

# THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

PROVINCIAL REVIEW 2024

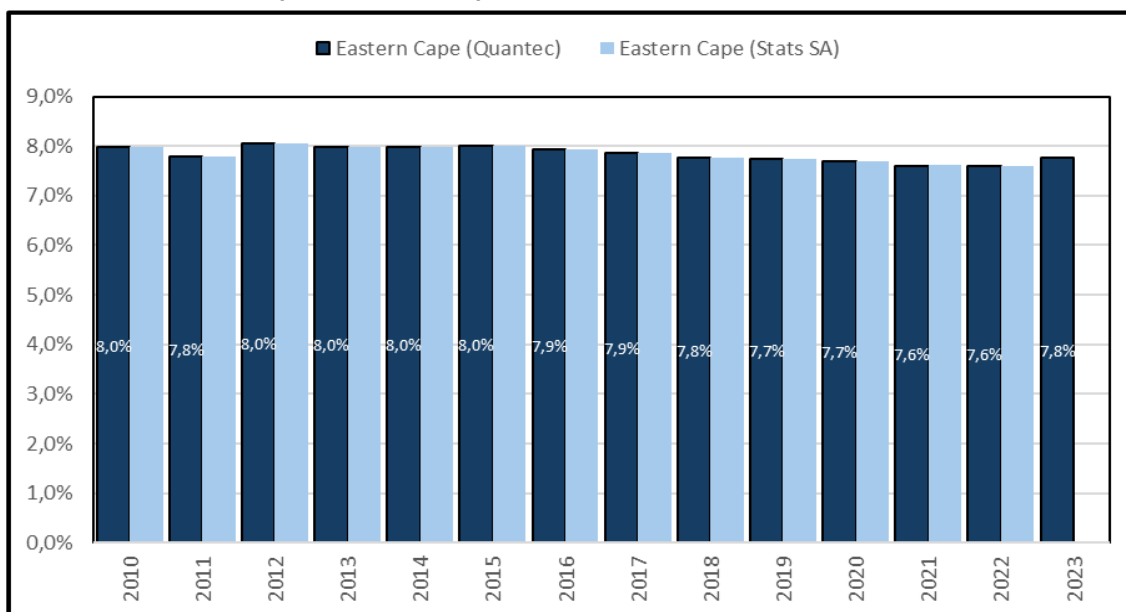
## Provincial Review 2024: Eastern Cape

The Eastern Cape is the fourth most populous province in South Africa but has a slow population growth rate. The province's contribution to the national GDP has been declining since 2011. Manufacturing is the largest real economic sector, followed by construction, with relatively small mining activity. Not only does the province have the highest level of unemployment in the country, its labour absorption rate has fallen over the past decade. Piped water and electricity access have improved.

### The real economy in the Eastern Cape: structure and growth<sup>1</sup>

The province accounted for 7.8% of the national GDP in 2023, up from 7.7% in 2020. This makes Eastern Cape the fifth-largest contributor to national GDP. Overall, data from Quantec indicates that the province's contribution to GDP has been steadily declining since 2016.

Graph 1: Eastern Cape % of national GDP, 2010 to 2023



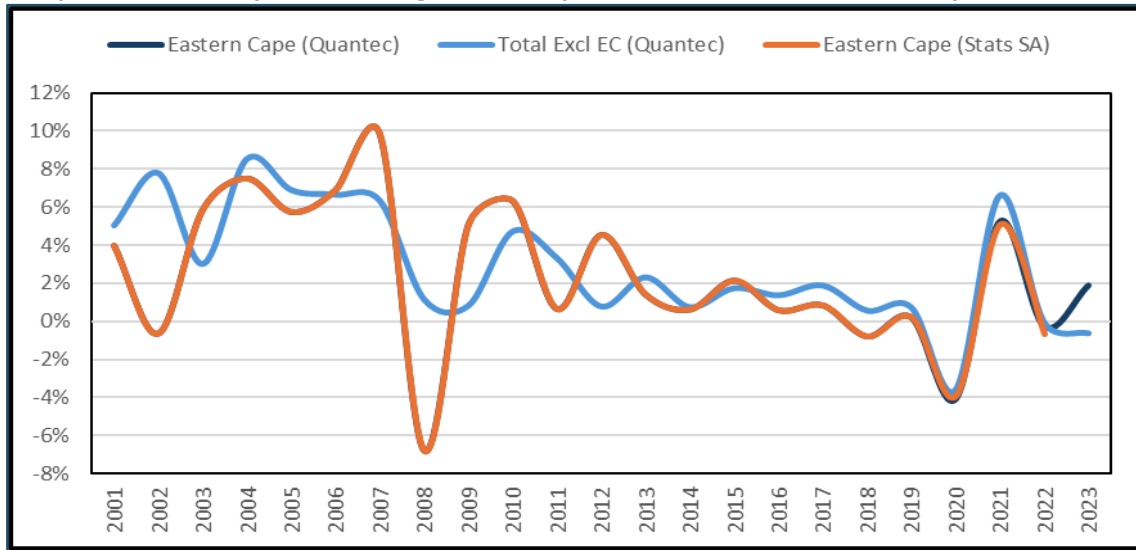
Source: Calculated from Statistics South Africa and Quantec, EasyData. Series on Gross Value Added at basic prices in Macroeconomic Service and Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

The Eastern Cape's growth rate has plateaued since 2013 after a strong recovery from the 2008/9 global financial crisis. The growth rate plummeted 4% in 2020 due to country-wide lockdown restrictions. Much like in other provinces, Eastern Cape recovered from the lockdown impact,

<sup>1</sup> Economic data for this review comes from Statistics South Africa and Quantec. Data from Quantec are estimates developed and based on Stats SA's regional employment and remuneration; national accounts ratio of remuneration to output; annual financial statistics; and national accounts provincial GVA. Given that Stats SA's regional GDP is available up to 2022, Quantec estimates are used to supplement the missing last year from the trends. This is important as it illustrates the impact of the COVID-19 pandemic at the regional level.

recording a growth rate of 5% in 2021 and 2% in 2023. Stats SA data mirrors Quantec estimates of the growth rate for the Eastern Cape and other provinces.

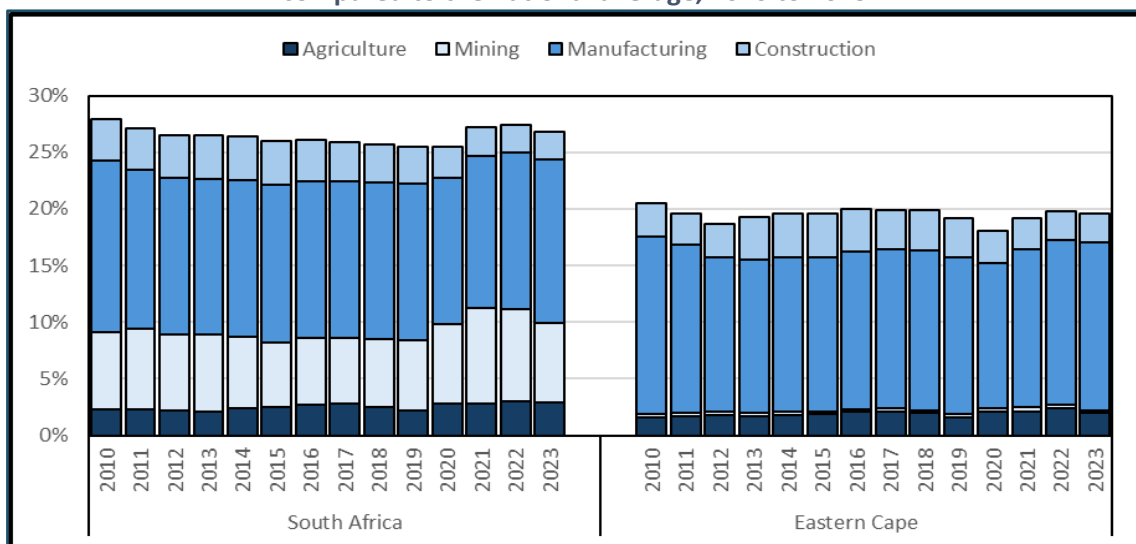
**Graph 2: Eastern Cape economic growth compared to the rest of the economy, 2001 to 2023**



Source: Calculated from Statistics South Africa and Quantec, EasyData. Series on Gross Value Added at basic prices in Macroeconomic Service and Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

The real economic sectors in the Eastern Cape accounted for 20% of the provincial GDP compared to 27% at the national level in 2023. Manufacturing is the largest real economic sector, accounting for 15% of the provincial GDP. Construction is the second largest sector in the province, accounting for 3% of the total provincial GDP. The Eastern Cape mining sector accounted for a modest 0.2% of the provincial GDP in 2023.

**Graph 3: Real sectors as a percentage of Eastern Cape GDP compared to the national average, 2010 to 2023**

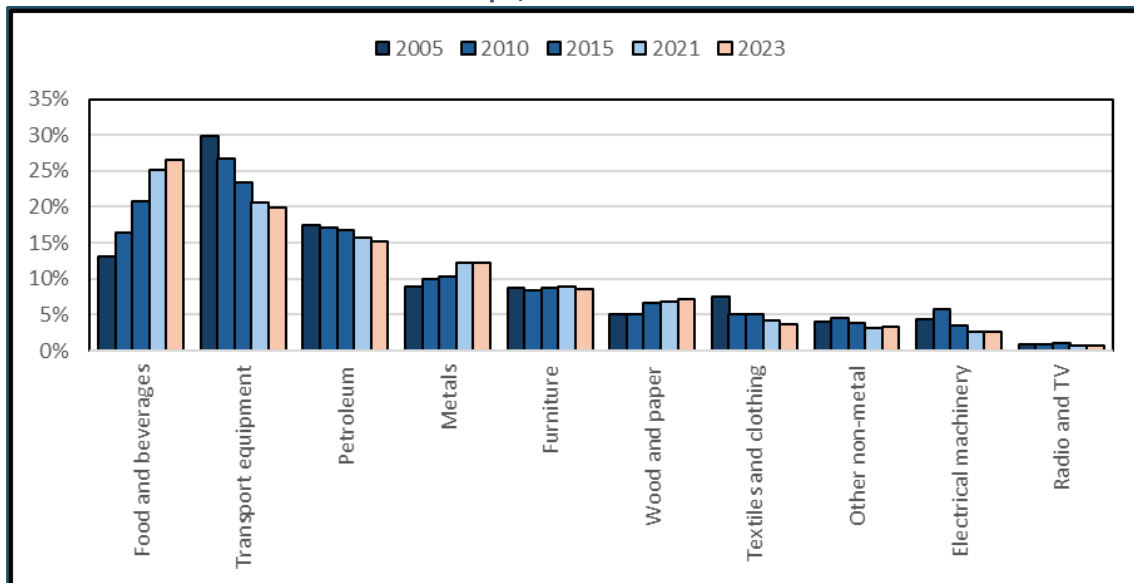


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Food and beverages is the largest manufacturing sector in the Eastern Cape, accounting for a 26% share of manufacturing output in 2023. This is followed by transport equipment and petroleum, accounting for 20% and 15% (see Graph 4). The share of food and beverages, metals,

and wood and paper has grown over the years. In contrast, the share of transport equipment, petroleum, and textiles and clothing has declined over the same period.

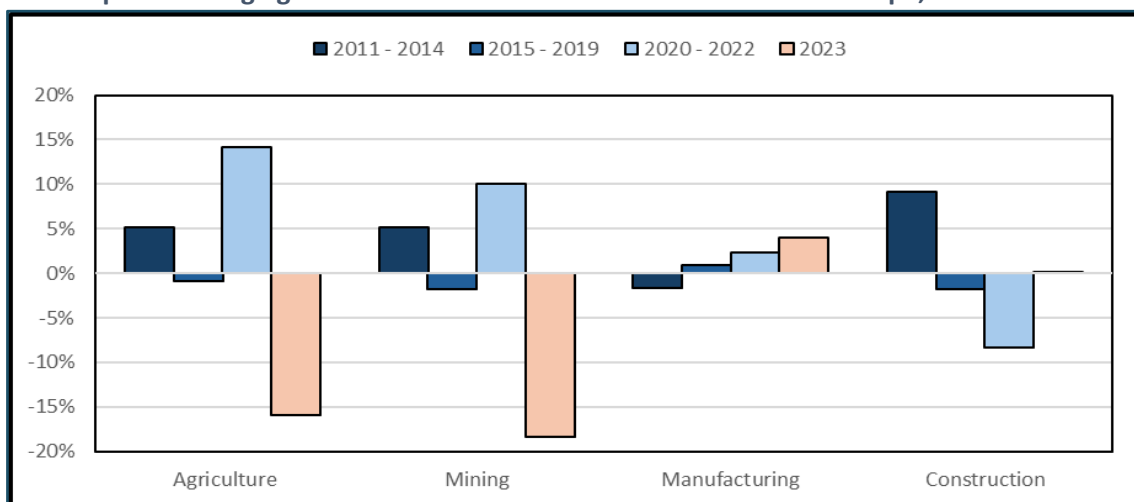
**Graph 4: Manufacturing industries as a percentage share of manufacturing GVA in Eastern Cape, 2005 to 2023**



Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Between 2011 and 2014, construction was the fastest-growing sector in the Eastern Cape, recording 9% growth while agriculture and mining grew by 5%. Manufacturing was the worst performer during this period, declining by 2%. Agriculture fared well after the COVID-19 pandemic, recording an increase of 14% between 2020 and 2022, followed by mining at 10% (see Graph 5). Manufacturing recorded a 2% increase while construction plunged by 8% during the same period. In 2023, mining fell furthest, by 18%, while agriculture declined by 16%. Manufacturing grew by 4%, recovering from the effect of the pandemic. Construction still lagged in pandemic recovery as it recorded growth of 0.04% in the same period. Manufacturing grew by 4% in 2023.

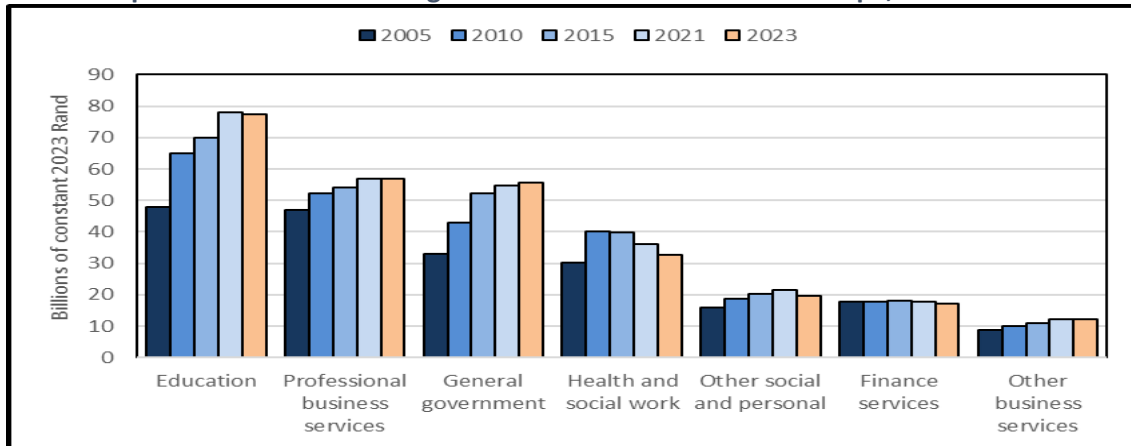
**Graph 5: Average growth rate in real economic sectors of Eastern Cape, 2011 to 2023**



Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Education accounts for the Eastern Cape’s largest share of service industries (see Graph 6). Education has experienced significant growth in value-added over the years and accounted for R77 billion in 2023. Professional business services (including computing, engineering, legal, accounting), general government services, health and social work, other social and personal services (including waste removal), and other business services have also grown in the same period. Financial services plateaued over this period.

**Graph 6: Service industries’ gross value added in the Eastern Cape, 2005 to 2023**

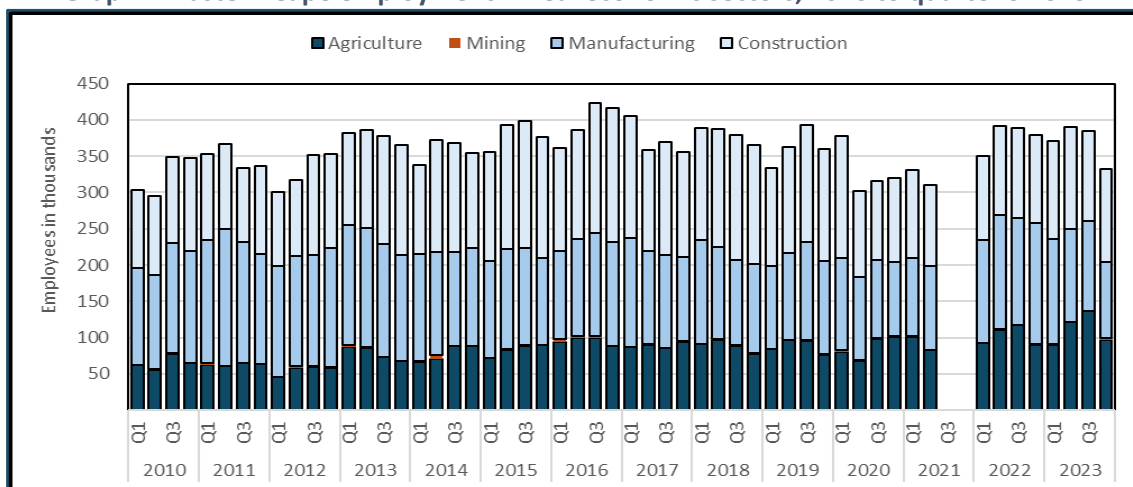


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in February 2025. Note: Rebased to 2023 using CPI data from Stats SA.

### Employment in real economic sectors

Employment in the real sectors of the Eastern Cape also sheds some light on the economic structure of the province. In 2023, Eastern Cape accounted for 11% of the national employment. The construction sector is the largest employer within the real economic sectors, employing 132 000 workers in 2023. However, this was not always the case, as manufacturing was leading in the real sector until it was overtaken by construction in 2015 (see Graph 7). The manufacturing sector is the second largest employer in the province, with 126 000 workers in 2023, followed by agriculture with 111 000 workers in the same period. Furthermore, employment in the real economy of the Eastern Cape has recovered from the pandemic. However, in 2023 manufacturing decreased from 153 000 workers in 2022 to 126 000 workers in 2023.

**Graph 7: Eastern Cape employment in real economic sectors, 2010 to quarter 3 2023**



Source: Statistics South Africa. Quarterly Labour Force Survey. Series on Employment by industry and province. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Note: Q3 and Q4 2021 are excluded because during the pandemic Stats SA suspended the QLFS in both quarters due to low response rates.

## Real economy projects

Table 1 shows large public and private real-economy projects in the Eastern Cape between 2010 and 2023.

**Table 1: Large public and private real-economy projects in the Eastern Cape 2010 – 2023**

PROJECT NAME	COMPANY	VALUE	PROJECT INDUSTRY
Aegean Bunkering Ship	Aegean	R200 million	Utilities
Beijing Automobile International Corporation CKD Plant	Beijing Automobile International Corporation (BAIC)	R11 billion	Manufacturing
Mercedes-Benz expansion at East London plant	Mercedes-Benz South Africa	R500 million	Manufacturing
Somlolo Brokered Chinese Metals Project in Coega IDZ	Somlolo Investment	R580 million	Metals
VWA Upgrading at Uitenhage plant	Volkswagen Group Africa (VWA)	R6 billion	Manufacturing
AGCO Tractor and agricultural implement manufacturing plant	AGCO South Africa	R108 million	Manufacturing
Mercedes Benz SA Additional AMG Models	Mercedes-Benz South Africa	R200 million	Manufacturing
Cement Grinding Plant	Osho Ventures and Heidelberg Cement	R650 million	Manufacturing
Gas Cylinder Plant	Repkon and MM Engineering	R350 million	Manufacturing
Gibson Bay Wind Farm	Enel Green Power RSA	R2.8 billion	Utilities
Uitenhage Tyre Manufacturing Plant Expansion and Upgrade	The Goodyear Tire and Rubber Company	R1 billion	Manufacturing
Mercedes-Benz East London Plant Expansion	Daimler AG	R9.5 billion	Manufacturing
UD Trucks Dealership (Billson Trucks)	UD Trucks	R110 million	Services
Agni-Steel SA expansion project	Agni Steel SA	R100 million	Manufacturing
Nxuba Wind Farm	Enel Green Power RSA	R3.1 billion	Manufacturing
Heavy Bay Foundry upgrades	Weir Minerals Africa	R30 million	Manufacturing
Heavy Bay Foundry upgrades	Weir Minerals Africa	R10 million	Manufacturing
Aberdare high voltage manufacturing plant	Aberdare Cables	R135 million	Manufacturing
Oyster Bay Wind Farm	Enel Green Power RSA	R2.9 billion	Utilities
VWA Sustainability investment – Biogas Plant	Volkswagen Group Africa (VWA)	R3.5 billion	Utilities

PROJECT NAME	COMPANY	VALUE	PROJECT INDUSTRY
Isuzu Struandale plant investment	Isuzu Motors South Africa	R1.2 billion	Manufacturing
MA Automotive Plant expansion	MA Automotive	R512 million	Manufacturing
ZF Lemförder axle assembly plant	ZF Lemförder	R240 million	Manufacturing
BioTherm Renewable Projects: Golden Valley Wind Facility	BioTherm/Actis	R939 million	Utilities
Sundale Schreiber JV	Sundale Dairy (SA) and Schreiber	R70 million	Manufacturing
Lactalis milk powder production plant	Lactalis	R100 million	Manufacturing
Sundale cheese and dairy production	Sundale and Schreiber	R101 million	Manufacturing
Eco-tourism development (Giant Flag Project)	Giant Flag consortium (Giant flag, Gigawatt Global and CT Worldwide)	R184 million	Services
RMIPPPP: Karpowership SA Coega	Karpowership SA/ Karadeniz Energy Group	R10.9 billion	Utilities
RMIPPPP: Mulilo Total Coega	Total Gaz/Mulilo	R4.8 billion	Utilities
Mercedes Benz manufacturing plant – extended investment	Mercedes – Benz	R3 billion	Manufacturing
Aspen Pharmacare COVID vaccine production	Aspen Pharmacare, International Finance Corporation (IFC), Proparco, DEG, U.S International Development Finance Corporation (DFC)	R10.8 billion	Manufacturing
Ford Struandale Engine Plant Modernisation	Ford	R600 million	Manufacturing
Seraphim Solar PV cells and modules production	Seraphim/Jiangsu Seraphim Solar System	R437 million	Manufacturing
VWA manufacturing expansion project	Volkswagen Group Africa (VWA)	R350 million	Manufacturing
VWA wax flooding facility	Volkswagen Group Africa	R235 million	Manufacturing
Dräger Southern Africa	Dräger Safety Zenith	R135 million	Manufacturing

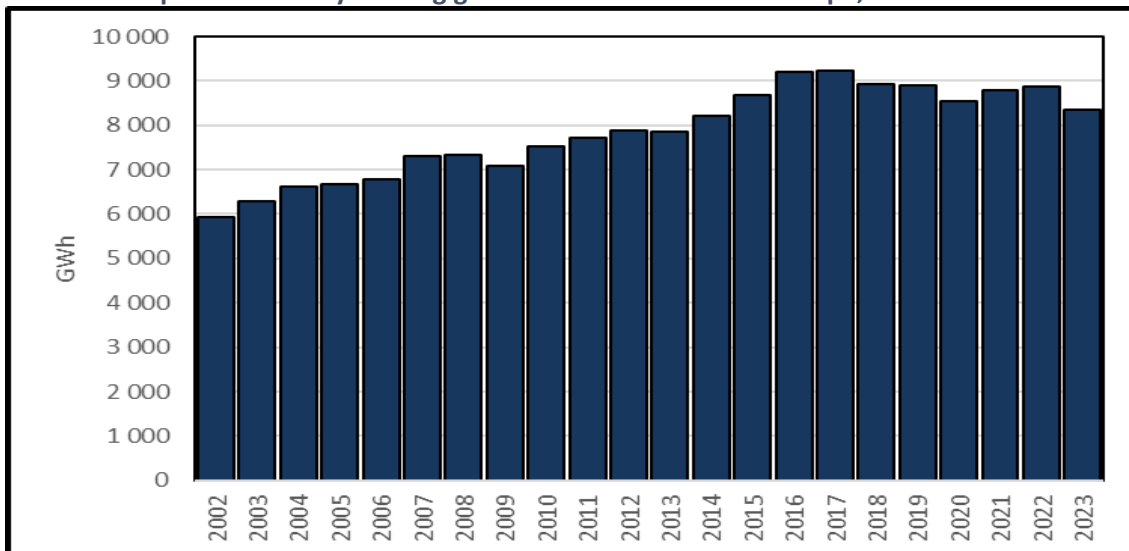
PROJECT NAME	COMPANY	VALUE	PROJECT INDUSTRY
Mercedes-Benz solar PV installation	Mercedes-Benz South Africa	R100 million	Utilities

Source: TIPS FDI Tracker 2010 – 2023. Available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>

## Energy

The electricity generated and distributed by Eskom to the Eastern Cape province has fluctuated notably over the years. In 2007, Eskom distributed 7 293 Gigawatt hours (GWh) to the Eastern Cape (see Graph 8), accounting for 3% of the total electricity distributed. By 2017, this figure had increased to 9 237 GWh, reflecting significant growth. However, this upward trend did not continue, as the electricity generation decreased to 8 358 GWh in 2023, which was likely the result of loadshedding. Despite this decline, the proportion of Eskom’s total electricity distributed to the Eastern Cape increased to 4%, indicating changes in the overall production levels and possibly the energy mix and Eskom distribution strategies.

**Graph 8: Electricity use in gigawatt hours in the Eastern Cape, 2002 to 2023**



Source: Calculated from Statistics South Africa. Electricity generated and available for distribution, Excel table from 2000. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in February 2025.

Table 2 shows the IPP projects in the Eastern Cape, most projects are onshore wind which are mostly operational.

**Table 2: Independent Power Producer (IPP) projects in Eastern Cape**

BID WINDOW	PROJECT NAME	TECHNOLOGY	CAPACITY (MW)	LOCAL COMMUNITY	PROJECT STATUS
	Amakhala Emoyeni	Onshore Wind	131.05	Bedford	Operational
Bid Window 2	Tsitsikamma Community Wind Farm	Onshore Wind	93.68	Clarkson	Operational
Bid Window 5	San Kraal WEF	Onshore Wind	140	–	Under construction
Bid Window 3	Red Cap - Gibson Bay	Onshore Wind	108.25	Humansdorp	Operational

BID WINDOW	PROJECT NAME	TECHNOLOGY	CAPACITY (MW)	LOCAL COMMUNITY	PROJECT STATUS
Bid Window 5	Phezukomoya WEF	Onshore Wind	140	--	Under construction
Bid Window 4	Oyster Bay Wind Farm	Onshore Wind	140	Humansdorp	Operational
Bid Window 4	Nxuba Wind Farm	Onshore Wind	138.9	Cookhouse	Operational
Bid Window 3	Nojoli Wind Farm	Onshore Wind	86.6	Cookhouse	Operational
Bid Window 1	Metrowind Van Stadens Wind Farm	Onshore Wind	27	Port Elizabeth	Operational
Bid Window 1	Kouga Wind Farm	Onshore Wind	77.7	Humansdorp	Operational
Bid Window 1	Jeffreys Bay Wind Farm	Onshore Wind	135.11	Jeffreys Bay	Operational
Bid Window 2	Grassridge Wind Farm	Onshore Wind	59.8	Coega	Operational
Bid Window 4	Golden Valley Wind	Onshore Wind	117.72	Cookhouse	Operational
Bid Window 2	Dreunberg	Photovoltaic Crystalline-Single Axis	69.6	Burgersdorp	Operational
Bid Window 1	Dorper Wind Farm	Onshore Wind	97.53	Molteno	Operational
Bid Window 1	Cookhouse Wind Farm	Onshore Wind	135.8	Cookhouse	Operational
Bid Window 5	Coleskop WEF	Onshore Wind	140	--	Under construction
Bid Window 2	Chaba Wind Farm	Onshore Wind	21	Komga	Operational
Bid Window 2	Amakhala Emoyeni	Onshore Wind	131.05	Bedford	Operational

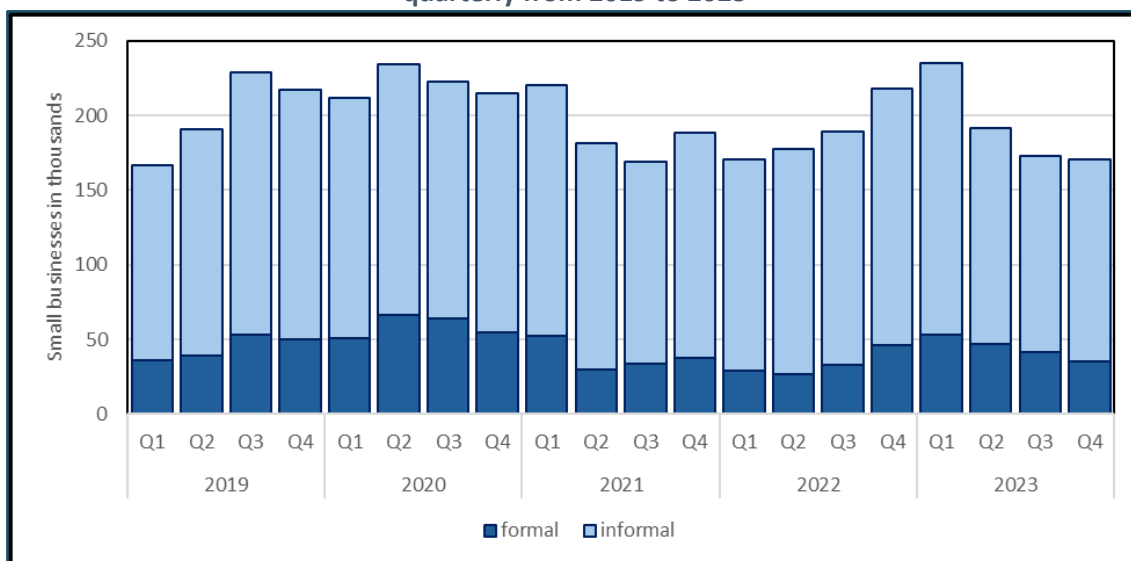
Source: Department of Mineral Resources and Energy (DMRE). Independent Power Producers Procurement Programme (IPPPP) Project database. Available at: <https://www.ipp-projects.co.za/ProjectDatabase>

### Small business

Small businesses in the Eastern Cape experienced moderate growth, peaking in 2020. In 2020, at the beginning of the pandemic, formal small businesses increased from 51 000 in the first quarter to 66 000 in the second quarter (see Graph 9); however, this was followed by a sharp decrease in 2021 at 30 000 formal businesses. In 2023 there was a slight recovery to 53 000 in the first quarter but a decline later in the fourth quarter to 35 000. In contrast, informal businesses consistently outnumber formal businesses, highlighting the prevalence of informal economic activity in the province. Informal businesses peaked at 181 000 in the first quarter of 2023 but later declined to 136 000 in the fourth quarter. The Eastern Cape had 171 000 small businesses in the fourth quarter of 2023.



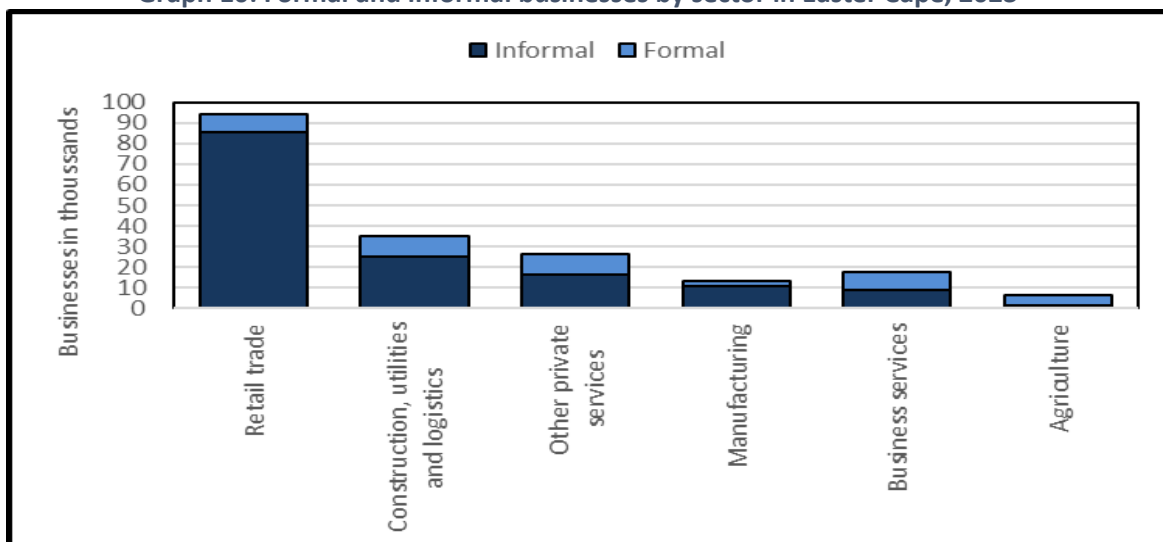
**Graph 9: Number of formal and informal small businesses in Eastern Cape, in thousands, quarterly from 2019 to 2023**



Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey, 2019 to 2023. Electronic datasets. Downloaded from Nesstar facility at [www.statssa.gov.za](http://www.statssa.gov.za) in June 2024.

The Eastern Cape has a significant number of informal businesses, with relatively few operating formally. Retail trade constitutes a significant share of businesses, accounting for 49% of all businesses in the province (see Graph 10). The construction, utilities, and logistics sectors represent the second-largest grouping, comprising 18% of total businesses. Other private services make up 14%, followed by business services at 9%, manufacturing at 7%, and agriculture at 3%.

**Graph 10: Formal and informal businesses by sector in Eastern Cape, 2023**



Source: Calculated from Statistics South Africa. Quarterly Labour Force Surveys for 2023, Electronic datasets. Downloaded from Nesstar at [www.statssa.gov.za](http://www.statssa.gov.za) before January 2025. Notes: Calculated businesses as the number of formal employers and self-employed people in the survey.

### Employment and unemployment

The Eastern Cape has the highest level of unemployment in the country. In 2023, Eastern Cape’s labour absorption rate was 31.5% compared to the national average of 40%. Unemployment in

the province has risen over the past decade, with unemployment rates increasing from 27% in 2010 to 40% in 2023 and the absorption rate declining from 32% in 2010 to 31.5% in 2023.

### **Economic policy initiatives**

This section outlines major industrial policy and development initiatives introduced in the Eastern Cape between 2022 and 2023.

- The Industrial Development Corporation's (IDC's) Social Employment Fund, officially launched in June 2022, created the highest number of jobs in the Eastern Cape, recording over 6 000 jobs by the second quarter of 2023.
- The Department of Trade, Industry and Competition (the dtic) approved industrial financing for projects worth R143 million for the Eastern Cape in 2021/22, aiming to support over 1 100 jobs.
- In 2021/2022, the dtic approved R4.9 billion for industrial infrastructure projects in the Eastern Cape, aiming to support 11 000 direct jobs. The projects resulted in an actual investment of R16.8 billion.
- The Eastern Cape received 13 funding approvals from the IDC worth R969 million in the 2022/2023 financial year.
- The IDC approved six renewable energy projects worth R256 million for the 2022/2023 financial year. The projects have a combined capacity of 386 megawatts.
- In the third quarter of 2022, two Eastern Cape entities received support through the dtic's Clothing, Textile, Footwear, and Leather Growth Programme, with approved funding totalling R687.6 million.
- In the seven years leading up to 2021/2022, the dtic, IDC, and the National Empowerment fund approved combined funding of R1.2 billion to the Eastern Cape through the Black Industrialist Programme to support spatial socioeconomic development.

### **Special Economic and Industrial Development Zones**

- The Eastern Cape hosts the Coega Special Economic Zone (SEZ) and East London Industrial Development Zone (ELIDZ). Coega is the largest SEZ in Southern Africa. There are currently no new proposed SEZs for the province.
- In 2023, the Coega SEZ employed approximately 6 000 people. The manufacturing sector accounted for the majority of these jobs, employing over 3 000 people.
- During the 2023/24 financial year, the ELIDZ employed more than 5 200 people across the manufacturing and services sectors.
- In the 2021/2022 financial year, investment announcements for Coega totalled R557 million. In the subsequent financial year, 2022/2023, the Coega SEZ attracted investments amounting to R1.225 billion through nine investment announcements.
- In the 2021/22 financial year, ELIDZ attracted R970 million in investments from six announcements. In the 2022/23 financial year, ELIDZ attracted R973 million in investments from four announcements.

**Table 3: Major infrastructure projects in Eastern Cape from 2022 to 2024**

PROJECT NAME	IMPLEMENTING AGENCY	PROJECT COST	PROJECT DESCRIPTION
Mzimvubu Water Project	Department of Water and Sanitation	R8 billion	The Mzimvubu Water Project will consist of two multi-purpose dams on the Tsitsa River. The two dams will be built and operated as one integrated scheme to make the scheme sustainable throughout its useful life
Dr AB Xuma road infrastructure development projects	SANRAL	R2 billion	Road maintenance programme; aimed at the road improvements of the R61 National Road between All Saints to Bayiza, and the R61 National Road between Qumanco and eNgcobo.
2Africa Cable	Multiple partners: Alcatel Submarine Networks (ASN), Vodafone/Vodacom, MTN Global Connect etc.	Not Specified.	The 2Africa cable project was launched in 2022 with a set completion date of 2024. The project aims to ensure continental and global digital inclusion by increasing access to quality internet services and investing in the network infrastructure to support this goal.
Nelson Mandela University infrastructure projects	Nelson Mandela University	R750 million	In 2022, Nelson Mandela University massively invested in infrastructure projects to improve and refurbish both the university and the city, contributing to its economy and urban renewal.

PROJECT NAME	IMPLEMENTING AGENCY	PROJECT COST	PROJECT DESCRIPTION
Eastern Cape provincial government infrastructure investment	Eastern Cape Provincial Government.	R521 million	The Provincial government has pledged over R500 million to build a new student centre and an Early Childhood Development Centre in East London (under the auspices of Fort Hare University) as well as upgrading the water treatment works, library and constructing a research hub in Alice.

### National spatial economy

The Eastern Cape has a relatively high share of rural areas. The General Household Survey revealed that in 2023 65% of the households depended on grants as a source of income. In 2023, the Eastern Cape had about 53% of urban households compared to a national average of 68%. The province's share of households in non-urban areas was about 45%. Moreover, 25% of the Eastern Cape's adult population had matric while 9% possessed a post-matric qualification. The Eastern Cape has two metros and no secondary cities, and in 2023 just under 30% of the population resided in those two metros. Regarding infrastructure, 67% of households in the Eastern Cape had piped or tap water in their houses or yards combined in 2023, compared to 87% nationally. In addition, 93% of households had access to electricity compared to 90% nationally.

### Provincial Government

The Premier of the Eastern Cape is Lubabalo Oscar Mabuyane, a member of the African National Congress (ANC). Nonkqubela Pieters is the MEC of Economic Development, Environmental Affairs, and Tourism, while Nonceba Kontsiwe is the MEC of Rural Development and Agrarian Reform. Both MECs also represent the ANC.

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info@tips.org.za | +27 12 433 9340 | www.tips.org.za