

SA'S 'Big Five': Bold Priorities for Inclusive Growth

Focusing on South Africa's 'Big Five' growth opportunities could deliver significant GDP growth, create jobs and confound a rising sense of pessimism about the nation's future prospects.



A new report released today by the McKinsey Global Institute and the global management consultancy's Johannesburg office, sets out a series of tangible measures - deliverable in the short to medium term - which could provide the means to reignite South Africa's growth, adding over one trillion rand to annual GDP by 2030, provide opportunities to transform the wider South African society and creating over 3.4 million jobs in the process.

Having reviewed over a hundred possible opportunities, the "big five" are:

1. creating a globally competitive hub in advanced manufacturing;
2. making infrastructure investment more productive to enable growth across the economy;
3. harnessing natural gas for power generation and industrial development;
4. boosting exports of services to the rest of Africa and the world, and;
5. unlocking South Africa's full agricultural production and processing potential

The big five have been identified by McKinsey as they are mutually reinforcing, in that, each of the identified opportunities will contribute both to GDP growth and job creation, and their successful implementation will benefit many other sectors of the South African economy.

All of them depend on two critical enablers of building South Africa's skilled labour force through a dramatic expansion of vocational training, and forging a true development partnership between government and business.

McKinsey partner Christine Wu said: "South Africa has made extraordinary progress in so many ways over the last 20 years, with a doubling of GDP, millions lifted from poverty and a fast-growing middle class. But a growing sense of pessimism pervades and the slowing of progress - our sluggish GDP growth since 2008 compared to the rest of the African continent, high unemployment and particularly high youth unemployment - has led to a general sense that South Africa is stuck in a low growth trap and its best days are behind us. But we argue in this new report that a focus on five areas could bring about a transformation adding a trillion rand to annual GDP by 2030 and create 3.4million jobs."

MGI Director, Acha Leke added: "Implementing the recommendations of this report and realising the enormous promise of South Africa represents a huge challenge today. Uppermost is the clear requirement that government and business must find new ways to work together, not least in transforming the South African skills system to ensure it is truly demand led and the future workforce is employment ready to meet the needs of the high growth industries we outline in the report. "

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