

# Press Release

## For immediate release

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South African Institute of Race Relations  
*The power of ideas*

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### South Africa faces a crisis of fixed investment – IRR report

Levels of fixed investment are falling far behind what is necessary to secure an economic recovery in South Africa. This is the main finding of report released by the IRR this morning.

IRR research head, Thuthukani Ndebele, said: “The National Development Plan set a target for fixed investment levels to reach 30% of GDP. However, the latest number is just 19.6%. This is much too low to drive an economic recovery capable of securing the jobs to address levels of poverty and inequality in South Africa.”

The IRR found:

- Levels of fixed investment as a proportion of GDP have fallen since 2008.
- Levels of private sector fixed investment as a proportion of all fixed investment have fallen very sharply from 74.9% in 2005 to just over 60% today.
- There is a close correlation between levels of fixed investment and levels of economic growth. As fixed investment slows, so does the economic growth rate.
- There is a trend of investors seeking out relatively high skilled tertiary sectors of the economy instead of sectors such as mining, manufacturing, and agriculture.

Ndebele added: “It will take structural reforms to turn fixed investment levels upwards again. To attract investment into the mining and manufacturing and agricultural sectors those reforms will require a fundamental reworking of the policy environment. Without such reforms the economic prospects of less skilled people in poorer areas of the country will remain bleak.”

Download the report [here](#).

Watch IRR CEO Frans Cronje discuss South Africa’s fixed investment crisis [here](#).

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