2 factories in Ezimbokodweni and Umgababa to create 1,000 jobs. The factories will be involved in recycling of old vehicles, electronic scrap and rechargeable batteries. The development is a result of the relations established between the KwaZulu-Natal province and Hubei Province from the People's Republic of China.
*(EThekwini Weekly Bulletin, 18th August 2017)*

#### PREPARATIONS FOR SUSTAINABLE LIVING EXPO

The Sustainable Living Exhibition and Indigenous Plant Fair will take place during 15-17 September at the Durban Exhibition Centre. Exhibitors will be given the opportunity to display products that promote energy efficiency and renewable energy, waste minimisation, water conservation, food security and greening concepts.
*(EThekwini Weekly Bulletin, 18th August 2017)*

#### ESSENCE FESTIVAL RETURNS TO DURBAN

The Essence Festival will take place in Durban place from 26 October to 1 November, and will feature several artists comprising talk-show hosts, entrepreneurs and authors. The city willl bring together international performers and speakers to entertain and inspire.
*(http://www.channel24.co.za/The-Juice/News/essence-festival-returns-to-durban-20170709)*

## CATALYTIC PROJECTS

| CORNUBIA | DUBE TRADEPORT | POINT WATERFRONT | CENTRUM SITE | KEYSTONE |
|---|---|---|---|---|
| Construction of the first 486 units in Phase 1a Housing is complete. At present, 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 85,000m2. The Cornubia Shopping Mall is scheduled for opening at the end of September 2017. *(www.cornubia.co.za)* | Dube TradePort has attracted over R1.4-billion investment to day. Dube TradeZone has secured Samsung Electronics; Amsted Reelin, Rossi SA, Ukuphanta and DB Schenker. The latest businesses to locate at the TradeZone is Yangtze Optics Africa Cable and Cipla Bio-Tec. Planning is already underway for Dube TradeZone 2, as well as Dube AgriZone Phase 2. *(www.dubetradeport.co.za)* | This is 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 R25-R30-billion of public/private sector investment. *(www.durbanpoint.co.za)* | The development of the Durban Centrum site is part of a plan to enhance the city's environment and offer more cultural amenities for its citizens. This 28-hectare site comprises the largest single area of the central city and provides the potential for comprehensive redevelopment. It is expected that the redevelopment of this site will complement the adjoining central business district while trying to preserve the city's heritage in terms of its historic buildings. *(http://www.kzntopbusiness.co.za)* | The 152Ha R6.5b Keystone Park Light Industrial, Warehousing and Logistics Precinct is currently being developed by Keystone Park CC immediately adjacent the N3 Hammarsdale Interchange. Development activity commenced in January 2015 with the 15,000m2 Malda Pack facility having commenced business operation in , Mr Price's new 60,000m2 National Distribution Centre was completed during June 2017 and with construction of Pepkor's new 85,000m2 Distribution Centre programmed to be complete by December 2017. Several further significant top-structure projects are in the final stages of being packaged. This regional catalytic development will generate substantial employment opportunities including around 3500 temporary construction jobs at peak and approximately 6500 direct permanent employment opportunities at height of operation. (www.keystoneinvestments.co.za) |

*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