

Chapter 1: Introduction to the Eastern Cape Province

The Eastern Cape Province lies on the south eastern seaboard of South Africa. It is the second largest Province with an area of 169 580 km², representing 13.9% of South Africa's total land mass (Statistics South Africa, 2003). The capital, Bisho, is located 60 kilometres from East London. East London and Port Elizabeth are the two ports situated in the province. The Eastern Cape Province lies approximately equidistant from the major market centres of South Africa and is linked by a modern network of air, road and railway (Eastern Cape Business Information Service, 2001). Figure 1.1 shows the Eastern Cape Province and its Municipal boundaries.

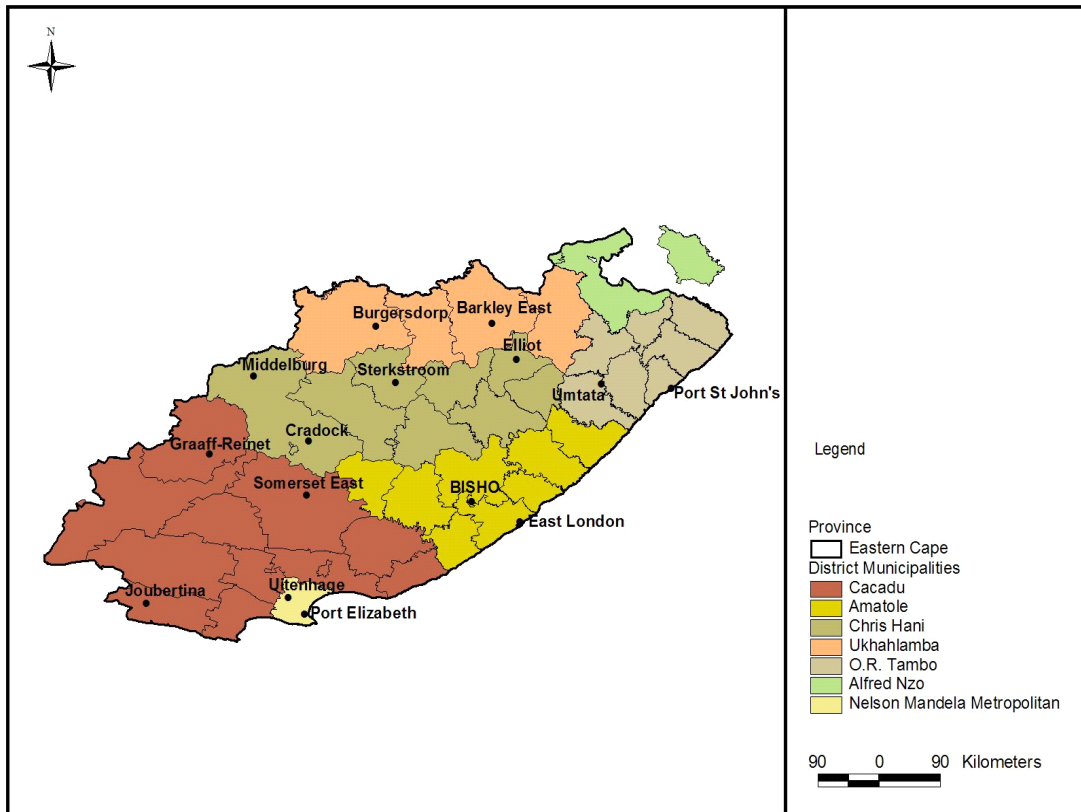


Figure 1.1: Map showing the municipal boundaries in the Eastern Cape Province

There are six district municipalities in the Eastern Cape Province, and one metropolitan area. The district municipalities are named Cacadu, Amatole, Chris Hani, Ukhahlamba, O.R. Tambo and Alfred Nzo; and the metropolitan area previously known as Port Elizabeth and Uitenhage Municipalities, is now named the Nelson Mandela Metropolitan Municipality (Municipal Demarcation Board, 2003).

1.1: Climate

The climate varies according to the distance from the ocean. Coastal areas enjoy mild temperate conditions ranging between 14 and 23 degrees Celsius, while the inland areas experience slightly more extreme conditions with temperatures of 5 to 35 degrees Celsius. Inland mountain areas experience winter snows and summer rainfalls (Eastern Cape Business Information Service, 2001).

1.2: Demography

The population of the Eastern Cape Province was approximately 6.4 million in 2001, representing 14.4% of the total South African population, making this region the third largest Province in South Africa (Statistics South Africa, 2003). The proportion of the population aged between 15 and 65 is now 56.9%, compared with the national average of 63% (Statistics South Africa, 2003). In addition, 36% of the province's population is under the age of 15, compared to the South African average of 32%.

The Eastern Cape Province has the second highest percentage of the population who are females (53.8%). The predominant population group is African (88%), with smaller groups of coloured (7%), white (5%) and Indian/Asian (0.3%) populations (Statistics South Africa, 2003). There are 11 official languages in South Africa, 3 of which are predominant in Eastern Cape. While English is the main business language, the language spoken most often is IsiXhosa, followed by Afrikaans, English and Sesotho.

Figure 1.2 shows the population in each District Municipality in the Province as well as the number of households.

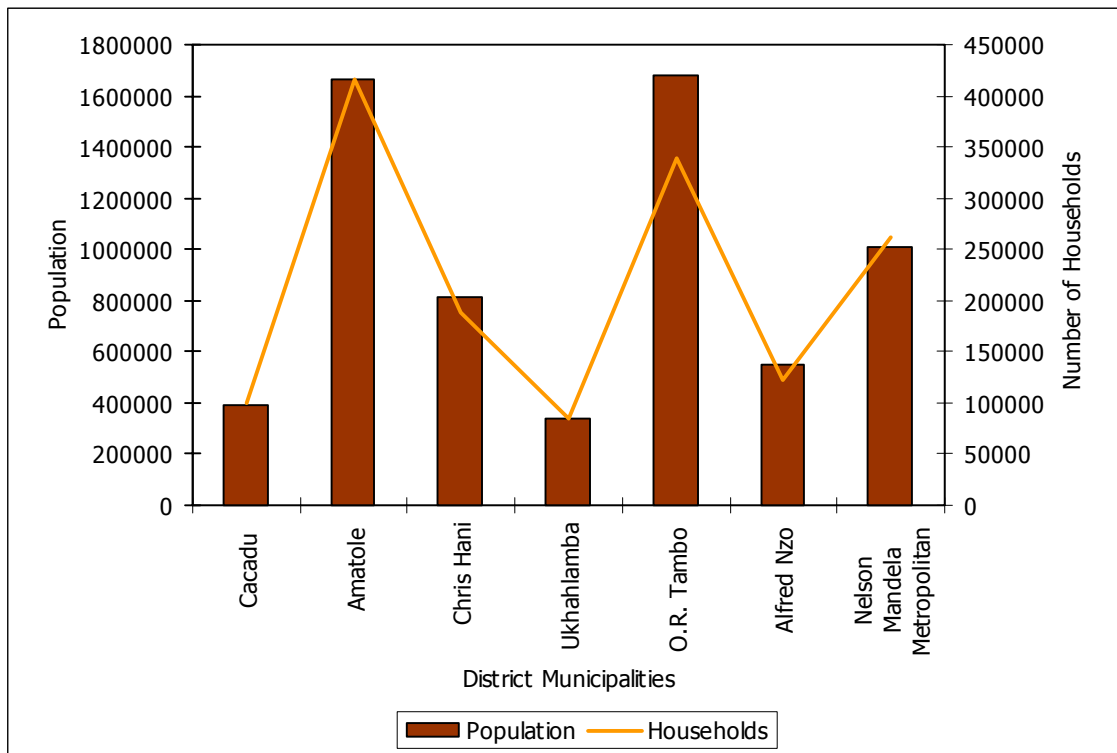


Figure 1.2: Population and number of households per District Municipality in the Eastern Cape Province – 2001 (Municipal Demarcation Board, 2003)

The Province has five universities, two satellite campuses, 20 technical colleges and numerous primary and secondary schools, many of which are high quality educational facilities. Some of South Africa's oldest schools are found in the Province (Eastern Cape Province, 2003). While 6.3% of the population over 20 years of age has received some form of higher/tertiary education, 22.8% have never received schooling (Statistics South Africa, 2003).

1.3: Biophysical environment

The Eastern Cape Province has the highest number of biomes and vegetation types out of the nine provinces in South Africa. Seven biomes and twenty-nine Acocks veld types are present, as well as a number of species; namely Plants (6164), Mammals (156), Birds (384), Amphibians (51) and Reptiles (57). The Province has many sensitive and conservation worthy areas within its region, such as the subtropical thicket, wetlands, river systems, cultural sites, rare and endangered species and its coastal areas. There are also many areas which require immediate attention, for example the eradication of alien vegetation, erosion control, pollution and land use. This special and varied environment presents many opportunities for the economic development of the area (Cape Action for the Environment, 2000).

1.4: Economic activities

The Eastern Cape Province is the poorest province in terms of average monthly expenditure (Statistics South Africa, 2000). Eastern Cape's plentiful human and natural resources are employed below their productive potential, due mainly to an insufficient accumulation of physical and human capital. The Province is afflicted by poverty and unemployment, as is explained below:

- Relatively high rural population;
- Relatively high proportion of young people;
- Relatively low literacy rate;
- Relatively low proportion of employed people; and
- Relatively high proportion of poorly paid employees.

As a consequence the provincial Gross Geographic Product (GDP) per capita is substantially less than the national average (Eastern Cape Business Information Service, 2001).

However, the Province also possesses a strong, dynamic and diversified productive sector. In 1999 the estimated provincial Gross Geographic Product (GDP) exceeded R57 billion. In terms of infrastructure, electricity costs are the second cheapest in the world and all factories are supplied with 3-phase electricity at 220/380 volts (Eastern Cape Business Information Service, 2001). The water quality is of a very high standard and can generally be used without further treatment.

The Province has capacity to accommodate further industrial expansion and industrial land is available in most towns at competitive prices. Good quality factories are generally available in Butterworth, East London, Port Elizabeth, Queenstown, Uitenhage and Umtata and all these areas are served by an efficient transport and containerised traffic network (Eastern Cape Province, 2003). Port Elizabeth and East London are the two largest industrial regions of the province and are both served by well equipped ports. The container ports in East London and Port Elizabeth are of international standard but are under-utilised. Major airports link Port Elizabeth and East London to Cape Town, Durban and Johannesburg (Eastern Cape Business Information Service, 2001).

The metropolitan economies of Port Elizabeth and East London are based primarily on manufacturing, the most important being motor manufacturing. The province is widely regarded as having the potential to substantially increase its contribution to GDP as South Africa moves towards an export-led industrial strategy (Eastern Cape Business Information Service, 2001).

Table 1.1 presents a breakdown of provincial sectoral employment.

Table 1.1: Sectoral employment in the Eastern Cape Province (Statistics South Africa, 2003; Eastern Cape Business Information Service, 2001)

Sector	Number of employees (2001)	% of Total (2001)	Number of employees (1999)	% of Total (1999)
Agriculture, hunting, forestry & fishing	72 123	9.6	70 470	13.2
Mining& quarrying	4 574	0.6	7 154	1.4
Manufacturing	90 864	12.0	97 035	18.1
Electricity, gas & water supply	3 763	0.5	5 598	1.0
Construction	36 761	4.9	43 635	8.1
Wholesale, retail trade & accommodation	104 647	13.9	83 818	15.7
Transport, storage & communication	27 587	3.7	32 851	6.1
Financial, insurance, real estate & business services	51 450	6.8	35 181	6.6
Community, social & personal services	196 345	26.0	159 453	29.8
Private Households	89 337	11.8	-	-
Undetermined	76 836	10.2	-	-
Total	754 338	100.0	535 195	100.0

The Province as a whole has a particularly large manufacturing sector, accounting for a consistent percentage of private production and employment (Eastern Cape Business Information Service, 2001). Many well-known companies have made considerable investments in the Province, including Volkswagen, General Motors (Delta), DaimlerChrysler, Goodyear Tyres, Nestlé, Cadbury's, Firestone Tyres and Dulux Paints.

To facilitate integrated planning sensitive to the environment, the Province is in the process of implementing two Spatial Development Initiatives (SDIs), namely the Fish River SDI and the Wild Coast SDI, and two Industrial Development Zones (IDZs), namely the West Bank (East London) IDZ and the Coega IDZ. The latter, 20 km east of the Nelson Mandela Metropolitan Municipality, was the first IDZ to be earmarked and is one of the biggest initiatives ever undertaken in South Africa. Plans for the development of the area as an export-orientated zone include the building of a deepwater port (Eastern Cape Province, 2003).