



South Africa has a two-tiered economy; one rivaling other developed countries and the other with only the most basic infrastructure. It therefore is a productive and industrialized economy that exhibits many characteristics associated with developing countries, including a division of labor between formal and informal sectors--and uneven distribution of wealth and income. The formal sector, based on manufacturing, services, mining, and agriculture, is well developed.

When apartheid ended in 1994, there were fears that South Africa's then Marxist-influenced ANC would take the country on a path of nationalization and centralization. The pessimists feared that the country would soon sink into the economic abyss of many other African nations. But this did not happen. The country has seen modest but steady growth of 3% a year over the past decade and the rand has survived three crises and strengthened. These days, investors are so confident that markets are swayed little by politics.

The South African government has made significant achievements in extending services to the poor. An additional 10 million people now have access to fresh water, four million to electricity; 1.5 million new homes have been built, South African officials say. But according to at least two recent surveys, blacks are getting poorer, while whites are getting richer. "The general consensus is that there has not been an improvement in equality," says World Bank economist advisor in South Africa, Matthew Stern.

(<http://news.bbc.co.uk/2/hi/business/3608621.stm>)

Unemployment, which is runs at an official rate of 30%, is a chief concern, especially as it is seen as contributing to the country's high crime rate. High jobless numbers are also the result

of the population's low skill base. The ANC has made training the workforce a priority. "Ninety percent of South African children are in school. A supply of skilled labour is emerging," Lionel October, deputy director general of the country's Department of Trade and Industry, says. But at the moment, an estimated 250,000 vacancies cannot be filled because of lack of qualified candidates. (<http://news.bbc.co.uk/2/hi/business/3608621.stm>)

Another key concern is the rate of HIV infection which threatens to wipe out a generation. South Africa has the highest number of HIV positive people in the world, about five million out of a population of 45 million. No one knows what the exact cost to the country will be when it loses its youngest, fittest and most talented, but it is likely to be shattering. "The cost to the state is going to be devastating, apart from the impact of so many deaths on the morale of the nation," Dr Woods adds. (<http://news.bbc.co.uk/2/hi/business/3608621.stm>)