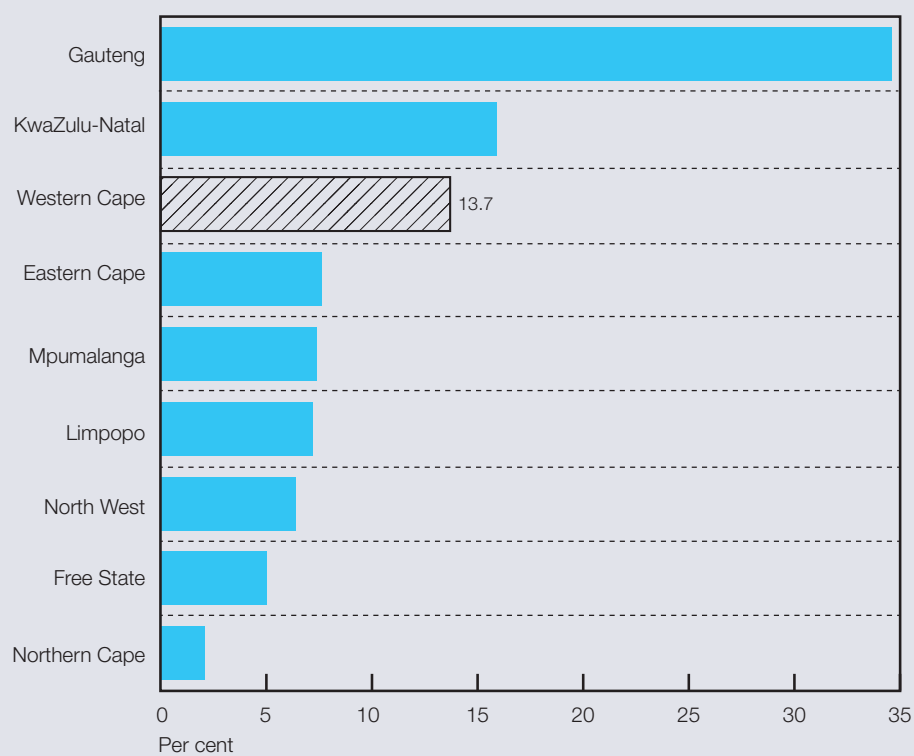


### Box 1 The contribution of the Western Cape to overall output in the South African economy

The Western Cape is the third largest province in South Africa with an average contribution of 13.7% to overall nominal gross domestic product (GDP) from 2010 to 2016. The province contributes significantly to agriculture, forestry and fishing; construction; and finance, insurance, real estate and business services. The distribution of economic activity within the province is such that the finance, insurance, real estate and business services sector is the largest contributor, followed by trade, catering and accommodation services, and manufacturing. Agriculture only accounts for around 3.0% of the Western Cape's nominal GDP but has a significant downstream impact on manufacturing activities in general. The province contributed, on average, 0.3 percentage points to the average growth rate of 2.1% of overall real GDP from 2010 to 2016. The current water crisis in the province, against the backdrop of declining dam levels as from late 2014 and persistent drought conditions, together with the influx of people into the province has the potential to negatively affect activity in the South African economy as a whole.

According to regional GDP statistics published by Statistics South Africa, Gauteng, KwaZulu-Natal and the Western Cape together accounted for 64.3% of nominal GDP in South Africa in 2016. The Western Cape's contribution to South Africa's nominal value added increased marginally from 13.6% in 2015 to 13.7% in 2016.

Contributions to nominal gross domestic product per province in 2016

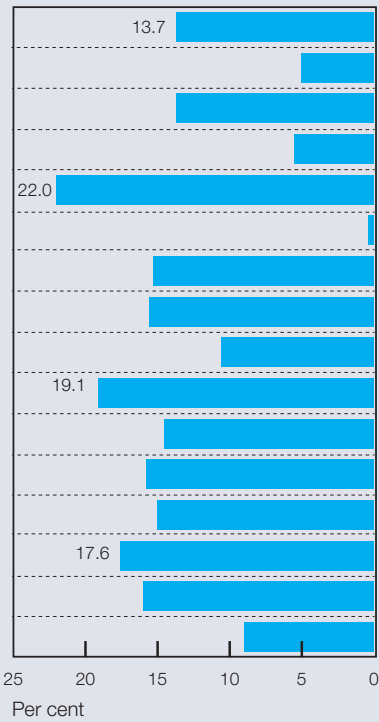


Source: Stats SA

The contribution of the Western Cape to South Africa's nominal GDP by industry shows that the province adds significantly to agriculture, forestry and fishing; construction; and finance, insurance, real estate and business services. The Western Cape's contribution to agriculture, forestry and fishing increased slightly from 21.9% in 2015 to 22.0% in 2016, and that to finance, insurance, real estate and business services from 17.2% to 17.6%. By contrast, its contribution to construction declined from 19.3% to 19.1% over the period.

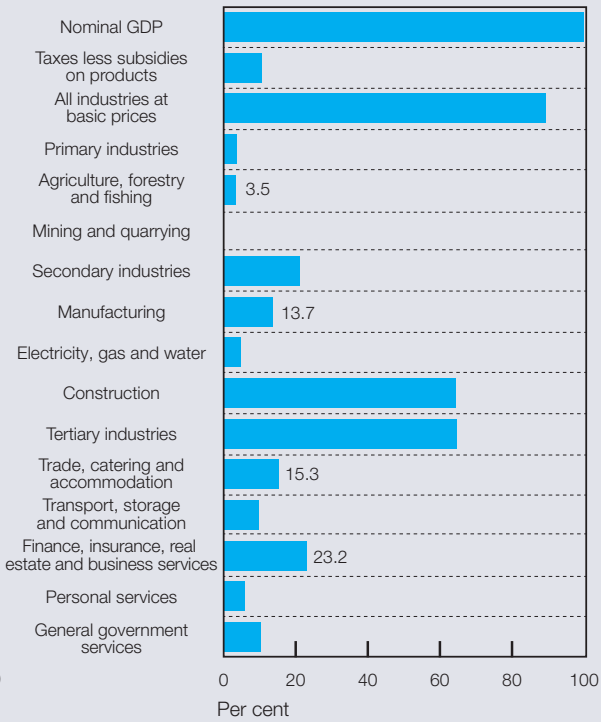
The composition of the contributions to economic activity within the province differs somewhat from the province's contribution to national GDP. Within the province, the finance, insurance, real estate and business services sector contributes the most to nominal GDP, followed by trade, catering and accommodation services and manufacturing. Despite the province's significant contribution to agriculture, forestry and fishing in the economy as a whole, the sector accounts for a relatively small portion of the Western Cape's nominal GDP.

Western Cape as a ratio of South Africa's nominal gross domestic product in 2016



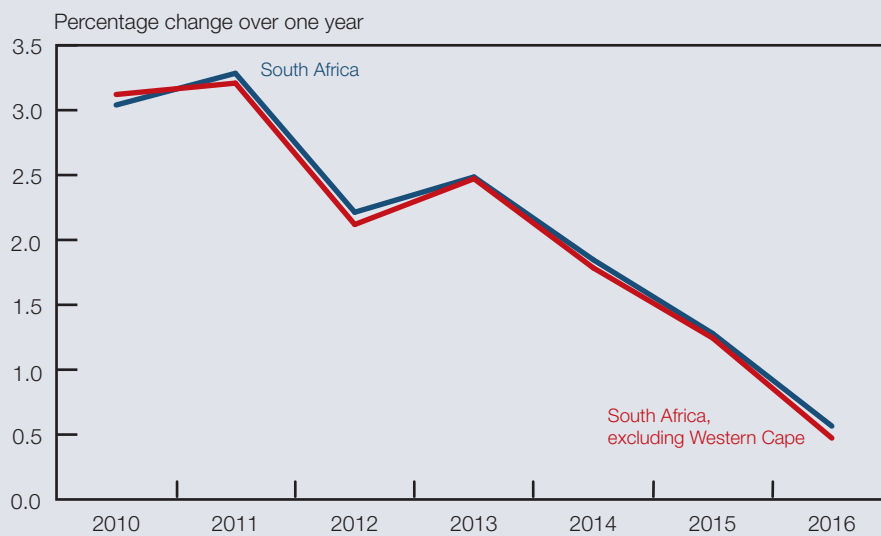
Source: Stats SA

Distribution of nominal economic activity in the Western Cape in 2016



Real GDP growth in South Africa decelerated from 3.0% in 2010 to 1.3% in 2015, and further to 0.6% in 2016. The Western Cape's contribution to overall real GDP growth varied between a high of 0.5 percentage points and a low of 0.2 percentage points between 2010 and 2016, or on average 0.3 percentage points. Real GDP growth, excluding the Western Cape, accordingly slowed from 3.1% in 2010 to 0.5% in 2016.

Real gross domestic product



Source: Stats SA