

BUNDI

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Matric Economic Course

People and their needs

Lecture and workshop

Economy - activities



Economy - activities



Economy - activities



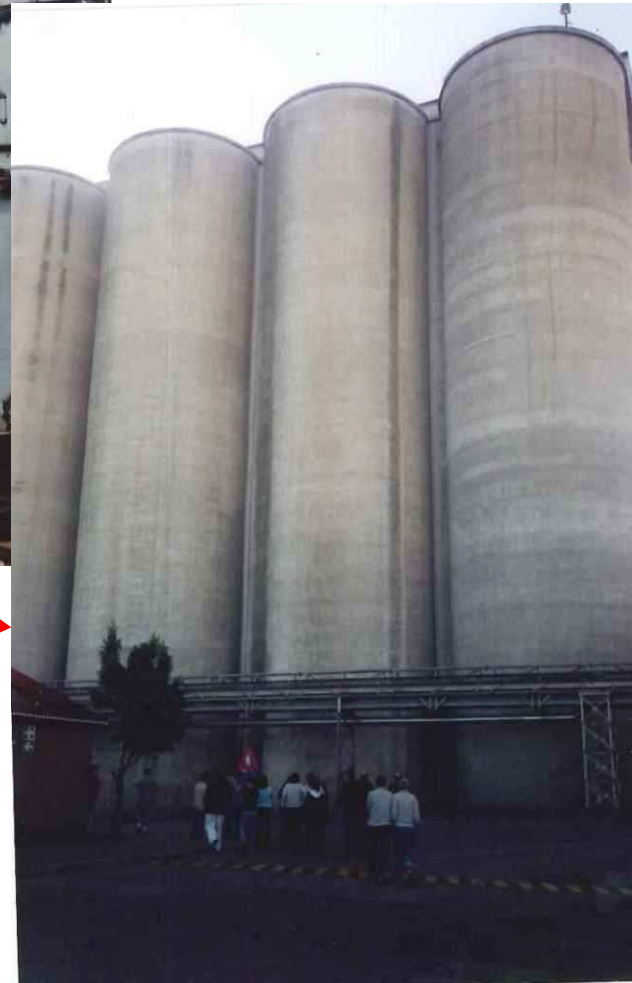
Economy - activities



Economic activities

- Primary fffm
 - Farming/ fishing/ forestry/ mining
- Secondary
 - Manufacturing (factories)
- Tertiary
 - Retail and services
- Quaternary
 - Research

Secondary activities



Tertiary Activities



Quaternary activities



GDP contribution to the economy

*GDP value of the goods and services
produced with a country*

SECTOR	1970	1980	1990	2000
PRIMARY SECTOR	23,6	16,8	15,0	14,1
•agriculture	4,8	5,1	5,3	5,5
•mining	18,8	11,7	9,7	8,6
SECONDARY SECTOR	31,5	35,6	33,3	32,3
•manufacturing	24,4	28,9	25,5	24,3
•electricity, gas and water	2,3	3,2	4,3	5,2
•construction	4,9	4,4	3,5	2,8
TERTIARY SECTOR	44,9	46,7	51,7	53,6
•wholesale and retail trade, catering and accommodation	13,9	14,0	15,0	15,5
•transport, storage and communication	6,1	7,5	7,4	8,2
•financial and business services	12,7	12,8	14,5	15,8
•community, social and personal services	0,9	0,6	1,0	0,5
•general government	11,4	11,8	13,8	13,6

GDP Trends



2010
2.2%

Economic influences

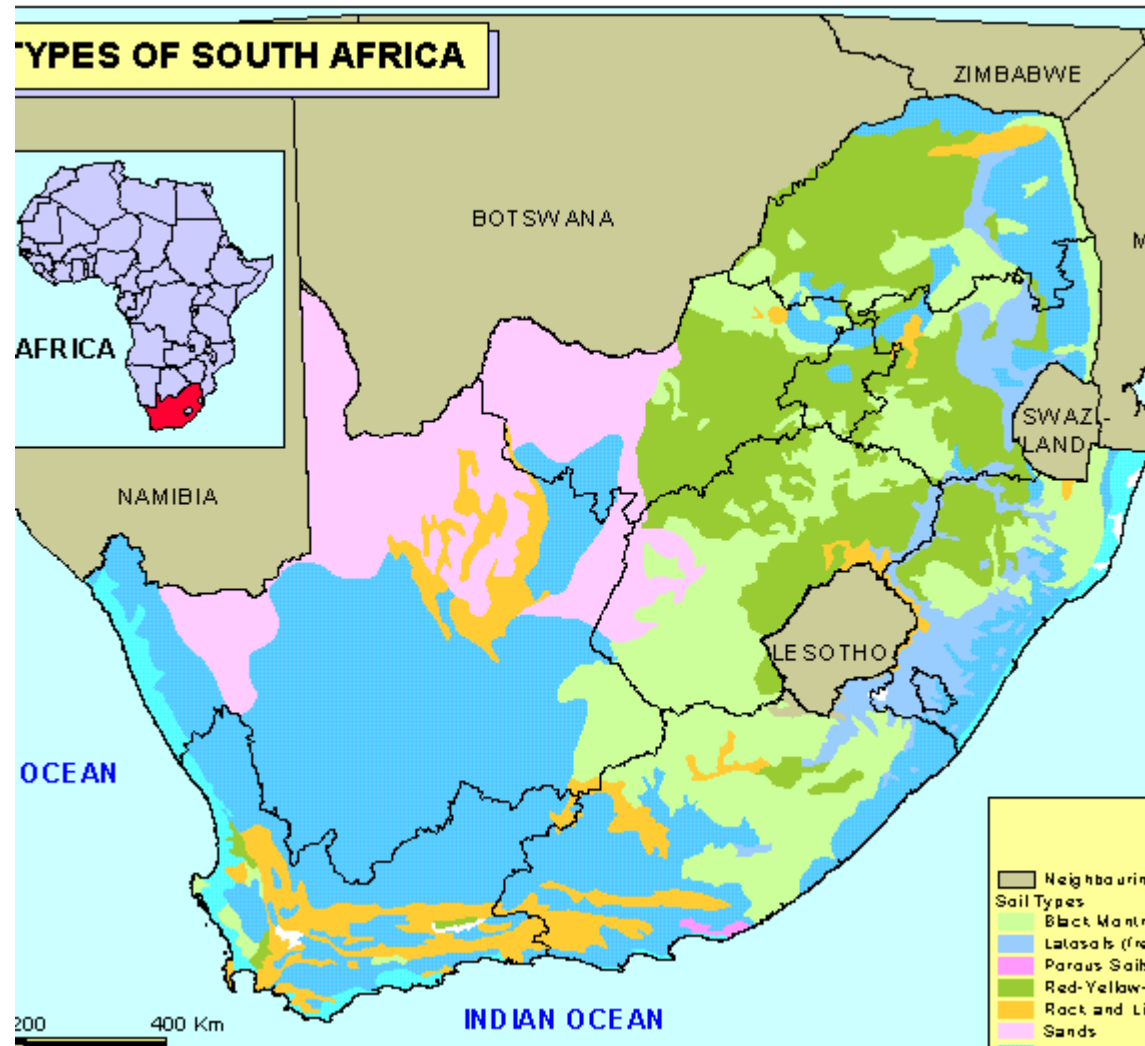
- Global economy (competition and effect by world trends)
- Fluctuation in demand (cheaper elsewhere)
- Fluctuation in the strength of the rand
- Strong rand value – less exports but cheaper imports
- Weak rand – more exports but more expensive imports
- Inflation and interest rates

Physical factors influencing economy



- **Escarpment**
- Transport routes
- Water transfer schemes
- Coastal regions**
- Moderated temperatures
- Interior (plateau and basins)**
- Extreme temperature
- Basins warm
- Plateaus cold

Soils



Sand

Sand and rocks

Rocks

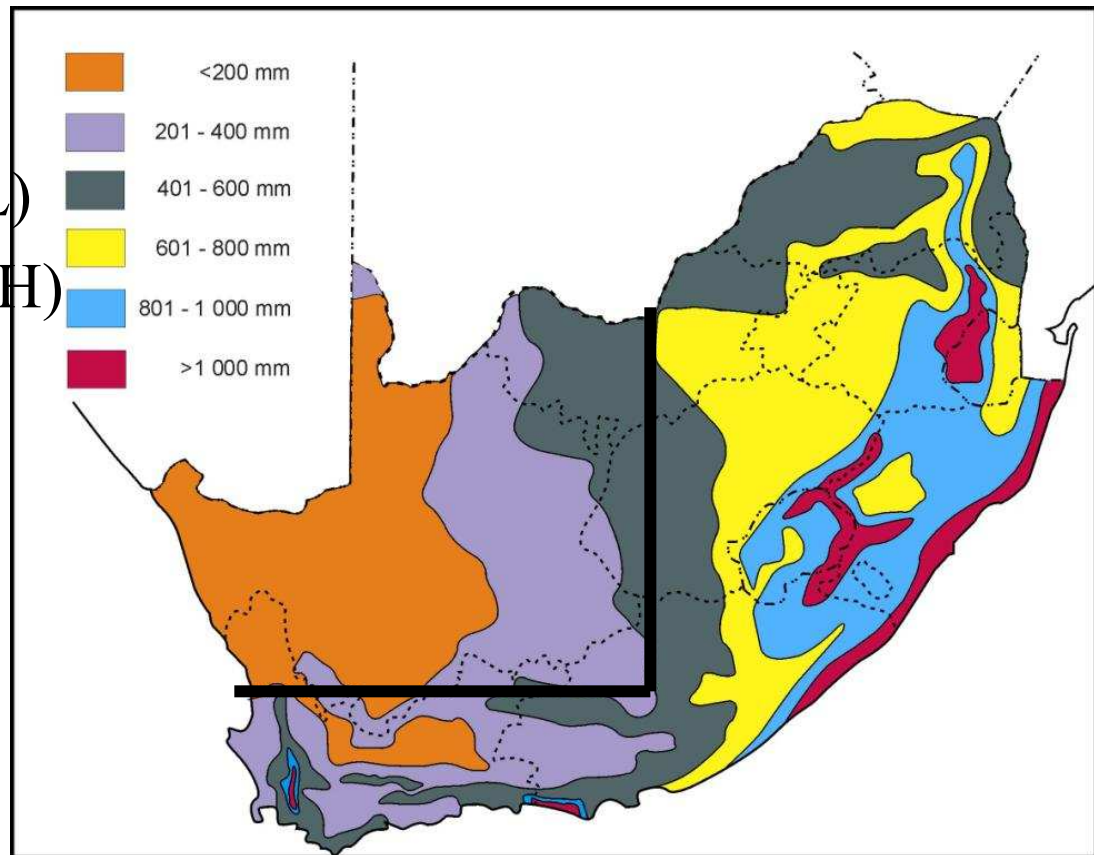
Yellow soil clay

Black soil clay

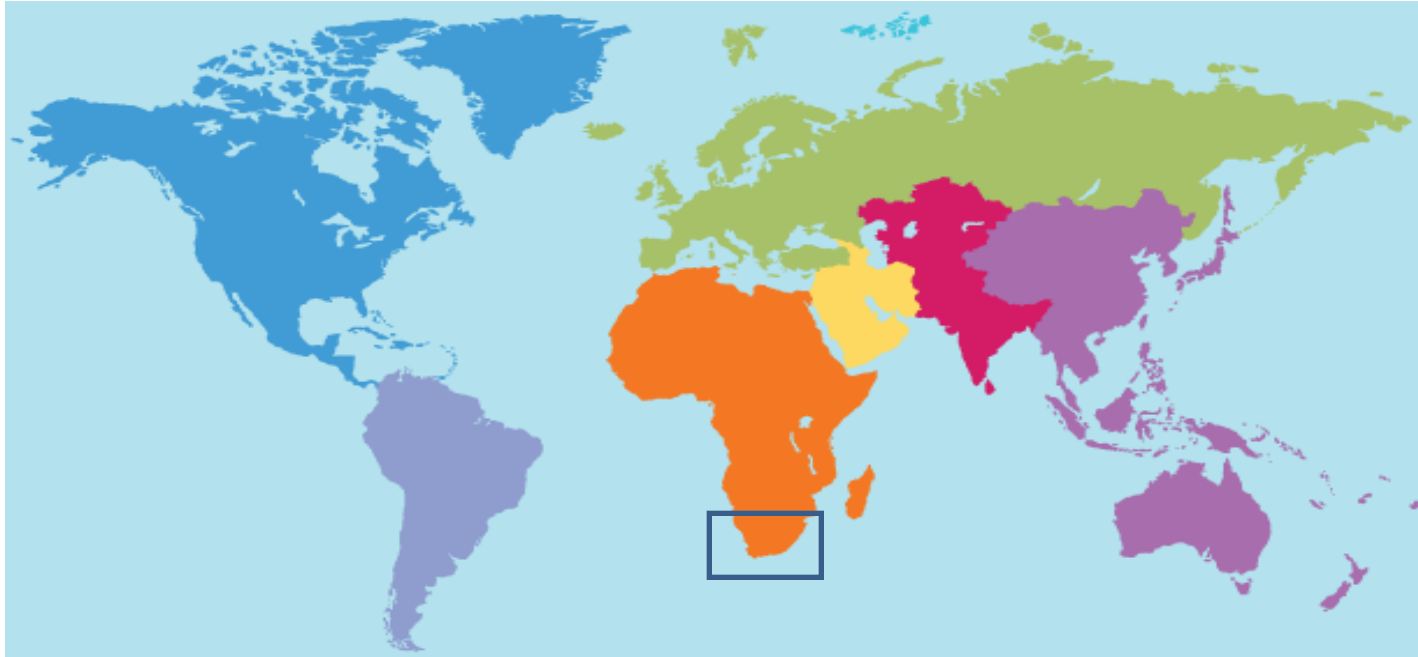
Loam Well drained

Rainfall

- **Position 30° S**
- LP (TC, MLC, T, CL)
- HP (SAHP, SIHP, KH)
- **Ocean**
- Temperature
- Distance from sea
- **Relief**
- Orographic/ rain shadow



Position



- **Latitude** 22°S and 35°S **Longitude** 16°S and 33°S
- **North** - rest of Africa **South** - ocean to Antarctic
- **East** - Ocean Indian **West** - Ocean Atlantic

Physical factors influencing **economy**

- Build of the country
- Soil
- Climate
- Position of S Africa in relation to Africa and the world

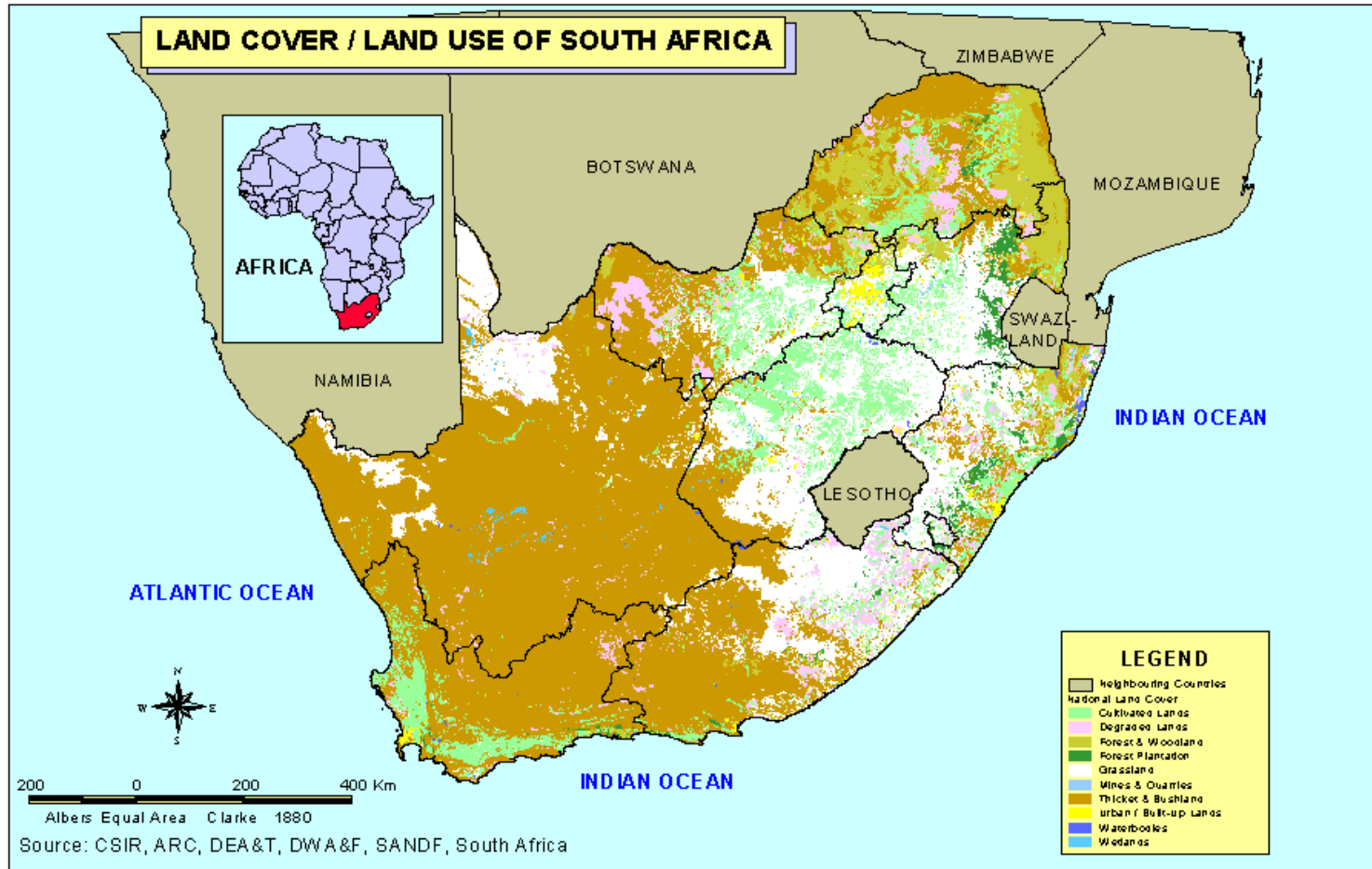
Social factors influencing **economy**

- Poverty 50% live below the poverty line
- Unemployment 24% (unofficial 42%)
- Education people finishing matric 21%
- HIV/AIDS infection
- Emigration (brain drain)

Political factors influencing **economy**

- Gear – (RDP, SDI - IDZ)
- Agreements AU, SADC, Emerging country (India, Brazil,) Tradition developed countries
- Industrial actions - strikes
- Affirmative action
 - Land redistribution (agricultural sector)
 - BEE

Agriculture



Agriculture

- **Agriculture is important because it provides:**
- **Food** - basic need.
- **Employment** - in both the formal and informal sector.
- **Raw materials** - for secondary and tertiary activities.
- **Lifestyle** for communities both subsistence and commercial.
- **Exports** – income for country as don't have to import.

Subsistence

Use of traditional
technology
Low yields
Soil degradation

Commercial

Highly mechanical
and scientific
High yields
Soil management

Agriculture

Positive

- A wide range of products.
- Exports
- Government's support planning emergent small investment farmers.
- High levels of expertise and training
- Farmer constantly devising new methods and technologies.
- Competition leads to quality improvement.
- The Department of Agriculture , Department of Trade and Industries SADC, EU, WTO.
- GEAR.
- GM foods (positive or negative?).

Negative

- Less than 15% of South Africa's land is arable
- Dual agricultural systems of subsistence and commercial farming.
- Shortage of water.
- Soil degradation especially in former homeland areas and marginal areas.
- Loss of land to urbanisation and mining operations
- Soil erosion and acid soils.
- HIV/AIDS pandemic in the workforce
- Rand exchange rate and increased costs.
- Lack of subsidies – assistance from government.
- Increasing farm attacks.
- Natural disasters - droughts, floods, diseases and pests.
- Labour and minimum wage.
- Rising cost of inputs – fuel, sprays, fertilizers and machinery.
- Distance from overseas markets.
- Competition from other countries.
- Agricultural products used for the production of bio-fuels.

Agriculture food security

- Means the ability for people to have access to safe food. By 2015 is intends to eradicate hunger, malnutrition and provide food security via:
 - Giving food to needy people - food programmes.
 - Encouraging the development of sustainable food gardens.
 - Supporting subsistence and small scale farmers with finance, education and technology.
 - Making sure that foods, plants or animals imported into South Africa are safe and will not put people and the environment at risk from pests and disease, e.g. foot and mouth disease.
- South Africa is working on a regional level - **SADC**, continental level - **AU** and global level - **FAO Food and Agricultural Organisation** in regards to food security.
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Agriculture risk and vulnerability

- Agriculture is vulnerable because it is largely dependent on climatic factors which can not be controlled. In the section on negative factors (page 5.24) five problems are directly associated with climatic factors.
- Long term climatic forecasts (climatic modelling - early warning systems) allow for planning. Farmers are advised of the type and quantity of crops and livestock that they should farm.
- The Disaster Management Centre works closely with the Department of Agriculture when looking at expected weather patterns. This means that droughts, floods and resulting effects such as disease, food shortages, fires can be managed more effectively.

Needs of industry

- Renewable resources
- Non renewable resources
- Market local
- Market foreign
- Labour skilled
- Labour semi-skilled
- Government policy
- Water
- Personal initiative
- Site and topography

Types of industry



26766751 fotosearch.com

Types of industry



Heavy



- Edge of urban area – urban/rural fringe
- Land cheaper as need larger area of land
- Irregular planned as needs both road and rail
- High levels of pollution
- Large building and large machinery

Light industries



- Closer to CBD and transition Zone
- Higher land values
- Street pattern older grid as extension of CBD, newer planned irregular
- Access to market important
- Little pollution
- Smaller buildings

Types of industries

Type	Description
Raw material orientated	Industry which requires large amounts of raw materials and is therefore usually situated close to the primary source of this raw material (eg coal fired power stations near the coal fields of Mpumalanga).\
Market orientated	Industry which benefits more from being closer to the market than the raw material. Eg Iron and Steel works located close to the markets in large cities (for construction usage etc), rather than at the iron-ore mine.
Footloose industries	Footloose industry: Industries whose location is not influenced by access to either markets or raw materials. The goods are usually easily transportable, and the industry usually requires modern communication such as internet/email.
Ubiquitous industries	Ubiquitous industry: These industries are not at all reliant on a particular situation and are often contributed to by subdivisions all over the world. Examples are eBay, Kalahari.net
Bridge industries	To do with “bridging” finance????

Industry contribution to economy

- **Industry is important because it:**
- **uses** primary products
- **employment** - in both the formal and informal sector.
- **provides** resources for tertiary and quaternary activities
- **lifestyle** for communities both subsistence and commercial entrepreneurs and workers.
- **trade** both imports and exports
- **Contributes** about 23% to the **GDP**

Industrial development

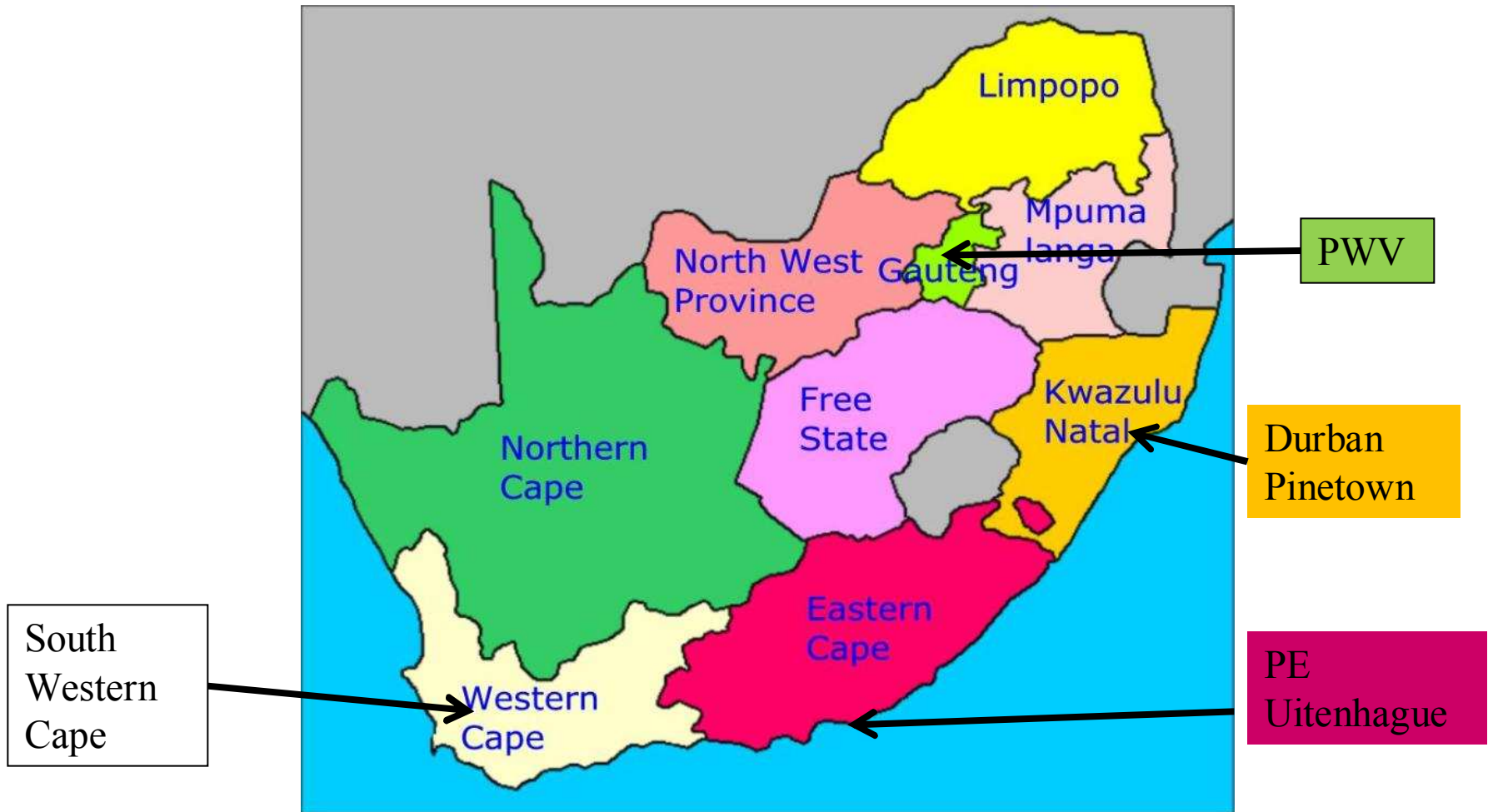
Factors favoring

- Large supply of non renewable raw materials (ranked no 1 in 8 minerals)
- Wide range of renewable resources
- Good transport infrastructure
- Potential as strongest economy in Africa
- We established trading partners – West and SADC
- New trading partners India, China, Brazil
- Government initiatives. RDP, GEAR, SDI, IDZ, SMME's

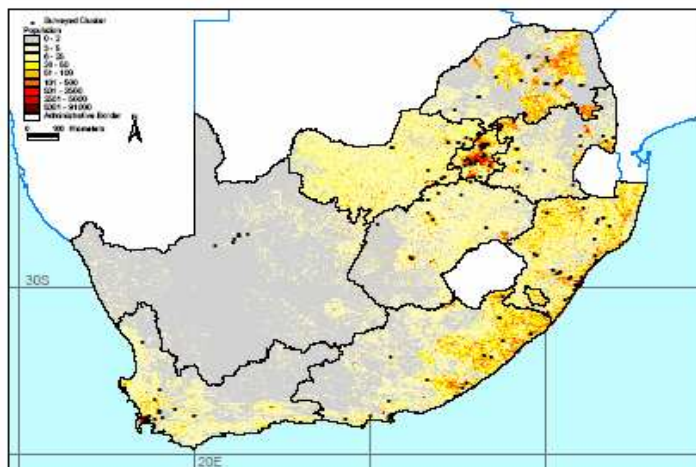
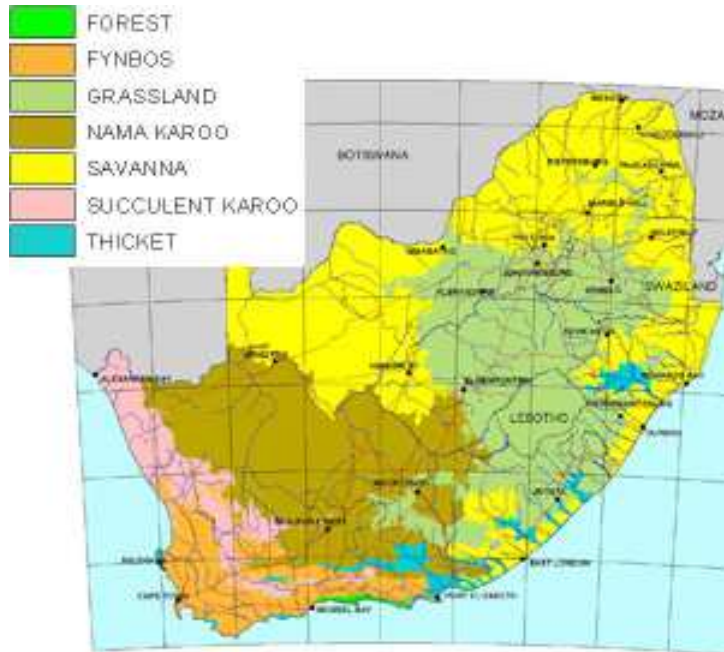
Factors hindering

- Developing country (second class citizen)
- Subject to global demands
- Fluctuations in currency exchange
- Reliance on export of non renewable resources
- Perception of unstable labor market (strikes)
- Government red tape
- Shortage of skills
- HIV/AIDS
- Linked to weak African continent

Core industrial regions



Western Cape - positives



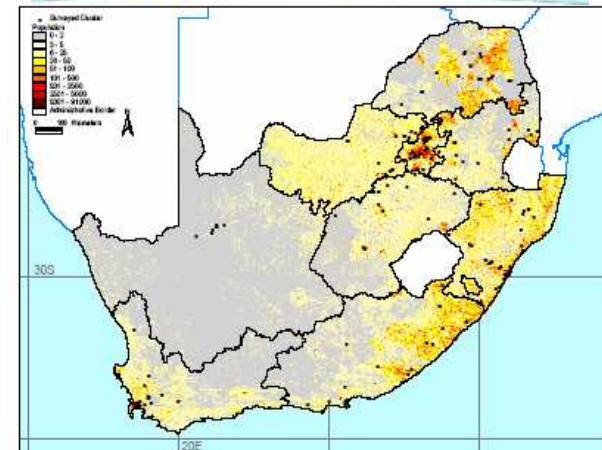
- High rate of urbanization.
- Second highest per capita earning in South Africa; therefore a strong local market.
- Large labour pool: both skilled and semi-skilled.
- Well developed transport system, road, rail, air and sea.
- Linked to West Coast SDI and associated Saldanha IDZ.
- Wide range of renewable resources that form the base of main industries, food processing and textiles.
- Labour pools of expertise have developed around traditional industries.
- Industries producing high quality products in textiles, clothing, food processing and mechanical products are able to counter cheaper mass-produced items from the East.
- A number of head offices in the petrol, clothing, printing industries and national retail chains are situated in Cape Town.
- Ties have been retained with traditional trading partners, especially in Europe and America.
- New markets in the Far East.
- Aggressive marketing of Western Cape internationally by the local government and other NGO's.
- Tourism sector most important growth sector.
- 6.25
- Expanding film industry.

Western Cape - negatives

- Lack of non renewable minerals for heavy industry
- Water shortages
- Distances to markets in South Africa – Gauteng
- Cost of electricity
- Centralisation (over crowding – waste disposal/ sewage works/ roads/ congestion

Gauteng positives

- **Gold** - created wealth and attracted investment. Also created a market for industry and agriculture.
- **Mineral** raw materials - coal, iron ore, platinum, manganese, etc.
- **Electricity** generated nearby (Mpumalanga)
- Largest **domestic market** - numbers and wealth.
- Excellent **rail and road** network
- **3 airports**
- **Water** supply - supplemented by the Tugela-Vaal and Lesotho-Highlands schemes
- **Labour** available - skilled and unskilled



Gauteng negatives

- Distance to harbors for imports and exports
- Water supply (ground water pollution form old mines)
- Crime
- Centralisation (over crowding – waste disposal/ sewage works/ roads/ congestion
- Pollution water/ domestic waste/ atmosphere

