

SA among slowest growing African economies

Growth in SA will continue to lag that of other African countries, with the latest African Development Bank African Economic Outlook report released on Wednesday (7 August) listing the country among the 10 that will record the slowest growth this year.



This backs what government and business this week referred to as an urgent need for the implementation of the multi-year growth and development strategy - the National Development Plan (NDP) - to get SA onto a higher economic growth trajectory.

SA joins nine other countries including Sudan, Egypt and Swaziland as the 10 slowest-growing countries in Africa while Sierra Leone, Angola, Zambia and Mozambique are among the fastest growing.

The African Development Bank (AfDB) forecasts SA's gross domestic product (GDP) to grow 2.8%, much more positive than current expectations of around 2%.

"In 2012, economic growth in SA was adversely affected by strikes in the mining sector and the recession in the euro area. With improved global demand and supportive macroeconomic policies, a gradual recovery is expected for this year and in 2014," bank chief economist and vice president Mthuli Ncube said.

GDP of southern Africa

The bank said that southern Africa GDP will likely grow by 4.1% in 2013 and accelerate to 4.6% in 2014.

"Zimbabwe, which has just emerged from a national election won by Zanu (PF), continued to record positive growth rates of above 5%," Ncube said.

"But due to the economic crisis with declining production levels until 2009, by the end of 2014 real GDP will still be more than a quarter lower than in 2001," he added.

The bank is confident of continued growth in Africa led by expected strong growth in West African countries and a support from spending by a growing middle class.

The report said that while Africa's economy continued to show a high degree of resilience against global economic turbulences, the growth momentum had eased in countries with strong links to global markets.

The continent's average growth of gross domestic product (GDP) is likely to amount to 4.8% this year and 5.3% in 2014, the report forecasts.

"Domestic demand was often boosted through private consumption and investment, both public and private," the report said.

"Higher earnings in domestic sectors, record inflows of remittances and expanding consumer credit backed private consumption," it added.

Source: AFP via I-Net Bridge

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