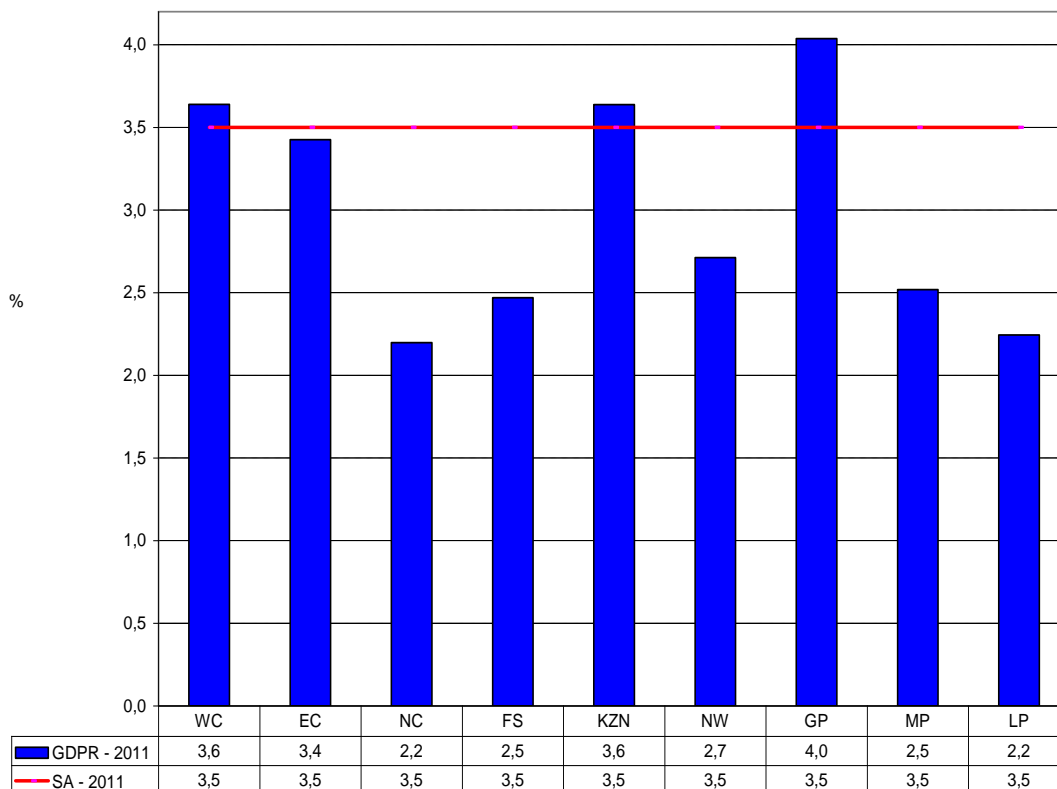


Regional economic growth

In addition to the quarterly and annual estimates of gross domestic product (GDP) for the country, Statistics South Africa releases annual estimates that describes economic activity in each of the 9 provinces. Preliminary estimates indicate that the highest real annual economic growth rates per region - as measured by the gross domestic product per region (GDPR) at market prices - for 2011 compared with 2010 were recorded in Gauteng at 4,0 per cent, followed by Western Cape and KwaZulu-Natal at 3,6 per cent each respectively.

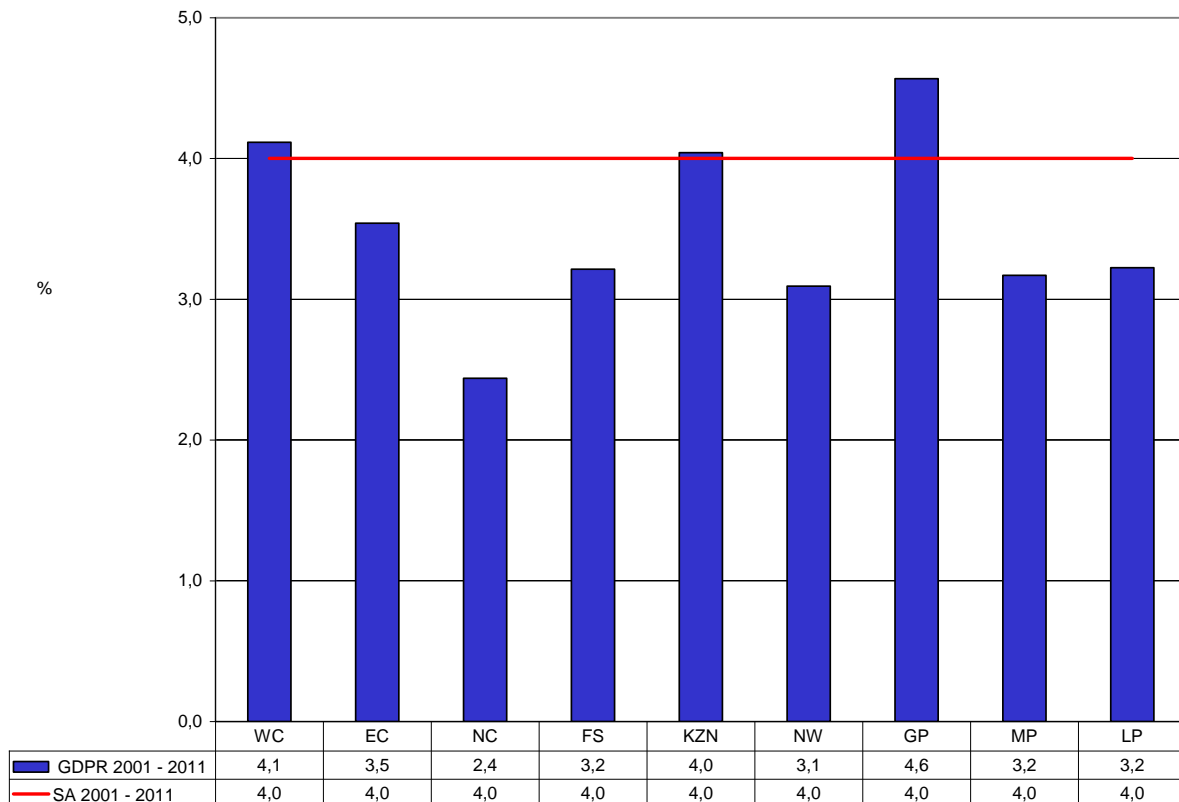
The economic performance of Gauteng is attributed to growth in the wholesale, retail and motor trade; catering and accommodation industry (4,7 per cent), general government services (4,4 per cent), the finance, real estate and business services (4,3 per cent) and the manufacturing industry (4,1 per cent). The economic performance of Western Cape is attributed to the growth in the wholesale, retail and motor trade; catering and accommodation industry (4,6 per cent), general government services (4,5 per cent), finance, real estate and business services (3,9 per cent) and the manufacturing industry (3,5 per cent). Northern Cape and Limpopo recorded the lowest growth rates (of 2,2 per cent each) of the nine provinces in 2011. In comparison, the real annual economic growth rate for South Africa increased by 3,5 per cent in 2011 (Figure 1).

Figure 1 – Real annual economic growth rate per region: 2011



A comparison of the average real economic growth rate from 2001 to 2011 recorded by the provincial economies and the total economy is shown in Figure 2. The South African economy recorded an average growth rate of 4,0 per cent. Gauteng and the Western Cape were above the national average with rates of 4,6 and 4,1 per cent respectively . KwaZulu-Natal recorded the same average rate as that of the national economy (4,0 per cent). All other provincial economies recorded lower growth rates, e.g. Northern Cape posted an average economic growth rate of 2,4 per cent over the period.

Figure 2 – Average real annual economic growth rate per region: 2001 – 2011



The relative ranking of the contribution of the nine provinces to the South African economy did not change between 1996 and 2011, as shown in Figure 3. Gauteng remains the largest (34,5 per cent), followed by KwaZulu-Natal (15,7 per cent) and Western Cape (14,2 per cent). These three dominant provinces (collectively contributing nearly two-thirds to the South African economy) have, however, shown a decline in their contribution over the period. Positive growth in terms of relative size was recorded by Mpumalanga and Limpopo, the latter increasing from 6,8 per cent to 7,1 per cent.

Figure 3 – Provincial contribution to South African economy: 1996, 2006 and 2011

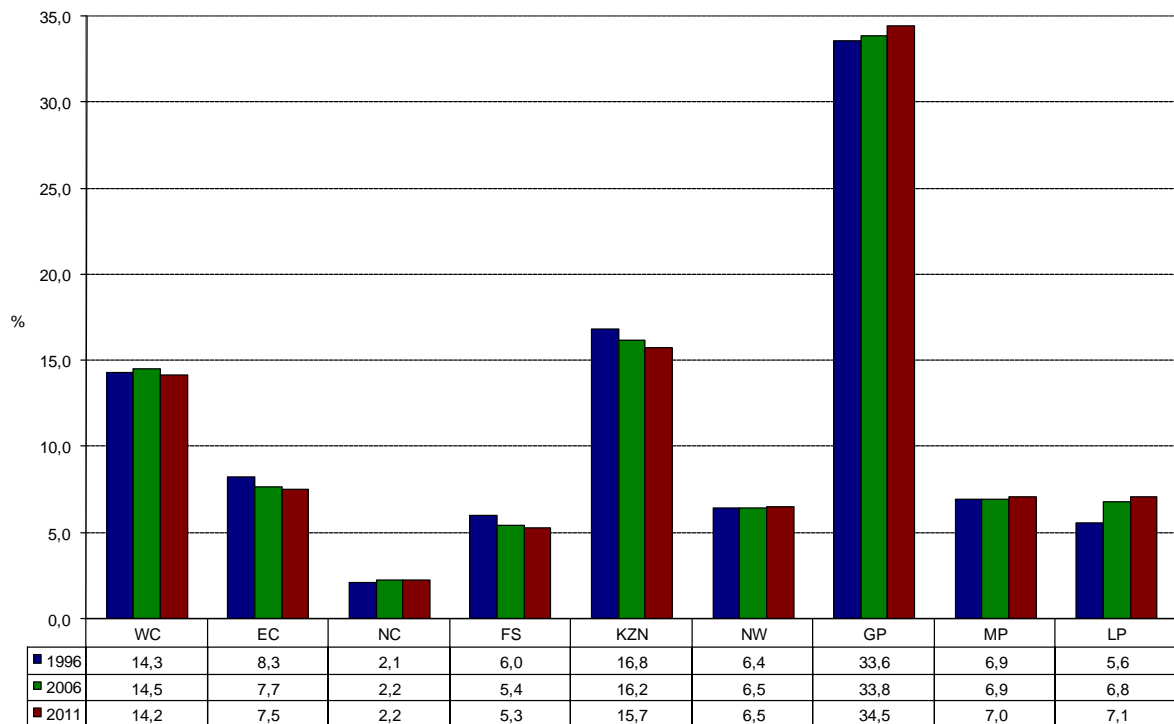


Table 1 describes the regional distribution of economic activity across the nine provinces. Given the dominance of Gauteng in the economy, all industry groups are found to be concentrated there, except for the agriculture, forestry and fishing industry and the mining and quarrying industry. The bulk of the value added by the agriculture, forestry and fishing industry in South Africa stems from KwaZulu-Natal (26,8 per cent) and the Western Cape (22,6 per cent). The mining industry is predominantly in North West (24,8 per cent); Limpopo (23,7 per cent) and Mpumalanga (20,0 per cent).

An alternative presentation is provided in Table 2 which shows the relative size of different industries in each provincial economy. It shows that manufacturing accounts for 13,5 per cent of the Gauteng economy, even though 40,5 per cent of South African manufacturing industry is in the province. The dominant industry in Gauteng's economy is finance, real estate and business services, which contributes 22,8 per cent to the regional gross domestic product. The mining and quarrying industry is the biggest contributor in the economies of four provinces, namely North West, Northern Cape, Limpopo and Mpumalanga.

Table 1 – Regional distribution of economic activity: 2011

Industry	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo	SA
Agriculture, forestry and fishing	22,6	5,0	6,1	10,3	26,8	6,2	6,0	9,0	8,1	100
Mining and quarrying	0,4	0,2	6,8	7,9	3,4	24,8	12,8	20,0	23,7	100
Manufacturing	14,6	8,0	0,4	3,9	21,6	2,5	40,5	7,1	1,5	100
Electricity, gas and water	11,2	4,1	2,7	6,4	15,9	3,6	33,0	15,1	8,1	100
Construction	17,9	4,7	1,1	3,1	13,6	4,8	43,3	6,8	5,1	100
Wholesale, retail and motor trade; catering and accommodation	17,4	8,0	1,6	4,7	17,6	4,4	35,5	5,2	5,5	100
Transport, storage and communication	15,4	7,1	2,1	4,5	22,4	4,8	34,2	4,9	4,6	100
Finance, real estate and business services	19,7	7,3	1,4	3,9	13,6	3,8	41,1	4,0	5,2	100
Personal services	13,7	12,9	3,4	10,1	17,3	8,5	23,5	5,7	5,0	100
General government services	9,8	11,2	1,9	5,2	14,2	5,3	39,7	5,0	7,7	100

Table 2 – Relative size of provincial economy by industry: 2011

Industry	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo
Agriculture, forestry and fishing	3,5	1,5	6,0	4,3	3,8	2,1	0,4	2,8	2,5
Mining and quarrying	0,3	0,2	26,7	13,3	1,9	33,6	3,3	24,9	29,4
Manufacturing	11,8	12,2	2,1	8,5	15,8	4,4	13,5	11,5	2,5
Electricity, gas and water	2,0	1,4	3,0	3,1	2,5	1,4	2,4	5,4	2,8
Construction	4,3	2,1	1,6	2,0	3,0	2,6	4,3	3,3	2,5
Wholesale, retail and motor trade; catering and accommodation	17,0	14,7	9,9	12,3	15,5	9,3	14,2	10,3	10,8
Transport, storage and communication	9,1	7,9	7,8	7,1	11,9	6,1	8,3	5,8	5,4
Finance, real estate and business services	26,6	18,6	11,6	14,2	16,5	11,1	22,8	10,9	14,0
Personal services	5,1	9,1	8,1	10,2	5,8	7,0	3,6	4,3	3,8
General government services	10,2	22,0	12,8	14,7	13,3	12,1	17,0	10,5	16,0
All industries at basic prices	90,0	89,8	89,8	89,7	90,0	89,7	89,9	89,7	89,7
Taxes less subsidies on products	10,0	10,2	10,2	10,3	10,0	10,3	10,1	10,3	10,3
GDP at market prices	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

The measurement of economic activity in a province can be done in many ways, one of which is the GDP estimates. Although this provides a comprehensive view of the economy, it is a data-intensive approach. It is not a trivial matter to increase the frequency or the granularity of the regions and industries and it may therefore not be meeting the demands of policy-makers on a magisterial district level.

Keywords:

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