

# THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

PROVINCIAL REVIEW 2024

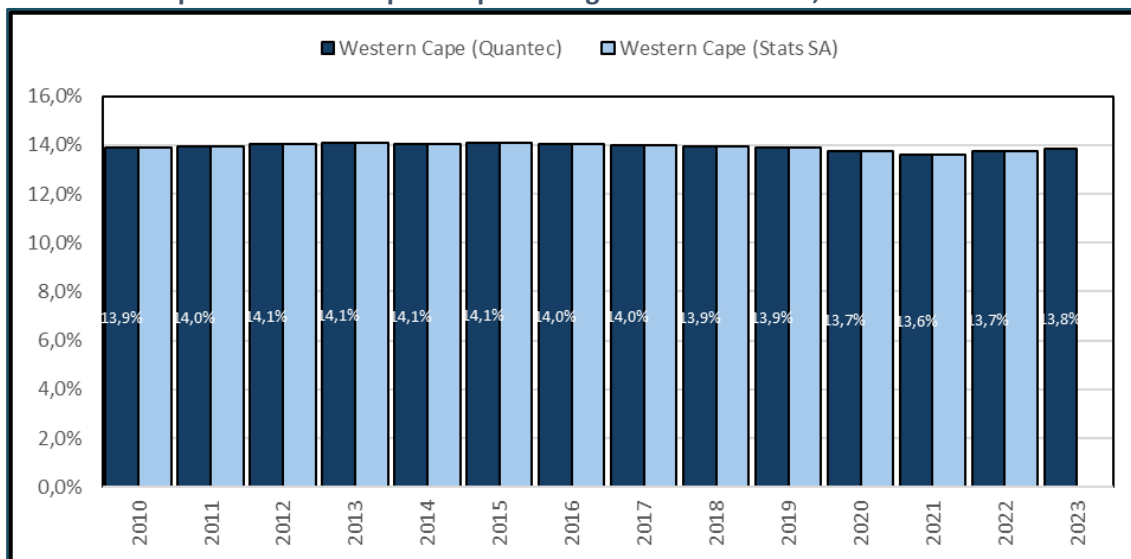
## Provincial Review 2024: Western Cape

The Western Cape is South Africa's fourth most populous province, with almost the entire population living in urban areas and a small minority on farms. The province is the third largest economy in the country. Real economic sectors in the province are dominated by manufacturing, followed by agriculture and construction. The manufacturing sector is dominated by food and beverages, and metals. The level of joblessness in the province is low compared to the national average. The Western Cape has a high level of service provision as most of the population lives in urban areas.

### The real economy in the Western Cape: structure and growth

The Western Cape is the third largest provincial economy after Gauteng and KwaZulu Natal. In 2023, the province accounted for 13.8% of the national GDP. The Western Cape's contribution to the national GDP declined by 1% in 2020 (see Graph 1).

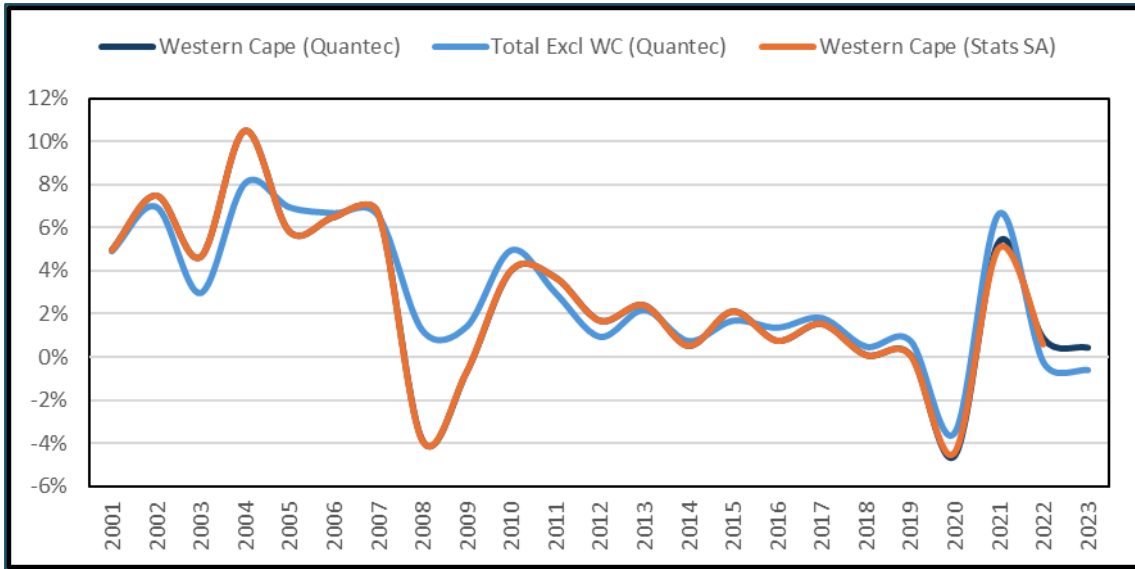
Graph 1: Western Cape as a percentage of national GDP, 2010 to 2023



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.

Similar to most provinces, the Western Cape economy grew fast in the early 2000s before the 2008/9 global financial crisis. Thereafter, as shown in Graph 2, the Western Cape's growth has been slowing since 2012. In 2020, Western Cape Province contracted by 5% before rebounding to record a growth rate of 5%. The province recorded 0.4% growth in 2023.

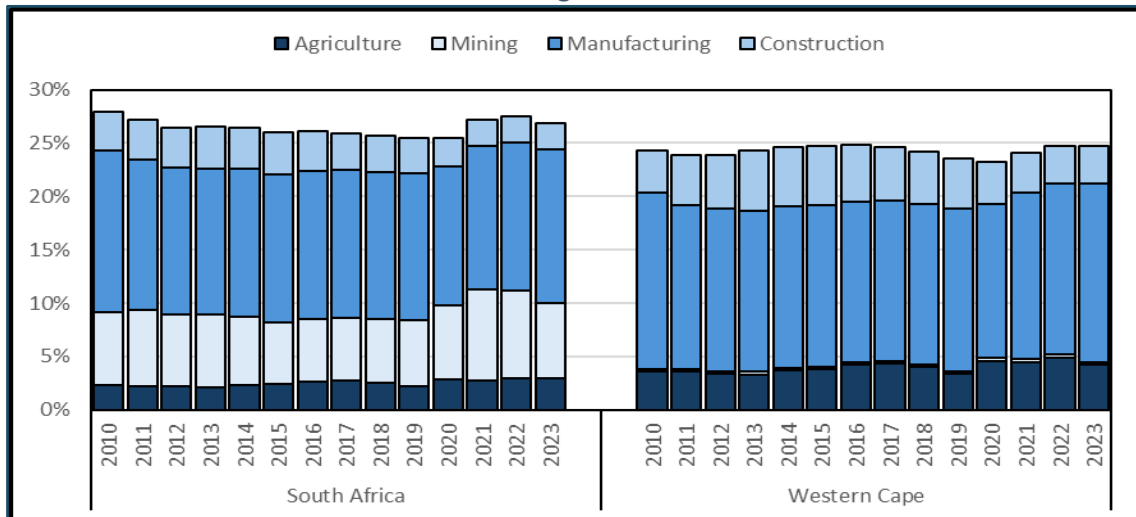
**Graph 2: Western Cape economic growth compared to the rest of the economy, 2000 to 2023**



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 Western Cape’s real economy is smaller than the national average. In 2023, the Western Cape’s real sectors – agriculture, mining, manufacturing and construction – accounted for 25% compared to 27% at the national level (see Graph 3). Among the real sectors, manufacturing is the biggest sector in the province, accounting for 17% of the province's output. Agriculture is the second largest real sector in the Western Cape, accounting for 4.2% of the provincial output, followed by construction with 3.5%. The mining sector plays a small role in the Western Cape economy, accounting for only 0.2% of the provincial output.

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

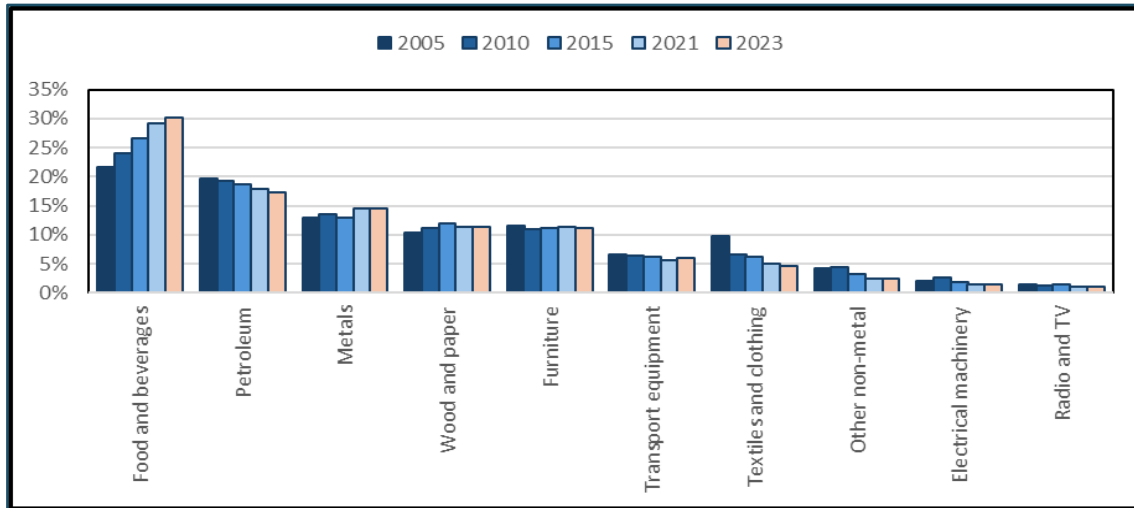


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

The manufacturing sector in the Western Cape is dominated by the food and beverage industry which has grown over the years, accounting for 30% of manufacturing output in 2023. Petroleum

accounted for 17% and metals accounted for 14% in 2023. As shown in Graph 4, petroleum’s manufacturing output has been declining over the years despite maintaining its second position in contribution to provincial output.

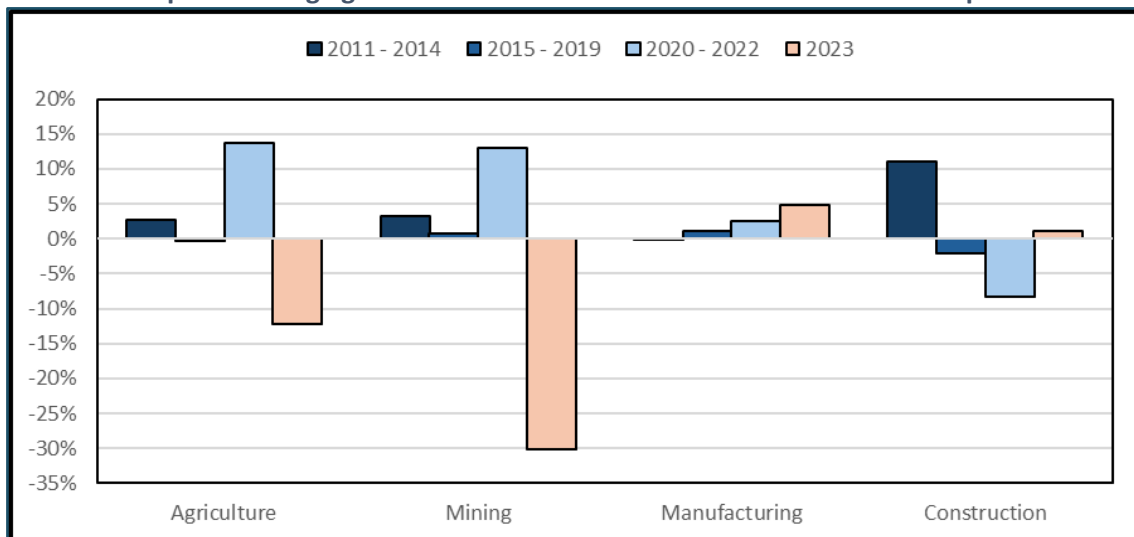
**Graph 4: Manufacturing industries as a percentage share of total manufacturing GVA in Western Cape, 2005 to 2023**



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.

Construction was the fastest-growing sector in the Western Cape between 2011 and 2014, growing at an annual average of 11% (see Graph 5). It was followed by agriculture and mining with 3% growth while manufacturing declined by 0.08% over the same period. Between 2015 and 2019, modest growth was seen in mining and manufacturing, while construction declined by 2%. In 2020, construction and manufacturing saw declines of 19% and 9%, respectively. In contrast, agriculture had a significant growth of 28%, while mining increased by 0.2% during the same year. In 2023, mining plunged by 30%, followed by agriculture, by 12%. Manufacturing grew by 5% and construction by 1% in the same year.

**Graph 5: Average growth rate in real economic sectors of Western Cape**

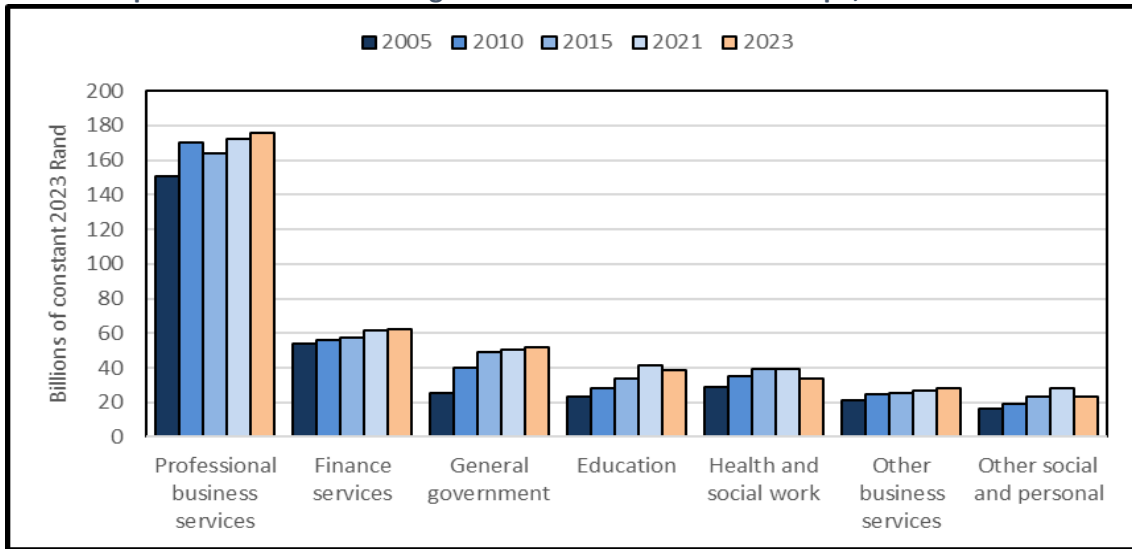


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Professional business services are the largest contributor to the services sector value added. The industry accounted for R176 billion while financial services accounted for R62 billion in 2023

(see Graph 6). General government services, education, health and social work, other business services and other social and personal services have moderately growth over the years.

**Graph 6: Service industries' gross value added in Western Cape, 2005 to 2023**

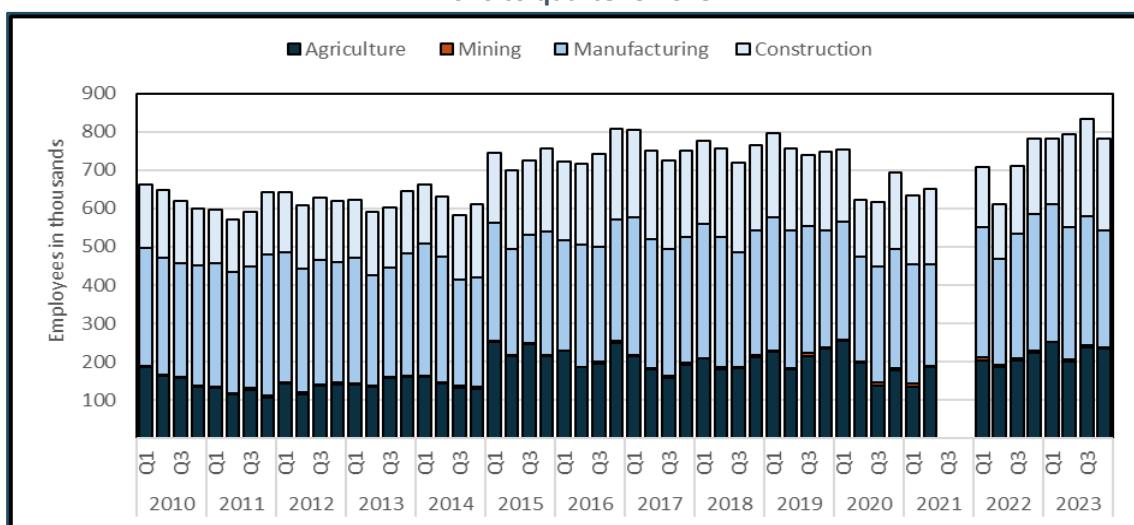


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at [www.easydata.co.za](http://www.easydata.co.za) in February 2025. Note: Rebased to 2023 using CPI data from Stats SA.

### Employment in real economic sectors

As of Q2 2023, the Western Cape accounted for 12.2% of total national employment. With 783 000 people employed, the real economy in the province accounted for 28% of total employment in the province (see Graph 7). Manufacturing is the largest employer with 304 000 people employed in Q4 2023, followed by construction with 242 000, and agriculture with 234 000 people employed. As noted, mining plays a small role in the Western Cape economy as it employed only 4 000 people in Q4 2023. From Q4 2022 to Q4 2023, employment in the real economy of the Western Cape declined mostly in mining and manufacturing by 32% and 15%. In the same period, jobs in construction and agriculture increased by 23% and 5% respectively.

**Graph 7: Western Cape quarterly 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 Western Cape between 2010 and 2023.

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

PROJECT NAME	COMPANY	VALUE	SECTOR
Johnson and Johnson Plant Refurbishment	Johnson & Johnson	R300 million	Manufacturing
Chevron South Africa Divestment/Sinopec Investment	Chevron South Africa	R113 million	Manufacturing
iSelect Cape Town Call Centre	iSelect	R320 million	Services
Pegas Nonwovens Atlantis Manufacturing Facilities	Pegas Nonwovens SA	R1.3 billion	Manufacturing
DHT Holding Africa Cape Town Iron and Steel Works (CISCO)	DHT Holding Africa	R550 million	Recycling of waste scrap metal
Hisense Atlantis factory expansion	Hisense	R720 million	Manufacturing
Total Drilling in South Africa	Total South Africa	R2.3 billion	Mining
Canopy by Hilton Hotel	Hilton World Wide Holdings	R550 million	Services
Zero-2-One Tower	FWJK & Others	R1.3 billion	Construction
Hisense Atlantis Facility	Hisense	R160 million	Manufacturing
Astron Energy/Glencore investment	Astron Energy/Glencore	R6 billion	Manufacturing
Faurecia manufacturing plant expansion	Faurecia	R250 million	Manufacturing
Astron Energy Milnerton Refinery investment	Astron Energy/Glencore	R400 million	Manufacturing
Elandsfontein Phosphate Mine project	Kropz	R1.9 billion	Mining
BioTherm Renewable Projects: Excelsior Wind facility	BioTherm/Actis	R254 million	Utilities
Capita Delivery Centre	Capita	R530 million	Services
Google "Equiano" Subsea Cable	Google	R2.3 billion	Services
Total Drilling in South Africa: Luiperd-1 well	Total	R1.5 billion	Mining
Hisense solar power investment	Hisense	R20 billion	Utilities
RMIPPPP: Karpowership SA Saldanha	Karpowership SA/Karadeniz Energy Group	R7.8 billion	Utilities
Beaufort West Wind Facility	Mainstream Renewable Power Projects (Ikamva)	R2.7 billion	Utilities

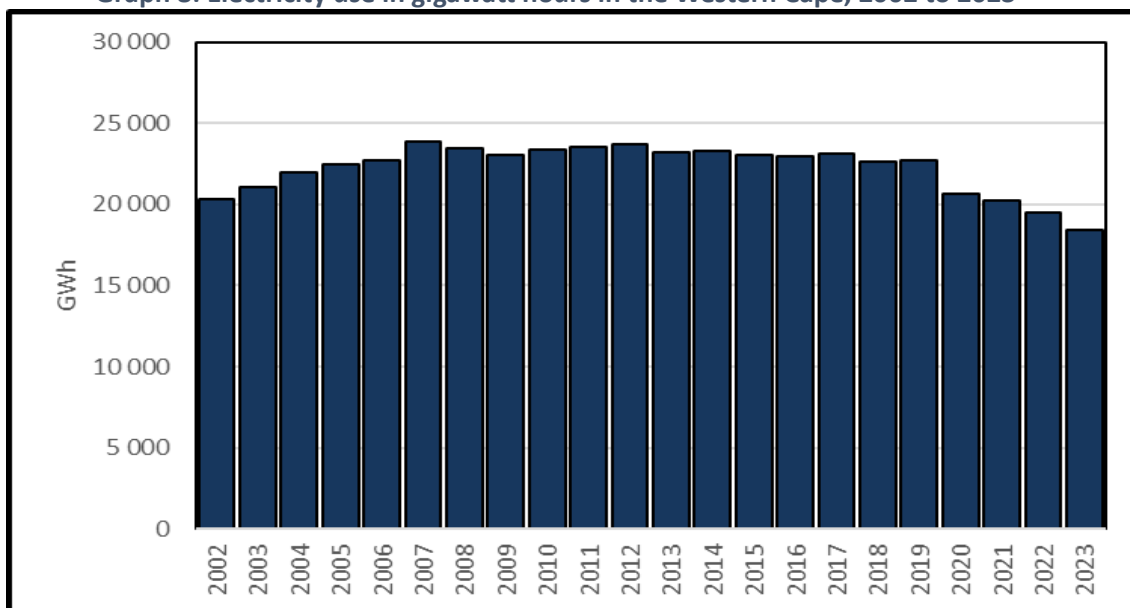
PROJECT NAME	COMPANY	VALUE	SECTOR
Trakas Wind Facility	Mainstream Renewable Power Projects (Ikamva)	R2.7 billion	Utilities
Food and confectionary manufacturing facility	Lotus Bakeries	R170 million	Manufacturing
Pfizer vaccine manufacturing	Pfizer	R255 million	Manufacturing
Nant-SA Vaccine Production Campus	Nant-SA/NantWorks	R3 billion	Manufacturing
Warner Media television production	Warner Media	R350 million	Services
PFNonwovens manufacturing facility upgrade	PFNonwovens	R650 million	Manufacturing
Karusa Wind Farm	Enel Green Power RSA	R3.5 billion	Utilities
Ener-G-Afrika manufacturing OPERATION	Ener-G-Afrika	R135 million	Manufacturing
Lactalis Evaporator Dryer Plant	Lactalis SA	R140 million	Manufacturing
Mossel Bay GTL Refinery Refurbishment Project	Gazprombank/PetroSA	R3.7 billion	Manufacturing

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

## Energy

The Western Cape is a major economic hub with lower electricity distribution compared to other hubs such as Gauteng and KwaZulu Natal. In 2007, Eskom distributed 23 841 Gigawatt hours (GWh) to the Western Cape, accounting for 10% of the total distribution (see Graph 8). In 2023, the province received 18 383 GWh, accounting for 9% of total electricity distributed.

**Graph 8: Electricity use in gigawatt hours in the Western 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 indicates the IPPs in the Western Cape, including technologies ranging from onshore wind and photovoltaic crystalline, most of which are operational.

**Table 2: Independent Power Producer projects in Western Cape**

BID WINDOW	PROJECT NAME	TECHNOLOGY	CAPACITY (MW)	LOCAL COMMUNITY	PROJECT STATUS
Bid Window 2	Aurora Wind Power	Onshore Wind	90.82	Vredenburg	Operational
Bid Window 2	Aurora-Rietvlei Solar Power	Photovoltaic Crystalline Fixed	8.9	Aurora	Operational
Bid Window 1	Touwsrivier Project	Photovoltaic Crystalline-Dual Axis	36	Touwsrivier	Operational
Bid Window 1	SlimSun Swartland Solar Park	Photovoltaic Crystalline Fixed	5	Malmesbury	Operational
Bid Window 5	Rietkloof Wind Farm	Onshore Wind	140	-	Under construction
Bid Window 4	Perdekraal East Wind Farm	Onshore Wind	107.76	Touwsrivier	Operational
Bid Window 3	Paleisheuwel	Photovoltaic Crystalline Fixed	75	Clanwilliam	Operational
Bid Window 1	Klipheuwel Wind Farm	Onshore Wind	27	Caledon	Operational
Bid Window 5	Grootfontein PV 3	Photovoltaic Crystalline-Single Axis	75	-	Under construction
Bid Window 5	Grootfontein PV 2	Photovoltaic Crystalline-Single Axis	75	-	Under construction
Bid Window 5	Grootfontein PV 1	Photovoltaic Crystalline-Single Axis	75	-	Under construction
Bid Window 2	Gouda Wind Project	Onshore Wind	135.5	Gouda	Operational
Bid Window 4	Excelsior Wind Energy Facility	Onshore Wind	31.9	Swellendam	Operational
Bid Window 5	Brandvalley Wind Farm	Onshore Wind	140	-	Under construction
Bid Window 2	Aurora-Rietvlei Solar Power	Photovoltaic Crystalline Fixed	8.9	Aurora	Operational
Bid Window 2	Aurora Wind Power	Onshore Wind	90.82	Vredenburg	Operational

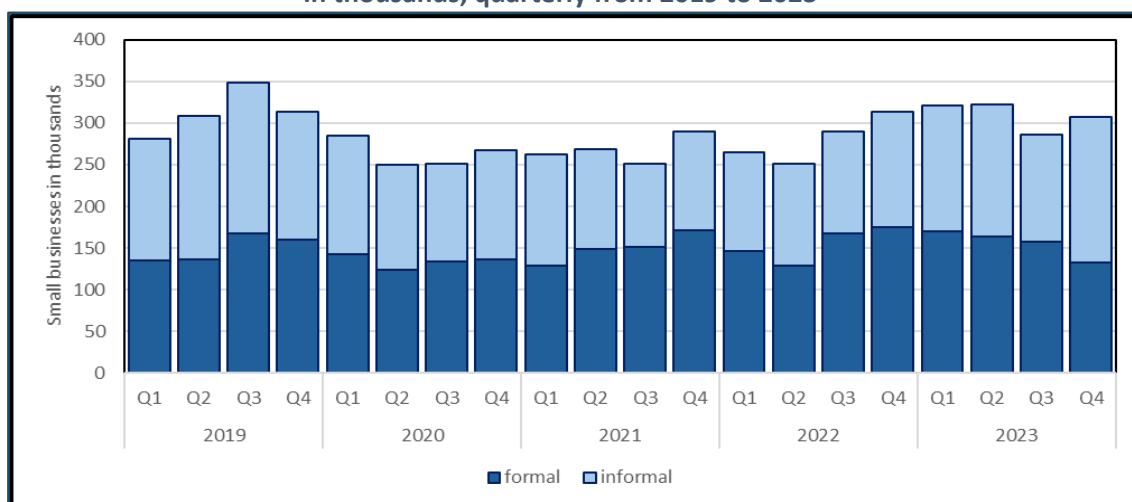
Source: Department of Mineral Resources and Energy (DMRE). Independent Power Producers Procurement Programme (IPPPP) Project database. Available at: <https://www.ipp-projects.co.za/ProjectDatabase>

## Small business

Similar to other provinces, the Western Cape has more informal small businesses than formal small businesses. In the fourth quarter of 2023, the Western Cape hosted 132 000 formal small businesses, about 18% of the country's total (see Graph 9). Formal small businesses peaked in the province in the fourth quarter of 2021, hosting 171 000. Declines in formal small businesses were recorded in the first and second quarters of 2020, by 11% and 13% from previous quarters. Formal small businesses increased by 7% in quarter three and 3% in quarter four of 2020.

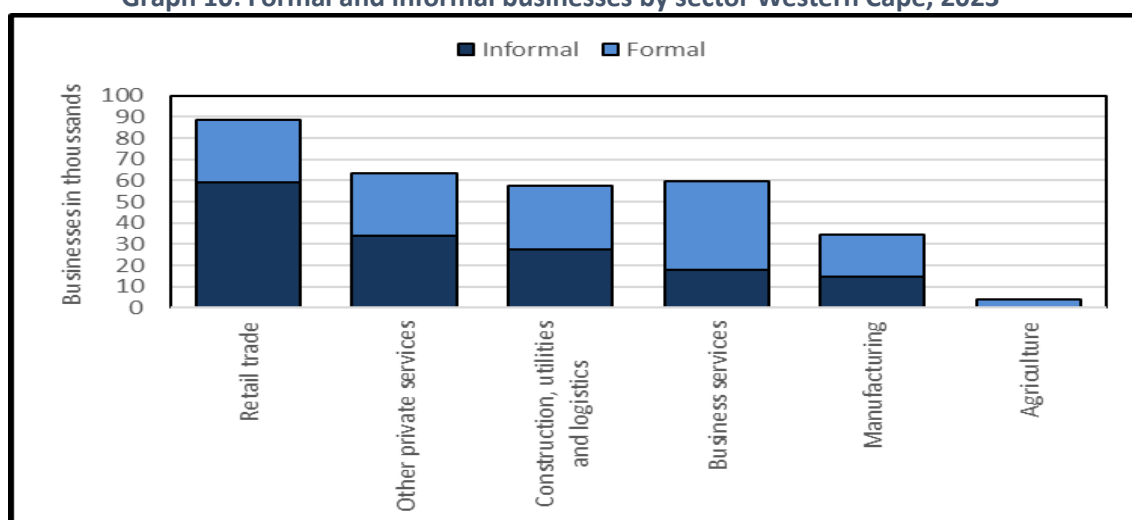
In the fourth quarter of 2023, the Western Cape hosted 175 000 small informal businesses, about 10% of the country's total. Informal small businesses peaked at 181 000 in the third quarter of 2019 in the province. The province's informal small businesses declined in the first three quarters of 2020, by 7%, 12%, and 6% from previous quarters and then increased by 10% in the fourth quarter of 2020 from the previous quarter. The Western Cape hosted a total of 307 000 small businesses in the fourth quarter of 2023.

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



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

**Graph 10: Formal and informal businesses by sector Western 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. Note: Calculated businesses as the number of formal employers and self-employed people in the survey.



Retail trade constitutes a significant share of businesses in the Western Cape, accounting for 29% of all businesses in the province. Other private services represent the second-largest grouping, comprising 21% of total businesses. Construction, utilities, and logistics; and business services make up 19%, manufacturing at 11%, and agriculture at 1%.

### **Employment and unemployment**

Although the level of employment has declined in the province over the past decade, the Western Cape has a low level of joblessness compared to the national average. In 2023, the absorption rate in the province was 54.4% above the national average of 40% and a slight increase from 52.8% in 2010. Unlike in other provinces, the unemployment rate in the Western Cape has not risen over the past decade, instead decreasing from 21.4% in 2010 to 20.8% in 2023.

### **Economic policy initiatives**

This section outlines industrial policy and development initiatives introduced in the Western Cape between 2022 and 2024.

- The Industrial Development Corporation's (IDC's) Social Employment Fund created about 5 800 jobs in the Western Cape by the second quarter of 2023.
- In the seven years leading up to 2021/2022, the Department of Trade, Industry and Competition (the dtic), IDC, and the National Empowerment Fund approved combined funding of R1.5 billion to the Western Cape through the Black Industrialist Programme to support spatial socioeconomic development.
- The Western Cape received 17 funding approvals from the IDC worth R1.4 billion in the 2022/2023 financial year.
- In 2021/2022, the dtic approved R987 million for industrial infrastructure projects in the Western Cape, aiming to support 2 000 direct jobs. The projects were expected to yield a projected investment of R2.3 billion.
- In the third quarter of 2022, fourteen Western Cape-based entities benefited from the dtic's approved R688 million in the Clothing Textile Footwear Leather Growth Programme
- The dtic approved over R277 million in industrial financing which supported 1 100 jobs in the Western Cape over the 2021/2022 period.
- The IDC also approved three renewable energy projects worth R110 million for the 2022/2023 financial year in the Western Cape.

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

The Western Cape Province has one IDZ and one SEZ, the Saldanha Bay IDZ (SBIDZ) and the Atlantis SEZ.

- The Saldanha Bay IDZ created 1 100 jobs in the 2021/2022 financial year, falling short of its target of 1 288.
- In the 2022/2023 financial year, the Atlantis SEZ created 15 jobs through three investment projects, collectively contributing a total capital investment of R23 million.

**Table 1: Major Infrastructure projects: 2022 – 2024**

PROJECT NAME	IMPLEMENTING AGENT	VALUE	PROJECT DESCRIPTION
About R7 billion for education infrastructure, including the new Manenberg School of Skills	Western Cape Provincial Government	R30 billion	Western Cape government's medium-term spending commitment on increased infrastructure across various clusters
R3.6 billion over the medium term on health infrastructure, including the new Swartland Hospital			
R11.2 billion on roads infrastructure, including road network upgrades for the Saldanha Bay IDZ			
Additional 1 120 units to the Better Living Model	Western Cape Provincial government	R3 billion	Construction of 500 residentially led, mixed-use, mixed-income housing opportunities close to the Cape Town CBD
Bravos - Berg River Voëlvlei Dam Pipeline	City of Cape Town and Department of Water and Sanitation	R1 billion	Construction of a weir and abstraction works with a pump station on the Berg River, with a 6.3km-long pipeline to the Voëlvlei Dam.
Small Harbours Development Programme	Department of Public Works and Infrastructure	R7.1 billion	Strategic infrastructure programme to revitalise the harbours to a greater level of efficiency to boost the local economy, to serve the local fishermen, tenants and surrounding communities

## National spatial economy

The Western Cape has no former homeland or non-urban area within its borders. The province has no share of non-urban households: 95% of households were in urban areas and 5% on farms in 2023. The province has one metro city and three secondary cities, accounting for 74% of the population in 2023. Thirty-two percent of the adult population in the province had a matric certificate and 14% had a post-matric qualification. The Western Cape has a high level of service provision. In 2023, 99% of households in the Western Cape had access to piped or tap water in their household or yard compared to 87% nationally. The share of households with running water has remained the same since 1996, indicating consistency of municipal investment. Ninety-four percent of households in the province had electricity compared to 90% nationally.

## Provincial Government

The premier of the Western Cape is Alan Winde, a member of the Democratic Alliance (DA). Dr Ivan Meyer is the Minister of Agriculture, Economic Development and Tourism, also representing the DA.

<https://www.westerncape.gov.za/>

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