Centre for African Industrialisation
RESEARCH · POLICY · DEVELOPMENT

2ND QUARTER 2026

QUARTERLY SOUTH AFRICAN MANUFACTURING REPORT

Prepared by the Centre for African Industrialisation

Report No. 001



TWIMS
TOYOTA WESSELS INSTITUTE FOR MANUFACTURING STUDIES

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email: survey@cai-online.org

Foreword

The South African manufacturing sector is a critical component of the domestic economy. Despite an extremely challenging last decade, the sector remains responsible for over 1.5 million direct jobs in the domestic economy and contributes over 12% of the country's GDP. The Centre for African Industrialisation's Quarterly South African Manufacturing Report is focused on understanding the performance dynamics of this key sector on a quarter-by-quarter basis. The report brings clarity to the sector's short-term position, and the underlying dynamics framing its performance. The Centre for African Industrialisation is committed to the completion of rigorous research to support and guide the development of the South African (and broader African) manufacturing sector and believes the quarterly collection and analysis of manufacturing survey data is critical to guiding decision making, especially in those institutions focused on supporting manufacturing development.

— Prof. Justin Barnes
Executive Director, TWIMS

Launching the Quarterly South African Manufacturing Survey

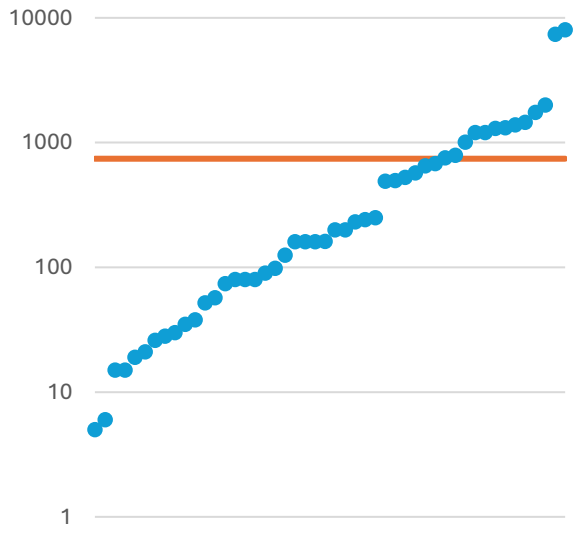
The inaugural quarterly survey is based on a stratified sample of manufacturing firms which is representative of the spatial, sectoral, and employment distribution of manufacturing in South Africa. Responses were received from 48 firms. Targeting senior management, this report presents the results of the 15-minute online survey covering the second quarter period from 1 April 2026 to 30 June 2026. A variety of sectors across South Africa's major provincial manufacturing hubs (Gauteng, KwaZulu-Natal, Eastern Cape, and Western Cape) were approached to participate. Industry associations were also approached to voluntarily distribute the survey link to their members. Manufacturing industries are defined as all those that fall under the International Standard Industrial Classification (ISIC) 2-digit codes 10-33.

Quarter 2 Results

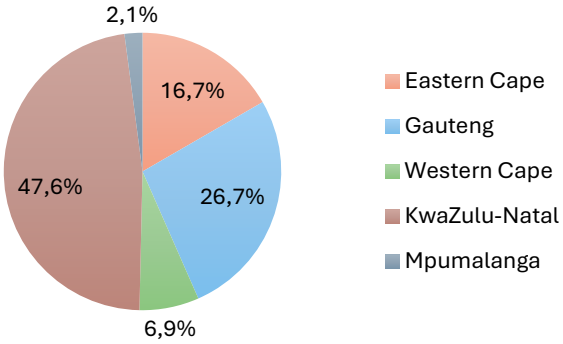
The following results are a summary of aggregated anonymous respondent data for quarter 2 of 2026.

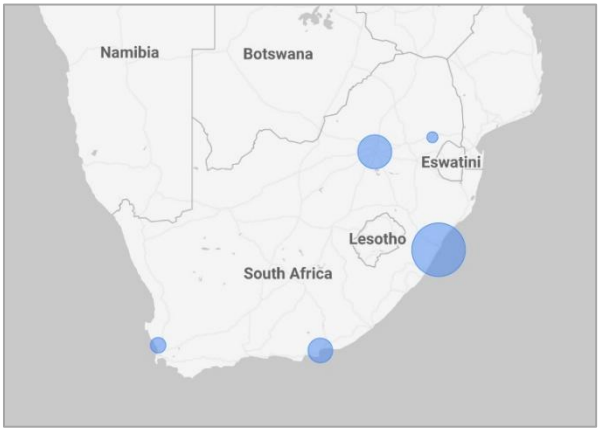
Number of employees per production facility

The total number of employees in the participating manufacturing facilities is 35,677, with a minimum of 5 employees in the smallest factory, to a maximum of 8,000 in the largest. The mean number of employees is 743.

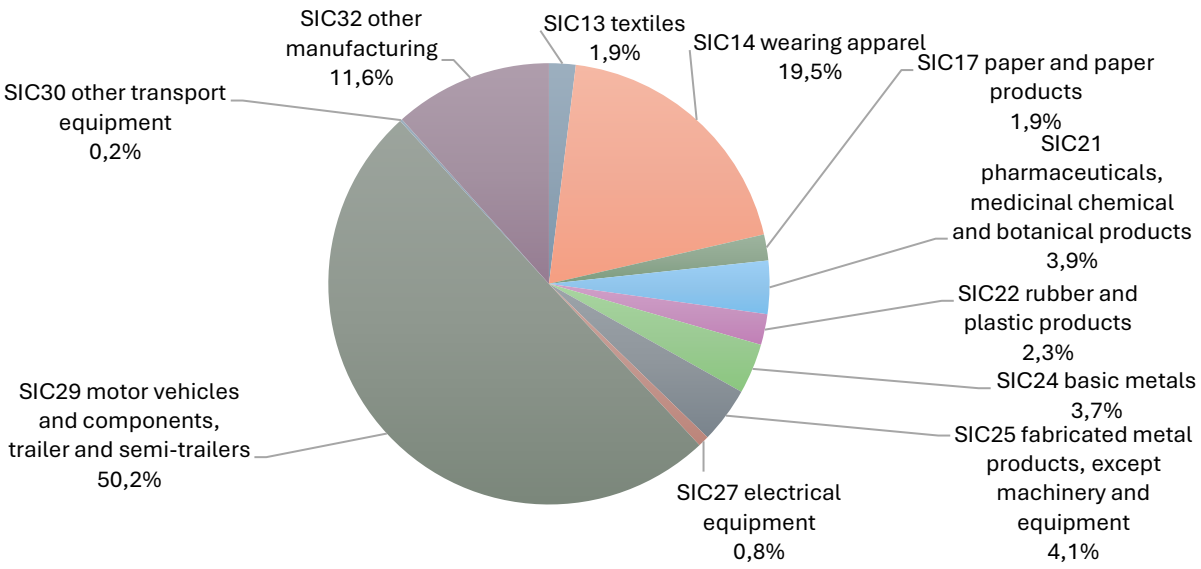


Distribution of survey respondents' manufacturing facilities



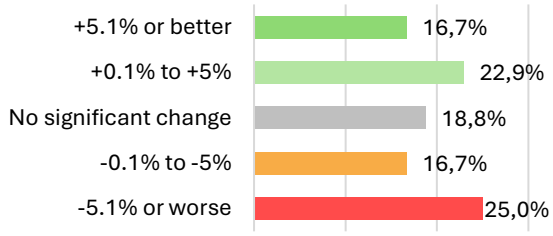


Survey sector representation, comparative size measured by number of employees

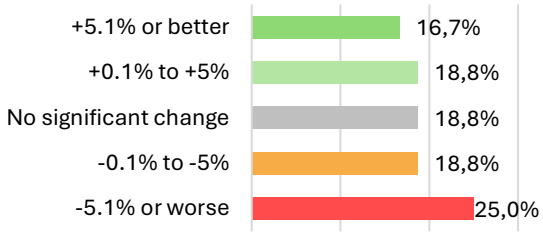


Data on changes in sales (both domestic and total) were reported to be mixed for the 48 manufacturing facilities. However, a quarter of firms reported a 5.1% or larger fall in domestic and total sales over quarter 2. 52% of the respondent firms reported direct exports, with 29.1% of these firms reducing sales. This is slightly higher than the 25% who experienced growth in their export sales on a quarter-on-quarter basis. The average size of manufacturing facilities that directly export is 1,125 employees. The average size of manufacturing facilities that do not export is 328 employees.

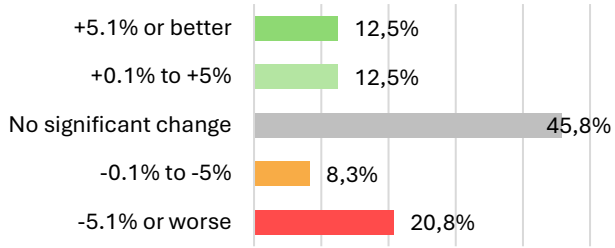
Total sales QoQ change



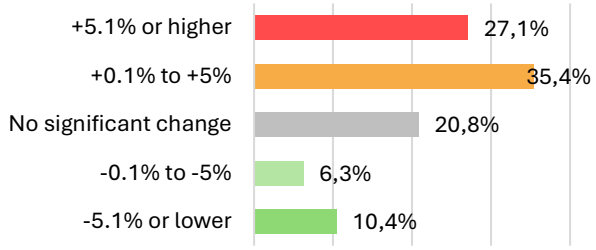
Domestic market sales QoQ change



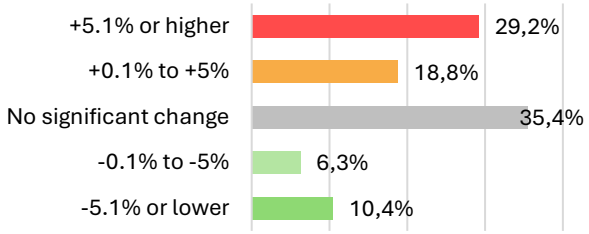
Direct export sales QoQ change



Value of local material or component inputs QoQ change

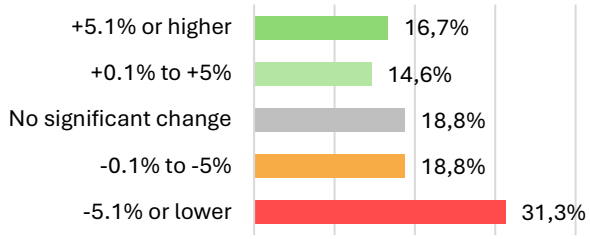


Value of imported material or component inputs QoQ change

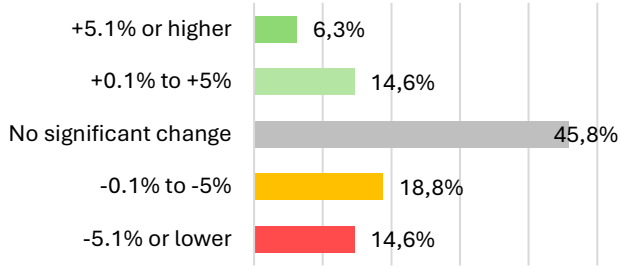


Operating profits reflected the fall in sales, and increases in input costs, with 31.3% of firms reporting a 5.1% or larger fall in operating profit over quarter 2. In addition, a third of manufacturers decreased employment (33.4%). This is substantially higher than the 20.9% who increased their employment. Productivity findings are more positive with 29.2% of firms indicating improving productivity versus 14.6% experiencing productivity decline.

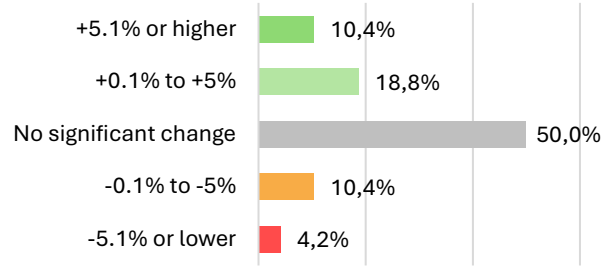
Operating profit QoQ change



Employment QoQ change



Productivity (unit output per labour hour) QoQ change



Respondent comments

"The war has affected shipping, price and reliability. Oil prices affect polyester in the fabric supply and of course fuel prices affect delivery charges and CPI. The employees are feeling it the most."

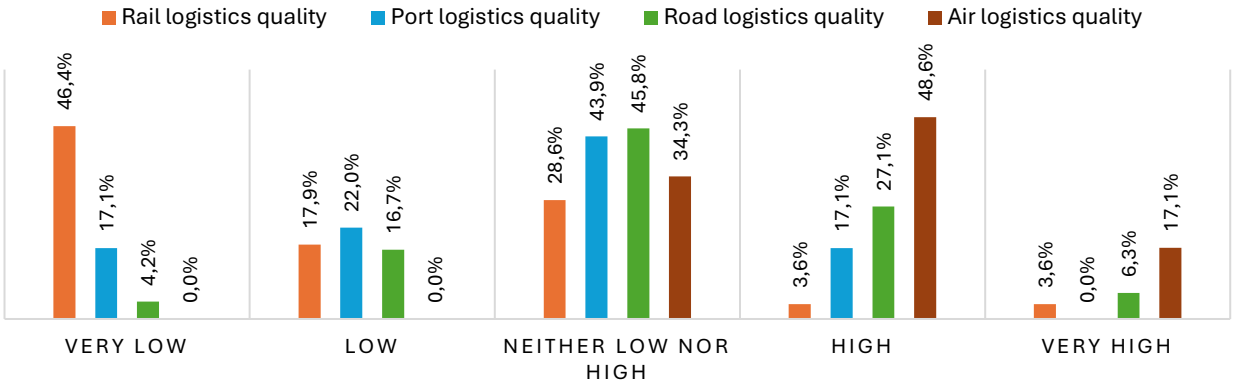
"Imports from overseas are increasing daily, our manufacturing costs keep rising but importer warehouses are able to keep huge volumes of stock so very hard to compete on price. We have plenty capacity for weaving."

"There is very low support for localisation"

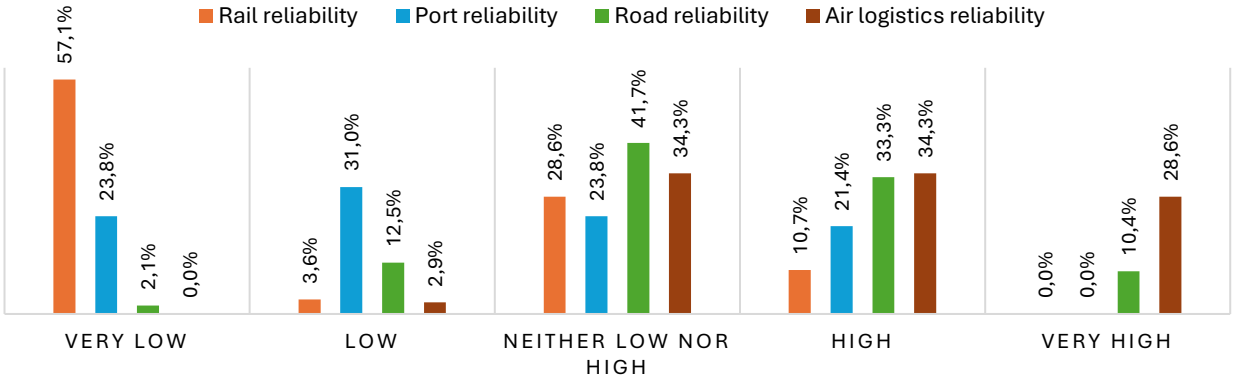
South African rail, port, road, and air logistics

Manufacturers were asked to rate the quality, cost, and reliability of South African road, rail, port, and air logistics. Rail and port logistics were rated particularly poorly for quality and reliability, whilst air logistics had favourable quality and reliability ratings, but costs were considered very high.

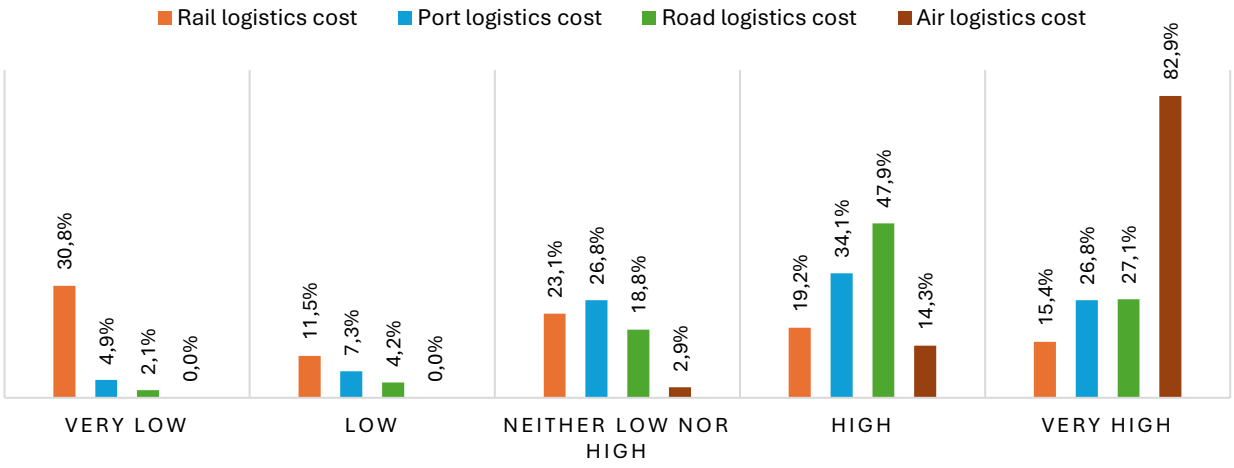
The perception of the quality of South African rail, port, road, and air logistics



The perception of the reliability of South African rail, port, road, and air logistics



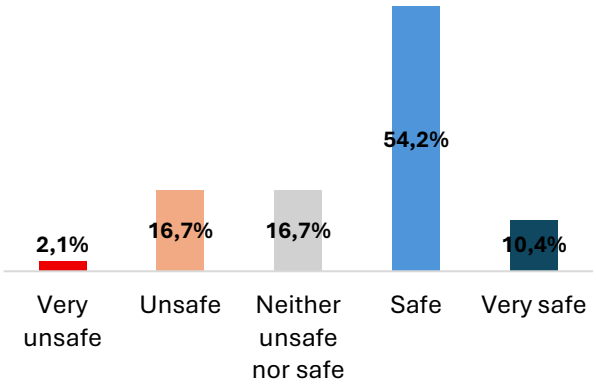
The perception of the cost of South African rail, port, road, and air logistics



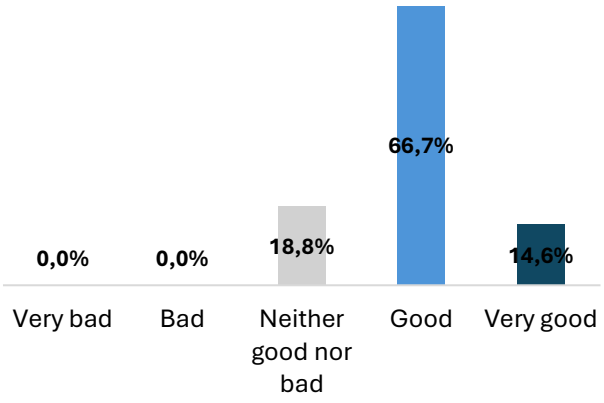
Safety and labour relations

The majority of surveyed firms (64.6%) rated the physical safety and security of their businesses either highly or very highly. This positive sentiment was repeated for labour relations, with 81.3% of respondents indicating good to very good industrial relations within their firms.

The physical safety and security of businesses



The health of labour relations (industrial relations) with your firm



Government support

Respondents viewed government support largely negatively, with the majority of respondents identifying national, provincial, and municipal government support as either weak or very weak. Particularly negative ratings were provided for municipal government, with the quality and reliability of municipal services rated as mostly very low.

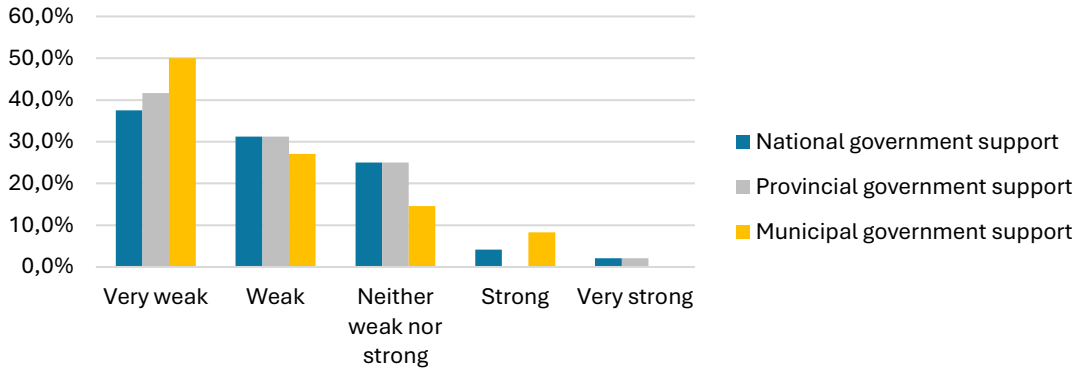
Respondent comments

"Continued significant above-inflation increase in the cost of utilities and municipal services, especially in eThekwini, negatively impacts our cost competitiveness against international competitors and competitors located in other municipalities. Other municipalities offer discounted rates to manufacturers located in their precinct."

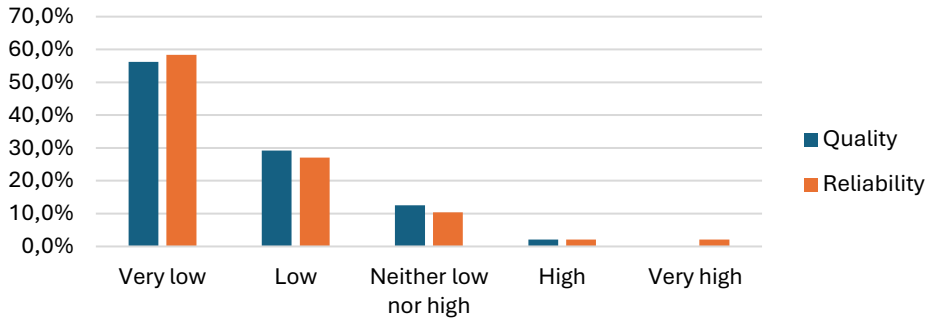
"It is encouraging to see action being taken to crack down on non-compliant manufacturers."

"In other countries, government supports industry. In South Africa, government does not support industry in almost every way conceivable."

National, provincial, and municipal support



The quality and reliability of municipal services



Respondent comments

"I feel as a micro enterprise, there is not much support for us. We have no support from government and everything I have accomplished in my business is from my own hard work and sacrifices. I have no support from government or private sector in terms of development as an SMME. I have done multiple applications, but we do not even get a response stating we are unsuccessful. I have even lost hope in trying to get into the automotive industry. There is too much red tape and tier ones don't give the smaller businesses an opportunity."

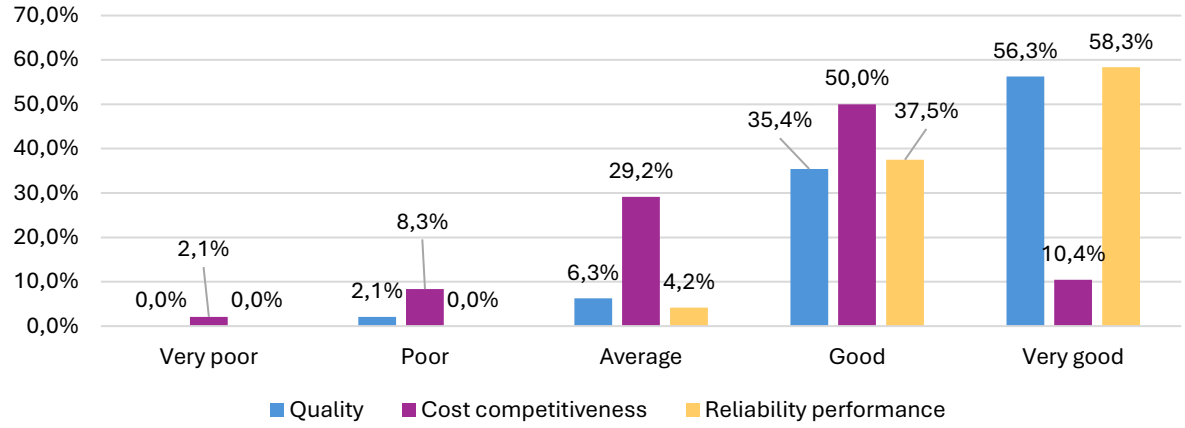
"Impacted by the high transport costs due to high fuel costs. Costs of B-BBEE makes us uncompetitive globally. Municipal infrastructure decay makes us less productive."

"How is it that some South African companies require "B-BBEE" status, but support China or Taiwan with imports? How is this right towards our own people that can manufacture it here in SA?"

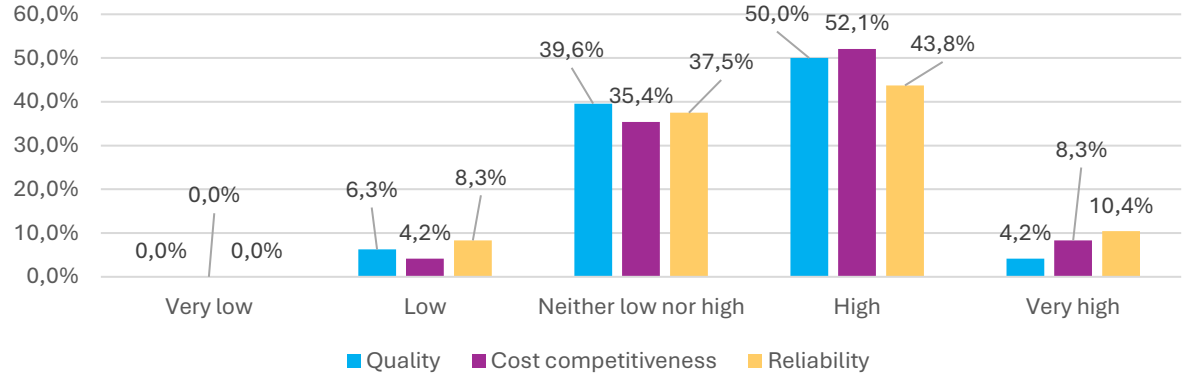
Firm and supplier performance

When reflecting on their own performance, respondents largely viewed their quality and reliability performance as good to very good. More critical self-perceptions of cost competitiveness were however evident. Domestic and international supplier quality, cost, and reliability performance was also deemed as average to high.

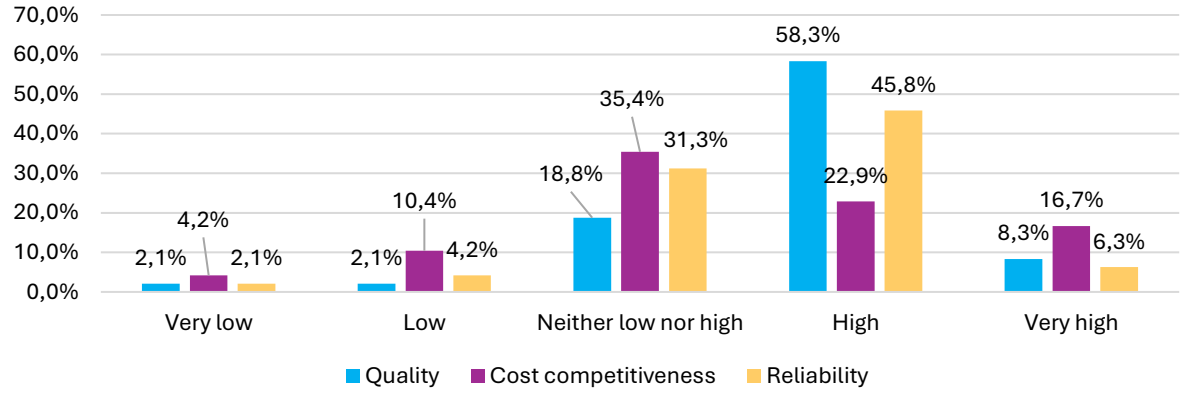
Own firm's quality, cost competitiveness, and reliability performance



Domestic suppliers' quality, cost competitiveness, and reliability performance



International suppliers' quality, cost competitiveness, and reliability performance



Summary of quarter 2 findings

South Africa's manufacturing sector continues to navigate sustained headwinds, as reflected in both official economic data and direct industry feedback for the quarter ending June 2026. Statistics South Africa reported a 1.8% quarter-on-quarter contraction in manufacturing output and an overall 0.2% decline in national GDP[1]. These macroeconomic figures align closely with the widespread operational strain indicated by the survey, as over a quarter of survey respondents experienced severe contractions of 5.1% or more in sales, domestic sales, and operating profits. This sector's contraction has extended to the job market, with the Quarter 2 Labour Force Survey recording a 1.0% decline in manufacturing employment alongside a 0.1% contraction in total employment[2].

Rail transport is an operational bottleneck, with 57.1% of respondents rating rail reliability as very low. Although air and road freight offer greater quality and reliability than rail and port infrastructure, high costs are experienced by users. Compounding these logistics hurdles is a widespread lack of public sector backing, with 68.8% of respondents viewing national government support as weak or very weak. In addition, very low municipal service quality and reliability were reported by over half of respondents.

Despite these intense external pressures, manufacturing enterprises demonstrate internal stability. A substantial majority (81.3%) report healthy or very healthy labour relations within their own firms, while 64.6% rate physical workplace safety as safe or very safe.

Mixed outcomes arose from the quarter ending June 2026 for the 48 survey participants, although results show that more manufacturers experienced negative growth than positive growth across the manufacturing landscape.

[1] Statistics South Africa (2026) Statistical Release P0441. Available at: https://www.statssa.gov.za/ (accessed September 2026).
[2] Statistics South Africa (2026) Statistical Release P0211. Available at: https://www.statssa.gov.za/ (accessed September 2026).

The Quarter 3 South African Manufacturing Survey can be completed online during October 2026. Follow either of the following links to open the survey.

Q3 SURVEY LINK

Or scan the QR code