

## **ANNEXURE "A"**

### **Detailed Analysis of the Economy (2002 to 2006)**

## 1. Detailed Analysis of the Economy (2002 to 2006)

The restructuring of the South African economy during the 1990s has greatly exacerbated the already high levels of unemployment leaving a large proportion of the population in poverty and with insecure sources of income. Various reasons have been put forward for this change. These include liberalisation of international trade and capital movements, changes in technology, the tightening of macroeconomic policy in order to reduce inflation, and changing work organisation with outsourcing and subcontracting. Undoubtedly these have all been contributing factors to the decline in the local economy. In the last decade firms have focused on cost-minimisation in response to trade liberalisation and weak domestic demand. This has led to reductions in employment and increasing insecurity and lower incomes of workers in outsourced operations. Many firms unable to effectively respond have closed down.

It is within this context that the Local Economic Development (LED) department is attempting to realise LED policy. Among the Key Performance Areas for LED adopted in 2002 and revised in 2004 and 2006 are:

- Develop and sustain all economic sectors
- Mainstream economic activity into the formal economy
- Promote and market investment for sustainable development

This research into the Ekurhuleni economy was commissioned to inform the municipality and government on how to maintain and sustain the base of 90 percent of Gauteng's manufacturing in the region. This work is carried out through a strategic partnership between the Local Economic Development Department and an international organization, Global Insight.

The economic forecasts presented herein are based on official statistics and computed estimates. This presents one side of the equation. A number of other factors need to be considered to arrive at interventions to close the gap between employment and unemployment, and resulting income disparities.

To effectively manage the local economy as well as the global and domestic trends impacting on industrial and competition policies, poverty eradication strategies, the labour market and investment strategies including the investments in infrastructure need to inform the building of models for appropriate interventions, as well as the spatial and developmental planning processes.

Regular users of data in South Africa are aware that the process of collecting existing published data is time-consuming, and that once collected, the data is often inconsistent or outdated and in a format not easily imported into standard software. Each primary dataset has its own strong and weak points. Data, research and modeling frameworks need to be applied to rework primary data to ensure consistency across a wide range of variables. In addition, national and sub-national verification tests also need to be applied. This approach results in a living database of regional data, which should be updated and refined on a regular basis, as new data becomes available, in order to achieve optimum monitoring results. Whether this is the core function of local government, or whether this needs to be carried out as a national function or a provincial function, is still not resolved. In an effort to compile a picture of the variables that affect the quality of life, the performance of the economy and the overall growth and development of the region, this paper was compiled in January 2006.

## 1.2 Ekurhuleni the “Workshop”<sup>1</sup>

Ekurhuleni is a large and significant local economy in the South African economic context. The Metro has a resident population of approximately 2.6 million people and contributes approximately 7.7% to national production and 7.76% to national employment.

The area not only has a high population density, housing 29% of the Gauteng province's total population, but also has high levels of unemployment and poverty. 8% of the country's spending power is located in Ekurhuleni compared with 35% for Gauteng as a whole.

Over the period 1996 to 2006 the total population of Ekurhuleni is expected to grow by 1.8% per year, whilst the population between ages 15 and 64 is expected to grow by 1.4% per year. The slower growth in the population between ages 15 to 64 is the result of a decline in the ratio of people aged between 15 to 64 to the total population. This decline is concentrated in the Black population of Ekurhuleni. For the other population groups, the ratio increases between 1996 and 2006. These trends are based on modelled demographic trends and the expected impact of HIV/AIDS. Growth in the potentially employable people in the Metro is forecast to decline in the period from 2001 to 2006, compared to the period 1996 to 2001.

Net migration into the metropolitan area is estimated to be about 66 000 in the period from 1996 to 2001, and 39 000 in the period from 2001 to 2006. Migration to urban areas will continue to take place even in the presence of high levels of unemployment.

Less than half of the population of Ekurhuleni is economically active, and of the economically active population, an average of 37.8% is unemployed. Informal employment makes for a share of between 10% and 20% of total employment.

Employment in agriculture and mining make small contributions to production i.e. 1.1% and 2.3% respectively. Manufacturing, on the other hand, makes a significant contribution to output and employment in Ekurhuleni. It contributes a 27.6% share of employment in Ekurhuleni, compared to the 13.9% national average.

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<sup>1</sup> The data presented in this section has been sourced from Global Insight Southern Africa – Regional Economic Focus (REF). The REF is a system of integrated databases that provide accurate and up-to-date economic, socio-economic and development information on a sub-national level within South Africa. This data is based on 2003 estimates.

The REF draws together many different sources of sub-national economic information from Statistics South Africa (StatsSA), development agencies, Regional Services Councils (RSC), South African Revenue (Services (SARS), Bureau for Market Research (BMR), SA Reserve Bank (SARB), National Treasury, Department of Mineral and Energy - Minerals Bureau, Eskom, Chamber of Mines, Cement and Concrete Institute, South African Council of Geosciences, the Independent Electoral Commission IEC), Department of Provincial and Local Government, South African Weather Services, various other government departments and private research houses and Global Insight's own data. Data components are reworked to ensure internal consistency whilst national and sub national verification tests are applied. REF indicators are updated to current periods using Global Insight's suite of forecasting models. These include a macroeconomic model, industry model and income distribution-forecasting model.

The data collated herein was extracted from four reports produced by Global Insight for the LED department. For the purposes of planning forward-looking estimates (or forecasts) were developed. Economic and demographic estimates in the REF are based on magisterial boundary geographic regions. It is important to interpret the estimates for the Ekurhuleni metro area in the correct context. The magisterial areas used were approximated to the Ekurhuleni metro area at ward-level areas. The match did not fit in all instances, as data on municipal ward level is not available from the multiple sources of data. Late in 2004 enough information was available to update some of the estimates to 2003 levels. The labour market data was computed from 2002 data as should be viewed as estimates up to 2002 level.

In the trade, transport and finance sectors significantly greater than national average shares of employment are recorded.

The household sector is an important source of employment (11.1%) in Ekurhuleni. Moreover, as this sector is providing employment to predominantly low and unskilled female labour, it is an important sector for alleviating poverty. The unemployment rate of females in Ekurhuleni in 2002 is estimated at 51.8% and is much higher than the estimated 31.8% amongst males.

Ekurhuleni shares similar problems to that of the other metropolitan areas in terms of the building of human capital and the containment and prevention of AIDS. Ekurhuleni is probably more exposed to the vagaries of globalisation than the other metros as its production base is more concentrated on goods and less on services.

Another challenge facing the area relates to the production structure of the economy. In Ekurhuleni the manufacturing sector bears the brunt of the adjustment in the economy. The sacrifice the area makes in terms of the adjustment is much greater than that of other metropolitan areas. This is the major reason why the demand for labour for formal employment in the area is forecast to hardly grow up to 2006.

Ekurhuleni accounts for a sizable share of South Africa's overall international trade. In fact, Ekurhuleni on average accounted for 17.6% of national imports between 1996 and 2003 (on a metro level, second only to the share of City of Johannesburg), and for 6.7% of national exports over the same period.

Ekurhuleni's trade contribution to the Gauteng province was even greater, with the region accounting for almost 30% of the value of imports into the province between 1996 and 2003, and for 12.3% of the value of exports over this period. In total, Ekurhuleni contributed more than one-fifth to the total value of international trade within the Gauteng province.

Merchandise exports on average accounted for 24% of Ekurhuleni's GVA between 1996 and 2003, while total trade (including imports) accounted for almost 79% of GVA over the same period, illustrating the strong role that imports play within the local economy.

On a broad sectoral level, the manufacturing sector makes the largest contribution to Ekurhuleni's international trade and also exhibited the largest total trade to GVA ratios. In contrast, the mining sector is predominantly outward-focused and relies heavily on the export market.

What follows are additional details on the socio-economic profile of Ekurhuleni, which includes demographics, income distribution and spending patterns, poverty, employment, human development; the profile of Ekurhuleni's labour market - which covers the openness of the economy and how HIV and AIDS impacts on it, labour participation rates and forecasts on key sectors of the economy with respect to labour absorption and productivity, as well as the international trade profile of Ekurhuleni.

In collating the socio-economic profile of Ekurhuleni, benchmarking to both the national and Gauteng figures was carried out and an analysis was conducted on how the socio-economic situation has changed over time. The profile of the labour market of Ekurhuleni considers the labour supply elements such as population, migration, participation rates and potential labour supply, and labour demand factors.

The international trade profile was developed through a focus on the national trade policy framework, an analysis of the data on imports and exports with a focus on recent trends.

## 1.2.1 Socio- Economic Profile

### Demographics

#### Population changes 1996-2003

Area	1996	2003	Average annual growth
National Total	42,204,536	46,710,858	1.5%
Gauteng	7,782,920	8,845,741	1.8%
Ekurhuleni	2,211,018	2,534,180	2.0%

Source: *Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)*

The Black population is the largest population group in Ekurhuleni. It comprises approximately three quarters of the area's total population, and it is also growing at rates significantly higher than any of the other population groups within the area.

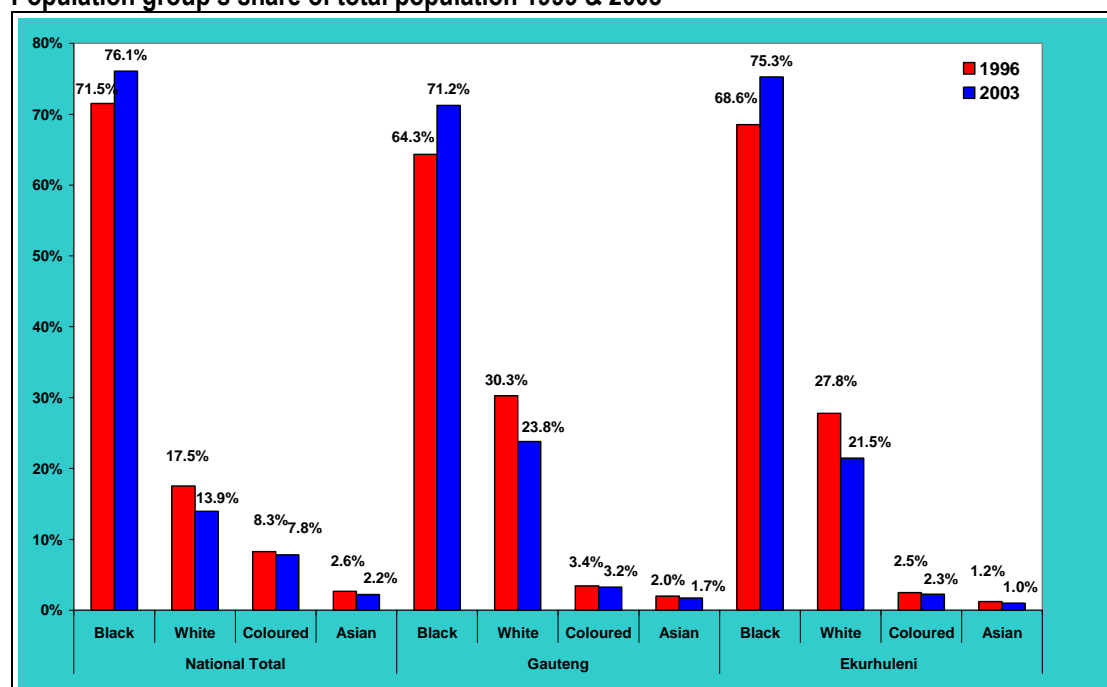
#### Population groups growth rate (Average annual growth 1996-2003)

Area	Black	White	Coloured	Asian
National Total	1.7%	0.2%	1.4%	1.0%
Gauteng	2.4%	0.2%	1.5%	1.7%
Ekurhuleni	2.5%	0.2%	1.3%	1.5%

Source: *Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)*

The Black population's share of total national population is estimated to have increased substantially over the period 1996 to 2003 in all areas. Even more so in the case of Ekurhuleni and Gauteng, where a 7% point increase was estimated between 1996 and 2003. In 2003, the Black population represented approximately three quarters of Ekurhuleni's total population.

#### Population group's share of total population 1999 & 2003



## Income Distribution

The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (in the case where one household earns all the income and other households earn nothing). In practice the coefficient is likely to vary from approximately 0.25 to 0.70.

### Gini coefficient – 1996 & 2003

Area	1996	2003
National Total	0.60	0.64
Gauteng	0.58	0.60
Ekurhuleni	0.45	0.58

*Source: Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)*

A comparison can be made on how the Gini coefficient, for each population group, varies between the different areas. A comparison can also be made on how the Gini coefficient changed over the period

### Gini per population group and area – 1996 & 2003

Area	Population Group	1996	2003
National Total	Black	0.53	0.62
	White	0.45	0.46
	Coloured	0.48	0.55
	Asian	0.47	0.51
Gauteng	Black	0.50	0.60
	White	0.43	0.42
	Coloured	0.46	0.52
	Asian	0.46	0.46
Ekurhuleni	Black	0.48	0.56
	White	0.42	0.43
	Coloured	0.46	0.52
	Asian	0.45	0.46

Source: *Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)*

Although income distribution is less skewed in Ekurhuleni when compared to the Gauteng province and the national economy, the Gini coefficient for Ekurhuleni increased substantially between 1996 and 2003, pointing towards a marked increase in the income inequality within the area. The estimates reveal that income was more evenly distributed among the Black community of Ekurhuleni as opposed to the Black population in Gauteng.

#### 1.2.2 Household Income

On a national, provincial and metro level it appears that households generally hold a more equitable share in each income bracket in 2003 as opposed to 1996. Generally, Ekurhuleni follows the national and provincial profile with regards to household distribution by income bracket. However, it appears that Black households in Ekurhuleni are generally better off than the Black community on both the national and provincial level.

Households hold a more equitable share in each income bracket in 2003 as opposed to 1996. Nationally 51.7% of the households fell in the R6 000 to R30 000 income bracket in 1996, in 2003 the figure dropped to 38.4 %.

In 1996 only 4.1% of all households fell in the R192 000 p.a. and higher category, while 8.9% of all households fell in the same category in 2003.

Generally the areas follow the same household per income bracket allocation trend, with the exception of households on the top end in Gauteng in 2003. Here, almost 10.2% of all households earn in excess of R360 000, with only 4.4% of households nationally and 4.9% of households in Ekurhuleni falling in that category.

A remarkable change is evident in the estimates of distribution of Black households in each income bracket between 1996 and 2003. Nationally, the percentage of Black people earning between R6 000 and R30 000 decreased from 62.5% in 1996 to 45% in 2003, with the number of households earning more than R96 000 increasing from 4.1% in 1996 to 11.4% in 2003.

Within Black households, the Ekurhuleni Black households are better off than the Black community on a national level. Less of the Black households are represented in the lower income brackets while more are to be found in the higher income brackets.

When compared to Gauteng, Ekurhuleni has a lower percentage of Black households in the lower income brackets, and a higher percentage in the middle to higher income brackets. Gauteng however, has a higher percentage of its Black households in the high-income brackets, relative to Ekurhuleni.

### Percentage of households per income bracket for Ekurhuleni – 1996 & 2003

Income Bracket (R' value)	Black		White		Coloured		Asian	
	1996	2003	1996	2003	1996	2003	1996	2003
0-2,400	98.2%	98.8%	1.3%	0.5%	0.5%	0.6%	0.0%	0.0%
2,400-6,000	97.0%	97.9%	2.3%	1.2%	0.6%	0.9%	0.0%	0.1%
6,000-12,000	95.1%	94.6%	3.4%	3.7%	1.3%	1.5%	0.2%	0.2%
12,000-18,000	93.1%	94.3%	4.7%	4.1%	2.0%	1.3%	0.2%	0.2%
18,000-30,000	89.4%	90.8%	7.7%	6.8%	2.4%	2.0%	0.5%	0.4%
30,000-42,000	81.5%	88.4%	13.9%	8.7%	3.5%	2.3%	1.1%	0.6%
42,000-54,000	67.9%	84.7%	26.6%	12.3%	3.7%	2.3%	1.8%	0.7%
54,000-72,000	53.3%	76.4%	39.9%	19.9%	4.7%	2.6%	2.2%	1.1%
72,000-96,000	36.8%	67.9%	57.2%	28.1%	3.7%	2.8%	2.3%	1.2%
96,000-132,000	26.3%	56.0%	69.3%	39.5%	1.9%	2.8%	2.5%	1.6%
132,000-192,000	16.8%	46.8%	78.7%	48.7%	2.0%	2.8%	2.6%	1.6%
192,000-360,000	11.4%	39.3%	85.0%	54.8%	1.0%	3.4%	2.6%	2.4%
360,000+	11.7%	32.9%	83.8%	61.6%	1.2%	2.2%	3.4%	3.3%

Source: Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)

### 1.2.3 Spending Patterns of Disposable Income

An analysis of spending patterns in the various regions over the 1996 to 2003 period allows one to identify whether an area's economic prosperity increased over time or whether certain structural changes in spending habits are evident.

A very high percentage of income is still spent on basic need categories i.e. food, clothing, accommodation and other household consumables and medical services, satisfying the first level of needs.

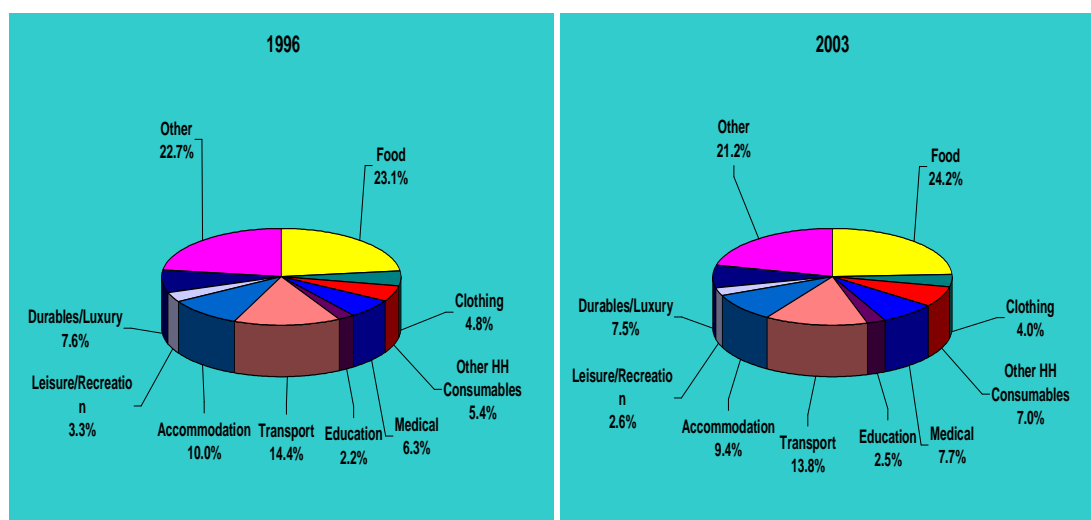
In the second level safety needs are addressed, physical safety in particular. Only when you and your family feel safe can you advance to the next level of love. Attaining this level is more a function of state of mind and environment and, as a result, no data can indicate the attainment of the second level.

In the third level, love needs are addressed. In this level people will join sport clubs, social clubs and work groups to feel loved and accepted by others. From the data we see a very small percentage of income spent on leisure and recreation. This possibly indicates that the households in each area, in general, are stuck in the second level.

In the fourth level the need for esteem/prestige has to be fulfilled. Esteem from competency and mastering of a task and esteem that comes from the attention and recognition of others. The second form of esteem can be attained by driving a very expensive car, for example. Luxury/durable goods consist of furniture, appliances and computers. Although these items won't attract the same level of attention/recognition that a new luxury vehicle would, it will surely point to that direction. Spending on luxury/durable goods has remained fairly stagnant in all the areas under discussion.

### Estimates of spending patterns of disposable income Ekurhuleni - 1996 & 2003





On inspection of the spending patterns in the various areas, one finds that a large percentage of disposable income is still used to satisfy basic needs. In addition, spending patterns have remained fairly stagnant over the course of the period under review. This probably indicates that very few people have actually reached a state in their lives where they can live life at its optimum

#### 1.2.4 Poverty

Although poverty levels are lower in Gauteng and Ekurhuleni relative to South Africa, the percentage of people living in poverty have increased in all cases. In Ekurhuleni almost 27 percent of people were living in poverty in 2003. This signals an ever-increasing burden on society to combat and alleviate the pressures of poverty.

The aggregate poverty gap is calculated by summing the poverty gaps of each poor household. It is thus equivalent to the total amount by which the incomes of poor households need to be raised each year to bring all households up to the poverty line and hence out of poverty.

The table below shows the percentage of people living in poverty, the actual poverty gap and the average amount needed to bring the average person in poverty up to the poverty line.

**Percentage of people in poverty and the poverty gap 1996 & 2003**

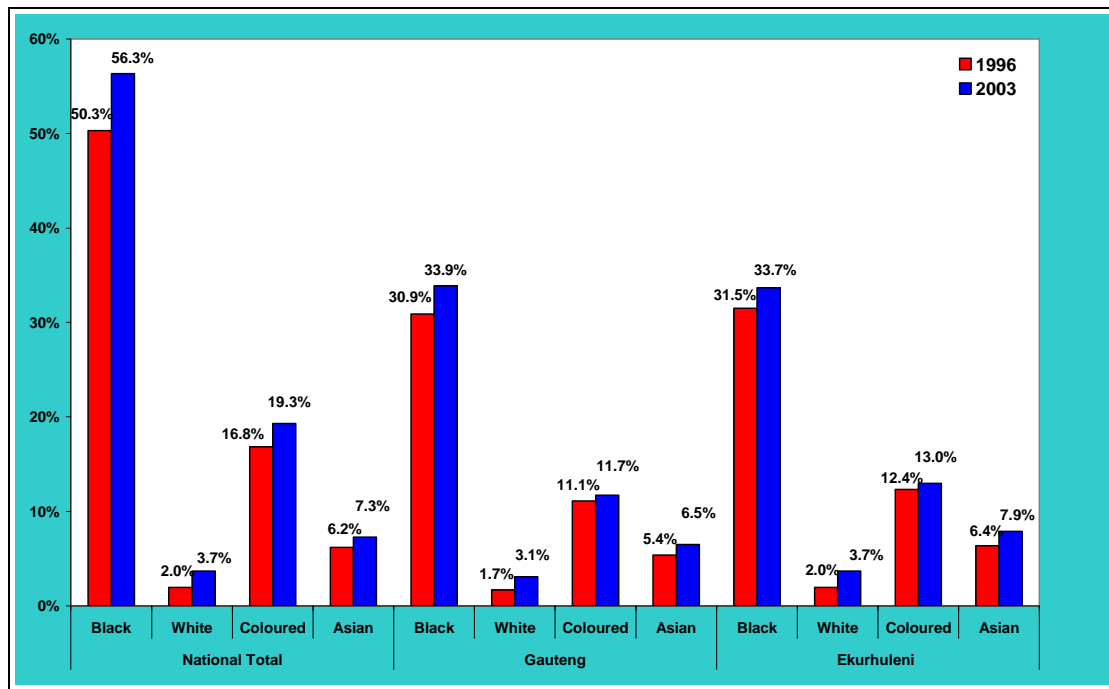
Area	% of people in poverty		Poverty gap (R million)		Poverty gap per capita	
	1996	2003	1996	2003	1996	2003
National Total	40.5%	46.2%	18,280	32,960	1,069	1,528
Gauteng	22.3%	25.6%	1,747	3,251	1,007	1,435
Ekurhuleni	23.7%	26.6%	539	974	1,027	1,447

*Source: Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)*

The increase in the actual number of people in poverty is estimated to have averaged 3.4%, 3.9% and 3.6% p.a. for South Africa, Gauteng and Ekurhuleni respectively from 1996 to 2003.

The actual poverty gap of Ekurhuleni is estimated to have increased at a faster rate than that of the country as a whole, but at a slower rate than that of the Gauteng province on average.

#### Percentage of each population group in poverty 1996 & 2003



#### Number of people in poverty – Average annual change 1996 to 2003

Area	Black	White	Coloured	Asian	Total
National Total	3.3%	9.7%	3.4%	3.4%	3.4%
Gauteng	3.8%	9.2%	2.3%	4.5%	3.9%
Ekurhuleni	3.5%	9.5%	2.0%	4.6%	3.6%

Source: *Global Insight Southern Africa - Regional Economic Focus REF version 1.6h* (

#### 1.2.5 Unemployment<sup>2</sup>

While unemployment increased in all areas over the 1996 to 2003 period, the highest increase in the unemployment rate was recorded for Ekurhuleni, with an 8% point increase from 32.2% in 1996 to 40.3% in 2003. In Ekurhuleni, the Coloured population group (males in particular) experienced the highest increase in unemployment between 1996 and 2003, followed by the Asian and Black communities.

<sup>2</sup> The expanded definition of unemployment includes persons who are unemployed and looking for work as well as persons who are unemployed and are not looking for work but would accept work if it was offered to them.

### Unemployment rate per gender and region – 1996 & 2003

Area	Population Group	Male		Female		Total	
		1996	2003	1996	2003	1996	2003
National	Black	34.8%	39.7%	51.6%	61.3%	42.6%	49.7%
	White	4.5%	6.3%	8.6%	10.7%	6.3%	8.2%
	Coloured	16.9%	22.8%	24.9%	34.7%	20.6%	28.2%
	Asian	10.3%	15.9%	18.3%	32.7%	13.2%	22.0%
Gauteng	Black	27.7%	32.6%	46.5%	56.2%	35.9%	42.9%
	White	5.0%	7.0%	8.5%	10.5%	6.6%	8.6%
	Coloured	22.8%	29.0%	26.7%	35.9%	24.7%	32.3%
Ekurhuleni	Asian	8.6%	13.2%	15.6%	27.7%	11.1%	18.4%
	Black	31.6%	38.0%	51.9%	63.7%	40.3%	49.0%
	White	5.4%	7.7%	9.2%	11.8%	7.0%	9.5%
	Coloured	25.3%	32.5%	29.2%	40.3%	27.1%	36.1%
	Asian	10.3%	16.2%	18.6%	33.1%	13.1%	22.0%

Source: Global Insight Southern Africa - Regional Economic Focus version 1.6i(190)

The Black population in Ekurhuleni experienced a marginal decline in employment as a percentage of the group's total population between 1996 and 2003. On closer inspection the sub-group has high levels of economic participation rates, and unemployment levels consistent with that of the group on a national and provincial level. However, the Black population in Ekurhuleni had the highest population growth rate of all the population groups in all the areas. This has resulted in the Black population in Ekurhuleni not being absorbed in the labour market at the pace of population growth. This caused a general decline in the development prospects for the group in the area. As a result the Black community in Ekurhuleni struggles with the lowest level of human development as per the Human Development Index (HDI of 0.61) when compared to the other population groups in each area.

Nonetheless, population groups in Ekurhuleni generally enjoy a higher standard of living than the groups on a national level, and between Ekurhuleni and Gauteng there appears to be very little difference in living levels. The most notable exception is that of the White population in Ekurhuleni, which has a lower HDI figure than that of the group on a national level in 2003

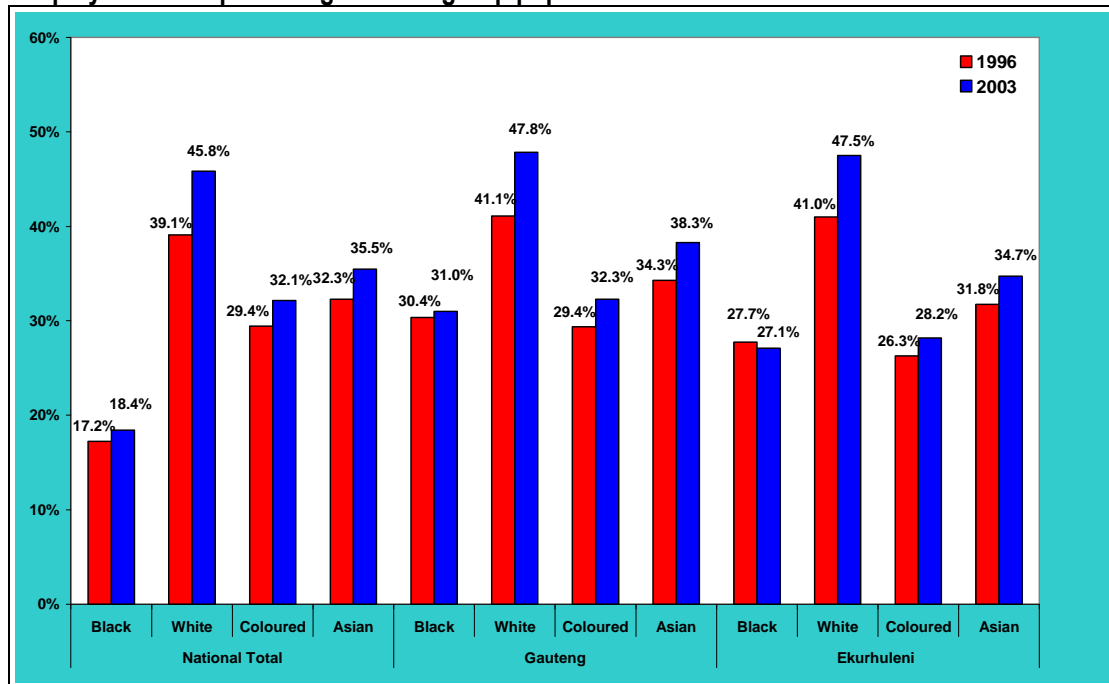
## 1.2.6 The Economically Active Population<sup>3</sup>

### EAP as a % of population, per gender and area – 1996 & 2003

Area	Population Group	Male		Female		Total	
		1996	2003	1996	2003	1996	2003
National Total	Black	32.7%	40.3%	27.4%	33.2%	30.0%	36.7%
	White	48.2%	58.1%	35.3%	42.1%	41.7%	49.9%
	Coloured	41.2%	49.8%	33.1%	39.9%	37.1%	44.8%
	Asian	48.0%	59.1%	26.6%	32.4%	37.2%	45.5%
Gauteng	Black	50.0%	58.5%	44.3%	49.6%	47.3%	54.3%
	White	49.8%	54.3%	38.3%	45.3%	44.0%	52.3%
	Coloured	41.7%	51.1%	36.4%	44.5%	39.0%	47.7%
	Asian	49.1%	60.2%	27.9%	33.8%	38.6%	47.0%
Ekurhuleni	Black	49.7%	57.9%	42.8%	48.0%	46.5%	53.2%
	White	50.5%	60.5%	37.8%	44.7%	44.1%	52.5%
	Coloured	39.8%	48.7%	32.4%	48.7%	36.1%	44.1%
	Asian	47.7%	58.5%	25.3%	30.5%	36.6%	44.5%

Source: Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)

### Employment as a percentage of total group population – 1996 & 2003



<sup>3</sup> The economically active population (EAP) is defined as the number of persons that are able and willing to work between the ages of 15 and 65. It includes both employed and unemployed persons. Persons who consider themselves unemployed and did not take recent active steps to find employment are considered part of the economically active population. The EAP is measured at place of residence.

If a certain population group has a high percentage of its population that is economically active, coupled with a low unemployment rate, the group will likely have a high employment to population ratio. This situation in itself will point towards a higher per capita income and a higher level of development for the group in general.

### Formal Employment estimates by area (2002)

2002 Estimates of formal employment	Ekurhuleni	Alberton	Benoni	Boksburg	Germiston	Kemton Park	Brakpan	Springs	Nigel
	Number	Percentage of Ekurhuleni							
1 Agriculture	7,151	6.6	8.8	17.1	14.1	14.4	7.9	9.3	21.8
2 Mining	12,935	5.2	7.9	39.1	2.0	0.6	13.9	30.5	0.8
<b>3 Manufacturing</b>	<b>147,619</b>	<b>14.4</b>	<b>8.2</b>	<b>12.7</b>	<b>24.7</b>	<b>22.3</b>	<b>4.0</b>	<b>9.5</b>	<b>4.2</b>
4 Electricity	6,894	12.3	8.7	9.9	33.2	18.1	9.5	5.1	3.2
5 Construction	29,292	14.1	12.0	15.7	20.8	21.4	6.5	6.0	3.5
6 Trade	130,115	12.9	11.4	16.2	20.5	22.2	4.7	8.1	3.9
7 Transport	52,305	10.4	9.2	12.1	16.7	35.9	4.3	8.9	2.6
8 Finance	87,729	11.6	10.8	17.0	23.9	21.8	4.0	8.3	2.6
9 Community services	100,829	13.9	15.2	13.3	19.2	18.2	6.1	9.6	4.4
Households	68,872	14.0	15.9	12.9	21.8	15.8	6.3	9.4	3.9
<b>Total</b>	<b>643,740</b>	<b>12.9</b>	<b>11.4</b>	<b>14.8</b>	<b>21.3</b>	<b>21.4</b>	<b>5.1</b>	<b>9.2</b>	<b>3.9</b>
<b>Manufacturing</b>	<b>147,619</b>	<b>21.2</b>	<b>12.1</b>	<b>18.8</b>	<b>36.5</b>	<b>7.9</b>	<b>5.9</b>	<b>14.1</b>	<b>6.1</b>
30 Food, beverages and tobacco products	14,815	14.3	5.9	12.5	22.9	13.9	2.9	6.9	2.5
31 Textiles, clothing and leather goods	4,476	11.3	15.0	11.2	18.4	4.0	4.1	7.3	16.2
32 Wood and wood products	15,527	13.2	8.9	9.7	23.9	9.5	3.4	19.8	1.6
33 Fuel, petroleum, chemical and rubber products	28,718	13.8	5.9	14.0	19.6	6.5	5.1	6.2	2.8
34 Other non-metallic mineral products	7,034	8.7	7.9	8.4	24.4	4.7	5.5	17.5	8.8
35 Metal products, machinery and household appliances	48,441	15.6	8.4	13.7	28.7	4.3	4.4	10.5	3.8
36 Electrical machinery and apparatus	11,406	14.3	11.8	11.0	32.6	4.0	1.3	4.1	1.0
37 Electronic, sound/vision, medical & other appliances	2,068	7.4	9.1	15.0	26.7	6.1	3.1	15.0	0.8
38 Transport equipment	8,798	14.1	9.7	13.8	17.4	6.3	3.5	4.6	12.9
39 Furniture and other items NEC and recycling	6,337	21.6	8.2	13.6	24.7	5.1	4.0	5.8	3.7

### Employment and unemployment in 2002

Place	Economically active population (% of total population)	Total employment	Informal employment <sup>14</sup>	Unemployment rate (%) (expanded definition)		
				Male	Female	Total
Ekurhuleni	52	722,330	78,590	31.8	51.8	40.4
Alberton	53	95,421	12,059	36.8	58.7	46.3
Benoni	49	83,606	10,262	33.5	56.2	43.3
Boksburg	51.4	106,535	11,574	23.6	43.9	32.5
Germiston	59.3	149,875	12,976	14.8	20.6	17.4
Kempton Park	54.8	154,305	16,598	34.9	57.9	44.3
Brakpan	49.2	38,274	5,151	33.7	54.2	42.9
Springs	49.8	65,559	6,138	34.6	51.1	41.6
Nigel	44.7	28,756	3,832	33.6	55.6	42.9
City of Cape Town	47.3	1,017,391	99,744	22.7	31.6	26.8
Nelson Mandela	43.8	284,223	40,787	38.6	52.9	45.4
eThekweni	47.7	913,984	191,681	33.8	47.6	40
City of Tshwane	47.2	881,578	98,285	25.9	37.8	31.5
City of Johannesburg	55.1	1,333,885	141,151	27.4	39.4	32.9
Gauteng	52.7	3,313,828	348,323	26.9	44.9	34.8
<b>National</b>	<b>38.3</b>	<b>10,437,165</b>	<b>1,683,788</b>	<b>32.6</b>	<b>50.7</b>	<b>40.8</b>

The informal employment reported on is derived from theoretical models and is not supported by empirical studies or surveys in the area. A more accurate estimation would be possible if such studies were conducted.

### 1.2.7 Human development<sup>4</sup>

Gauteng has a higher level of development as opposed to South Africa as a whole. Ekurhuleni, on the other hand, falls a little behind Gauteng with a slightly lower HDI, although human development is still slightly higher than in South Africa on average. All of the regions however increased their standard of living from 1996 to 2003.

#### The Human Development Index (HDI) – 1996 & 2003

Area	1996	2003
National Total	0.56	0.59
Gauteng	0.67	0.69
Ekurhuleni	0.65	0.67

Source: *Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)*

The standards of living are broadly the same for the population groups in Ekurhuleni relative to the same population groups in Gauteng. The white population group in Ekurhuleni has a noticeably lower standard of living relative to Gauteng, and is also the only subset that experienced a decline in the HDI from 1996 to 2003.

#### HDI per area and population group– 1996 & 2003

Area	Population Group	1996	2003
National Total	Black	0.46	0.52
	White	0.86	0.85
	Coloured	0.57	0.61
	Asian	0.72	0.74
Gauteng	Black	0.55	0.61
	White	0.87	0.87
	Coloured	0.68	0.72
	Asian	0.77	0.78
Ekurhuleni	Black	0.55	0.61
	White	0.86	0.84
	Coloured	0.67	0.70
	Asian	0.77	0.77

Source: *Global Insight Southern Africa - Regional Economic Focus REF version 1.6h (186)*

#### Human capital base

Metropolitan	1996				2002			
	No	Matric-	Matric	Matric+	No	Matric-	Matric	Matric+
Ekurhuleni	8.9	62.6	20.8	7.8	3.8	59.6	26.8	9.9
City of Cape Town	4.2	64.2	20.0	11.6	2.4	60.1	24.9	12.6
Nelson Mandela	5.6	69.9	17.3	7.3	2.7	67.7	20.4	9.2
Ethekwini	9.7	61.7	20.6	8.0	4.4	59.3	26.6	9.7
City of Tshwane	9.5	54.8	23.7	12.1	4.7	51.5	30.0	13.8
City of Johannesburg	6.5	58.6	24.1	10.8	2.6	53.8	30.8	12.8
<b>National</b>	<b>16.2</b>	<b>62.2</b>	<b>15.2</b>	<b>6.4</b>	<b>8.7</b>	<b>63.7</b>	<b>19.5</b>	<b>8.1</b>

The human capital base for the metropolitan areas for 1996 and 2002 for people older than 15 years of age is the foundation for the labour market. It appears that great strides have been made over this

<sup>4</sup> The Human Development Index (HDI) is a composite, relative index that attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income. It is thus seen as a measure of people's ability to live a long and healthy life, to communicate, to participate in the life of the community and to have sufficient resources to obtain a decent living. The HDI can assume a maximum level of 1, indicating a high level of human development, and a minimum value of 0.

period to improve the human capital base. Ekurhuleni has also improved its position relative to the other metropolitan areas.

Notwithstanding this, there may be some issues with the quality of the education that come about, in particular, whether the education system is adequately preparing the children for the new weightless or knowledge economy. Of even greater concern is that the level of achievement in Mathematics by eighth graders in South Africa has dropped from a score of 278 in 1995 to 275 in 1999, while the international average score has increased from 519 to 521.

In addition, education is not uniform in the country and there are vast differences between provinces and metropolitan areas. Although it is not possible to quantify these differences, it is sufficient to say that the differences in the quality of education may be so large that they could have a material effect on the human capital in a metropolitan area as well as a province.

#### Contrasting population, employment, unemployment and income levels (2003 estimates)

Area	Population (number)	Employment (number)	Unemployment		Per capita income (Rand, current prices)
			Number	Rate	
National economy	46,710,858	10,758,120	7,473,617	41%	18,284
Gauteng	8,845,741	3,519,418	1,633,370	35%	35,768
<b>Ekurhuleni</b>	<b>2,534,180</b>	<b>763,763</b>	<b>537,530</b>	<b>40%</b>	<b>27,338</b>
Alberton	495,629	100,615	122,762	46%	22,205
Benoni	448,490	89,126	96,060	43%	22,664
Boksburg	319,533	113,151	53,682	32%	31,245
Germiston	192,567	158,052	199,05	17%	68,230
Kempton Park	543,486	160,618	134,643	45%	24,105
Brakpan	210,230	41,446	44,757	42%	19,905
Nigel	127,951	70,200	24,850	43%	19,470
Springs	196,294	30252	40,871	41%	26,542

#### 1.2.7.1 The Supply and Demand for labour

##### Openness of economies of Metros

Metropolitan	1996	2002
Ekurhuleni	70.6%	94.1%
City of Cape Town	25.8%	47.0%
Nelson Mandela	53.5%	102.5%
eThekweni	53.2%	74.2%
City of Tshwane	27.6%	58.1%
City of Johannesburg	101.6%	107.6%
<b>National</b>	<b>44.0%</b>	<b>60.6%</b>

Ekurhuleni's economy opened up over time with the share of trade in gross value added having increased from 70.6% in 1996 to 94.1% by 2002.

Globalisation therefore has a definitive impact on the structure of production and on the demand for labour. Only Nelson Mandela and Tshwane opened up more than Ekurhuleni over this period, mainly due to the motor vehicles sector developments in these two metros.

#### 1.2.8 The Impact of HIV and AIDS

The following are areas in which productivity is likely to be affected by HIV and AIDS:

- Increased absenteeism
- Increased compassionate leave

- Increased staff turnover
- Loss of skills
- Loss of tacit and institutional knowledge
- Declining morale

Another indirect consequence of AIDS indicated on the briefing is that access to capital is likely to be affected negatively. This will depend largely on the degree to which commercial perceptions of the HIV and AIDS pandemic are viewed by lending institutions and individuals. Overall, higher costs, lower productivity, skill shortages, expenditure shifting, and reduced investment (or higher cost of investment) are likely to impact negatively on the profitability of most firms.

The likely impact of HIV and AIDS on Ekurhuleni companies will largely be in line with that experienced nationally (and internationally). Export markets are likely to be affected less so at this stage. The most vulnerable companies in terms of the impact of HIV and AIDS on markets are Ekurhuleni companies producing and distributing for the low-income consumer groups. Typically, these industries are labour-intensive (implying a reduction of employment) but low skilled (meaning that shrinkage in these sectors is unlikely to alleviate skill shortages elsewhere). Also, as capital intensity in production increases the number and quality of jobs decrease.

Particular features of the Ekurhuleni economy and society that suggest greater vulnerability to the above effects include the current:

- Low rates of economic growth
- Migration
- Skills and training shortages
- Geographical concentrations of poverty
- Unemployment

Ekurhuleni's economy opened up over time with the share of trade in gross value added having increased from 70.6% in 1996 to 94.1% by 2002. Globalisation therefore has a definitive impact on the structure of production and on the demand for labour.

Ekurhuleni, although not benefiting from the direct capital investments as a result of the automotive sector developments in the country, continues to play the role of the "workshop" of the economy, with production of structural steel and fabricated metal products serving as inputs into these other areas' economies.

Although the supply of labour in Ekurhuleni may be sufficient in number terms, it is important to note the existence of a dichotomised labour market within the area, comprising what can be termed "insiders" and "outsiders".

The insiders are those with the necessary and relevant skills, while the outsiders (to a large extent also female) are those without skills. This emphasises the need to have the "right" skills and development of human capital through literacy and training programmes as an extremely important aspect of the future local economic development of the area.

The labour force participation rate is influenced by both structural and cyclical factors.

Structural factors could include, for example, attitudinal factors such as the role of women in society that prevents them from being employed.

Another such structural factor could be very low levels of human capital that may make people unemployable. Cyclical factors refer to the change in the participation rate when the economy is in an upturn or a downturn.

For both black and white population groups, as well as the gender groups, there was an increase in the participation rate over the period under review for the Ekurhuleni area. The sharpest increase in the participation rate occurred for Black males. This is probably a reflection of a greater willingness to work after the dismantling of Apartheid, which brought about security of tenure. White males also experienced a sharp increase in the participation rate.



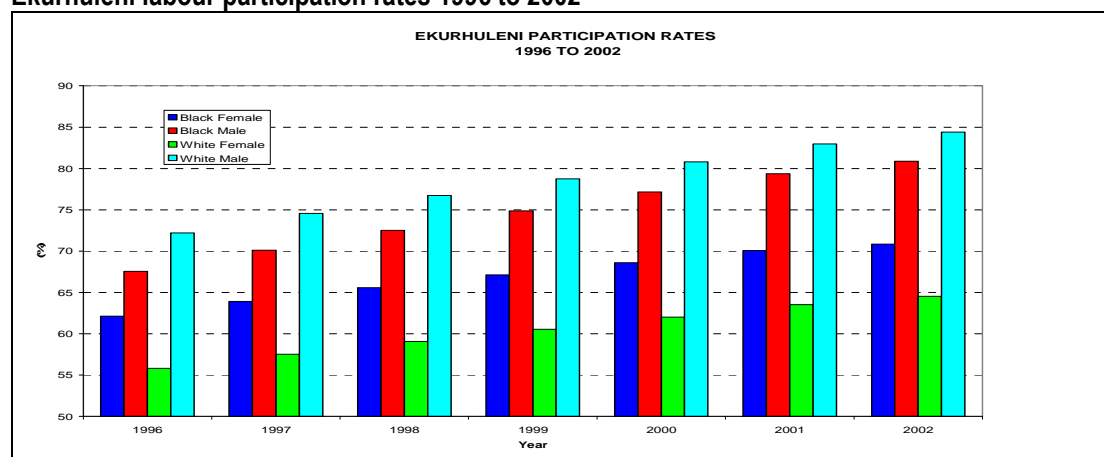
## Participation rates by metro

Metropolitans	Participation rate		Literacy rate	
	1996	2002	1996	2002
Ekurhuleni	64.6	75.5	77.7	84.7
City of Cape Town	61.1	70.3	82.7	86.9
Nelson Mandela	54.4	63.0	79.9	83.9
Ethekwini	58.9	68.5	75.6	83.4
City of Tshwane	59.8	69.9	77.4	83.7
City of Johannesburg	66.2	77.5	82.6	88.5
<b>National</b>	<b>51.9</b>	<b>60.4</b>	<b>64.7</b>	<b>72.4</b>

It is only the Johannesburg metropolitan municipality that has a higher participation rate. It appears that the general increase in the participation rate is largely driven by the increase in the literacy rate. The higher the literacy rates the higher the labour force participation rate. The more literate the population becomes, the greater the demand for employment becomes and, correspondingly, the greater the resulting participation rate.

Migration will continue to be a challenge for Ekurhuleni, similar to most metropolitan areas, but perhaps slightly less so given proximity to Tshwane and Johannesburg, where the current lower unemployment rates offer a higher expected real wage for the migrant worker than in Ekurhuleni.

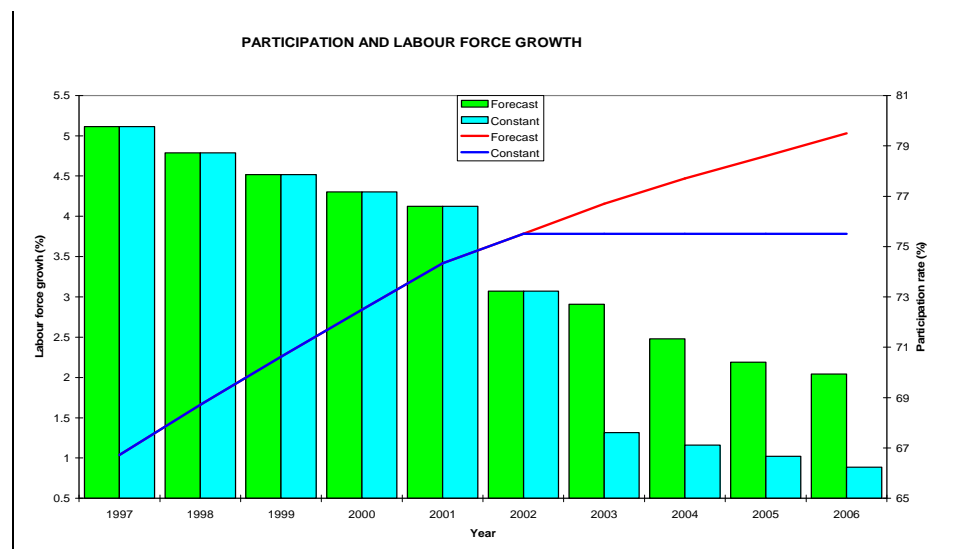
## Ekurhuleni labour participation rates 1996 to 2002



The forecast for the estimated annual growth rate in potential labour supply from 2003 to 2006 is shown below. The forecast is based on a further increase in the participation rate over this period. Also shown is the forecasted growth rate in potential labour supply when the participation rate is kept constant at the 2002 level.

It is clear from the graph below that the growth rate in potential labour supply is sensitive to changes in the participation rate. The overall growth rate in potential labour supply is forecast to decline from above 5% per year in 1997 to just above 2% per year in 2006.

## Participation and labour force growth for Ekurhuleni



### Projected growth in potential labour supply

Metropolitan	Participation rate			Growth p.a. (%)	
	1996	2002	2006	02 to 06 Labour	15 to 64 Years
Ekurhuleni	64.6	75.5	79.5	2.4	1.1
City of Cape Town	61.1	70.3	74.0	2.3	1.0
Nelson Mandela	54.4	63.0	66.5	3.4	2.0
Ethekwini	58.9	68.5	71.8	2.6	1.4
City of Tshwane	59.8	69.9	73.6	2.6	1.3
City of Johannesburg	66.2	77.5	81.5	2.3	1.0
<b>National</b>	<b>51.9</b>	<b>60.4</b>	<b>63.5</b>	<b>2.8</b>	<b>1.5</b>

In comparing Ekurhuleni with the other metropolitan areas, the forecast growth rate in the potential labour force for Ekurhuleni is only slightly higher than that of Johannesburg and Cape Town, while being lower than the other metropolitan areas. The forecasted growth rate in the Nelson Mandela metropolitan municipal area is forecasted to be the highest mainly due to the automotive sector and nearby Coega developments.

Though the supply of labour may be sufficient in numbers terms, the need to have the “right” skills and development of human capital through literacy and training is an extremely important aspect of the future local economic development of the area. The openness of the local economy dictates that factors beyond the control of the local economic community will have large impacts on the economy, and if business and the labour force cannot adapt swiftly, the whole Ekurhuleni economy will suffer the consequences. In this respect, new economic skills as well as new approaches to production must be considered. These must include considerations on sustainable development. Labour flexibility and global decentralisation of production offer new opportunities for the local economy. This could play a vital role in attempts to realise Broad Based Black Economic Empowerment as well as a vibrant small business sector with niche markets linked to production and various linkages.

#### 1.2.9 The key sectors of the economy - labour absorption and productivity

##### Agriculture

The agriculture sector in the metropolitan areas is very small, employing 7.6% and 7.4% of total employment in 1996 and 2002 respectively. The share of total agricultural output as a percentage of total agricultural output is higher than most metropolitan areas at 10.2% for both 1996 and 2002.

Ekurhuleni has done relatively well when compared with other metropolitan areas, with output rising faster than the national total, but employment falling relative to the national total. Agriculture is a very small sector providing only about 1.1% of total employment in Ekurhuleni in 1996 and 2002. In terms of

employment growth, all of the municipal areas did relatively worse than the national total. Agriculture in cities will not provide for any job growth unless there is a serious effort to develop and sustain urban agriculture by utilising high yielding agricultural land for production within urban areas.

### **Mining**

Mining is even smaller than agriculture in the metropolitan areas, providing 4.1% and 4.5% of total employment in mining in 1996 to 2002. Mining output increased from 5.5% in 1996 to 5.7% in 2002. Of all the municipal areas, Ekurhuleni is the most exposed to the mining sector, which provided 2.7% of total employment in 1996 but only 2% in 2002. From 2002 to 2006 mining output in Ekurhuleni is forecast to decline by 2.7%. The decline in output, coupled with the expected growth in labour productivity, results in an estimated decline in employment of 13.5% in mining in Ekurhuleni.

### **Electricity**

Electricity is important for the metropolitan areas and in 2002 46.7% of total employment within the sector was in the metropolitan areas. This was down from 47.3% of total employment in 1996. The metropolitan areas increased its share of total real value added from 37.9% in 1996 to 39.5% in 2002. Labour productivity in the metropolitan areas is lower than the rest of the country and is probably a reflection of the fact that the high value added generation of power is done in areas outside the metropolitan areas, and that activity in the metropolitan areas is probably confined to a large degree to supplying electricity.

All of the metropolitan areas experienced an increase in output in this sector. Ekurhuleni experienced the second slowest increase (after Cape Town) in real value added. The decline in employment was somewhat confined.

Electricity is important for Ekurhuleni in 2002. From 2002 to 2006 real value added in electricity in Ekurhuleni will increase by 10.8% in total. Subtracting from this productivity growth of 1.8% per year, employment in electricity for Ekurhuleni will be 3.2% higher in 2006 than in 2002.

### **Construction**

Employment in construction as a percentage of the total employment, increased from 59.3% in 1996 to 59.9% in 2002. Ekurhuleni's share of total real value added in construction declined from 62.2% in 1996 to 62.1% in 2002. Ekurhuleni was the only metropolitan area that experienced a drop in real value added in construction from 1996 to 2002. From 2002 to 2006 an increase in real value added in total of 3.8% is predicted. Labour productivity in construction is expected to grow by 0.7% per year and therefore employment in total in construction in Ekurhuleni will grow by 0.9%.

### **Trade**

Trade is very important to the area. The percentage of total employment increased from 61.4% in 1996 to 62.3% in 2002. In Ekurhuleni the share of total real value added in trade increased from 64.3% in 1996 to 65.3% in 2002. All metropolitan areas experienced an increase in employment from 1996 to 2002, but Ekurhuleni was the only area that experienced a decline in real value added. Although trade is not a very dynamic sector in Ekurhuleni, it managed to create jobs. From 2002 to 2006 real value added in the trade sector for Ekurhuleni is expected to grow by 4.3% in total. The decline in labour productivity in trade of 5% per year experienced from 1996 to 2002 is expected to level off. If no growth in labour productivity is assumed, employment will increase by 4.3% in total.

### **Transport**

The share of employment in transport increased from 64.5% in 1996 to 65.6% in 2002 and the share of real value added increased from 70.8% in 1996 to 72.8% in 2002. From 2002 to 2006 real value added in transport for Ekurhuleni is expected to grow by 10.6% in total. The sharp growth in labour productivity of 6.8% per year from 1996 to 2002 was a catch-up effect to the rest of the country, and even after this sharp growth in productivity, real output per head is still lower than the national average and also the lowest of all the municipal areas. Further convergence of output per head will result in labour productivity increasing by 6% per year. The net effect of this will be a 12.4% decline in employment in the transport from 2002 to 2006.

## **Finance**

From 2002 to 2006 real value added in finance in Ekurhuleni is forecast to grow by 9.2%. It is doubtful whether Ekurhuleni will again experience a sharp decline in labour productivity growth, as its output per head in finance is the lowest of all metropolitan areas. Assuming that labour productivity will grow by 1% per year, employment growth in finance of 4.9% from 2002 to 2006 can be expected.

## **Community Services**

From 1996 to 2002 labour productivity in community services in Ekurhuleni declined by 2.6% per year. If labour productivity is constant from 2002 to 2006, real value added in community services is expected to grow by 12.9% from 2002 to 2006. Taking into account the expected constant labour productivity in community services, employment in community services is forecast to grow by 12.9%.

## **Manufacturing**

Ekurhuleni increased its share of manufacturing employment from 66.1% to 67%, however the share of manufacturing output dropped from 61% in 1996 to 60.5% in 2002. A detailed breakdown of the various industries in manufacturing has been computed for ongoing monitoring and analysis to support the strategic interventions underway to build competitiveness in selected industries.

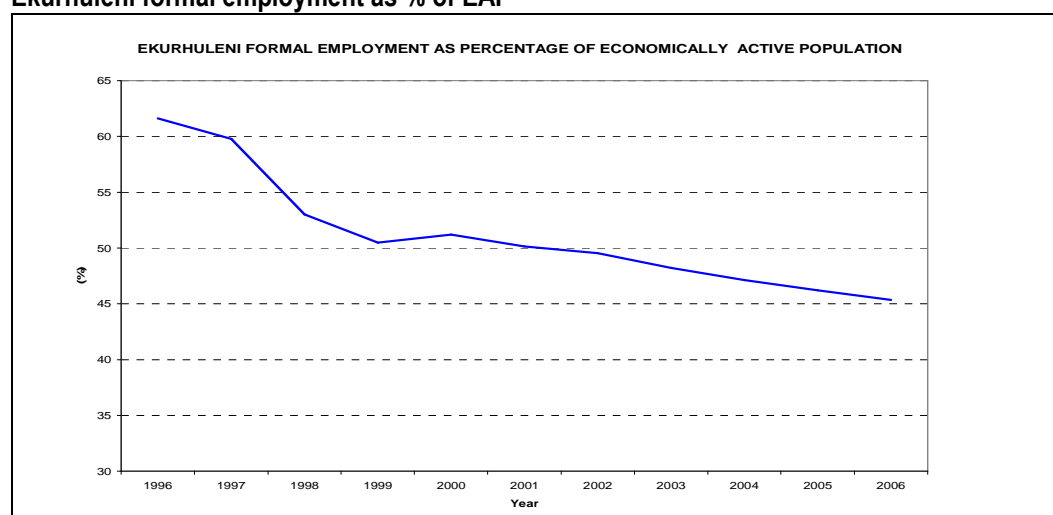
It is forecast that the Ekurhuleni economy will grow by almost 8% from 2002 to 2006 but will hardly generate any employment in the economy. The forecast level of employment will in 2006 only be 0.7% higher than the level in 2002.

## Ekurhuleni formal employment projections

Manufacturing employment			
Sector:	Expected growth	Employment	
	02 to 06	2002	2006
30 Food, beverages and tobacco products	-4.5	14,815	14,148
31 Textiles, clothing and leather goods	5.2	4,476	4,709
32 Wood and wood products	6.4	15,527	16,521
33 Fuel, petroleum, chemical and rubber products	1.3	28,718	29,091
34 Other non-metallic mineral products	-13.1	7,034	6,113
35 Metal products, machinery and household appliances	-20.2	48,441	38,656
36 Electrical machinery and apparatus	0.6	11,406	11,474
37 Electronic, sound/vision, medical & other appliances	-4.7	2,068	1,971
38 Transport equipment	-8.6	8,798	8,041
39 Furniture and other items NEC and recycling	-3.9	6,337	6,090
<b>Total</b>	<b>-7.3</b>	<b>147,619</b>	<b>136,813</b>
Total formal employment			
Sector:	Expected growth	Employment	
	02 to 06	2002	2006
1 Agriculture	0.0	7,151	7,151
2 Mining	-13.5	12,935	11,189
3 Manufacturing	<b>-7.3</b>	147,619	136,843
4 Electricity	3.2	6,894	7,114
5 Construction	0.9	29,292	29,555
6 Trade	4.3	130,115	135,709
7 Transport	-12.4	52,305	45,819
8 Finance	4.9	87,729	92,028
9 Community services	12.9	100,829	113,836
Households	0.0	68,872	68,872
<b>Total</b>	<b>0.7</b>	<b>643,740</b>	<b>648,117</b>

If no focus is put on intervention alignment between the Integrated Manufacturing Strategies (IMS), the Advanced Manufacturing Technology Strategy (AMTS), the National Skills Development Strategy (NSDS) and Local Economic Development (LED), further loss of employment and lower labour absorption will be the likely result. Growth and Development is unlikely to occur given this scenario.

## Ekurhuleni formal employment as % of EAP



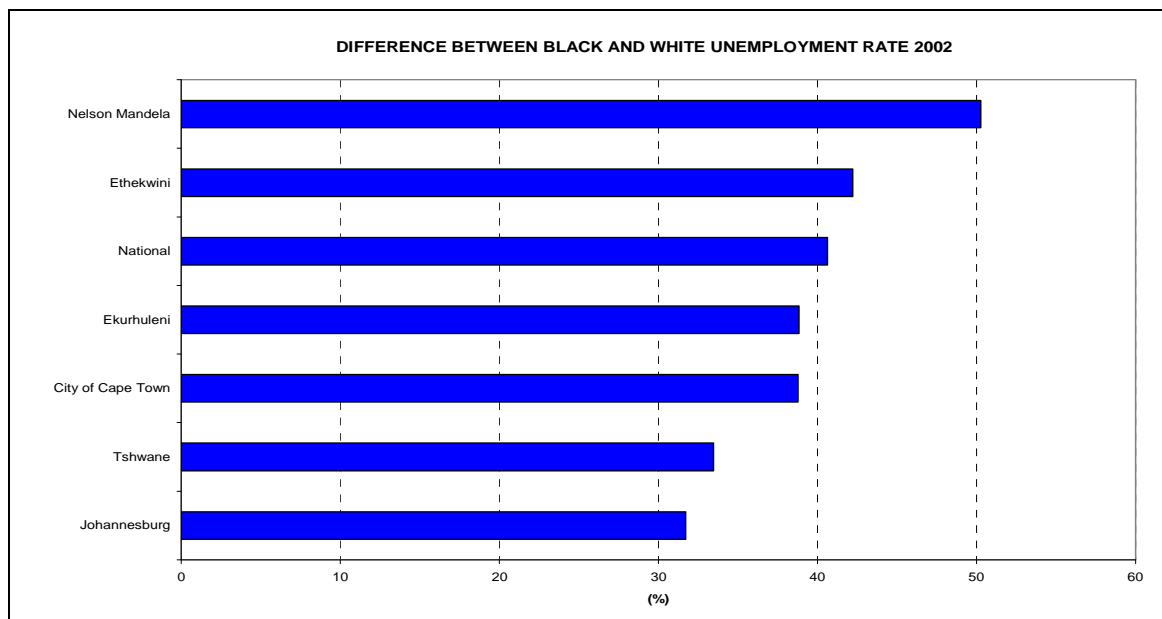
The graph above shows the estimated percentage of economically active population that is formally employed in the Ekurhuleni area. By the end of 2006 it is estimated that 55% of the economically active population will either be unemployed or be employed in the informal sector given the current status quo of the economy. The modern economy does not have the capacity to absorb new entrants in the labour market. The national economy's absorption of labour is very low and the unemployment rate will increase for the nation as a whole as well as in each of the metropolitan areas

### The Informal Sector

It is of national importance that the overall quality of labour and employment statistics be improved and expanded upon if economic planning and development is to be successful. Employment and labour information on the mainstream formal economy from Statistics South Africa is at best problematic, but further improvements can be made, by regulating certain industries (e.g. the shebeen and informal liquor industry, commercial sex workers and retail informal trading activity). It is very difficult to get a precise estimate of the people in informal employment, as it is a function of the unemployment rate as well as the turning of a blind eye by the authorities when it comes to informal activities. There is however a tendency for informal activity to increase in line with the decline of formal employment as a percentage of the economically active population.

Informal employment is normally confined to those people that are unskilled. Informal employment will therefore be higher where there are large pools of unskilled labour. To gauge the relative importance of skilled versus unskilled unemployment in the South African context one can investigate the difference between the Black and White unemployment rates. When the difference is large one would expect that a higher percentage of the unemployed would be unskilled. The graph below shows this difference for all the metropolitan areas.

### Difference<sup>5</sup> between Black and White unemployment rates



Unemployment in the metro areas is more heavily concentrated in the low skilled population. Nelson Mandela metropolitan municipality has the highest unemployment differential, whereas unemployment in Johannesburg and Tshwane, and to a lesser extent Cape Town and Ekurhuleni, is more broad-based (by using race as a general proxy for workforce skill levels).

<sup>5</sup> The difference indicated is obtained by taking the difference between Black unemployment rates and White unemployment rates for an area. A difference of 50 translates into 50% black people being unemployed in an area relative to zero percent white people.

## International Trade

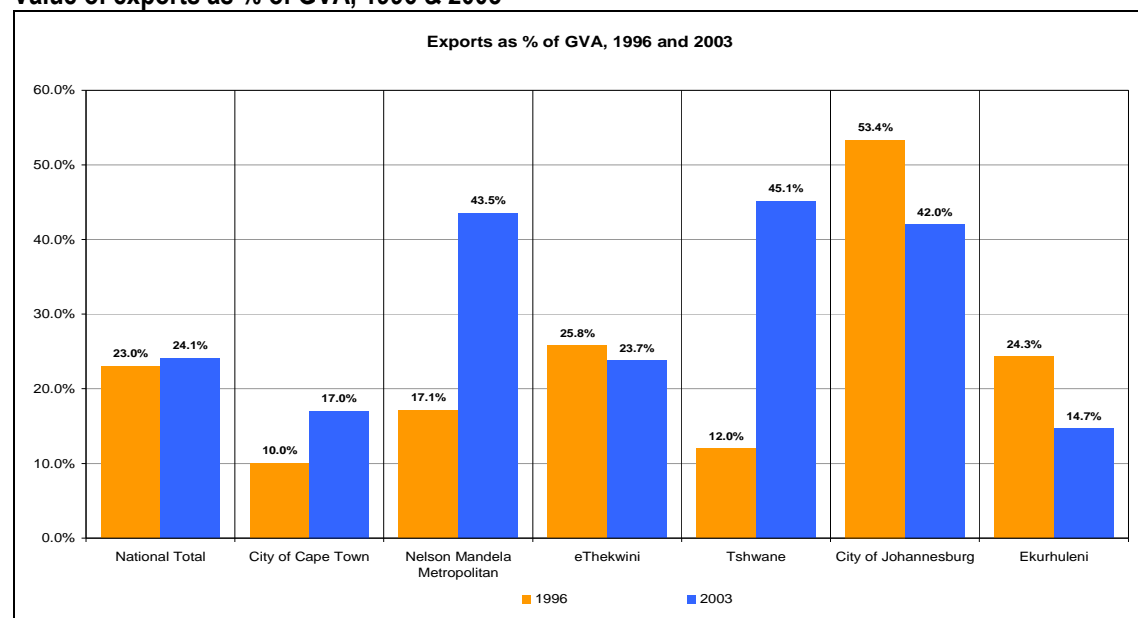
Governments do not drive international trade. Governments are, however, instrumental in facilitating international trade opportunities for the private sector. In this manner, international trade can be used by governments to address pressing social needs, such as high levels of unemployment and poverty, within a country or region.

On the international trade front, Ekurhuleni is also a major player within the South African context – particularly with regard to imports. Ekurhuleni on average accounted for 17.6% of national imports between 1996 and 2003, and for 6.7% of national exports over the same period.

Ekurhuleni is a net importer of merchandise goods and thus faces the challenge of financing these imported goods with foreign exchange. This, in turn, requires sufficient export earnings. However, one of the biggest challenges facing Ekurhuleni is the high level of concentration with regards to exports – not only in terms of products, but also in terms of countries traded with. In addition, the goods that are exported from Ekurhuleni are largely commodity-based, implying a greater threat of price volatility on international markets and hence fluctuating export earnings.

However, Ekurhuleni is not unique in this regard. In fact, these are the same challenges facing the South African economy and these are the challenges that have been instrumental in shaping the country's current trade policy framework. The trade policy framework provides opportunities for both importers and exporters of goods and services and it is therefore vital that policy makers stay informed of these and other international trade developments.

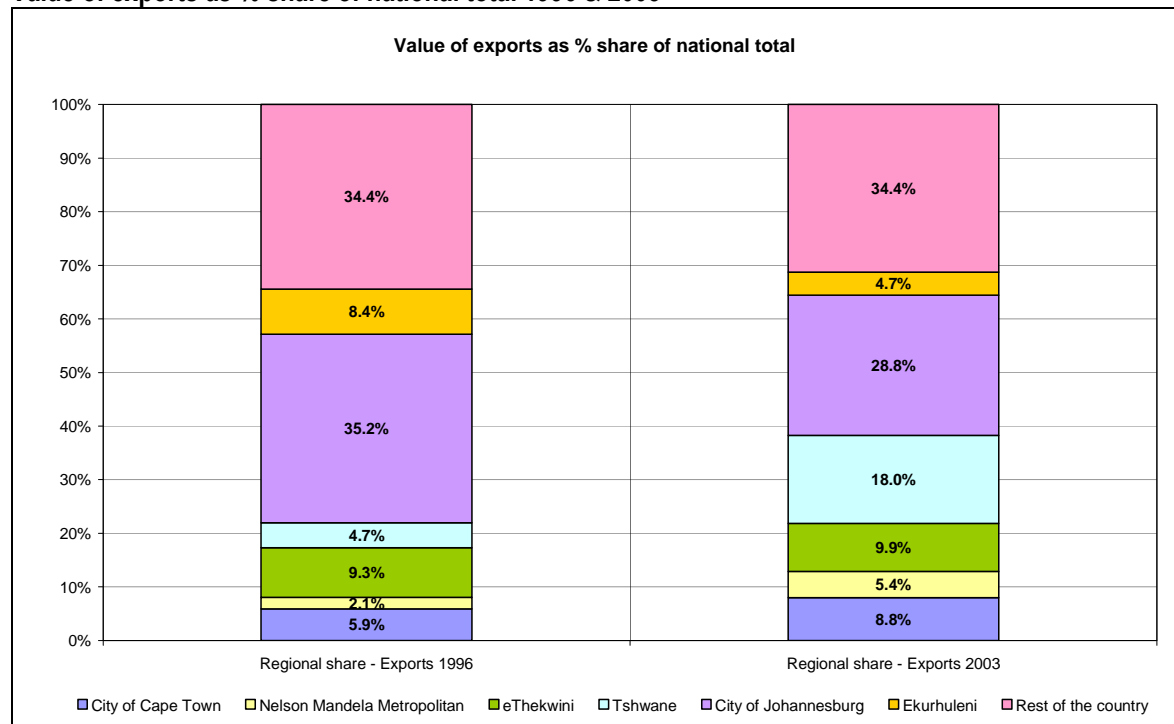
### Value of exports as % of GVA, 1996 & 2003



Export activities make up a significant share of GVA in all the metros and over time these shares have increased. In 1996 exports made up 23% of GVA in the national economy and even greater shares in the economies of the City of Johannesburg (53.4%), eThekweni (25.8%) and Ekurhuleni (24.3%). By 2003 the export share of GVA constituted 24.1% in the national economy.

For the City of Nelson Mandela, Tshwane and Cape Town, a greater than national average share of exports to GVA prevails. Particularly, Nelson Mandela and Tshwane increased their shares of export value added significantly. In this respect Ekurhuleni seems to have lost ground and is not benefiting from the openness of the economy, decreasing its exports from 24.3% to 14.7% of GVA.

### Value of exports as % share of national total 1996 & 2003



The gains in exports made by the City of Cape Town, Nelson Mandela and Tshwane were at the expense of Ekurhuleni and the City of Johannesburg.

Company head offices most of the time complete paperwork for trade transactions. This, combined with the fact that many manufacturing operations have head offices in the Johannesburg and other metro areas, while the production plants are located in Ekurhuleni, necessitates one to interpret the international trade estimates in such a context. This may imply that some of the trade estimates obtained for Ekurhuleni may be on the conservative side, while that of the City of Johannesburg may be overstated.

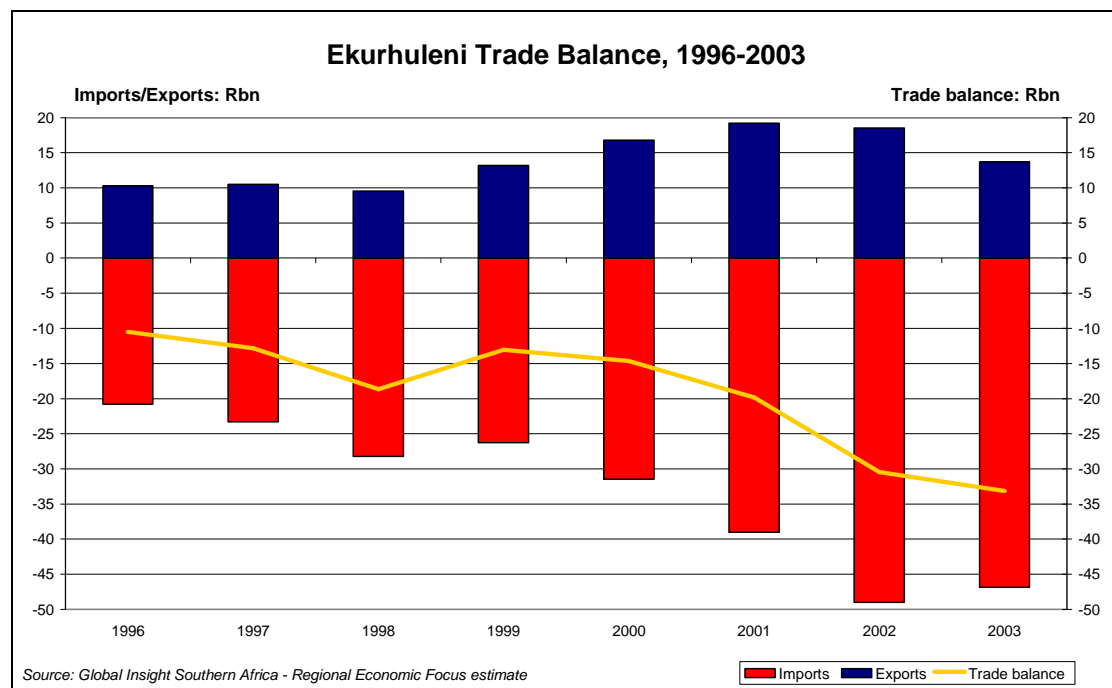
South Africa has a small, open economy. Between 1996 and 2003, total trade<sup>6</sup> accounted for almost half of the country's overall economic activity (as defined by gross value added or GVA), with exports, on average, accounting for more than 26% of national GVA over this period

<sup>6</sup> Defined as the sum of the value of imports and the value of exports.



For the Gauteng province, total trade accounted for more than 78% of the province's overall economic activity (as defined by gross value added or GVA), however the contribution of exports to the province's economy is considerably higher than the national average, accounting for almost 40% of the province's GVA between 1996 and 2003. Ekurhuleni's trade contribution to the Gauteng province was almost 30% of the value of imports into the province between 1996 and 2003, and for 12.3% of the value of exports over this period. In total, Ekurhuleni contributed more than one-fifth to the total value of international trade within the Gauteng province.

## Trade Balance



Ekurhuleni's participation in international trade has steadily increased in recent years. However, the area remains predominantly an importer of goods. In fact, the nominal rand value of Ekurhuleni imports grew at an average annual rate of 13.4% between 1996 and 2003 to total just over R46.86 billion in 2003<sup>7</sup>, while the value of exports expanded at a nominal rate of 8.9% per annum over the same period, to total R13.71 billion in 2003. With the rand value of imports into Ekurhuleni consistently outweighing the value of goods exported from the area, trade deficits were recorded for each of the years under review. Particularly strong growth in the value of imports between 2000 and 2002 resulted in the Metro's trade deficit more than doubling, from around R14.65 billion in 2000 to R30.44 billion in 2002 and R33.14 billion in 2003. In contrast, the growth in the value of exports, which started to accelerate between 1999 and 2001, experienced a decline in 2002 and 2003<sup>8</sup>.

<sup>7</sup> The international trade statistics used for this analysis are obtained from the South African Revenue Services (SARS), Department of Customs and Excise.

<sup>8</sup> This may in part be attributed to the strengthening of the exchange rate during this period.

## International trade as % of Gross Value Added (GVA)

TRADE AS % GVA	1996	1997	1998	1999	2000	2001	2002	2003	Ave 1996-2003
Exports as % of GVA									
Ekurhuleni	23.3	21.6	20.2	26.4	28.7	29.1	24.4	16.3	23.8
Gauteng	38.8	37.4	37.9	38.1	41.5	42.8	42.4	36.8	39.5
South Africa	23.0	22.9	23.9	24.0	27.4	29.6	32.3	26.5	26.2
Total trade as % of GVA									
Ekurhuleni	70.5	69.5	79.8	79.1	82.4	88.2	88.7	72.1	78.8
Gauteng	74.9	74.3	78.5	73.4	80.1	83.7	86.3	73.6	78.1
South Africa	44.0	44.1	46.3	44.6	50.8	54.3	59.7	50.3	49.3

On a broad sectoral<sup>9</sup> level, the manufacturing sector makes the largest contribution to Ekurhuleni's international trade. In fact, the manufacturing sector accounted for approximately 75% of the Metro's total value of exports and almost 98% of the total value of imports between 1996 and 2003.

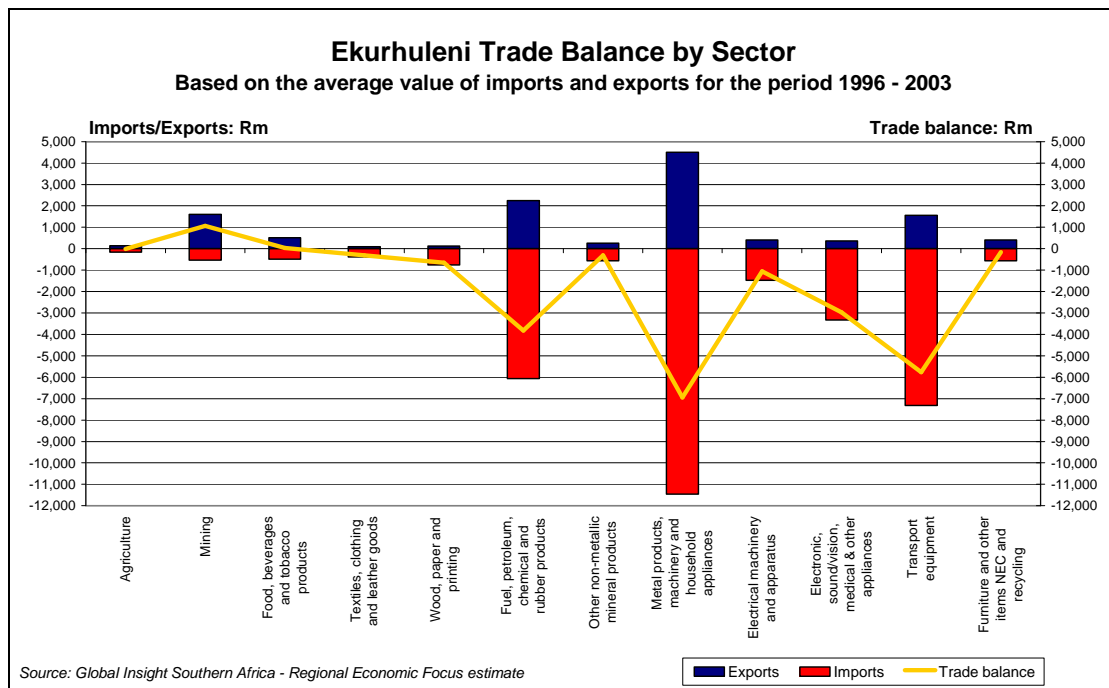
Within the manufacturing sector, the largest trade contribution was made by the metal products, machinery and household appliances sector (SIC 35), followed by the transport equipment sector (SIC 38) and the fuel, petroleum, chemical and rubber products sector (SIC 33).

Mining activities accounted for 11.5% of the value of exports and 1.6% of the value of imports, while the agriculture sector accounted for 1% and 0.5%, respectively, of the value of imports and exports over the same period. Unclassified goods accounted for more than 12% of the average value of exports from Ekurhuleni between 1996 and 2003.

The manufacturing sector also exhibited the largest total trade to GVA ratios. For the manufacturing sector as a whole, total trade accounted for more than 260% of the sector's GVA, with exports accounting for only 64% of GVA. This illustrates the strong import orientation of the sector as a whole. Although the manufacturing sub-sectors generally had a higher import component, certain sub-sectors, i.e. the electronic, sound/vision, medical & other appliances sector (SIC 37) and the transport equipment sector (SIC 38), exhibited a higher export-orientation.

For the agriculture sector, total trade accounted for more than 98% of the sector's GVA, while exports accounted for 43% of GVA. In contrast, the mining sector is predominantly outward-focused and relies heavily on the export market. Exports from the mining sector accounted for more than 147% of the sector's GVA and total trade accounted for more than 184% of GVA between 1996 and 2003.

<sup>9</sup> To avoid confusion the sectors referred to in this document are defined and described according to the Standard Industrial Classification of all Economic Activities (SIC), Fifth Edition, published by Statistics South Africa (Stats SA), January 1993.



## Exports

For Ekurhuleni, exports on average accounted for 24% of the Metro's GVA between 1996 and 2003, while total trade (including imports) accounted for almost 79% of GVA over the same period, illustrating the strong role that imports plays within the Metro.

Exports from the Ekurhuleni metropolitan area are concentrated within five sectors:

- metal products, machinery and household appliances (SIC 35);
- fuel, petroleum, chemical and rubber products (SIC 33);
- unclassified goods (SIC 99);
- transport equipment (SIC 38);and
- mining of metal ores (SIC 24).

Together these sectors accounted for 82%, on average, of the total value of the Mtro's exports over the period 1996 to 2003, with more than 31% of this value being accounted for by a single sector, i.e. the metal products, machinery and household appliances sector (SIC 35).

### Ekurhuleni top export performers for the period 1996 - 2003

SIC	SECTOR CLASSIFICATION	Ave EXPORTS for the period 1996-2003		
		Value (R'm)	% Share of Total Exports	RANKING based on Growth-weighted % Share
35	Metal products, machinery and household appliances	4,508.1	31.5	1
33	Fuel, petroleum, chemical and rubber products	2,244.3	16.5	2
99	Unclassified goods	1,764.6	12.9	3
24	Mining of metal ores	1,392.8	9.2	4
36	Electrical machinery and apparatus	406.4	2.8	5
30	Food, beverages and tobacco products	515.7	3.6	6
39	Furniture and other items NEC and recycling	403.4	2.9	7
11	Agriculture and hunting	132.7	0.9	8
25	Other mining and quarrying	204.6	1.5	9
34	Other non-metallic mineral products	254.3	1.9	10
23	Mining of gold and uranium ore	4.2	0.0	11
37	Electronic, sound/vision, medical & other appliances	359.1	2.7	12
32	Wood, paper and printing	119.8	0.9	13
31	Textiles, clothing and leather goods	89.1	0.6	14
12	Forestry and logging	9.8	0.1	15
21	Mining of coal and lignite	2.8	0.0	16
41	Electricity	0.2	0.0	17
13	Fishing, operation of fish farms	1.4	0.0	18
38	Transport equipment	1,564.3	12.1	19
<b>TOTAL EXPORTS</b>		<b>13,977.8</b>	<b>100</b>	

Within the metal products, machinery and household appliances (SIC 35) sector, for example, unwrought aluminium (HS 7601) accounted for the largest average share (approximately 8%) of the value of exports for the sector between 1996 and 2003, followed by structures and parts of structures (HS 7305), with a 5% share.

Almost 18% of the value of exports of the fuel, petroleum, chemical and rubber products sector (SIC 33) consisted of ketones and quinones (HS 2914) and insecticides, rodenticides, fungicides and similar products (HS 3808), whilst unclassified goods (SIC 99) consisted wholly of used household effects (HS 9999).

More than 45% of the mining of metal ores sector (SIC 24) exports was accounted for by a single product category, i.e. precious metal ores and concentrates (HS 2616), while electrical transformers, static converters (for example, rectifiers) and inductors (HS 8504) and electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits (HS 8536) accounted for more than 30% of the total value of electrical machinery and apparatus (SIC 36) exports between 1996 and 2003.

## Ekurhuleni exports to top 5 geographical regions

GEOGRAPHICAL REGION	SECTOR	Ave EXPORTS (1996-2003)	
		Value (R'm)	% Share of Total Exports
Africa	Metal products, machinery and household appliances	1,641.1	37.9
	Fuel, petroleum, chemical and rubber products	1,178.9	27.0
	Transport equipment	384.0	8.9
	Food, beverages and tobacco products	340.8	7.7
	Electrical machinery and apparatus	187.7	4.1
Europe	Metal products, machinery and household appliances	1,132.4	31.9
	Transport equipment	544.9	16.8
	Mining of metal ores	655.5	16.7
	Fuel, petroleum, chemical and rubber products	364.3	10.7
	Furniture and other items NEC and recycling	231.4	6.7
Asia	Metal products, machinery and household appliances	970.8	37.6
	Fuel, petroleum, chemical and rubber products	426.3	22.2
	Mining of metal ores	375.3	15.0
	Transport equipment	249.2	13.0
	Furniture and other items NEC and recycling	83.7	4.1
North America	Metal products, machinery and household appliances	383.2	37.7
	Transport equipment	196.6	20.0
	Mining of metal ores	346.7	15.8
	Fuel, petroleum, chemical and rubber products	105.4	11.5
	Electronic, sound/vision, medical & other appliances	28.7	2.6
Middle East	Metal products, machinery and household appliances	125.5	34.9
	Fuel, petroleum, chemical and rubber products	74.6	22.9
	Transport equipment	44.9	13.2
	Other mining and quarrying	33.6	7.2
	Food, beverages and tobacco products	25.7	5.9

On a geographical basis, Africa was Ekurhuleni's single largest export destination for the period 1996 to 2003, followed by Europe and Asia. With respect to trade blocs, Ekurhuleni exports are highly concentrated, with the Southern African Development Community (SADC), the Asia-Pacific Economic Cooperation (APEC) and the European Union (EU) together accounting for 86.5% of the total value of Ekurhuleni exports over the period 1996 to 2003.

On a country level, Zimbabwe, the UK, the United States, Germany and Zambia were the largest destinations of Ekurhuleni exports between 1996 and 2003, together accounting for almost 35% of the Metro's total export value over this period.

### Imports

International imports into the Ekurhuleni metropolitan municipality are highly concentrated, with the top<sup>10</sup> five imported sectors accounting for just less than 90% of the total value of imports between 1996 and 2003. The top import sector over this period was the metal products, machinery and household appliances sector (SIC 35), followed by transport equipment (SIC 38); fuel, petroleum, chemical and rubber products (SIC 33); electronic, sound/vision, medical & other appliances (SIC 37) and electrical machinery and apparatus (SIC 36).

The top two sectors (i.e. metal products, machinery and household appliances and transport equipment) on average accounted for 56% of the total value of imports over this period.

<sup>10</sup> "Top" products (and or sectors) refer to the product's average contribution (% share) to the total value of imports over the period 1998-2002.

Within the metal products, machinery and household appliances sector (SIC 35) the top imported product was self-propelled bulldozers, angle dozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers (HS 8429), which on average accounted for 7.3% of the total value of imports for that sector over the period 1996 to 2003, followed by imported automatic data processing machines and units thereof, magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included (HS 8471) with an average 6.9% share of total sector imports.

Other aircraft (for example, helicopters, aeroplanes), spacecraft (including satellites) and sub orbital and space launch vehicles (HS 8802), together with original equipment components (HS 9801) and turbo-jets, turbo-propellers and other gas turbines (HS 8411) on average accounted for more than 61% of the total value of imports of the transport equipment (SIC 38) sector, while more than 16% of fuel, petroleum, chemical and rubber products (SIC 33) sector imports comprised medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale (HS 3004).

More than 56% of the total value of mining of metal ores (SIC 24) imports were accounted for by platinum, unwrought or in semi- manufactured forms, or in powder form (HS 7110), with electrical apparatus for line telephony or line telegraphy, including line telephone sets with cordless handsets and telecommunication apparatus for carrier-current line systems or for digital line systems and videophones (HS 8517) and transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus and television cameras (HS 8525) accounting for more than one-third of the value of electronic, sound/vision, medical & other appliances (SIC 37) sector imports between 1996 and 2003.

### Top import performers for the period 1996 - 2003

SIC	SECTOR CLASSIFICATION	Ave IMPORTS for the period 1996-2003		
		Ave Value 1996-2003 (R'm)	% Share of Total Imports	RANKING based on Growth- weighted % Share
35	Metal products, machinery and household appliances	11,458.7	34.7	1
38	Transport equipment	7,319.4	21.7	2
33	Fuel, petroleum, chemical and rubber products	6,065.8	18.3	3
24	Mining of metal ores	448.3	1.1	4
37	Electronic, sound/vision, medical & other appliances	3,328.5	10.4	5
36	Electrical machinery and apparatus	1,473.5	4.5	6
39	Furniture and other items NEC and recycling	569.7	1.7	7
32	Wood, paper and printing	765.5	2.3	8
34	Other non-metallic mineral products	559.7	1.7	9
30	Food, beverages and tobacco products	484.3	1.5	10
31	Textiles, clothing and leather goods	392.2	1.2	11
25	Other mining and quarrying	75.4	0.2	12
11	Agriculture and hunting	142.8	0.4	13
23	Mining of gold and uranium ore	6.4	0.0	14
12	Forestry and logging	21.5	0.1	15
21	Mining of coal and lignite	1.7	0.0	16
99	Unclassified goods	1.4	0.0	17
41	Electricity	0.0	0.0	18
13	Fishing, operation of fish farms	2.0	0.0	19
<b>TOTAL IMPORTS</b>		<b>33,117.1</b>	<b>100</b>	

Based on the average share of imports and the growth performance over the past five years, Europe, North America and Asia emerged as Ekurhuleni's top performing import geographical regions over the period 1996 to 2003.

The geographical regions from which Ekurhuleni sources its imports are highly concentrated, with three regions on average accounting for approximately 92% of the total value of imports over the period 1996 to 2003. Europe is the largest regional source of Ekurhuleni imports, accounting for half of total metro imports, followed by North America and Asia, with 25% and 17% average shares, respectively.

### Ekurhuleni imports by geographical region

GEOGRAPHICAL REGION	EKURHULENI IMPORTS				
	Ave IMPORTS (1996-2003)		RANKING based on:		
	Value (R'm)	% Share of Total Imports	% Share	Nominal Growth (Ave pa)	Growth-weighted % Share
Africa	771.4	2.1	4	4	4
Antarctic Region	0.0	0.0	12	1	9
Asia	5,756.0	16.9	3	5	3
Atlantic	0.1	0.0	11	12	10
Carribbean	26.2	0.1	10	10	11
Central America	105.8	0.3	9	2	7
Europe	16,444.6	50.2	1	8	1
Middle East	324.1	1.0	8	9	8
North America	8,166.4	24.8	2	6	2
Oceania	611.6	1.8	5	7	6
South America	586.7	1.6	6	3	5
Unallocated	324.2	1.1	7	11	12
<b>TOTAL IMPORTS</b>	<b>33,117.1</b>	<b>100</b>			

### Trade Blocs

In respect of trade blocs, Ekurhuleni sources the largest share of its imports (almost 95%) from three major trade blocs, i.e. the EU, APEC and the North American Free Trade Area (NAFTA<sup>11</sup>), with the EU alone accounting for almost 39% of the total value of Ekurhuleni imports between 1996 and 2003. The major sources of import growth over the period under review came from the SADC and MERCOSUR<sup>12</sup> (Common Market of the South) trade blocs, followed by APEC.

Taking the growth performance in recent years together with the contribution to imports over this period, the APEC, EU and NAFTA trade blocs emerged as Ekurhuleni's top performing trade blocs with regards to imports.

<sup>11</sup> NAFTA currently comprises the following countries: Canada, Mexico and the USA

<sup>12</sup> MERCOSUR currently comprises the following countries: Argentina, Bolivia, Brazil, Chile, Paraguay, Uruguay

### Ekurhuleni imports by trade bloc, 1996-2003

TRADE BLOC	EKURHULENI IMPORTS				
	Ave IMPORTS (1996-2003)		RANKING based on:		
	Value (R'm)	% Share of Total Imports	% Share	Nominal Growth (Ave pa)	Growth-weighted % Share
APEC	14,270.5	35.3	2	3	1
EFTA	1,008.4	2.6	4	6	6
EU	15,201.6	38.6	1	5	2
MERCOSUR	567.3	1.3	6	2	5
NAFTA	8,271.7	20.7	3	4	3
SADC	653.5	1.5	5	1	4
<b>TOTAL IMPORTS</b>	<b>39,973.0</b>	<b>100</b>			

Metal products, machinery and household appliances (SIC 35), transport equipment (SIC 38), fuel, petroleum, chemical and rubber products (SIC 33), electronic, sound/vision, medical & other appliances (SIC 37) and electrical machinery and apparatus (SIC 36) make up the top five Ekurhuleni imports from APEC, EFTA, the EU and NAFTA, while imports from MERCOSUR comprised metal products, machinery and household appliances (SIC 35), transport equipment (SIC 38), fuel, petroleum, chemical and rubber products (SIC 33), agriculture and hunting (SIC 11) and other non-metallic mineral products (SIC 34).

Almost one quarter of the value of imports from the SADC region comprised mining of metal ores (SIC 24), followed by metal products, machinery and household appliances (SIC 35), textiles, clothing and leather goods (SIC 31), agriculture and hunting (SIC 11) and transport equipment (SIC 38).

Five countries accounted for 60% of the total average value of imports into Ekurhuleni between 1996 and 2003. These are: USA, Germany, UK, France and Japan. The USA alone accounted for just more than 23% of the total value of imports over this period, with Germany contributing an additional 13%.



## Ekurhuleni imports by country, 1996-2003

Country	EKURHULENI IMPORTS				
	Ave IMPORTS (1996-2003)		RANKING based on:		
	Value (R'm)	% Share of Total Imports	% Share	Nominal Growth (Ave pa)	Growth-weighted % Share
United States	7,741.2	23.4	1	115	1
Germany	4,125.1	12.7	2	128	3
United Kingdom	3,460.7	10.7	3	133	5
France	2,287.5	6.6	4	102	2
Japan	2,203.2	6.6	5	113	4
Italy	1,636.4	5.2	6	145	11
Switzerland	964.0	3.0	7	130	12
Belgium	771.3	2.4	8	131	14
Netherlands	747.4	2.3	9	127	13
Sweden	765.8	2.3	10	116	10
China	823.4	2.3	11	76	6
Taiwan, Province of China	625.5	2.0	12	142	18
Korea, Republic of (South)	713.5	2.0	13	78	7
Australia	559.7	1.7	14	124	15
Spain	446.7	1.4	15	125	17
Canada	423.9	1.3	16	129	22
Brazil	484.7	1.3	17	81	9
Zimbabwe	428.5	1.1	19	66	8
Ireland	320.1	1.0	20	120	20
Austria	233.4	0.7	21	117	27

Note: Excluding "Unclassified" origins, ranked in 18th position

In terms of import growth over the past five years, the following countries exhibited the highest import growth rates for the period 1996 to 2003 – albeit off very low bases: Lithuania, Cambodia (Kampuchea), Maldives, Bosnia & Herzegovina and Eritrea. Together these countries accounted for less than 0.003% of the average value of imports into Ekurhuleni over the period 1996 to 2003.

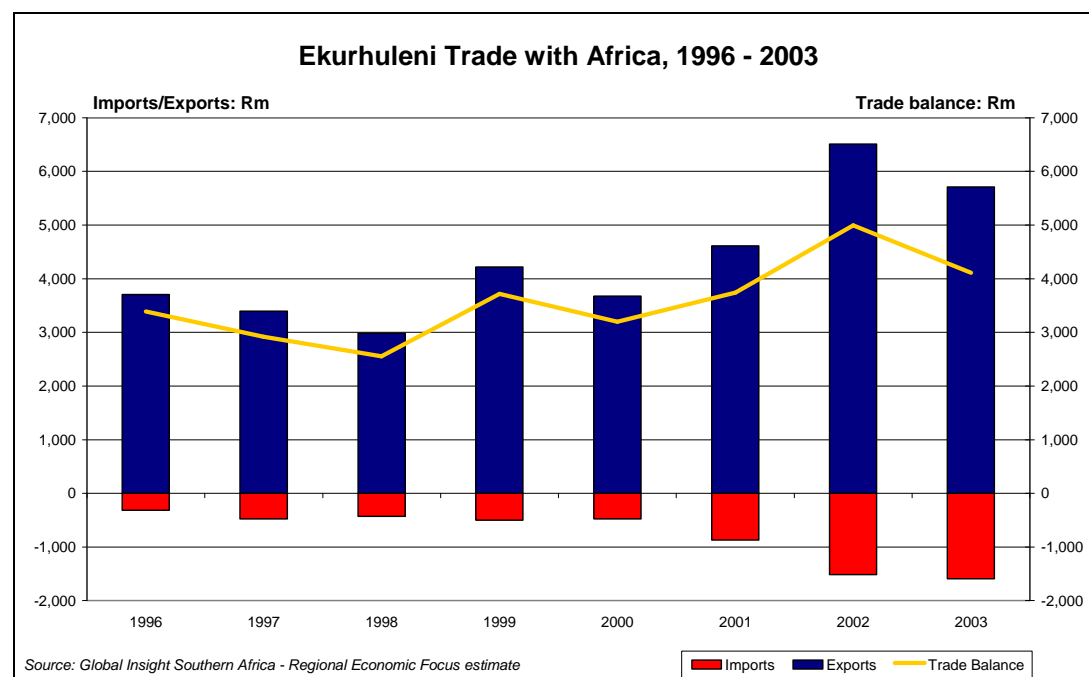
By combining the growth performance with the contribution to imports over the period under review, the following countries emerged as the top import performing countries for Ekurhuleni: USA, France, Germany, Japan and the UK. Apart from the change in their relative positions, these are the same countries identified in terms of average shares between 1996 and 2003.

### Trade Balance with Africa

Africa is also an important trading region for the Ekurhuleni metropolitan area, particularly with regards to exports. Africa was Ekurhuleni's single largest export destination for the period 1996 to 2003, on average accounting for 31.8% of the total value of exports over this period. Africa was also the Metro's fourth largest source of imports. Most of Ekurhuleni's trade with Africa is, however, concentrated in the southern regions, with the SADC trade bloc, on average, accounting for approximately 80% of Ekurhuleni's trade with the African continent.

Ekurhuleni imported goods to the value of more than R1.5 billion in 2003 from the African continent, significantly up from the less than R500 million imported from the region in 2000. Exports to Africa continued to grow strongly, increasing from R3.7 billion in 1996 to more than R5.7 billion in 2003. This resulted in a healthy trade surplus with Africa, up from R3.3 billion in 1996 to more than R4.1 billion in 2003.

## Ekurhuleni trade with Africa



More than 30% of the total value of Ekurhuleni exports to Africa was destined for Zimbabwe, with Zambia and Mozambique taking second and third position. In total, these three countries accounted for more than 56% of the total value of Ekurhuleni's exports to Africa between 1996 and 2003. Despite Zimbabwe's relatively strong position, the value of exports to this country has declined in recent years – down from R2.2 billion in 1996 to R1.1 billion in 2003.

More than 85% of the average value of Ekurhuleni exports to Africa was accounted for by five sectors, i.e. metal products, machinery and household appliances (SIC 35); fuel, petroleum, chemical and rubber products (SIC 33); transport equipment (SIC 38); food, beverages and tobacco products (SIC 30) and electrical machinery and apparatus (SIC 36). Metal products, machinery and household appliances (SIC 35) alone accounted for almost 38% of the average export value to Africa, whilst fuel, petroleum, chemical and rubber products (SIC 33) accounted for an additional 27%.

On a product level, approximately 29% of the total value of metal products, machinery and household appliances (SIC 35) exports consisted of the following products (on a HS4 level): structures and parts of structures of iron or steel etc (HS 7308); specialised machinery (HS 8474), pumps for liquids and liquid elevators (HS 8413), parts for machinery (HS 8431) and iron or steel tanks, casks, drums, cans, boxes & similar containers (HS 7310). Insecticides, fungicides and similar products (HS 3808) accounted for more than 11% of the total value of fuel, petroleum, chemical and rubber products (SIC 33) exported to Africa, whilst one quarter of the value of transport equipment (SIC 38) exports comprised motor vehicle parts and accessories. More than 22% of food, beverages and tobacco products (SIC 30) exports comprised waters (HS 2202), with cigars and cigarettes (HS 2402) accounting for an additional 9.6% of such exports. Electrical transformers and static converters (HS 8504), electrical switching apparatus (HS 8536) and electric motors and generators (HS 8501) accounted for more than 36% of the average value of electrical machinery and apparatus (SIC 36) exports to Africa.

## Ekurhuleni exports to Africa by sector, 1996-2003

SIC	SECTOR DESCRIPTION	EKURHULENI EXPORTS				
		Ave EXPORTS (1996-2003)		RANKING based on:		
		Value (R'm)	% Share of Total Exports	% Share	Nominal Growth (Ave pa)	Growth-weighted % Share
35	Metal products, machinery and household appliances	1,641.1	37.9	1	15	2
33	Fuel, petroleum, chemical and rubber products	1,178.9	27.0	2	12	1
38	Transport equipment	384.0	8.9	3	17	6
30	Food, beverages and tobacco products	340.8	7.7	4	11	3
36	Electrical machinery and apparatus	187.7	4.1	5	7	4
99	Unclassified goods	120.1	3.2	6	19	19
34	Other non-metallic mineral products	126.2	3.0	7	14	7
37	Electronic, sound/vision, medical & other appliances	117.3	2.5	8	3	5
32	Wood, paper and printing	85.0	1.9	9	10	8
39	Furniture and other items NEC and recycling	57.3	1.3	10	8	9
31	Textiles, clothing and leather goods	37.7	0.8	11	4	10
25	Other mining and quarrying	35.6	0.8	12	6	12
11	Agriculture and hunting	32.1	0.7	13	2	11
12	Forestry and logging	3.5	0.1	14	13	14
24	Mining of metal ores	1.4	0.0	15	1	13
21	Mining of coal and lignite	0.9	0.0	16	5	15
13	Fishing, operation of fish farms	0.5	0.0	17	16	16
41	Electricity	0.1	0.0	18	9	17
23	Mining of gold and uranium ore	0.0	0.0	19	18	18
<b>TOTAL EXPORTS</b>		<b>4,350.3</b>	<b>100</b>			

## Ekurhuleni exports to Africa by country, 1996 - 2003

Country	EKURHULENI EXPORTS				
	Ave Exports (1996-2003)		RANKING based on:		
	Value (R'm)	% Share of Total Exports	% Share	Nominal Growth (Ave pa)	Growth-weighted % Share
Zimbabwe	1,259.4	30.7	1	50	52
Zambia	624.3	14.4	2	36	2
Mozambique	504.2	11.4	3	32	3
Angola	334.1	6.9	4	20	1
Malawi	277.4	6.4	5	42	6
Kenya	212.2	5.1	6	48	16
Congo, Democratic Republic of (former Zaire)	168.8	3.9	7	38	8
Tanzania	175.0	3.7	8	22	4
Mauritius	148.8	3.4	9	33	7
Ghana	133.2	3.1	10	45	12
Nigeria	104.2	2.0	11	14	5
Uganda	43.0	1.0	12	26	10
Madagascar	30.6	0.7	13	31	18
Cameroon	28.3	0.7	14	35	23
Egypt	31.6	0.7	15	28	15
Congo	29.6	0.6	16	21	13
Cote D'Ivoire	26.6	0.6	17	37	26
Mali	25.4	0.5	18	25	17
Algeria	21.4	0.5	19	40	30
Guinea	19.5	0.4	20	16	14

The countries from which the Ekurhuleni metropolitan area sources its imports are very concentrated, with Zimbabwe accounting for just under half of the total value of Ekurhuleni imports from Africa between 1996 and 2003. Malawi and Zambia accounted for 10% and 9% shares, respectively, followed by Mozambique and Angola. Together these five countries accounted for 78% of the total value of Ekurhuleni imports from the continent.

## Top country origins of Ekurhuleni imports from Africa, 1996-2003

Country	EKURHULENI IMPORTS				
	Ave IMPORTS (1996-2003)		RANKING based on:		
	Value (R'm)	% Share of Total Imports	% Share	Nominal Growth (Ave pa)	Growth-weighted % Share
Zimbabwe	428.5	49.2	1	15	1
Malawi	50.9	10.1	2	38	54
Zambia	60.5	9.0	3	24	4
Mozambique	41.2	6.7	4	31	5
Angola	45.2	3.1	5	9	3
Rwanda	20.1	2.3	6	3	2
Kenya	14.9	2.1	7	28	11
Algeria	9.7	1.9	8	39	52
Ghana	11.3	1.6	9	20	7
Cameroon	6.3	1.4	10	50	53
Tanzania	9.1	1.3	11	23	10
Mauritius	10.6	1.2	12	16	6
Egypt	7.5	1.1	13	25	13
Gabon	5.1	1.0	14	43	51
Uganda	5.6	1.0	15	35	49
Mali	4.8	1.0	16	40	50
Congo, Democratic Republic of (former Zaire)	5.9	0.9	17	29	19
Nigeria	6.7	0.9	18	21	12
Cote D'Ivoire	5.2	0.7	19	27	17
Morocco	4.6	0.6	20	26	18

On a sectoral level, the top imported goods from Africa were: mining of metal ores (SIC 24), metal products, machinery and household appliances (SIC 35), transport equipment (SIC 38), textiles, clothing and leather goods (SIC 31) and agriculture and hunting (SIC 11). Together these sectors accounted for 70% of the total value of Ekurhuleni imports from Africa between 1996 and 2003.

## Ekurhuleni imports from Africa by sector, 1996-2003

SIC	SECTOR CLASSIFICATION	EKURHULENI IMPORTS				
		Ave IMPORTS (1996-2003)		RANKING based on:		
		Value (R'm)	% Share of Total Imports	% Share	Nominal Growth (Ave pa)	Growth-weighted % Share
24	Mining of metal ores	280.5	24.2	1	1	1
35	Metal products, machinery and household appliances	133.5	20.8	2	12	2
38	Transport equipment	76.1	9.6	3	16	18
31	Textiles, clothing and leather goods	45.5	8.6	4	17	19
11	Agriculture and hunting	44.3	7.2	5	10	5
32	Wood, paper and printing	36.5	5.7	6	11	7
39	Furniture and other items NEC and recycling	40.7	5.3	7	7	3
33	Fuel, petroleum, chemical and rubber products	29.0	4.9	8	14	8
37	Electronic, sound/vision, medical & other appliances	17.6	3.6	9	18	17
30	Food, beverages and tobacco products	19.8	3.4	10	13	10
36	Electrical machinery and apparatus	22.4	3.3	11	9	6
25	Other mining and quarrying	14.8	2.0	12	6	4
34	Other non-metallic mineral products	7.3	1.0	13	8	9
99	Unclassified goods	1.4	0.2	14	15	15
12	Forestry and logging	0.6	0.1	15	19	16
23	Mining of gold and uranium ore	0.9	0.1	16	4	11
13	Fishing, operation of fish farms	0.3	0.0	17	3	12
41	Electricity	0.0	0.0	18	2	13
21	Mining of coal and lignite	0.0	0.0	19	5	14
<b>TOTAL IMPORTS</b>		<b>771.4</b>	<b>100</b>			

More than half of the value of imports within the mining of metal ores (SIC 24) sector comprised nickel ores and concentrates (HS 2604), while gold (HS 7108), copper wire (HS 7408) and refined copper and copper alloys (HS 7403) accounted for just under 30% of the total value of metal products, machinery and household appliances (SIC 35) imports. Almost 55% of transport equipment (SIC 38) imports

comprised other aircraft (HS 8802) and parts (HS 8803). Men's or boy's shirts (HS 6205) was the largest imported product within the textiles, clothing and leather goods (SIC 31) sector, whilst 56% of agriculture and hunting (SIC 11) imports consisted of un-manufactured tobacco and tobacco refuse (HS 2401).

Zimbabwe was the largest origin of most of the top five sectors' imports – the only exception being textiles, clothing and leather goods (SIC 31) imports for which imports from Malawi dominated with a 61% share, followed by Zimbabwe in second position. In the case of mining of metal ores (SIC 24) imports, almost 66% of the total value of imports was sourced from Zimbabwe and in the case of agriculture and hunting (SIC 11) imports, Zimbabwe accounted for almost 52% of total imports from Africa.

The development of the African continent within the framework of the New Partnership for Africa's Development (NEPAD), is one of the main policy thrusts of the South African government. Following the democratisation of South Africa, the African continent has become a greater trade and investment partner for the country.

The African continent is an important trading partner for the Ekurhuleni metropolitan area. Recent years have witnessed a strengthening of trade ties with the continent as a whole and in particular with other southern African countries. Within the framework of NEPAD one can expect this trend to continue in future. However, more emphasis will have to be placed on reversing the growing trade deficit between South Africa and Africa if NEPAD is to succeed.

