EASTERN CAPE OCEANS ECONOMY

SATELLITE ACCOUNT

KEY EMPIRICAL RESEARCH FINDINGS AND TAKEAWAYS

ecsecc
eastern cape socio economic consultative council

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"The ocean is not just a vast expanse of water, it is a powerful economic engine. Investing in its health is not only a moral imperative but a strategic pathway to sustainable growth, innovation, and resilience for generations to come."

INTRODUCTION

In December 2024, ECSECC commissioned an empirical Study on the Oceans Economy in the Eastern Cape encompassing a diverse range of industries including and, in addition to, the Operation Phakisa: Oceans Economy initiative launched in 2014.

The specific objectives of the empirical study were to:

1. Conduct an empirical study on oceans economy in the Eastern Cape that will provide a more detailed and focused analysis of ocean economy's contributions to various macroeconomic indicators.
2. Create a satellite account and getting required data.
3. Deploy quantitative research which will includes an analysis of the ocean economy's potential to drive economic growth, generate employment and enhance fiscal revenues through targeted tax policies.

The study was concluded in July 2025. This overview booklet outlines the key findings from study that quantifies the scope of the Oceans Economy sector, its size, and contribution to the Eastern Cape provincial economy. The overview also describes selected multipliers from the modelling exercise, demonstrating the multiplier effect of investments in the Oceans Economy encompassing key economic variables such as the GDP, Employment, Incomes, and Investment.

OVERVIEW

Oceans economy refers to the range of economic activities that promote the sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystem. Oceans are increasingly gaining importance in terms of enabling international trade via linking sellers and buyers.

According the scoping study by the National Operation Phakisa: Oceans Economy Secretariat, South Africa's vast ocean has the potential to contribute up to 177 billion rand to its GDP and create over one million jobs by 2033. It is recognised globally as a marine biodiversity hotspot, with close to 13,000 marine species identified from our oceans.

South Africa ranks as the third highest in terms of marine species endemism in the world. The fisheries sector is worth around R8 billion a year and the commercial sector directly employs approximately 28 000 people with many thousands more depending on fisheries resources to meet basic needs in the small-scale and recreational sectors.

The Eastern Cape with its extensive coastline and rich marine resources stands to benefit significantly from a well-documented and analysed ocean economy. In this respect, the recent development of a dedicated satellite account for the ocean economy demonstrates the province's ability to fully unlock the sector's economic value and potential.

The seventh Provincial Administration of the Eastern Cape is collaborating with various social partners to unlock the full potential of the province's coastline through a nationally driven initiative of Operation Phakisa: Oceans Economy, launched in 2014, in the following key sub-sectors of the Oceans Economy, which include the following:

- Marine Transport and Manufacturing,
- Offshore and Oil Gas;
- Aquaculture and Fisheries,
- Marine Protection Services and Ocean Governance,
- Small Harbours Development and Coastal Development,
- Coastal and Marine Tourism,
- Skills Development, Research and Innovation as cross-cutting enablers.

3 KEY FINDINGS OF THE EMPIRICAL STUDY

The empirical study was conducted, initially focussing on the on the above labs to measure employment, investment, growth and other activities that occur withing the Oceans Economy sector. The end-product of this study is an Eastern Cape Oceans Economy Satellite Account.

What is a Satellite Account?

A **satellite account** is a statistical framework that provides a detailed analysis of a specific sector's contribution to the economy, complementing the central national accounts. In the context of the ocean economy, a satellite account would offer comprehensive insights into the economic activities related to marine and coastal resources, including metrics such as gross value added, employment, and investment within the sector (2008SNA).

Findings on the Sectors involved in the Oceans Economy in the Eastern Cape:

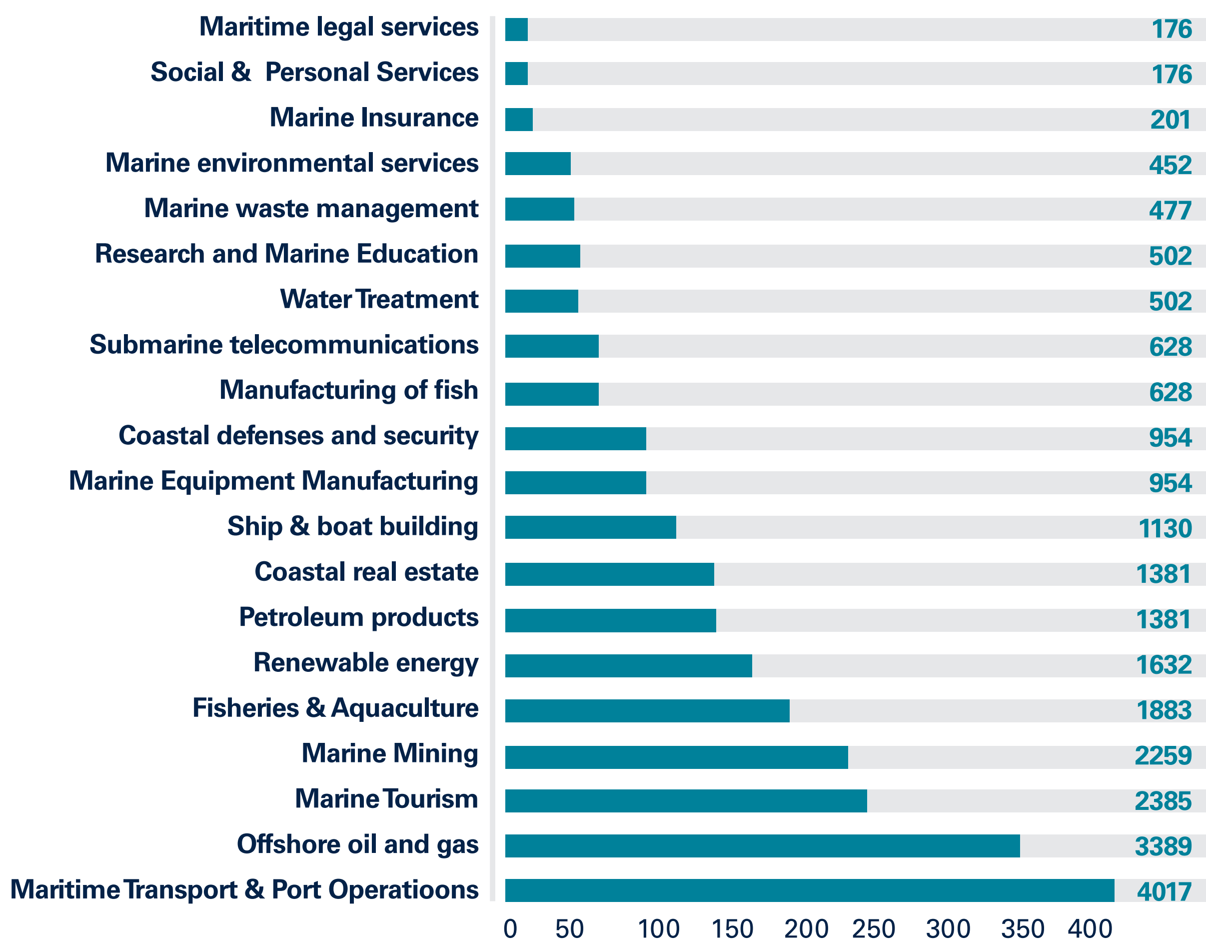
	Sectors involved in the Ocean Economy	Oceans Economy Involvement
1	Offshore oil and gas	Major
2	Marine mining	Major
3	Coke, petroleum products and nuclear fuel	Medium
4	Renewable energy, engineering services for renewables	Major
5	Submarine cables & telecommunications	Small
6	Water: collection, treatment, supply and desalination	Small
7	Marine insurance	Minor
8	Maritime Transport and Port Operations	Major
9	Coastal real estate and development	Medium
10	Ship & boat building and repair	Medium
11	Coastal defense and security	Medium
12	Marine Equipment Manufacturing	Medium
13	Marine environmental services	Minor
14	Manufacturing of fish	Small
15	Marine waste management and recycling	Small
16	Aquatic & Oceanographic Research, and Marine Education	Small
17	Other community, social and personal services	Minor
18	Fisheries and Aquaculture	Major
19	Marine tourism, travel agencies, and recreation	Major
20	Maritime legal services	Minor

Contribution to Provincial Growth – Gross Domestic Product (GDP)

The Oceans Economy contributed R27.9 billion, representing 5.2% of the overall Eastern Cape economy in 2023 (ECSECC,2025).

The Total Output of the blue economy contributed to R54 billion, generating a Gross Value Added (GVA) of R25 billion, with R3.1 billion in investment and 43 000+ jobs created. The GVA-to-output ratio of ~46 % signals relatively strong value creation across the ocean-linked sectors.

Eastern Cape Oceans Economy GVA



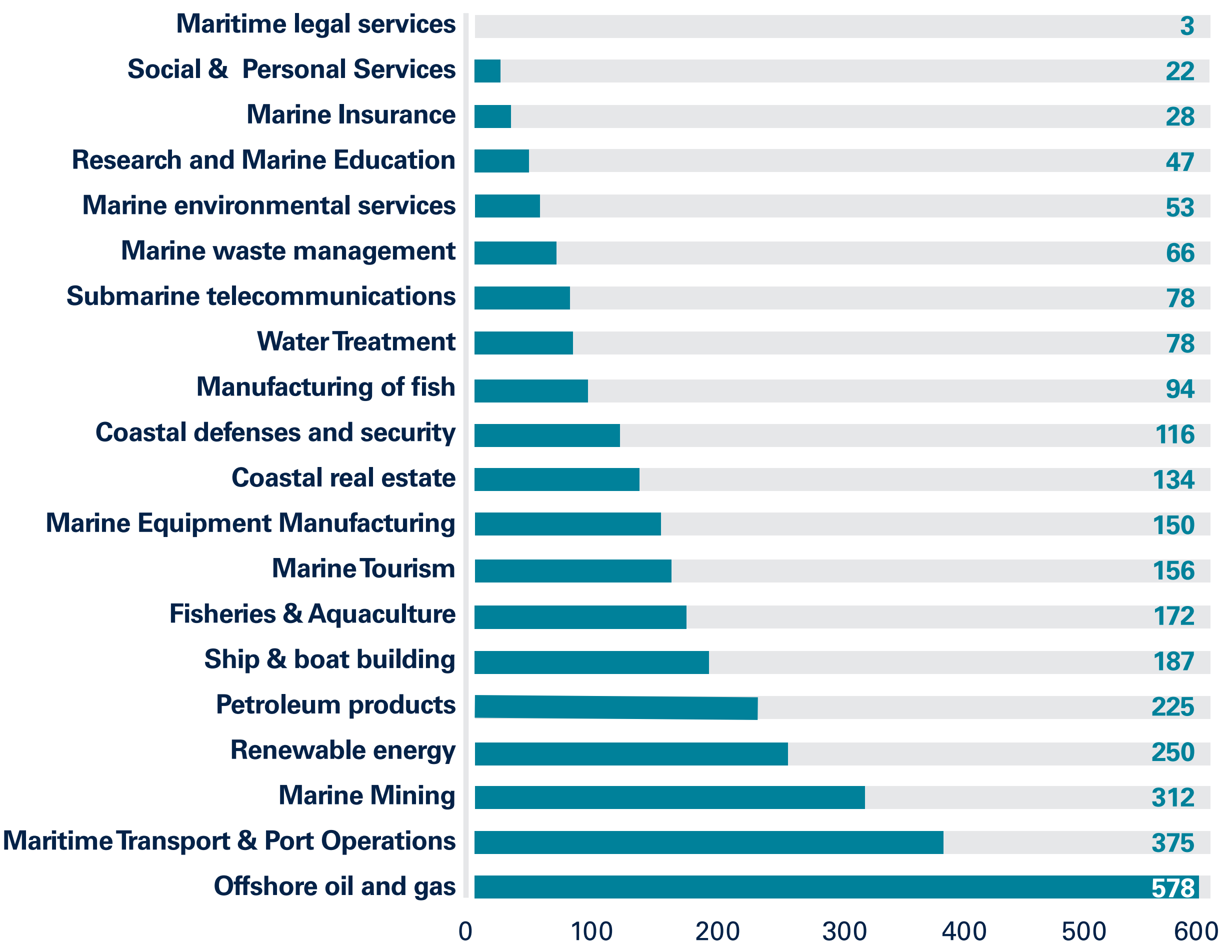
The gross value added (GVA) for the Eastern Cape Oceans Economy shows the top three contributing industries in the Oceans Economy are the following:

- Maritime transport and Port operations (4017) contributes the most in Eastern Cape. The three ports (Port Elizabeth, East London, and Ngqura) serve as vital trade gateways for enhancing port infrastructure, efficiency, and connectivity with inland logistics will boost economic output.

- This is followed by Offshore Oil and Gas (3389), where offshore wind and wave energy projects can tap into the Eastern Cape's natural wind resources to contribute to sustainable energy goals (Renewable Energy).
- Lastly, Marine tourism (2385) which enhance coastal tourism in towns like Port Alfred and Jeffrey's Bay presents an opportunity to expand revenue through eco-tourism, marine safaris, and cruise ship tourism.

Investment

Rand Value (RM) of Investments



The Table above indicates the percentage distribution of investment as follows:

- Offshore Oil & Gas (18.5%):
- Investment in exploration projects, particularly in Algoa Bay, can drive long-term economic benefits.
- Port infrastructure (12%): Enhancing port capacity, automation, and logistics connectivity to industrial zones will attract foreign direct investment.
- Marine mining (13%): With potential seabed mining opportunities, regulatory frameworks must balance economic benefits and environmental protection.

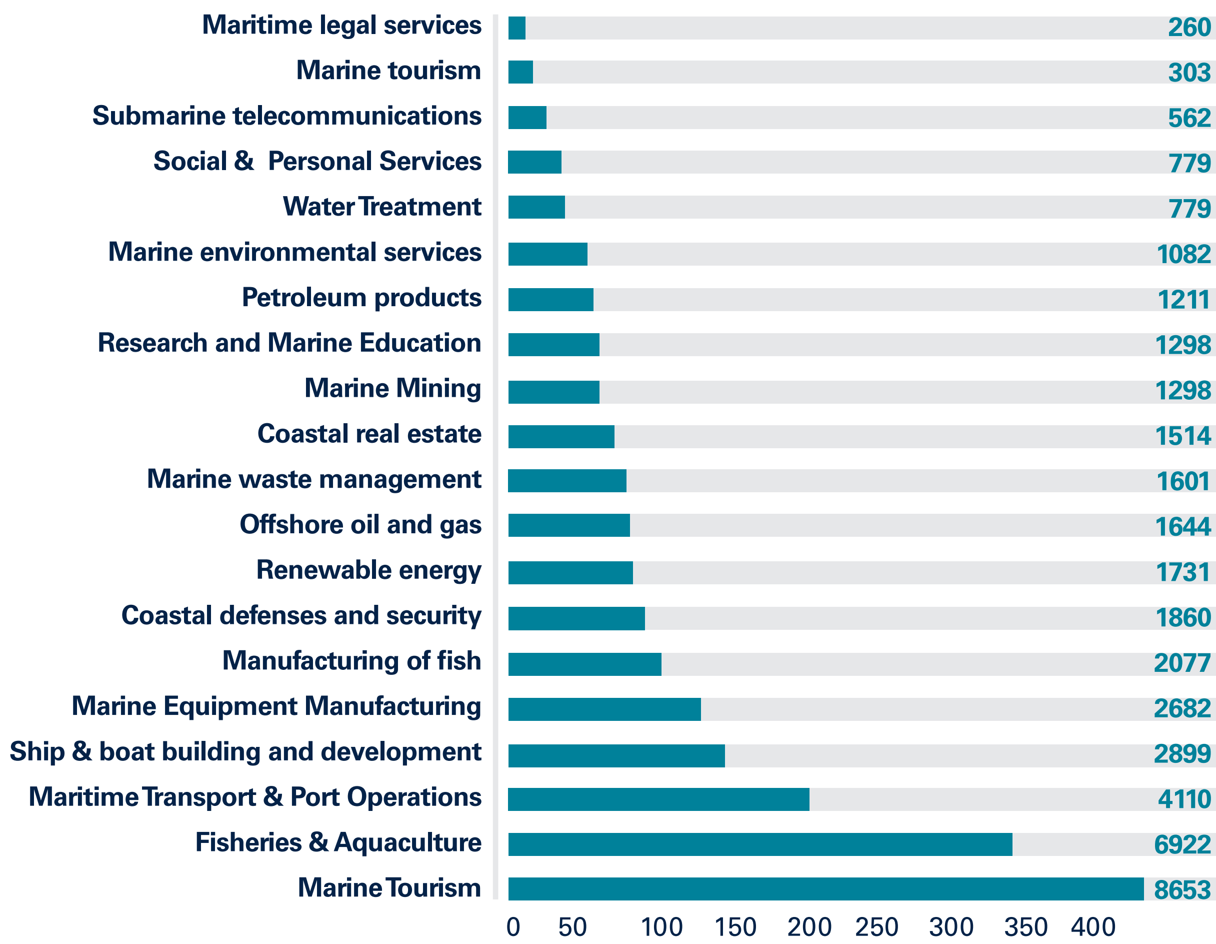
- Coastal real estate (4.5%): Sustainable coastal property development will require careful environmental planning and infrastructure investment.

Employment

Total employment in the EC Ocean Economy indicates the following percentage distribution of employment:

- Marine tourism (20%) which is a labour-intensive industry, with job creation in hospitality, conservation, and maritime services.
- Fisheries & aquaculture (16%). The industry requires enhanced support through public policy measures to unclock its full potential.
- Shipbuilding and repair (6.7%). Upskilling artisans and welders will help meet labour demands in the growing shipbuilding sector.
- Job creation in Offshore Wind/Renewable Energy (4%) will require specialized skills development initiatives.

Employment



Capital/Labour Ratio

Low capital-labour (K/L) sectors (Labor-Intensive)

Low capital-labour includes maritime legal services (12.0), Marine Tourism (18.0), Fisheries & Aquaculture (24.8). These sectors require a high number of workers and have relatively low capital investment per worker. For example, Tourism depends on service personnel; fisheries rely on manual labour for fishing and processing.

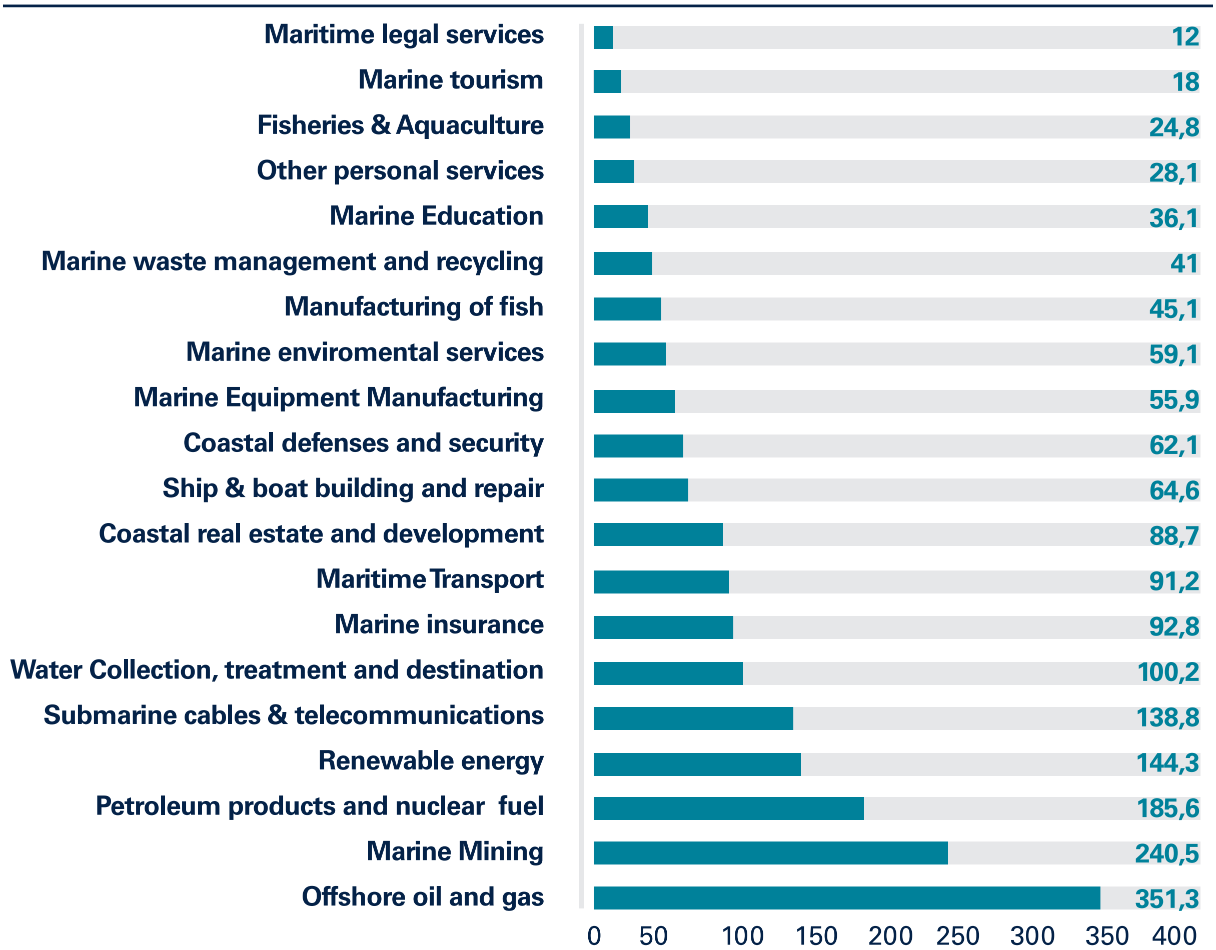
Medium K/L Sectors (balanced capital & labour use)

Sectors such as Ship & Boat Building (64.6), Coastal Real Estate (88.7), Maritime Transport (91.2) blend labour with capital investments in infrastructure and equipment. For example, shipbuilding requires skilled labour but also machinery; transport requires labour for port operations.

High K/L Sectors (Capital-Intensive)

The following sectors rely heavily on expensive equipment and technology, requiring fewer workers per unit of capital: Submarine Cables & Telecom (138.8), Renewable Energy (144.3), Petroleum & Nuclear (185.6), Marine Mining (240.5), Offshore Oil & Gas (351.3). For example, oil rigs, mining vessels, and wind turbines require large capital investments but employ fewer workers.

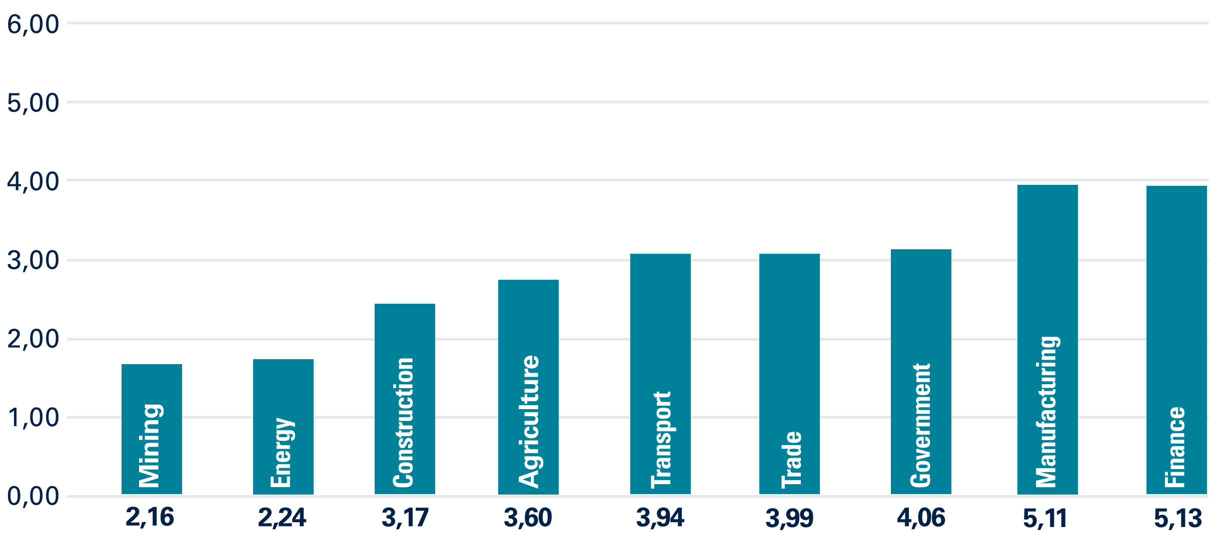
Capital Labour Ratio



4 SELECTED FINDINGS FROM THE ECONOMY-WIDE SAM-BASED MODEL: OVERALL RESULTS FOR E.C.

The Eastern Cape continues to face persistent structural and economic challenges that constrain production output and limit inclusive growth. High levels of unemployment, weak infrastructure, and limited industrial diversification have collectively contributed to sluggish economic performance. Many sectors remain disconnected from broader economic value chains, leading to low levels of economic spillovers and reduced resilience to external shocks.

Sectoral Output Multiplier



The output multipliers offer critical insights for policy direction. Sectors such as manufacturing (5.11), finance (5.13), trade (3.99), and government services (4.06) exhibit the highest economy-wide output multipliers, signifying strong potential to generate widespread economic benefits through both direct and induced channels.

In contrast, sectors such as mining (2.16) and energy (2.24) show much lower multipliers, reflecting limited backward linkages and weaker impact on household incomes. This ripple effect highlights the importance of strategic investments that stimulate final demand, particularly in sectors with high multipliers, to unlock broader economic growth and support employment, income generation, and regional development in the province.

This implies that directing resources toward high-multiplier sectors can yield stronger economic returns and contribute more meaningfully to employment, investment, and poverty reduction.

Export Promotion and international Trade Policy

Exports play a crucial role in the Eastern Cape economy, particularly given its strong presence in the automotive, agriculture, and manufacturing sectors, as well as its strategic ports in Gqeberha and East London. However, despite this export base, the province faces challenges such as infrastructure constraints, high logistics costs, and limited diversification, which constrain export growth and competitiveness.

Export Multiplier

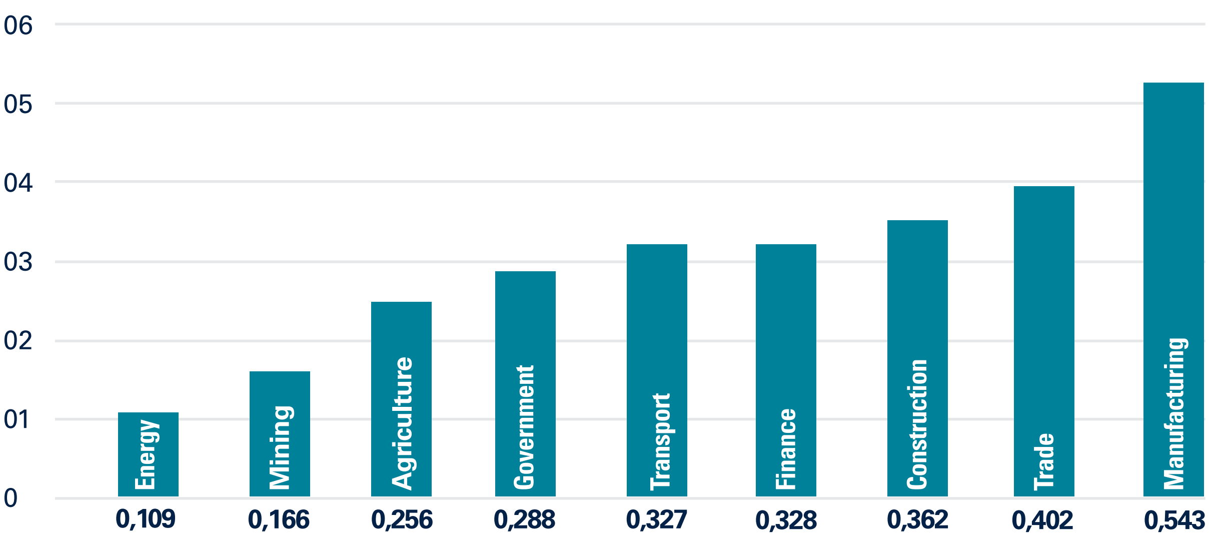


Figure 3.2, from the average export multiplier of 0.30892 for the Eastern Cape, a hypothetical R1 billion increases in exports—for instance, from expanded agri-processing or port-related trade—would result in additional output in the provincial economy.

While this may seem modest compared to output multipliers, it reflects the partial nature of export multipliers, which only account for the effects of foreign demand. Nevertheless, sustained export growth in high-multiplier sectors can generate cumulative gains over time, justifying the need for policies that improve export logistics, reduce trade costs, and support export-oriented firms.

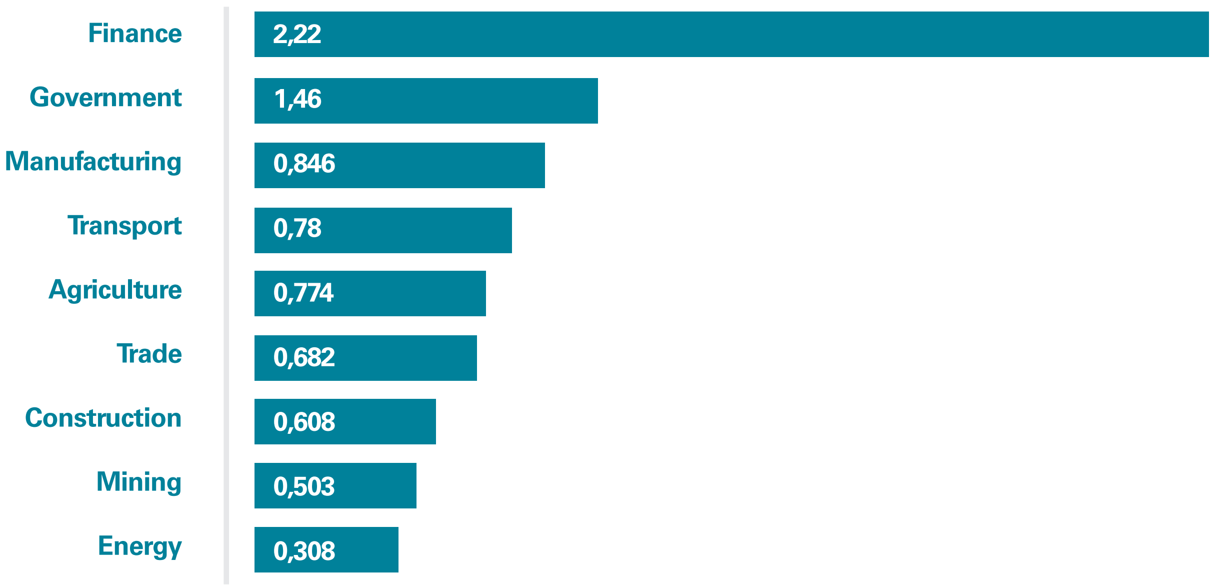
In the context of export promotion and international trade policy, comparing export multipliers across sectors reveals important strategic insights. Sectors with high export multipliers—such as manufacturing (0,543) and trade (0,402) demonstrate stronger linkages to the domestic economy, enabling them to drive broader gains in production, employment, and income when export demand increases. These sectors typically have well-developed value chains, deeper integration with local suppliers, and a higher degree of export readiness and sophistication. On the other hand, sectors with low export multipliers, such as mining and energy, often depend heavily on imported inputs or operate with limited connections to local industries, thereby generating fewer spillover benefits for the broader economy.

This divergence in multiplier strength suggests that export promotion policies should go beyond simply increasing export volumes. Instead, they should be more selective and target sectors that have high domestic linkages, as these offer greater potential for inclusive growth and structural transformation. Supporting export-ready firms in such sectors through trade facilitation, infrastructure upgrades, export incentives, and value chain development can significantly enhance the overall impact of trade on the provincial economy. This approach ensures that the gains from global trade are more evenly distributed and contribute meaningfully to local job creation and enterprise development in the Eastern Cape

Wage and salaries spillovers for poverty and inequality alleviation

Wages and salaries play a pivotal role in driving household income, consumption, and ultimately, poverty reduction. The compensation of employees (CoE) multipliers reflects the extent to which an increase in final demand translates into wage income across sectors.

Income Multiplier



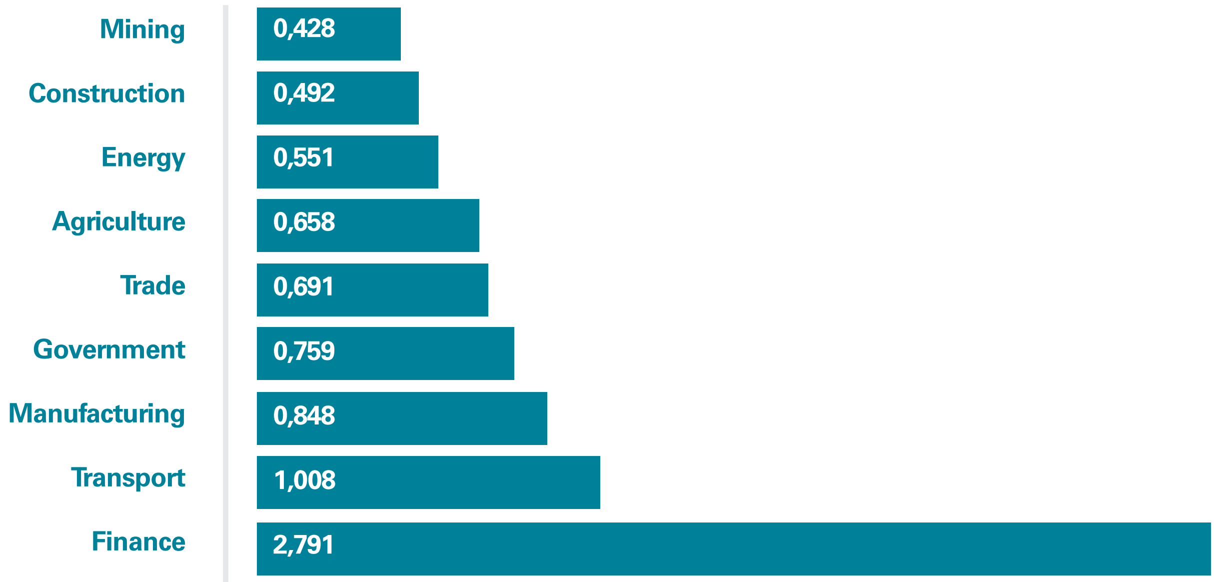
Sectors like finance (2.21961) and government (1.46015) exhibit the highest economy-wide compensation of employees CoE multipliers, indicating a strong spillover of wage income through direct employment and induced consumption effects. Conversely, sectors such as energy (0.30825) and mining (0.50292) have significantly lower multipliers, suggesting limited wage distribution and a smaller contribution to poverty alleviation (See Figure 3.3).

High-multiplier sectors typically employ more labour per unit of output, or they generate better-paying jobs, which then boost household spending and support local economies. Sectors like manufacturing (0.84638), transport (0.78005), and trade (0.68246) also show moderate to strong wage transmission effects, making them suitable targets for employment-focused stimulus and job creation programs aimed at reducing poverty and inequality.

The disparity between high and low CoE multipliers reveals where policy interventions might be most effective for inclusive growth. Thus, aligning wage policy with high-multiplier sectors can strategically address poverty and stimulate equitable economic development.

Return On Investment: Enterprise And Private Sector Development

Gross Operating Surplus Multiplier



The Gross Operating Surplus (GoS) multipliers reflect the return on capital investment or profit accruing to enterprises per R1 million of final demand in the Eastern Cape. These multipliers are essential for assessing the potential attractiveness of different sectors to both domestic and foreign investors. Sectors such as finance (2.79071), transport (1.00790), and manufacturing (0.84790) show high economy-wide GoS multipliers, suggesting strong profit-generation capacity and higher returns for enterprises. In contrast, mining (0.42757) and energy (0.55050) display lower multipliers, indicating more modest returns from local economic linkages and spillover.

Local vs foreign enterprise and private sector development

To illustrate on local, an investment in the transport sector in innovative technology which has a total GoS multiplier of 1.00790, would generate just over R1 million in enterprise profit and returns across the economy. If the investor is a local business, these profits are more likely to be reinvested within the province, creating jobs and stimulating additional business activity through expanded operations, procurement, and household spending.

However, if the investor is foreign, a significant portion of the return may exit the local economy, reducing the multiplier's developmental impact.

Policy recommendations should therefore include investment promotion measures favouring domestic enterprise development, such as local equity participation requirements, reinvestment incentives, and supplier development programs. Furthermore, targeted enterprise support policies—such as access to finance, technical assistance, regulatory simplification, and public-private partnerships—can help grow a resilient, competitive private sector that retains and circulates value within the Eastern Cape. A coordinated approach that links foreign direct investment to local enterprise ecosystems is essential to enhance inclusive growth and maximise the economic benefits of each rand invested.

5 KEY TAKEAWAYS

The Eastern Cape poses promising results in terms of economic development and growth in the Oceans Economy. The Oceans Economy sector must be used as a growth frontier and lever to drive an inclusive economy. This will ensure that all sectors of society benefit from its growth.

There is a pressing need for industry empowerment and stronger alignment with the Oceans Economy strategy, which includes sustainable ocean resource use for economic development and job creation. The province must position the Oceans Economy to meaningfully integrate the provincial economy into the global value chains (GVC) to remain competitive and future-ready.

Promote environmental responsibility, particularly when developing or extracting natural resources. Community inclusion and transformation targets are vital to ensure long-term success and protect national assets. Sustainability and security must remain central in maritime development.

NOTES

Province of the
EASTERN CAPE
REPUBLIC OF SOUTH AFRICA

OPERATION
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