

# THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

PROVINCIAL REVIEW 2022

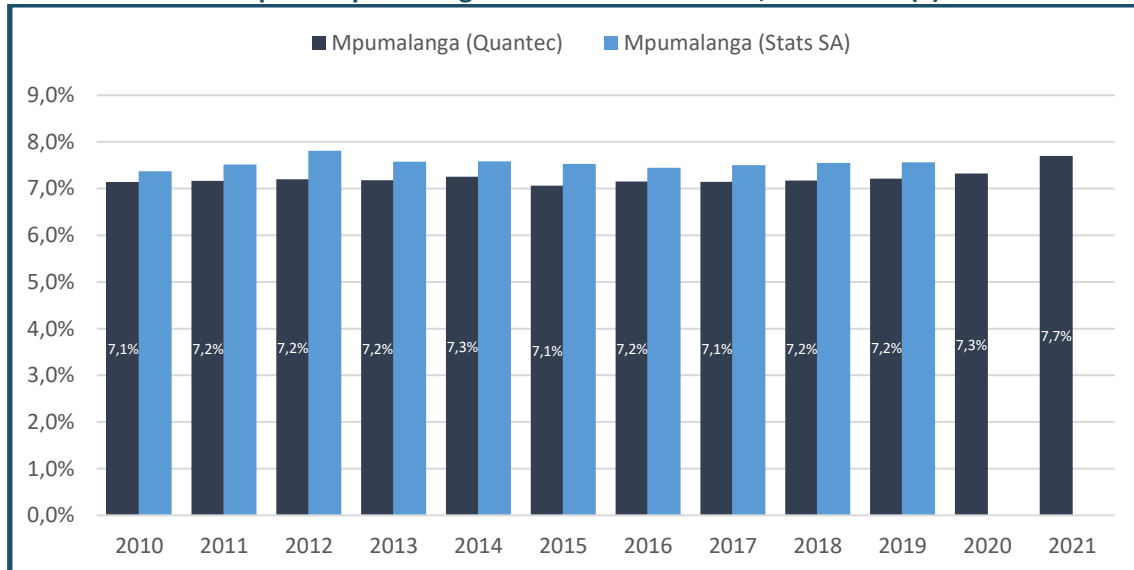
## Provincial Review 2022: Mpumalanga

Mpumalanga's real economy is mainly driven by the mining industry, followed by manufacturing. The petroleum, metals, and food and beverage industries are the largest manufacturing industries in the province. COVID-19 has had a devastating impact on employment in Mpumalanga. Between Q1 2020 and Q1 2022, the manufacturing sector lost 30% of jobs, followed by construction with 21%. In contrast, mining and agriculture saw employment growth of 13% and 10%, respectively, over the same period. Mpumalanga has a similar level of unemployment to the national average, and 45% of its population lives in non-urban areas. The province has no metro but four secondary cities that account for 37% of the province's population.

### The real economy in the Mpumalanga: structure and growth

In 2021, Mpumalanga had 4.6 million residents, making up 7.9% of the national population. Mpumalanga is among the provinces with the fastest growing population, with the provincial population growing at an annual average of 1.7% compared to the national average of 1.4%. In terms of economic structure, Mpumalanga accounted for 7.7% of national production in 2021, up from 7.3% in 2020. In addition, Mpumalanga's share of the national GDP has moderately increased over the past decade, from 7.1% in 2010 to 7.7% in 2021.

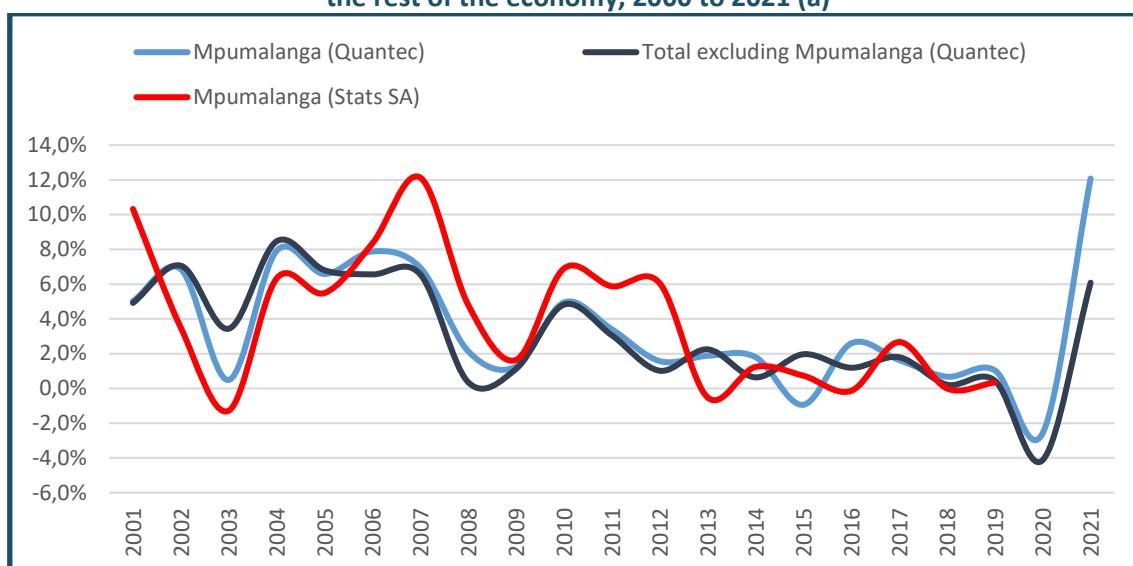
Graph 1: Mpumalanga share of national GDP, 2010-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

In terms of economic growth, Mpumalanga enjoyed the benefits of the early 2000s commodity boom as the provincial growth rate accelerated from 2004, reaching its peak in 2007 before the 2008/9 global financial crisis. Thereafter, Mpumalanga's growth rate fell sharply, reaching its decade-low in 2018. In addition, Mpumalanga's growth rate contracted by 2.6% in 2020 because of COVID-19. However, in 2021 Mpumalanga has experienced the most significant growth rate of 12%, which is driven by a commodity price surge in 2021.

**Graph 2: Mpumalanga economic growth compared to the rest of the economy, 2000 to 2021 (a)**

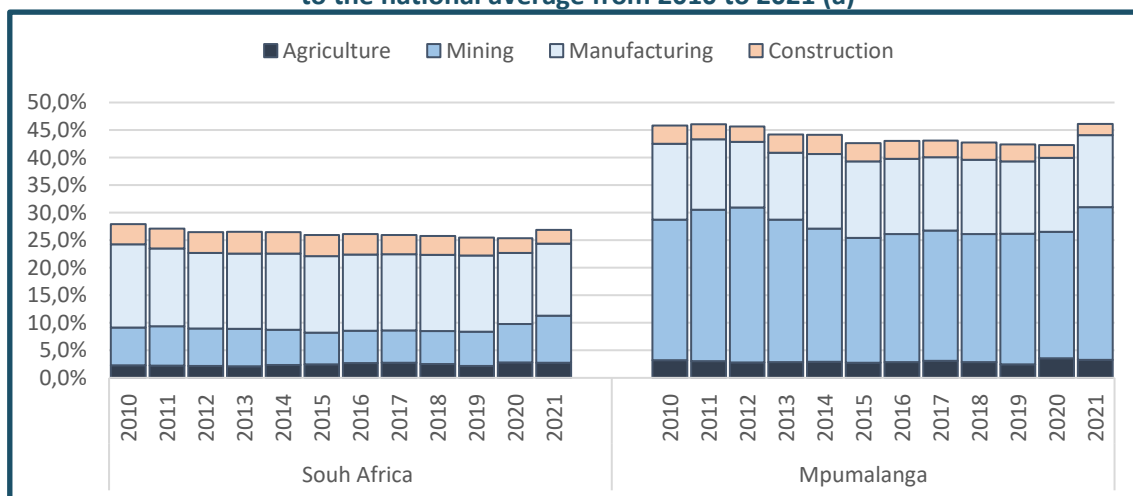


Source: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

In 2021, the real sectors in Mpumalanga accounted for 46% of the provincial GDP compared to 27% at the national level. Mining is the largest real economic sector in the province, accounting for 27.7% of the provincial output, followed by manufacturing with 13%. Agriculture and construction accounted for 3.2% and 2.1%, respectively. The share of mining in Mpumalanga has risen over the past decade from contributing 25.5% in 2010 to 27.7% in 2021. In contrast, the manufacturing and construction share of the provincial output has declined over the same period, and agriculture’s share has remained flat.

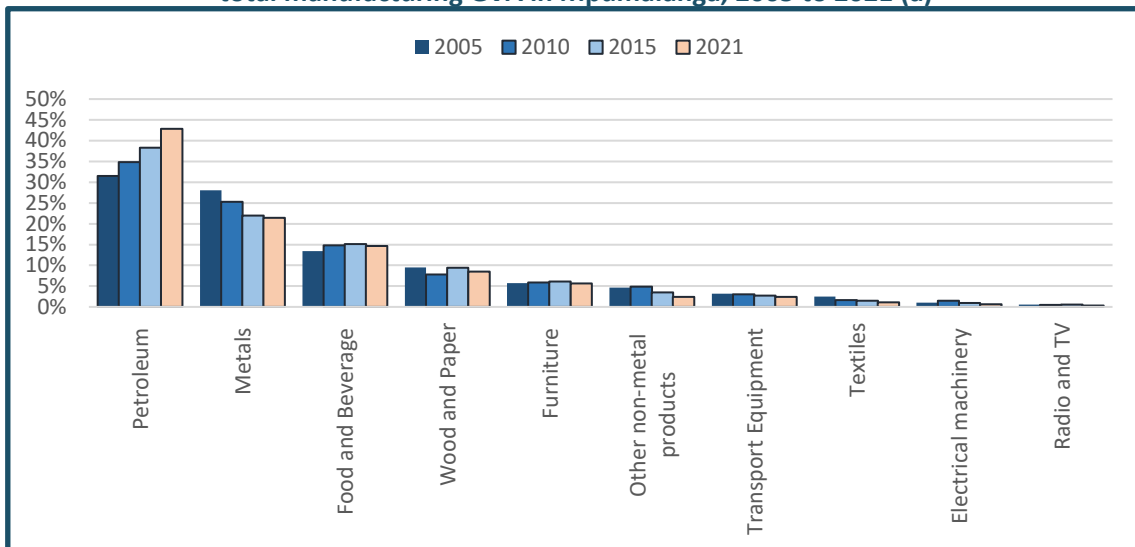
Petroleum, metals, and food and beverages are the biggest manufacturing industries in Mpumalanga (see Graph 4). Graph 4 also shows that the petroleum industry share of manufacturing output in the province has substantially increased since 2005. More specifically, the petroleum industry’s share of manufacturing output in Mpumalanga increased from 32% in 2005 to 43% in 2021.

**Graph 3: Real sectors as a percentage of Mpumalanga GDP compared to the national average from 2010 to 2021 (a)**



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from [www.easydata.co.za](http://www.easydata.co.za)  
 Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

**Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in Mpumalanga, 2005 to 2021 (a)**



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from [www.easydata.co.za](http://www.easydata.co.za).  
 Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 5 shows that between 2010 and 2014, mining was the fastest-growing real sector in Mpumalanga, growing at an annual average of 4.3%, followed by construction at 1.6%. However, between 2015 and 2019, agriculture became the fastest-growing sector while construction contracted. In 2020, construction and mining contracted by 18.1% and 11.2%, respectively. In 2021, all real sectors experienced growth except for construction, which is yet to fully recover from the pandemic effects. Notably, mining experienced the most significant growth of 35.0% in 2021, mainly due to the commodity boom in 2021.

**Graph 5: Average growth rate in real economic sectors of Mpumalanga (a)**

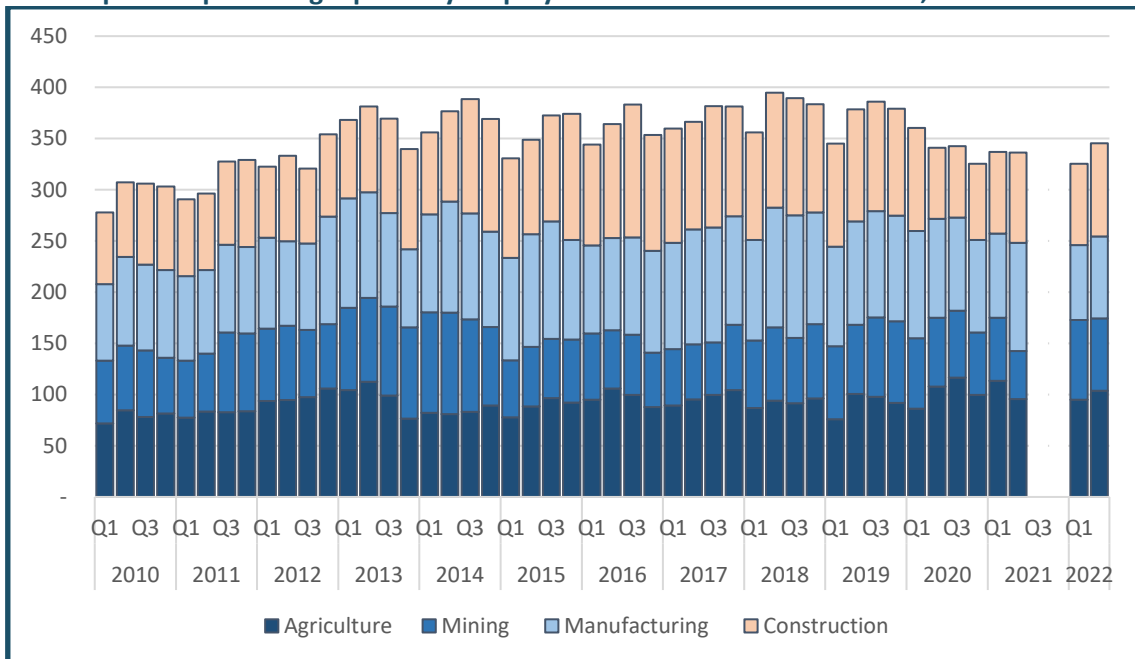


Source: Calculated using Quantec data. Downloaded from [www.easydata.co.za](http://www.easydata.co.za). Note (a): Calculation based on GVA at basic prices in constant 2021 prices

As of Q2 2022, Mpumalanga accounted for 7% to national employment. With 345 000 people in the second quarter of 2022, Mpumalanga's real sector accounted for 30% of total employment in the province. Agriculture accounts for the largest share of employment among the real sector with 104 000 people employed in Q2 2022. It is followed by construction with 91 000, manufacturing with 80 000, and mining with 71 000.

Similar to elsewhere in the country, COVID-19 has had a devastating impact on employment in Mpumalanga. Between Q1 2020 and Q1 2022, the manufacturing sector lost 30% of jobs, followed by construction with 21%. In contrast, mining and agriculture saw employment growth of 13% and 10%, respectively over the same period.

**Graph 6: Mpumalanga quarterly employment in real economic sectors, 2010 to 2022**



Source: Stats SA Quarterly Labour Force Survey. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za).

**Table 1: Large public and private real-economy projects in Mpumalanga 2010-2021**

PROJECT NAME	COMPANY	VALUE	SECTOR
Rietfontein and Beta staged hard-rock gold mine development project.	Stonewall Mining, a subsidiary of Stonewall Resources.	R896 million	Mining
Fairview subvertical shaft project	Pan African Resources	R105 million	Mining
Elikhulu tailings retreatment project.	Pan African Resources	R1.74 billion	Mining
Klipspruit life extension project	South32	R4.3 billion	Mining
Sasol-Air Liquid Oxygen Gas Plant	Air Liquide; Sasol	R2.9 billion	Manufacturing

Galaxy Mine Refurbishment	Galane Gold	R76 million	Mining
Theta Gold Project	Theta Gold Mines	R592 million	Mining
Menar coal project Phalanndwa Colliery Extension Project	Menar (Canyon Coal)	R400 million	Mining
Menar coal project pipeline: De Wittekrans opencast and underground mine	Menar (Canyon Coal)	R600 million	Mining
Menar coal project pipeline: Witfontein underground mine	Menar (Canyon Coal)	R1 billion	Mining
Elikhulu tailings retreatment project-solar energy plant	Pan African Resources	R150 million	Mining
Sonae Arauco Paper production expansion	Sonae Arauco/ Sonae Industria	R220 million	Manufacturing
Pan African Resources Evander Egoli gold project	Pan African Resources	R1.05 million	Mining
Enaex Electronic facilities investment: Electronic Initiation Systems assembly plant	Enaex Africa	R16 million	Manufacturing
Enaex Electronic facilities investment: Weilaagte explosives distribution plant	Enaex Africa	R15 million	Manufacturing
Enaex Electronic facilities investment: Bulk emulsion facility expansion	Enaex Africa	R10 million	Manufacturing

*Source: Compiled by Kelello Mashiane, using FDI data. TIPS FDI Tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>*

## Employment and unemployment

In terms of overall employment, Mpumalanga has a similar level of unemployment to the national average. In 2021, the absorption rate – employment to population ratio – in Mpumalanga was 36.6% compared to the national average of 37%. Over the past decade, the level of unemployment in the province, with the absorption rate declining from 39% in 2010 to 37% 2021.

## Economic policy initiatives

The following are the fundamental national industrial policy and development initiatives that influenced Mpumalanga's economy.

- In 2019/20, the DTIC approved projects worth R95.6 million in Mpumalanga. The approved projects were expected to create an investment of R5 billion and 2 171. This is significant decline to 2016/17 approved projects of R3.9 billion to the province.
- In 2021, the DTIC invested 279 million in Black Industrialist Programme in Mpumalanga. The IDC invested 2.8 billion in the programme and NEF made a contribution of R337 million.
- In 2016/17 a grant worth R49.9 million was approved for the Ekandustria economic hub/ industrial park in the Mpumalanga Province.
- Mpumalanga has one designated SEZ (see box below).

	FOCUS	DESIGNATION DATE
Nkomazi SEZ	<ul style="list-style-type: none"> <li>- Agro-processing</li> <li>- Green or renewable energy</li> <li>- Warehousing facilities</li> <li>- Logistics (intermodal logistics and production logistics)</li> </ul>	2018

**Table 2: Major existing or planned national infrastructure projects in Mpumalanga 2016-2022**

PROJECT NAME	IMPLEMENTING AGENT	PROJECT COST	PROJECT DESCRIPTION
Kwandokuhle and Willow Creek Social Housing Project	Govan Mbeki Housing Company	R326 million	The KwaNdokuhle development will provide 492 units and Willow Creek will provide 360 units.
Nsikazi R40	SANRAL	R9 billion	The project include the upgrade of R40 from Hazyview to Maviljan.

## Mpumalanga's national spatial economy

Mpumalanga has a relatively high share of non-urban areas within its borders. In 2021, 45% of the population lived in non-urban areas and 9% on farms, compared to 26% and 5% for the rest of the country as a whole. The province has no metro but four secondary cities that account for 37% of the province's population. In 2021, 29% of the adult population had matric compared to the national average of 30%, and 9% had a degree.

In terms of infrastructure, 72% of households in Mpumalanga had running water in their houses or yards in 2021, up from 60% in 1996. However, at a disaggregated level, only 30% of households had running water inside the house. Moreover, 91% of households had electricity including generators compared to the national average of 93%.

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