Definitive data and analysis for the mobile industry

Mobile Economic Impact
South Africa

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The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with nearly 400 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces the industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai, as well as the Mobile 360 Series of regional conferences.

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Our team of analysts and experts produce regular thought-leading research reports across a range of industry topics.

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Summary

Total impact

In 2018 the mobile ecosystem generated 7.6% of GDP or $28.5 billion in value added.

The economic impact is expected to increase in the next five years, primarily due to increased take-up and usage of mobile internet.

The size of the content, apps and services part of the mobile ecosystem is expected to expand, meeting increased usage of mobile internet.

Employment

Firms in the mobile ecosystem created almost 105,000 direct jobs in 2018

Their activities also supported the indirect employment of over 205,000 people, bringing total job creation to 310,000.

This includes formal and informal employment, the latter being primarily associated to retail of mobile devices and services.

Public funding

The contribution of the mobile ecosystem to public funding equalled 4.3% of government tax revenue (or $3.8 billion)

Almost half of the value-add directly created by the mobile industry translates into government taxes.

Most of these tax payments are in the form of general taxation.
Economic impact of South Africa’s mobile ecosystem in 2018

The mobile industry makes an important contribution to the South African economy

The economic value generated by the mobile ecosystem is through its direct, indirect and productivity impact.

**Direct impact**
- Ecosystem firms' wages, business operating surplus and taxes

**Indirect impact**
- Intermediate inputs
  - Ecosystem firms purchase goods and services from other industries

**Productivity impact**
- Mobile use
  - Use of mobile technology improves access to information—and reduces transaction costs

GDP impact

*Selected firms
Economic impact of South Africa’s mobile ecosystem in 2018

1. Total contribution to GDP

<table>
<thead>
<tr>
<th>Category</th>
<th>DIRECT IMPACT</th>
<th>INDIRECT IMPACT</th>
<th>PRODUCTIVITY IMPACT</th>
<th>TOTAL IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecosystem firms</td>
<td>$8 bn (2.1%)</td>
<td>$4.8 bn (1.3%)</td>
<td>$15.7 bn (4.2%)</td>
<td>$28.5 bn (7.6%)</td>
</tr>
</tbody>
</table>

Knock-on effect in sectors providing input into the supply chain of mobile goods and services.

Improved efficiency throughout the economy via the use of mobile technology.

Source: GSMA Intelligence
Economic impact of South Africa’s mobile ecosystem in 2018

2. Employment impact

310,000 jobs

INDIRECT JOBS

Distributors and retailers 80,000 jobs (40,000 informal)
Mobile operators* 17,500 jobs
Infrastructure providers 7,500 jobs
Content, applications and services 1,000 jobs
Device manufacturers

DIRECT JOBS

The Mobile ecosystem directly employed more than 30% of the employment it supported, with the remaining supported through the knock-on effect on the wider economy.

Informal employment is mainly driven by the Retail segment of the mobile ecosystem.

*Includes employment impact of fixed and mobile operations of MNOs. Source: GSMA Intelligence
Economic impact of the mobile ecosystem in 2018

3. Contribution to public funding

- In 2018, total tax payments in the entire ecosystem accounted for 4.3% of government tax revenue.

- The tax contribution of $3.8 billion means that almost half of the value added directly created by the ecosystem is extra government revenue.

- Most tax payments were general taxes, paid by consumers and firms across the mobile ecosystem – with VAT accounting for half of all contributions.

- Mobile operators pay sector-specific taxes, which apply on top of general taxes – in the form of regulatory taxes and fees.

Source: GSMA Intelligence
Economic impact of South Africa’s mobile ecosystem in 2018

### 4. Forecast of the economic impact

<table>
<thead>
<tr>
<th>Year</th>
<th>Total impact</th>
<th>Direct employment</th>
<th>Indirect employment</th>
<th>Public funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$28.5 billion</td>
<td>105,000 direct jobs</td>
<td>205,000 indirect jobs</td>
<td>4.3% Government tax revenue $3.8 billion</td>
</tr>
<tr>
<td>2023</td>
<td>$30 billion</td>
<td>130,000 direct jobs</td>
<td>225,000 indirect jobs</td>
<td>4.8% Government tax revenue* $ 4.3 billion</td>
</tr>
</tbody>
</table>

- Significant part of the increase in the total impact of the mobile ecosystem will be brought on by productivity gains, driven by increased take-up of mobile internet in general, and 4G especially.
- The increased impact will also be through an expansion of the mobile ecosystem - particularly in Content and Services, meeting increased usage of mobile internet.

*2022 government tax revenue based on ratio of tax to GDP in 2017. Source: GSMA Intelligence