



ECONOMIC DEVELOPMENT AND YOUTH IN SOUTH AFRICA:

UNLOCKING OPPORTUNITIES THROUGH
INDUSTRIALISATION AND MANUFACTURING

THOUGHT PIECE

**TODAY, THE
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NEW CHALLENGE;
INTEGRATING ITS
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CHARACTERISED
BY HIGH
UNEMPLOYMENT
AND EXCLUSION**

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June marks Youth Month in South Africa, commemorating the 1976 Soweto Uprising, a pivotal moment in the fight against apartheid. Today, the nation faces a new challenge; integrating its youth population into an economy characterised by high unemployment and exclusion.

The current youth cohort, born between 1990 and 2005, grew up during South Africa's democratic transition, yet continue to face significant barriers to economic participation. According to the Quarterly Labour Force Survey Q1 2025, the youth unemployment rate stands at 62.4% for ages 15–24 and 40.4% for ages 25–34.

Additionally, over 8 million young people aged 15–34 are classified as Not in Employment, Education, or Training (NEET). This reflects a serious structural problem with deep economic and social consequences.



THE CHALLENGE: YOUTH UNEMPLOYMENT AND EXCLUSION

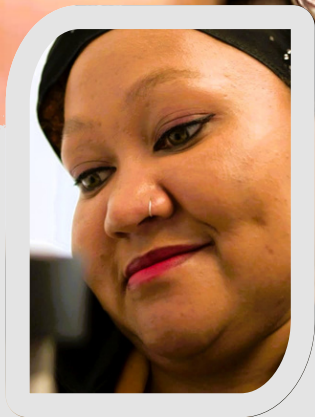
The manufacturing sector, historically a major source of entry-level jobs, has contracted sharply from contributing 20.9% of GDP in 1994 to 13.3% in 2024.

Youth unemployment in South Africa is driven by multiple factors such as poor quality of education, a disconnect between skills training and labour market demands, and insufficient access to work experience.

The manufacturing sector, historically a major source of entry-level jobs, has contracted sharply from contributing 20.9% of GDP in 1994 to 13.3% in 2024. This decline limits job creation for young workers, widening the gap between those with experience and many first-time job seekers.

Spatial inequalities also contribute to the challenge, as youth in rural and township areas face limited infrastructure and industrial opportunities. Without targeted interventions, these barriers reinforce cycles of poverty and economic exclusion.





Manufacturing and industrialisation remain critical levers for addressing youth unemployment and fostering economic development.

THE ROLE OF MANUFACTURING, INDUSTRIALISATION , AND ECONOMIC DEVELOPMENT IN ADDRESSING THE YOUTH UNEMPLOYMENT CHALLENGE

These sectors typically generate a range of jobs at different skill levels and offer employment multipliers through linked supply chains.

Emerging industries such as green manufacturing, agro-processing, and advanced technologies like 3D printing present new niches where youth entrepreneurship and employment can thrive.

Integrating youth into industrial value chains can enhance their economic participation

Integrating youth into industrial value chains can enhance their economic participation, provide valuable skills development, and stimulate inclusive growth.



GOVERNMENT STRATEGIES IN ADDRESSING YOUTH UNEMPLOYMENT

In recognition of the ongoing youth unemployment challenges, the South African government has introduced a range of initiatives that are aimed at enhancing manufacturing and industrialisation, given that these remain critical levers for addressing unemployment and fostering economic development.

One of the key initiatives supporting industrial and economic growth in South Africa is the Special Economic Zone (SEZ) programme. This initiative is designed to attract investment into the manufacturing sector by offering targeted incentives and providing responsive infrastructure that stimulates industrial activity. Beyond industrialisation, SEZs also serve as hubs for economic development, youth employment, and enterprise support.

To date, the South African SEZ programme has created approximately 27,000 jobs (Centre for Development and Enterprise, April 2025). Progress, however, has been gradual, and the Centre for Development and Enterprise (CDE) argues that more concerted action is needed for SEZs to meaningfully contribute to resolving South Africa's unemployment crisis. Among its key recommendations is the restructuring of the SEZ programme to facilitate greater private sector participation.

In parallel with the SEZ programme, Government also launched the Industrial Policy Action Plan (IPAP) to promote industrial development. Introduced in 2007 and updated annually until 2018, IPAP focused on spurring industrial growth and reducing unemployment through targeted sectoral interventions. In 2019, IPAP was replaced by the Industrial Strategy Approach, which builds on the earlier policy while addressing its implementation challenges. The current strategy aims to strengthen partnerships between government, the private sector, and labour—creating a more coordinated, sector-led platform that drives increased production, investment, and job creation.



THE OR TAMBO SEZ AS A CASE STUDY IN YOUTH-CENTRED INDUSTRIALISATION

The OR Tambo Special Economic Zone (SEZ) has intentionally positioned itself as an industrial hub designed to serve as a catalyst for youth empowerment and inclusion.

Located in a region with high youth unemployment and economic marginalisation, the OR Tambo SEZ focuses on targeted economic opportunities for young people across priority sectors such as agro-processing, mineral beneficiation, pharmaceuticals, built environment management and infrastructure development.

To achieve this, the OR Tambo SEZ collaborates closely with its investors, property as well as infrastructure development partners to design platforms and programmes that support skills training and enterprise development for individuals and youth-owned businesses operating in its key sectors. These intentional inclusion strategy underscores how the OR Tambo SEZ seeks to align its industrial activities with youth economic participation.

From an employment perspective, the OR Tambo SEZ encourages its investors to leverage the Employment Tax Incentive (ETI) to hire young people, thereby reducing the cost burden on employers while opening doors for first-time job seekers.

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CONT... THE OR TAMBO SEZ AS A CASE STUDY IN YOUTH-CENTRED INDUSTRIALISATION

Through partnerships with provincial players, the SEZ also works to (through an internship programme) equip youth with technical competencies and workplace readiness skills, thereby strengthening their long-term employability.

On the entrepreneurial front, the SEZ has established a dedicated Enterprise Development Unit, with a strong emphasis on youth-owned enterprises. The unit provides access to industrial space, mentorship, and market linkage support. Notably, youth entrepreneurship is being nurtured in the mineral beneficiation hub, which is operational and focuses on value-adding processes such as jewellery manufacturing and precious metals processing. These ventures not only stimulate local industrialisation but also position young entrepreneurs to access global export markets.

By creating a well-coordinated, youth-responsive ecosystem that integrates employment, skills development, and enterprise support, the OR Tambo SEZ exemplifies how industrial zones can function as catalysts for inclusive economic transformation.



SLOW INTEGRATION OF YOUTH IN THE ECONOMIC OPPORTUNITIES

Despite these efforts, youth inclusion in industrial sectors remains underutilised, necessitating more deliberate focus on targeted youth employment programmes, supplier development programmes prioritising youth-owned businesses, and learnerships.

For more information on the OR Tambo SEZ visit www.ortambosez.co.za.

YOUTH PARTICIPATION: SEIZING OPPORTUNITIES IN INDUSTRIALISATION

To ensure that young people fully benefit from economic opportunities, they must be equipped with relevant skills and supported in their entrepreneurial journeys. This involves improving access to finance, mentorship, and industrial space, as well as expanding incubation and accelerator programmes—particularly within Special Economic Zones (SEZs) and industrial hubs. These efforts are vital to nurturing youth-owned startups and fostering sustainable growth. The OR Tambo SEZ is committed to delivering on this vision and is actively seeking partnerships to grow its programmes, expand its reach, and enhance its impact for the youth of Ekurhuleni.

References

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