



1Q2011= 1st quarter 2011
QoQ = Quarter-on-Quarter
YoY = Year-on-Year

The global economy continued to expand but unemployment remains high

GDP is expected to expand by about 2.2% in advanced economies and 6.6% in emerging and developing economies in 2011

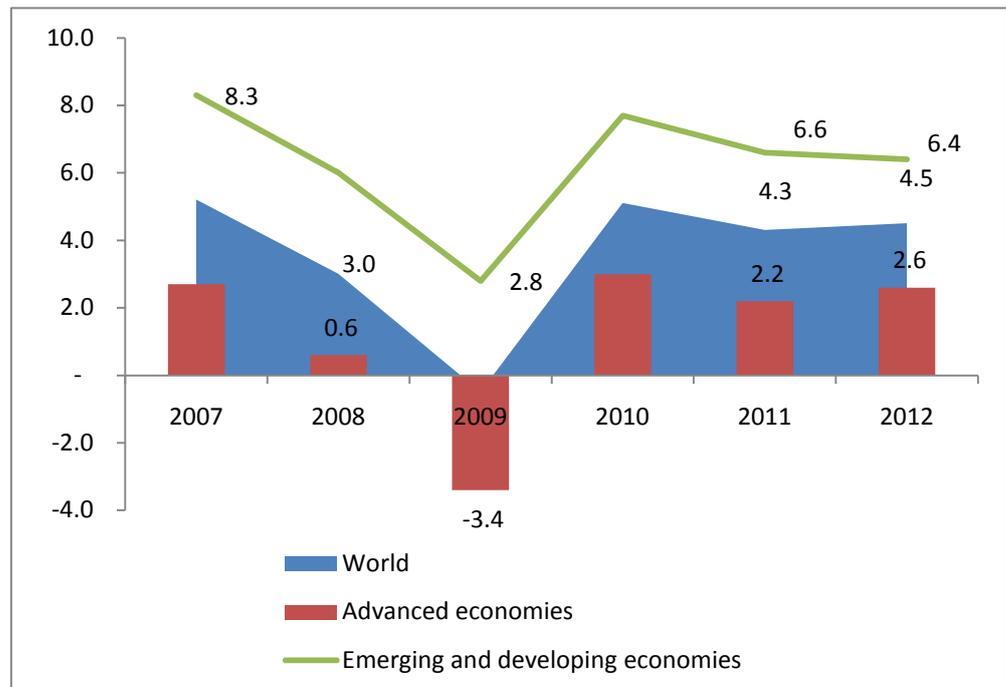
Growth forecasts for 2011 are influenced by slower-than-expected recovery in the US and the Eurozone; fears of increasing oil prices due to democracy protests in the Middle-East; and damage caused by the earthquake and tsunami in Japan

This report focuses on the latest economic developments in the world, South Africa and in the Eastern Cape. It covers world economic indicators for the first quarter of 2011 (GDP, interest rate, inflation, government budget, exchange rate, population) and selected economic indicators for South Africa (CPI, PPI, repo rate, prime rate, GDP, employment). For the Eastern Cape, the report presents headline inflation; consumer confidence including manufacturing business confidence; vehicle sales; electricity distributed by Eskom; civil summonses for debt; trends in the labour market; and economic growth.

The Global Economy

The global economic prospects for 2011, the improvement in financial markets, buoyant activity in many emerging and developing economies and growing confidence in advanced economies, show that the world economy has formally recovered from the recession. Figure 1 shows that real GDP is expected to expand by about 2.2% in advanced economies and by 6.6% in emerging and developing economies, with global growth reaching about 4.3% in 2011. This growth is slightly lower than the growth rates reached in 2010, due mainly to new volatility caused by fears about disruptions to oil supply, slower-than-expected recovery of the US economy, and quake damage in Japan.

Figure 1: Global GDP growth



Source: IMF, World Economic Outlook, April 2011

The risk of a double-dip recession in advanced economies has receded, but economic growth is modest in major advanced economies

European countries are in the grip of tough austerity measures in the wake of the recession

Populations have protested against jobs, pension and welfare cuts in the UK, France, Italy, Spain and Greece

World consumption levels have improved. Consequently, the recovery has become more self-sustaining. The risk of a double-dip recession in advanced economies has receded, and global activity seems to be accelerating again. Nonetheless, the pace of activity remains geographically uneven, with employment lagging. In major advanced economies, economic growth is modest, especially considering the depth of the recession. In the United States and the Euro area, the recovery is weak while in Japan growth is expected to decline to less than 1% (See Table 1).

The world economic meltdown left the 17 nation Eurozone with large budget deficits and public debts. There were major bail-outs from the European Union and the IMF in 2010. As a result several countries are in the grip of tough austerity measures. The UK has seen the largest cuts in state spending since World War II and unemployment is at the highest level since 1994. Public anger is growing over cuts in education, welfare and public sector jobs. France is cutting spending and increasing tax for high income earners. Plans to increase the retirement age have provoked major protests. Greece has been in the international spotlight due to the risk of debt default. Drastic austerity measures have seen public sector salaries and pensions frozen for at least three years, triggering public sector strikes and popular protest. All eyes are now on Spain, Italy and Portugal and their crushing government debts and there are fears of contagion should debt defaults take place.

Looking at headline inflation figures and assuming broadly stable food and energy prices from 2011 onward, the inflation rate is projected below at 2% in advanced economies. In emerging and developing economies, inflation pressure is growing: The International Monetary Fund (IMF) forecast sees headline inflation at close to 7% in 2011 and receding to below 5% in 2012. For South Africa this falls within the inflation target band recommended by the South African Reserve Bank.

Table 1: Economic indicators for selected countries

Country	GDP Billions US\$	GDP Growth	Interest rate	Inflation rate	Jobless rate	Gov. Budget	Exchange rate	Population (Million)
China	4909	9.70%	6.31%	5.50%	4.10%	-2.5	6.48	1341
Nigeria	173	8.29%	7.50%	11.30%	19.70%	-3.28	156.65	158.26
India	1296	7.80%	6.50%	9.41%	9.40%	-5.1	44.87	1210.19
South Africa	286	4.80%	5.50%	4.60%	25.00%	-5	6.76	49.99
Namibia	9	4.20%	6.00%	5.20%	51.20%	-7.2	6.76	2.17
USA	14256	1.90%	0.25%	3.60%	9.10%	-10.3	99.9	311
Germany	3347	1.50%	1.25%	2.30%	7.00%	-3.3	1.43	81.8
Brazil	1572	1.30%	11.75%	6.55%	6.40%	2.2	1.6	190.73
France	2649	1.00%	1.25%	2.00%	9.70%	-7	1.43	65.03
UK	2175	0.50%	0.50%	4.50%	7.70%	-10.4	1.62	61.41
Japan	5068	-0.90%	0.00%	0.30%	4.70%	-7.4	80.05	128.06

Source: IMF, World Economic Outlook, April 2011

The IMF World Economic Outlook argues the following:

- Developing economies, particularly in sub-Saharan Africa, have recovered quickly and expect sustainable growth. The challenge for many emerging and some developing economies, is to ensure that present boom-like conditions do not overheat over the coming year. Inflation pressure is likely to build further as growing production comes up against capacity constraints, with large food and energy

Developing economies particularly in sub-Saharan Africa, have resumed fast and see sustainable growth

Large food and energy price increases weigh heavily in consumption baskets and motivate demands for higher wages

According to the International Labor Organization, some 205 million people are still looking for jobs world-wide

Youth unemployment has increased in advanced economies post-recession and is a concern across the world

The South African economy grew above what was expected but failed to create jobs at the pace necessary to reduce unemployment

South Africa's GDP grew by 4.8% Q-o-Q in 1q 2011

price increases, which will weigh heavily in consumption baskets, motivating demands for higher wages.

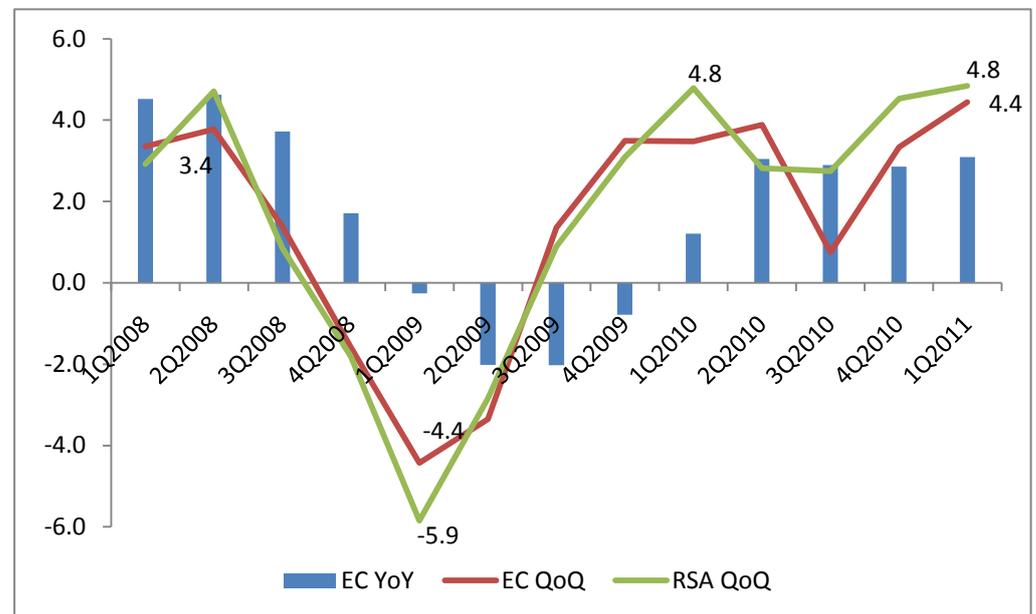
- Real interest rates are still low and fiscal policies appreciably more accommodative than before the crisis. Appropriate action differs across economies, depending on their cyclical and external conditions.
- In advanced economies, strengthening the recovery will require keeping monetary policy accommodative as long as wage pressures are subdued, inflation expectations are well anchored, and bank credit is sluggish.

The world economy continues to expand but unemployment is still high. The overall world growth is insufficient to make a major dent in high unemployment rates. According to the International Labor Organization, some 205 million people are still looking for jobs. The increase in unemployment has been very severe in advanced economies; in emerging and developing economies, high youth unemployment is a particular concern. This is a global phenomenon that also occurs in South Africa and the Eastern Cape. Large numbers of women, men and young people enter the workforce every year, with growth in the labour force outstripping employment creation. As a result, strict unemployment in the Eastern Cape increased to 26.9% in 1Q2011 from 24.6% in 4Q2010. High rates of unemployment underscore widespread poverty, with about 3.4 million people (49%) in the province living in extreme poverty.

Economic Growth in South Africa

The Bureau of Economic research (BER) and the IMF have revised their GDP forecasts upward for South Africa. In 2010, most GDP predictions for 1Q2011 were below 4%.

Figure 2: The South African economy grew above what was expected



Source: Statistics South Africa, 2011

Figure 2 and Table 2 reveal the following for the country and for the Eastern Cape:

- Seasonally adjusted real GDP at market prices for the first quarter of 2011 increased by an annualised rate of 4.8% in South Africa and 4.4% in the Eastern Cape compared to 4.5% (RSA) and 3.3% (EC)

GDP growth in 1Q2011 was driven by manufacturing

Manufacturing makes up 15.1% of South Africa's GDP

Negative growth in agriculture is partly a result of severe floods in January and February 2011

Growth in the Eastern Cape has remained below that of the country for three consecutive quarters

4.3 million people in the Eastern Cape live in poverty

achieved in the fourth quarter of 2010. This growth was mainly driven by an increase in manufacturing activities which contributed the most to the economy at 2.2%. This sector makes up 15.1% of the South African economy.

- Growth in South Africa (4.8%) is above what was expected and it has come as a surprise to most economists.
- The flooding experienced in January and February has affected activities in agriculture, forestry and fishing. This sector reflected a negative growth of 2.6%.
- The Eastern Cape economy has fully recovered from the negative growth of -4.4% in 1Q2009 to a more positive 4.4% in 1Q2011. However, despite strong expansion, the Province lost 3024 jobs in 1Q2011 accelerating the unemployment rate to 26.9% in 1Q2011 from 24.7% in 4Q2010.
- Growth in the Eastern Cape has for three consecutive quarters remained below that of the rest of the country.
- In 1Q2011, three provinces, namely, Gauteng (5.7%), KwaZulu-Natal (5.4%) and Mpumalanga (4.9%) performed above the national economy (4.8%).
- The three best performers in the previous quarter, namely, Northern Cape, North West and Limpopo, which experienced growth above 6% in 4Q2010, had the lowest growth this quarter and declined by more than 3% points in 1Q2011.

Table 2: Year-on-Year % change in the seasonally adjusted quarterly GDP at constant 2005 prices

	1Q2010	2Q2010	3Q2010	4Q2010	1Q2011
Western Cape	4.0	4.7	1.8	3.7	4.8
Eastern Cape	3.5	3.9	0.8	3.3	4.4
Northern Cape	6.2	-1.9	8.9	7.0	2.4
Free state	5.3	-0.1	4.8	5.3	3.8
KwaZulu-Natal	4.3	4.5	1.4	4.0	5.4
North West	6.5	-2.8	7.9	6.4	3.2
Gauteng	4.8	4.0	1.7	4.3	5.7
Mpumalanga	5.8	0.2	3.9	5.2	4.9
Limpopo	5.8	-1.1	7.3	6.5	2.9
South Africa	4.8	2.8	2.7	4.5	4.8

Source: Statistics South Africa, 2011

Interest Rates and Selected Economic Indicators

In September and November 2010, the Reserve Bank's Monetary Policy Committee (MPC) cut interest rates by 50 basis points, taking the prime rate to the lowest level (9%) attained since 1995.

The repo rate (at 5.5% in June 2011) is the discount rate at which a central bank repurchases government securities from the commercial banks, depending on the level of money supply it decides to maintain in the country's monetary system. The prime interest rate (at 9.0% in June 2011), prime lending rate, or prime overdraft rate, is a reference interest rate commercial banks use when issuing variable interest rate loans to their customers (See Table 3).

The cut in interest rate took the prime rate down to 9%, the lowest level since 1995

The South African Rand continues to appreciate against the US dollar

Eastern Cape GDP grew 4.4% QoQ in 1Q2011

Despite positive economic growth the Eastern Cape lost 3024 jobs in 1Q2011

Eastern Cape Unemployment rate increased from 24.7% in 4Q2010 to 26.9% in 1Q2011

Growth in the province was mainly attributed to the increase in manufacturing activities. Manufacturing grew 14.4% YoY and 4.6% QoQ.

Table 3: Selected economic indicators for South Africa

CPI	YoY	May 2011	4.6
PPI	YoY	May 2011	6.6
Repo rate	Interest rate	Jun 2009	5.5
Prime rate	Interest rate	Jun 2010	9.0
Rand/USD	exchange rate	Jun 2011	6.8
GDP	% QoQ	1Q2011	4.8
Unemployment	rate	1Q2011	24.0

Source: South African Reserve Bank, 2011

Other selected economic indicators for South Africa are provided in Table 3. The South African Rand continues to appreciate against the US dollar. The exchange rate appreciated from an average of R10 in the second half of 2008 to an average of R7 in the second half of 2010 and to R6.8 to the US\$ in May 2011. This is good news for imports. The Rand has also firmed against other major currencies such as the Euro and the Pound. The impact of a weaker Euro and a strong Rand however negatively impacts local exporters and therefore employment prospects.

Economic Growth in the Eastern Cape

Growth in the Eastern Cape is on par with world growth, growing by 0.1% point higher than the world economy in Q12011. Growth prospects in the Province have improved compared to previous four quarters and activities in the manufacturing sectors have resumed, as seen in table 4 below.

Table 4: Percentage change in the seasonally adjusted quarterly GDP-R by industry in the Eastern Cape

	Quarter-on-Quarter					Year-on-Year				
	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011
Agriculture	-7.7	-2.0	2.6	5.7	4.8	2.5	6.7	7.9	6.0	-1.3
Mining	17.4	2.6	10.1	10.1	5.4	21.5	27.2	38.8	19.5	2.0
Manufacturing	10.8	13.7	7.8	3.2	4.6	8.3	5.7	-4.9	4.1	14.4
Electricity	2.3	1.7	0.7	0.5	0.4	1.5	-0.5	-0.7	1.7	1.0
Construction	-0.3	-0.5	0.0	0.9	0.5	1.4	1.1	0.8	0.2	0.0
Trade	-2.3	0.2	1.2	2.3	2.5	1.8	3.5	1.9	2.0	2.6
Transport	1.6	2.7	2.7	2.8	3.0	1.9	3.5	2.3	3.3	2.9
Finance	-2.1	0.1	1.3	2.1	2.4	2.6	3.2	1.2	1.4	3.9
Community	-1.0	0.0	1.6	3.2	3.0	3.3	3.4	3.0	3.1	2.6
Government	2.3	2.6	2.5	2.8	2.9	1.1	4.3	0.5	5.3	1.6
All industries	1.4	3.1	2.8	2.7	3.0	3.2	3.9	0.4	3.2	4.6
Taxes subsidies	-	-0.6	2.5	3.6	3.6	6.0	3.7	3.6	4.2	3.1
GDP-R at market prices	1.2	3.0	2.9	2.9	3.1	3.5	3.9	0.8	3.3	4.4

Source: Statistics South Africa, 2011

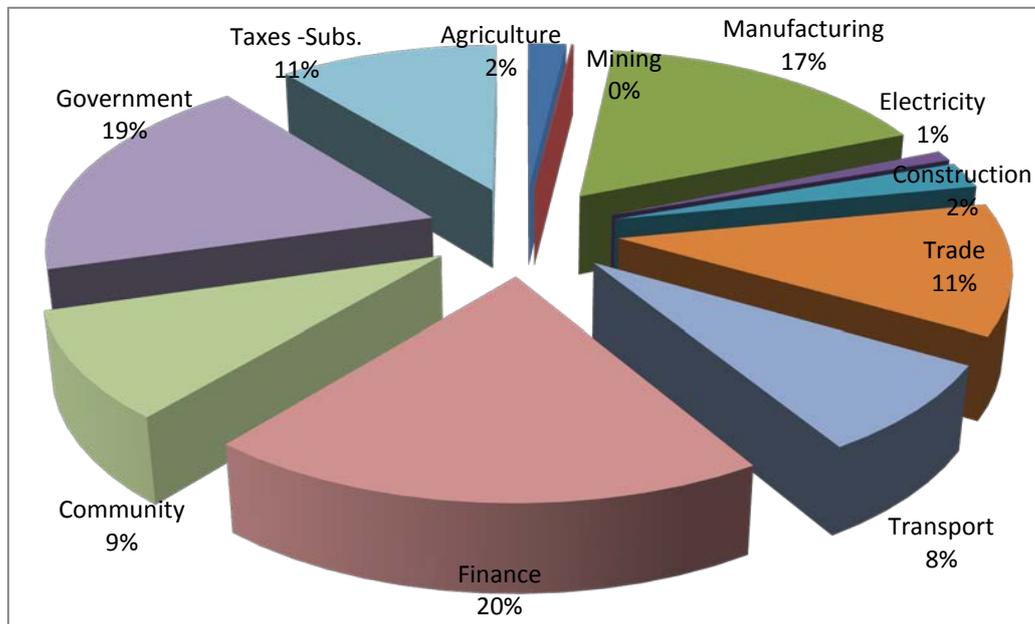
Table 4 shows that growth in the province was mainly attributed to the increase in manufacturing activities which contributed the most to the Eastern Cape economy at 14.4% YoY and 4.6% QoQ. Manufacturing makes up 17% of the provincial economy (See Figure 3). Despite these impressive contributions, the business confidence in the manufacturing

In 1Q2011 Finance (20%) was the largest contributor to the Eastern Cape economy followed by Government (19%) and Manufacturing (17%)

sector, in terms of expected real investment in machinery and equipment is still negative (see Table 6).

Activities in agriculture, forestry and the fishing industry slowed down in 1Q2011, reflecting a negative growth of 2.6% countrywide and 1.3% YoY in the Eastern Cape. This is partly attributed to the volatility of the sector and the drop in production of field crops in the province.

Figure 3: Sectors contribution to the Eastern Cape Economy, 1Q2011



Source: Statistics South Africa, 2011

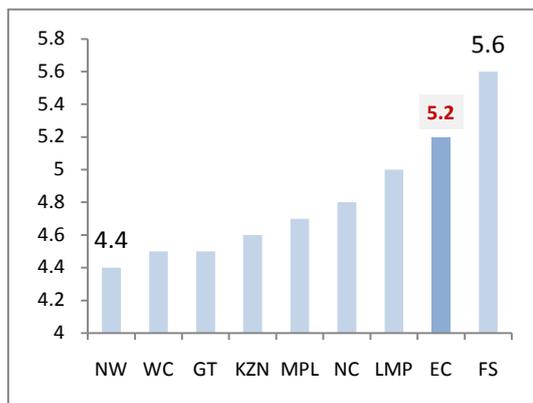
Economic activity in Agriculture, forestry and fishing saw a negative growth of 1.3% in 1Q2011 in the Eastern Cape and production of field crops dropped

Inflation

Headline inflation is a measurement of price inflation that takes into account all types of inflation that an economy can experience. Unlike core inflation, headline inflation also counts changes in the price of food and energy. Because food and energy prices can rapidly increase while other types of inflation can remain low, headline inflation may not give an accurate picture of how an economy is behaving. Headline inflation is more useful for the typical household because it reflects changes in the cost of living, while core inflation is used by central banks because core inflation is less volatile and shows the effects of supply and demand on GDP better.

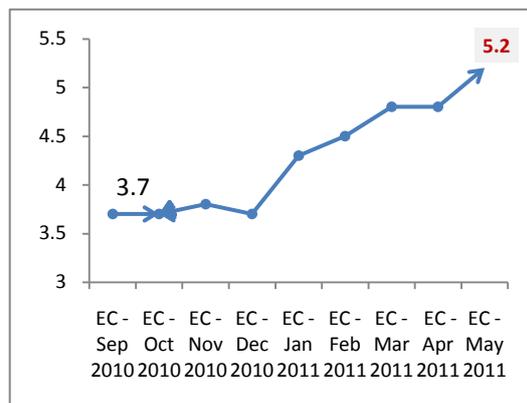
Cost of living, measured by headline inflation, is high in Free State and Eastern Cape. It affects poor households disproportionately

Figure 4a: Headline inflation rate in South Africa, May 2011



Source: Statistics South Africa, 2011

Figure 4a: Headline inflation rate in the Eastern Cape



During the first quarter of 2011, the headline inflation rate in the Eastern Cape accelerated to 5.2% YoY, 4.9% in Port Elizabeth, 4.1% in East London, and 5.3% in all EC urban areas

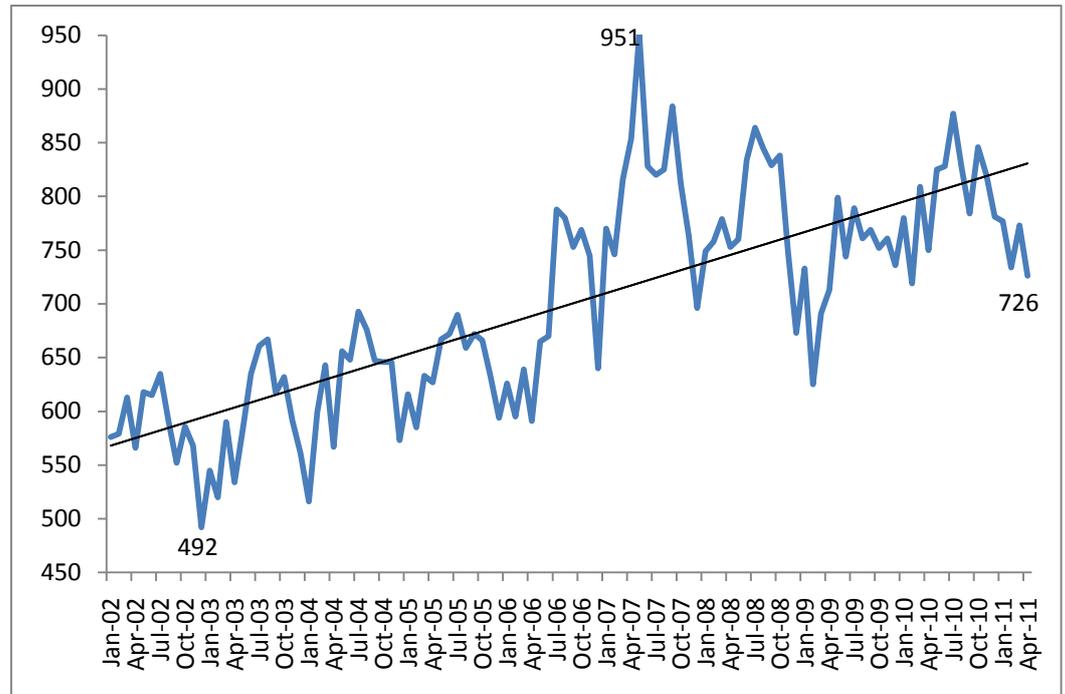
The main contributors to the increase in CPI inflation in 1Q2011 have been electricity, petrol and fuels, tobacco, sugar, and water

Price increases are expected to continue in 2Q2011

Eastern Cape consumer confidence showed more optimism in 1Q2011 but it is expected to drop in the second quarter of 2011

Table 4a shows that the cost of living, measured by headline inflation, is high in Free State and Eastern Cape. During the last quarter of 2010, inflation in the province stagnated at 3.7%. During the first quarter of 2011, the headline inflation rate in the Eastern Cape accelerated to 5.2% YoY, 4.9% in Port Elizabeth, 4.1% in East London, and 5.3% in all EC urban areas (See Figure 4b). The main contributors to the increase in CPI inflation in 1Q2011 have been electricity, petrol and fuels, tobacco, sugar, and water. This trend is expected to continue in the second quarter of 2011. The increase in the price of electricity during 1Q2011 has affected the supply of electricity distributed by Eskom (See Figure 5).

Figure 5: Electricity distributed by Eskom - Gigawatt-hours (Eastern Cape: April 2011)



Source: Statistics South Africa, 2011

Eastern Cape consumer confidence

Consumer confidence is the degree of optimism that consumers are expressing for the state of the economy through their savings and spending activity. It indicates what consumers feel about the overall state of the economy and their personal financial situation. Overall consumer confidence has increased to 14 in 1Q2011 and it is anticipated to drop to 13 in 2Q2011. The main contributing factors are job losses in the Eastern Cape in 1Q2011. These negatively affected household income and lowered consumer confidence; food and petrol price hikes have also eroded household affordability.

Table 5: Consumer confidence in the Eastern Cape

	2Q2010	3Q2010	4Q2010	1Q2011	Forecast 2Q2011
Consumer confidence: (net balance)	20	15	12	14	13
Retail: Business confidence	54	62	40	49	43
Wholesale: Business confidence	30	33	66	64	45
Motor Trade: Business confidence	69	94	99	82	98

Source, SACCI, 2011

Job losses lead to lower consumer confidence

In the Eastern Cape, the business confidence for manufacturing shows a pessimism for fixed investment and real investment in machinery and equipment

Lower export volumes had the largest negative effect on the business confidence index, followed by import volumes, new vehicle sales and retail sales

Vehicle sales rose moderately in March 2011 and lost pace again in April 2011

While economic growth accelerated to an annualized 4.8% in 1Q2011, the South African Chamber of Commerce and Industry (SACCI) is of the opinion that this rate of expansion may not be sustained in the second quarter. Vehicle sales rose moderately in March 2011 and lost pace again in April 2011 (See Table 7). According to SACCI, the business environment (locally and globally) is not yet very conducive for doing business or investing. In the Eastern Cape, the business confidence index for manufacturing shows a pessimism regarding fixed investment (net balance) and real investment in machinery and equipment (See Table 6).

Table 6: Eastern Cape business confidence for the Manufacturing sector

Business confidence: Manufacturing	1Q2010	2Q2010	3Q2010	4Q2010	1Q2011
Domestic sales volumes (net balance)	65	46	31	67	82
Export sales volumes (net balance)	76	-52	18	98	94
Production volumes (net balance)	65	46	31	71	82
Domestic order volumes received (net balance)	57	38	30	67	69
General business conditions (net balance)	65	46	24	67	78
Fixed investment (net balance)	-27	8	25	44	-53
Business confidence (% gross rating prevailing buss. Conditions satisfactory)	52	19	31	76	91
Expected real investment in machinery & equipment in 12 months' time (net balance)	47	12	21	33	-55
Expected business conditions in 12 months' time (net balance)	66	57	9	33	18

Source: SACCI, 2011

In addition to rising food and fuel prices, lower export volumes had the largest negative effect on the business confidence index, followed by import volumes, new vehicle sales and retail sales.

Table 7: Vehicles sales in the Eastern Cape

Eastern Cape	Oct-2010	Nov-2010	Dec-2010	Jan-2011	Feb-2011	Mar-2011	Apr-2011
Heavy Commercial Vehicle Sales	25	41	19	14	16	16	29
Light Commercial Vehicle Sales	465	499	565	579	641	792	539
Medium Commercial Vehicle Sales	18	17	13	20	34	47	24
Passenger Vehicle Sales	899	1 044	1 236	1 114	1 085	1 329	1 025
Extra Heavy Commercial Vehicle Sales	27	48	27	24	54	40	34

Source: NAMSA, 2011

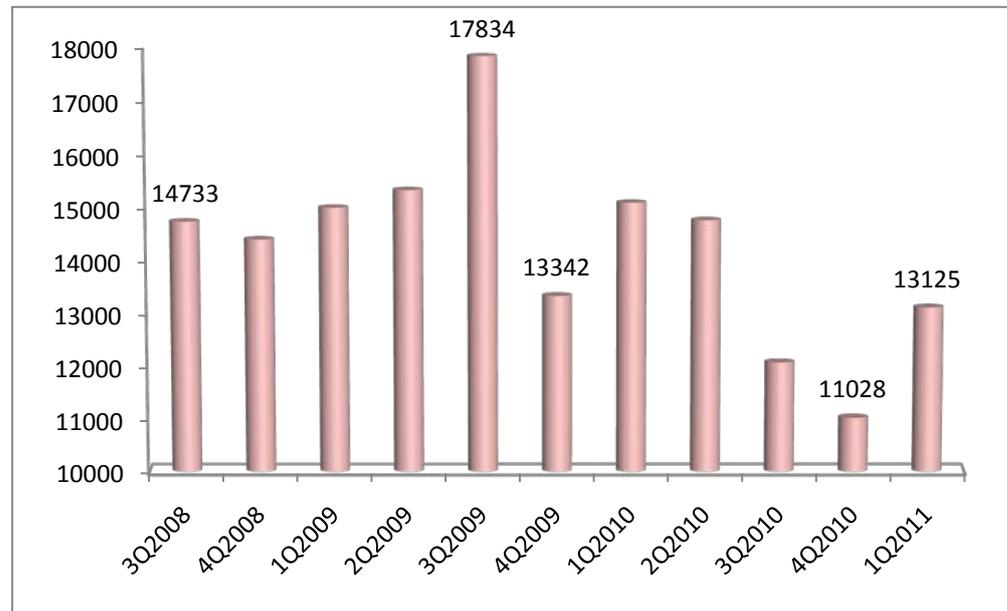
Civil summonses for debt increased by 19% in 1Q2011 from 11 028 in 4Q2010 to 13 125 in 1Q2011

The largest contributors to the increase in civil summonses for debts in 1Q2011 were money lent, and goods sold

For every civil case recorded in Port Elizabeth, there are almost three cases recorded in East London.

Civil summonses for debt

Figure 6: Civil summonses for debt in the Eastern Cape 3Q2008 – 1Q2011



Source: Statistics South Africa, 2011

The total number of civil summonses issued for debt in the Eastern Cape dropped to 11 028 in 4Q2010 and accelerated again to 13 125 in 1Q2011 (See Figure 6). A civil judgment refers to the final order of a court in a civil lawsuit while a civil summons refers to a legal document informing an individual that a lawsuit has been filed against them. The largest contributors to the 19% increase in civil summonses for debts in 1Q2011 were money lent and goods sold.

Table 8: Civil cases for debt recorded in East London and Port Elizabeth

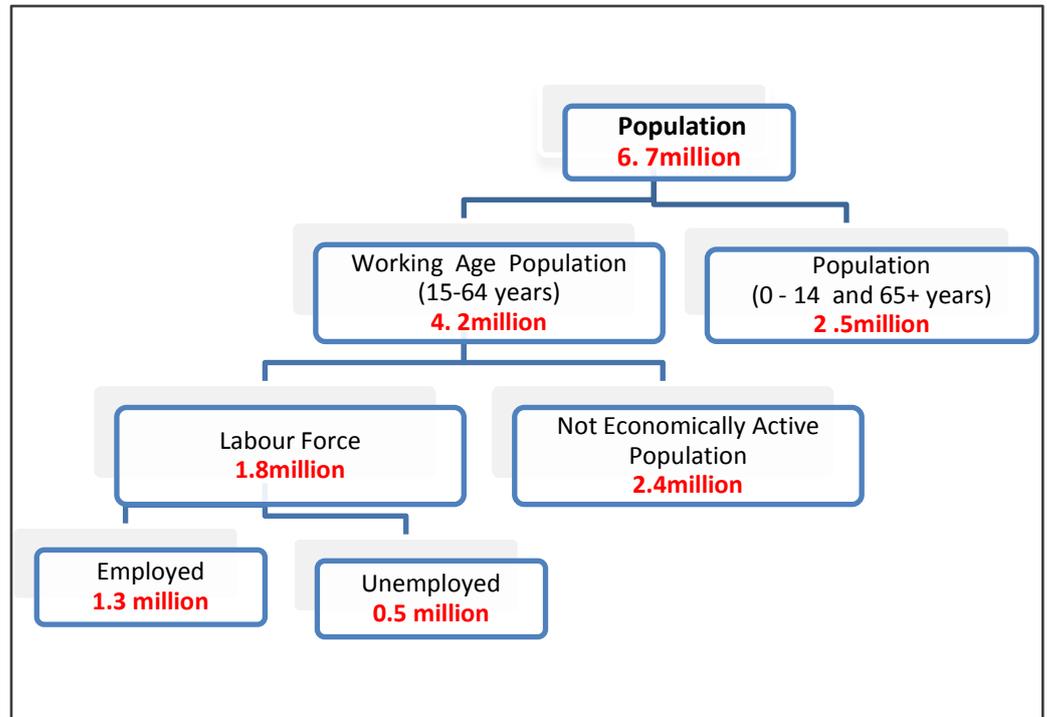
	Oct-2010	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-2011
Port Elizabeth	2 689	3 340	2 049	2 019	3 184	4 548	3 823
East London	939	1 081	930	876	1 197	1 301	1 423

Source: Statistics South Africa, 2011

Statistics South Africa report on civil debt cases at selected magistrates offices. Between October 2010 and April 2011, civil cases for debt grew by 42% in Port Elizabeth compared to 52% in East London. For every civil case recorded in East London in 2010, there are almost three cases recorded in Port Elizabeth.

Employment and Unemployment in the Eastern Cape

Figure 7: Current structure of the Eastern Cape labour market, 1Q2011



Source: Statistics South Africa (Labour Force Survey and mid-year population estimates) and ECSECC 2011

Figure 7 above reveals the following characteristics of the Eastern Cape 4Q2011 labour market:

- Six out of every ten people in the province fall within the working age group (15 – 64);
- The Eastern Cape labour force (people who are employed and unemployed) accounts for more than a quarter of the total population in the province;
- Two out of every ten people in the province are employed;
- Almost three quarters of the total population in the Eastern Cape are either not economically active or not within the working age population;
- Three quarters of the labour force is employed; the labour force participation rate (the proportion of the working age population that is either employed or unemployed) is 43%; the labour absorption rate (the proportion of the working age population that is employed) is 31%;
- Unemployment rate is 40.1% for youth (15-34 years of age), and 26.4% for females.
- The not economically active population group is made up of people who are of working age, but are not working for a variety of reasons. Some are students; some are housewives, while others are too ill to work. This group also includes discouraged work seekers i.e. those that did not actively seek work in the last week.

The National Planning Commission has alluded to the fact that “too few South Africans are employed”

Six out of every ten people in the province fall within the working age population (15 – 64)

Two out of every ten people in the province are employed

Three quarters of the labour force is employed

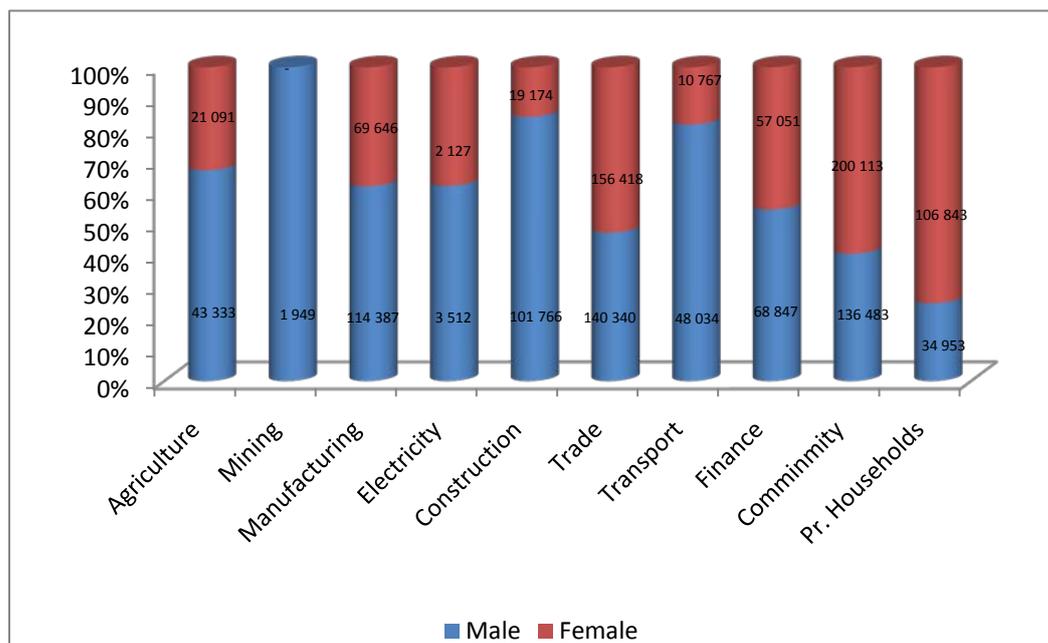
In 1Q2011, unemployment rate in the Eastern Cape was 26.9%, 27.4% for males and 26.4% for female, 40.1% for youth (15-34 years of age), and 26.4% for female.

Table 9: Status, development and trends of the Eastern Cape Labour market

	1Q2010	2Q2010	3Q2010	4Q2010	1Q2011
Employed	1 243 036	1 242 633	1 306 461	1 327 825	1 324 801
Unemployed	527 943	477 033	486 844	434 932	487 258
Discouraged job seeker	354 760	375 997	344 372	370 652	367 620
Employment rate (%)	70.2	72.3	72.9	75.3	73.1
Unemployment rate (%)	29.8	27.7	27.1	24.7	26.9

Source: Statistics South Africa, 2011

Figure 8: In which sectors do women work?



Source: Statistics South Africa, 2011

In 1Q2011, the unemployment rate in the Eastern Cape was 26.9% (male 27.4% and female 26.4%). The female unemployment rate slightly increased compared to that experienced in the first quarter of 2010 (27.7%) while that of males has dropped to 27.1%.

Employment in the Province is unevenly distributed by sector and profession, by race, gender and age. Figure 8 shows that women are under-represented in mining, construction and transport. Women are however well represented in Government and Trade, accounting for more than half of the sector's total employment. For every 10 people employed in Eastern Cape public entities, 7 are women and for every 10 people employed in Eastern Cape NGOs, 8 are women.

Looking at women's professions, Figure 9 shows that women are under-represented as senior managers and plant and machinery operators; and well-represented as clerks and domestic workers.

These figures indicate that women still occupy an inferior position in the labour market, with certain jobs being seen as suitable for women, and certain jobs suitable for men. This is reflective of both structural unemployment and persistent gender inequality. Challenges that women face when trying to enter the labour market include discrimination against

Women are under-represented in mining, construction and transport

Women are well represented in Government and Trade, accounting for more than half of the sector's total employment

For every 10 people employed in Eastern Cape NGOs, 8 are women

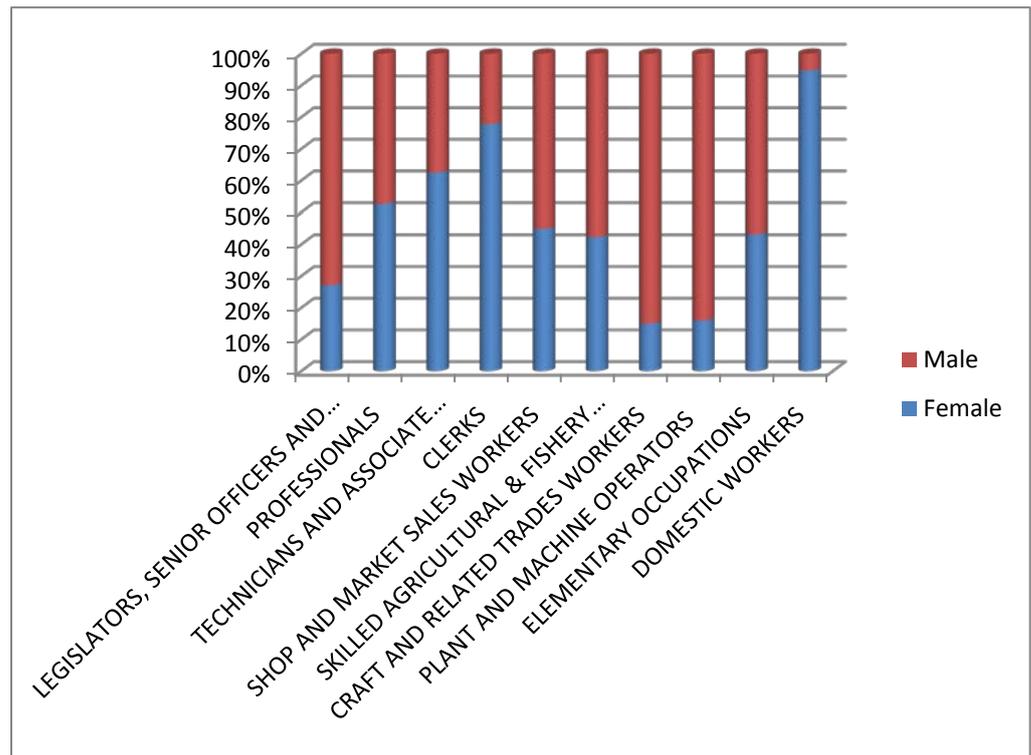
Women are under-represented in senior management, plant & machinery operators and well-represented as clerical and domestic workers

Government's New Growth Path focuses on six priority areas for job creation: infrastructure development; agriculture; mining; manufacturing; the "green" economy; and tourism

There are many dimensions to the strategy, but critical to it are partnerships between key social players, business and government, to address structural challenges in the economy.

women, difficulty in finding formal sector employment, family responsibility, early pregnancies, perceptions and stereotypes.

Figure 9 Eastern Cape employment by profession, 1Q2011



Source: Statistics South Africa, 2011

CONCLUSION

While global growth figures and forecasts indicate that the world economy has recovered from the recession, countries that were affected have yet to see a return to pre-recession conditions. The recovery is geographically uneven and jobs lost in the last two to three years are not being re-created.

Economic growth data has improved for the Eastern Cape. However, job losses continue and the first quarter of 2011 saw an increase in unemployment in the province. As a result municipalities experience increases in indigent people and struggle to raise revenue.

Headline inflation is high in the province indicating a high cost of living for households and eroding affordability of basic goods. This is as result of price increases in goods and services such as electricity, petrol, fuels and water. Poor and low-wage households are likely to feel the pinch of these price increases. This has already translated into demands for higher wages in some sectors such as metals, chemicals and mining.

Active stimulus of productive sectors is needed to create employment in the province. The New Growth Path and Industrial Policy Action Plan create a policy framework for support to priority sectors. The private and public sector in the Eastern Cape will have to put forward proposals to access the Jobs Fund launched in June 2011.

DISCLAIMER: While every care is taken to ensure the accuracy of the data in this publication, ECSECC is not liable or responsible for any damages which may result from the use of this data.

Contact ECSECC
Physical Address: 12 Gloucester Road, Vincent, East London
Postal Address: Postnet Vincent, 5247
 P/Bag X9063, Suite No 3025246, Vincent, 5247

Telephone: +27 (0) 43 701 3400
Fax: +27 (0) 43 701 3415
www.ecsecc.org