

Joburg is Africa's economic leader

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A recent study has confirmed what has been suspected all along – Johannesburg is the continental leader and economic hub.

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JOHANNESBURG has long been recognised as the economic hub of Africa, and a recent MasterCard Worldwide study has confirmed that the city is the continent's leader, offering a strong business climate that supports commercial development.

The groundbreaking research programme, called the MasterCard Worldwide Centres of Commerce Index, ranks the City of Johannesburg – the sole African city to feature in the ranks – at 47th place among the world's top 50 cities that are the hubs of the new worldwide economy.

Compiled from research by a panel of eight independent economic, urban development and social science experts from leading academic and research institutions around the world, the index explores the strategic role that cities play in driving the global economy.

It is also designed to provide insight into and knowledge of how leading cities influence the global economy and perform critical functions that connect markets and commerce globally.

Measurements Based on six measurement dimensions consisting of over 100 data points, the index assesses the legal and political framework, the economic stability, the ease of doing business, the financial flow, the business centre capabilities, and the knowledge creation and information flow of the world's 50 leading cities.

Occupying first position is London, followed by New York, Tokyo, Chicago and Hong Kong in the top five. Completing the top 10 are Singapore, Frankfurt, Paris, Seoul and Los Angeles.

Johannesburg's highest ranking was in the "financial flow" dimension, where the city was ranked 26th. The city also scored high in the "ease of doing business" dimension, where it was ranked 33rd. However, it scored low in the "economic stability" and "knowledge creation and information flow" dimensions, which represent opportunities for development, with index ratings of 69,77 and 3,22 respectively.

Speaking at the presentation of the findings at the Johannesburg Country Club on Tuesday, 27 November, the member of the mayoral committee for finance and economic development, Parks Tau, said he welcomed the opportunity afforded to the city to be benchmarked among the best in the world.

Vuna Award Johannesburg was recently honoured with a Vuna Award for being the best performing metro in Gauteng in 2007, and had improved its Fitch rating from A to A+. The City's key priorities were identified by the Growth and Development Strategy, which aims to build Johannesburg as a "world-class city".

"One of the important tools we use to meet the needs of our communities is the five-year Integrated Development Plan that consolidates the planning process and provides a framework for the future development of the city.

"Over the past five years, Johannesburg has increased its capital investment significantly. There has been considerable growth in government-led public investment to support growth in the city, along with a concerted effort by the City, in partnership with the private sector to develop the city."

Tau admitted that there were areas where the city could improve, especially public transport. This would change for the better with the introduction of the Bus Rapid Transit system, which would establish a "safe and reliable" transport system.

Understanding Commending the City for its achievement, MasterCard Worldwide's general manager for Africa, Eddie Grobler, said the prerequisite for success in today's global marketplace was an in-depth understanding of how cities were connected and how they influenced the worldwide economy.

"The Worldwide Centres of Commerce programme addresses this need by identifying and providing industry-leading insights into the characteristics and commonalities of cities that advance global commerce the most.

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"Johannesburg, with a ranking in the top 50 centres of commerce, demonstrates its position as a continental hub. As the city with the highest ranking in Africa, Johannesburg's ranking tells an amazing growth story."

Despite being ranked 47, Mike Schussler, the senior economist at T-Sec, said the score "wasn't too bad" taking into account the fact that Johannesburg was the only city in Africa to feature in the top 50. However, he said the city must strive to improve its knowledge base, its network capabilities and its transport infrastructure, if it was to succeed in the broader game of global growth and city wealth.

"We do, however, know that between now and 2010, continued capital investment is planned by the City of Johannesburg for areas such as business process outsourcing, tourism and its public transport infrastructure.

"These investments, coupled with increased attention from the City on law enforcement and traffic congestion, will enable Johannesburg to improve its position as a world centre of commerce significantly."

In conclusion, Schussler said Johannesburg was indeed a world-class city. It would "power ahead" in many categories but needed to spend energy on its weak areas.