

# Manufacturing biggest cash boost in Ekurhuleni

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THE MANUFACTURING sector in Ekurhuleni remains the largest, accounting for 21.5% of the total gross value addition (GVA), followed by the service sector at 20.7% and finance sector at 20.5%.

This was revealed by member of the mayoral committee (MMC) Nkosindiphile Xhakaza, who was speaking at the launch of the Manufacturing Indaba at Emperors Palace yesterday.

Ekurhuleni's manufacturing sector, he said, constituted an average of 27.9% to the overall GVA in Gauteng.

"This accounts for 11.4% of the country's overall GVA in the manufacturing sector.

"It is clear that Ekurhuleni remains a manufacturing hub for both the province and South Africa in general," Xhakaza noted.

The MMC said that despite the financial climate, this sector provided employment to more than 150 000 citizens of the metro.

However, he said the dynamics of the global economy had had major effects on the domestic economy in recent times.

"These negative conditions

escalated between 2008 and 2014 as the global financial crisis intensified, among others, in the eurozone, which is South Africa's leading trade partner. This meant there was a serious decline in demand for our manufactured goods."

Before the crisis, Xhakaza said, Ekurhuleni had a positive growth

## 'This sector is imperative to forecast regional growth prospects'

trend in the overall exports sector with exports growing from R10 billion in 2003 to above R40bn in 2008 through the metals manufacturing industry.

"We started to experience a sharp decline between 2008 and 2009 which has been followed by an unstable trend of growth and decline since 2009 to date."

He said the employment rate in the industry had declined by 13.7% over the past 20 years.

However, the overall growth had started to pick up, but employment creation had remained

lower than the required rate since the 2008 crisis.

"Despite all of these challenges to growth in manufacturing, in our strategic development plans this sector remains an important area around which we forecast our regional growth prospects. This is an important factor since our region battles a high unemployment area of about 34%," he said.

Therefore, the metro's regional economic imperatives were centred around strengthening its manufacturing industries as well as making strategic investment in township industrial estates and parks, as well as reinforcing the culture of entrepreneurship by leveraging the municipality's procurement spending to grow investment and support local communities, he said.

This indaba, said Xhakaza, needed to reflect on this situation and discuss possible initiatives that business and the government could implement.

"We need to work together to turn the tide and place our manufacturing industries and overall economy on a better performance trajectory in the third quarter of 2017 and beyond," he said.

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