

Manufacturing sector remains SA's top economic performer

With a total contribution of 20 per cent to South Africa's Gross Domestic Product, manufacturing remains one of the important driver's of the country's economy. According to figures by Statistics South Africa, revenue from the manufacturing sector in 2005 amounted to R926 513 million.

Looking at manufacturing and its relevance to the Eastern Cape economy, the province's large automotive base continues to expand through new and ongoing foreign and national investments. According to the latest figures, the Eastern Cape's automotive industry contributed 7.1 per cent towards the country's GDP.

According to Stats SA's Manufacturing sector 2005 the total income for the manufacturing industry in 2005 was R926 513 million.

The main contributors were:

- petroleum, chemical products, rubber and plastic products (R218 982 million or an increase of R23,6 per cent)
- basic iron and steel, non-ferrous metal products, metal products and machinery (R 188 090 million or an increase of 20,3%) ,
- 'food products and beverages' (R 156 693 million or an increase of 16,9%)
- 'motor vehicles, parts and accessories and other transport equipment' (R 149 446 million or an increase of 16,1%)

In 2005, the manufacturing sector employed some 1 401 262 people. The gross salaries and income amounted to R 111 616 million.

According to Stats SA's Economic Activity Survey 2005:

- the manufacturing sector's turnover increased by 5.1 per cent to R 904 654 for the total turnover of all industries in 2005 which was estimated at R2 934 622 million

According to the Department of Trade and Industry's 2004/5 Annual Report:

- demand for commodity-intensive products such as basic metals, paper pulp and basic chemicals, should continue strongly, in line with the global market demands
- favourable metal and steel commodity prices should benefit from the iron and steel, as well as non-ferrous metal sectors
- exports of transport equipment should remain strong as more Original Equipment Manufacturers present in the country embark on export drives
- real manufacturing exports are projected to grow by 5.7 per cent

According to Stats SA, manufacturing output growth for 2005 amounted to 3.5 per cent, compared with 4.4 per cent in 2004

According to the Department of Trade and Industry's SA-Geared for Growth 2006 report:

Manufacturing accounts for 20 per cent of the country's GDP as much as 50 per cent of exports, making it a significant sector in the SA economy

Based on the United Nations Industrial Development Organisation's classifications:

- SA's high-tech manufacturing sectors – machinery, scientific equipment and motor vehicles – have the highest share in the total manufacturing value addition
- Medium and low-tech sectors have experienced a decline, showing that SA's manufacturing output has become more technology intensive

Some areas of investment opportunities in SA for manufacturing:

- Agro processing: confectionary for the manufacturing and export of confectionary
- Large scale manufacturing of industrial textile using polyester
- Manufacturing of automotive electronics