

Services Sector Report

March 2026



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1 Executive Summary

The services sector has become the engine of global economic transformation, accounting for more than two-thirds of the world's gross domestic product (GDP) and employing the largest share of workers. Its role has expanded rapidly in the wake of technological change and the Covid-19 pandemic with digitally delivered services emerging as a critical driver of innovation, trade, and resilience.

Globally, the value added by services nearly doubled between 2005 and 2023, while services exports more than tripled, outpacing goods exports. Developing economies are increasingly capturing a rising share of world trade in fast-growing subsectors such as information and communication technologies (ICT), finance, and business services. The services sector's contribution extends beyond output and employment, serving as a vital input in the manufacturing, agriculture and extractive industries, thereby enhancing productivity and competitiveness.

In Africa, the value added by services almost doubled between 2005 and 2024, yet intra-African trade in services remains largely untapped due to infrastructural and regulatory bottlenecks. The African Continental Free Trade Area (AfCFTA) is designed to unlock this potential by creating a unified market for goods and services. Travel and transport continue to dominate exports on the continent.

South Africa's services sector is both large and growing, contributing over 75% to gross value added (GVA) and employing nearly three-quarters of the workforce. Business services, community and social services, and wholesale and retail trade dominate the sector's composition. The Western Cape's economy is similarly services-driven, with the sector accounting for more than 70% of output and employment.

Overall, the evidence demonstrates that the services sector is not only South Africa's largest and most resilient sector, but also the key to Africa's sustainable transformation. Harnessing this momentum will require targeted policies to reduce volatility, diversify exports and leverage regional integration through the AfCFTA.



2 Introduction

The global economy has been reshaped by rapid technological change, making services one of its most dynamic sectors. The services sector has emerged as a pivotal engine of economic growth, driving job creation and export expansion and has become the central driver of economic transformation across countries at every stage of development. Since the 1990s, services has been the leading driver of growth and the sector now accounts for the highest share of production and employment worldwide (Nayyar and Davies, 2023). The sector is responsible for more than two-thirds of global GDP, generates most new jobs and employs the largest share of workers (World Bank and World Trade Organisation, 2023). The Covid-19 pandemic accelerated the expansion of digitally delivered services, transforming the sector into a critical engine of growth and innovation across economies worldwide.

The sector functions as a vital catalyst for innovation and the diffusion of knowledge across industries. Modern economies rely on key service subsectors such as logistics, finance and ICT to function effectively. The sector's significance extends beyond its expanding role in output and employment, as it also provides essential inputs for manufacturing and other productive activities. The growing links between services and other sectors contribute to productivity gains through broad economy-wide spillover effects. Authors such as Francois and Woerz (2008), Savona and Lorentz (2005), Guerrieri and Meliciani (2005) and Francois (1990) contend that the expansion of services, particularly business services, stems largely from transformations in production processes across sectors, which in turn have heightened the demand for services as intermediate inputs. The role of services as intermediate inputs is pivotal in facilitating trade and enhancing the export performance across manufacturing and agriculture sectors.

As pointed out by the Clark–Fisher model, economic development ultimately culminates in the rise of a large tertiary sector that absorbs much of the labour force. The expansion of services is closely linked to their high income elasticity of demand. As incomes grow, demand for services such as tourism and financial activities increases, prompting a greater allocation of resources towards service production. This challenges the traditional view that development is driven primarily by industrialisation, giving rise instead to the notion of services-led growth. Moreover, factors such as the growing tradability of services and investments in ICT have helped counter the criticism that the services sector is characterised by low productivity (Pilat, 2000).

According to United Nations Conference on Trade and Development (UNCTAD) (2025), global services exports rose at an average annual growth rate of 5.8% over the past decade, more than the pace of goods exports (which recorded an average annual growth rate of 3.1% over the same period). In developing economies, modern services like ICT and business services are taking centre stage, boosting exports and helping these countries capture a rising share of world trade in fast-growing sectors. Between 2005 and 2022, global exports of digitally delivered services grew at an average annual rate of 8.1%, more than tripling in value and surpassing the growth rate of goods and other services exports (World Bank and World Trade Organisation, 2023).

Furthermore, the services sector offers opportunities for developing economies to diversify exports and reduce reliance on traditional products, thereby enhancing resilience against commodity price fluctuations. Enhanced access to quality services can facilitate global integration for developing economies. This is because services permeate all sectors and as such, play a critical role in determining export competitiveness. Productivity improvements in extractive industries, agriculture and manufacturing are closely linked to the availability of efficient services and infrastructure (World Bank and World Trade Organisation, 2023).

The remainder of the paper is structured as follows: Section Two provides an overview of the services sectors; Section Three presents an outlook regarding the services sector from a global and African perspective, as well as in the context of South Africa and the Western Cape; and Section Four concludes the report.



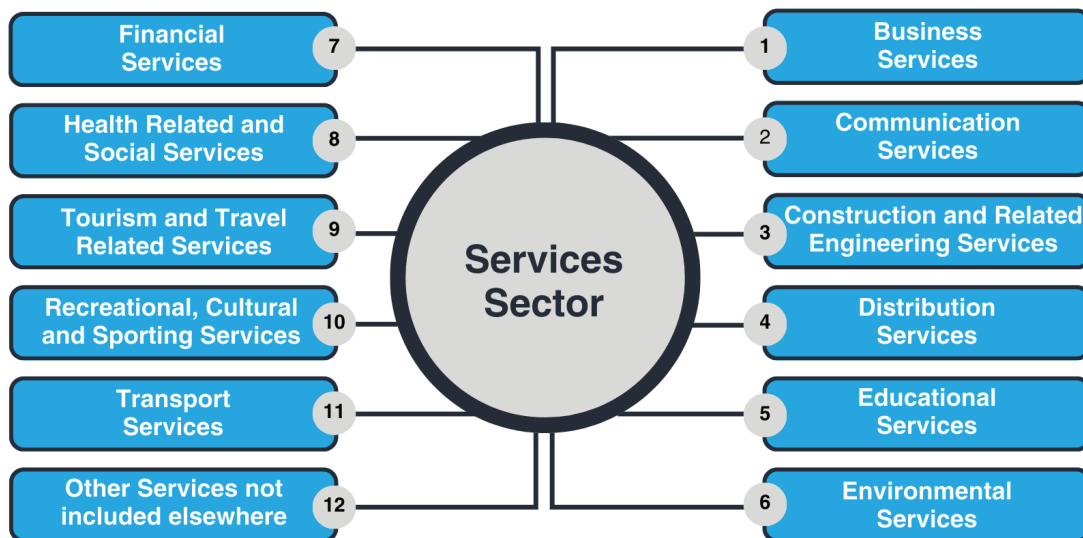
3 An Overview of the Services Sector

The growing role of services in the economy is linked to the process of economic development. Economic theory suggests that the process of economic development leads to the emergence of the services sector. Globally, the services sector has been making a greater contribution to economic activity, which means this sector is now a dominant contributor to economic output. Services have emerged as key drivers of productivity, competitiveness and improved living standards. Access to efficient and innovative services has become increasingly central to the implementation of development strategies.

As shown in Figure 1, the General Agreement on Trade in Services (GATS) spans a wide range of service sectors. These are:

- **Business services:** professional services; computer and related services; research and development services; real estate services; rental/leasing services; and other business services such as advertising and management consulting services.
- **Communication services:** postal services; courier services; telecommunication services and audiovisual services.
- **Construction and related engineering services:** general construction work buildings and civil engineering; installation and assembly work; and building completion and finishing work.
- **Distribution services:** commission agents' services; wholesale trade services; retailing services and franchising.
- **Educational services:** primary education services; secondary education services; higher education services and adult education services.
- **Environmental services:** sewage services; refuse disposal services and sanitation and similar services.
- **Financial services:** insurance and insurance-related services as well as banking and other financial services.
- **Health-related and social services:** hospital services; other human health services and social services.
- **Tourism and travel related services:** hotels and restaurants; travel agencies and tour operators and tourist guides.
- **Recreational, cultural and sporting services:** entertainment services; news agency services; libraries, archives, museums and other culture services and sporting and other recreational.
- **Transport services:** maritime, internal waterways, air, space, rail, road and pipeline transport as well as services auxiliary to all modes of transport.
- **Other services not included elsewhere:** all services other than those specified above.

Figure 1: Services sectoral classification



Source: GATT Secretariate (1991)



4 The Services Sector's Outlook

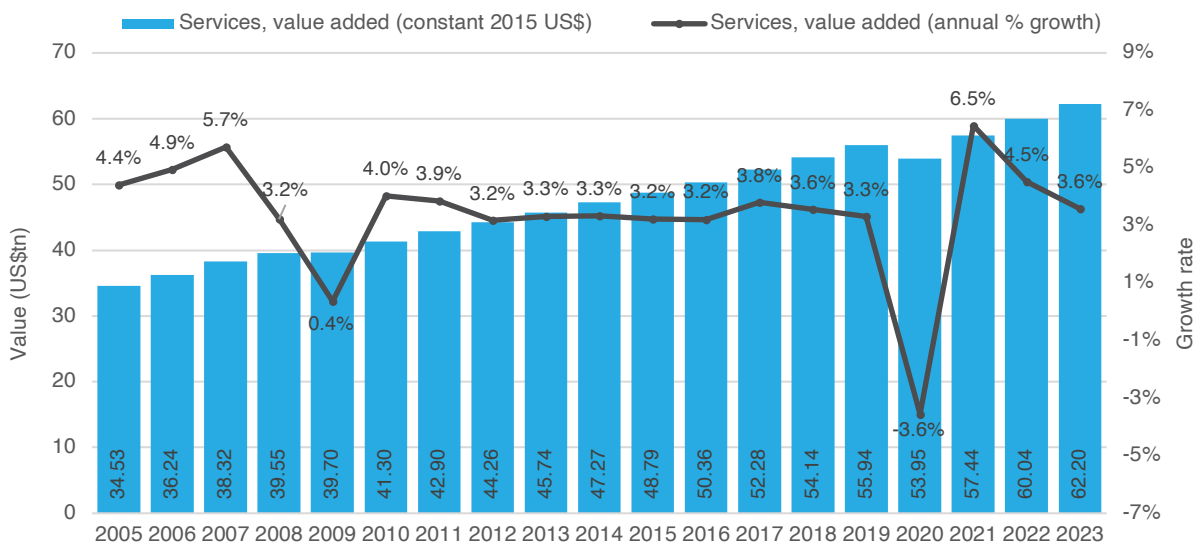
This section provides an economic outlook regarding the services sector in the global, African, South African and Western Cape contexts.

4.1 Global context

- Services have become the dominant driver of global growth, accounting for more than two-thirds of GDP and over half of global employment.
- Between 2005 and 2023, the global value added of services nearly doubled (from US\$34.53 trillion to US\$62.20 trillion), growing at about 3.4% annually.
- Exports of services more than tripled between 2005 and 2024 (from US\$2.70 trillion to US\$8.85 trillion), outpacing goods exports growth.

Globally, the size of the services sector has increased significantly in the past two decades. According to the World Bank and the World Trade Organisation (2023), developing economies have experienced a marked shift toward services, with output growth in this sector surpassing that of industry and agriculture. Globally, the sector's value added almost doubled from US\$34.53 trillion in 2005 to US\$62.20 trillion in 2023, as shown in Figure 2. This indicates the sector's long-term expansion and its growing importance in the global economy. On average, the value added of the services sector increased by approximately 3.4% annually between 2005 and 2023. Moreover, the sector showed strong resilience, bouncing back strongly after crises (the 2009 global financial crisis and the Covid-19 pandemic in 2020).

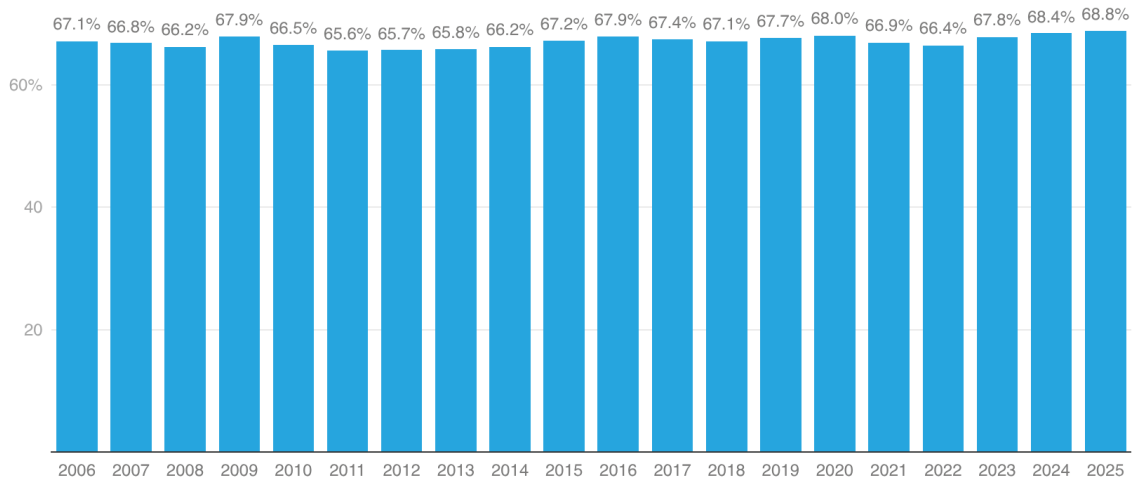
Figure 2: Global: services sector's value added and value-added growth rate, 2005–2023



Source: World Bank (2026)

The contribution of services to economies worldwide has risen over time, underscoring the growing importance of this sector in global development. In both developed and developing economies, services now account for a larger share of GDP than either agriculture or industry (World Bank and World Trade Organisation, 2023). As Figure 3 illustrates, the services sector accounts for a significant share of GVA and consistently contributes around two thirds of total value added. The sector's share of GVA share has remained relatively stable and slightly increased over time between 2006 and 2025, despite global economic shocks. Services reached its highest recorded share of global GVA (68.8%) in 2025, confirming the long-term shift towards a service-based economy.

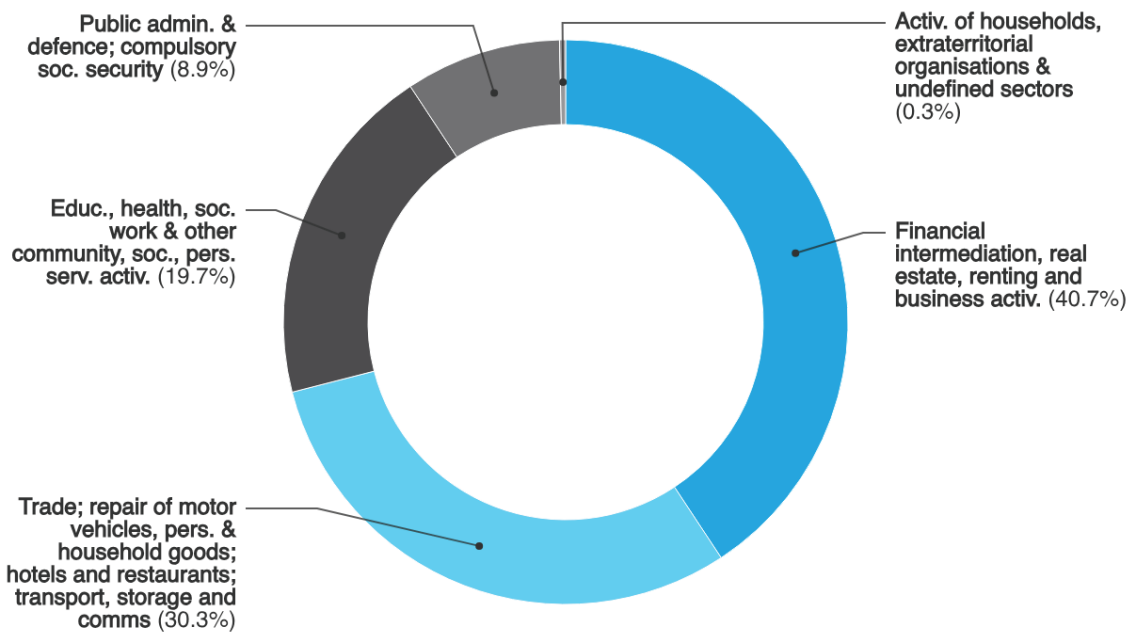
Figure 3: Global: services as % of GVA, 2006–2025



Source: Euromonitor International (2026)

Figure 4 shows a breakdown of the services sector's GVA by subsectors in the global economy in 2025. Financial intermediation, real estate, renting and business activities accounted for approximately two fifths of the services sector's GVA in 2025. This was followed by trade; repair of vehicles, personal and household goods; hotels and restaurants; and transport, storage and communications (with a share of 30.3%) and then by education; health; social work; and other community, social and personal services (with a share of 19.7%).

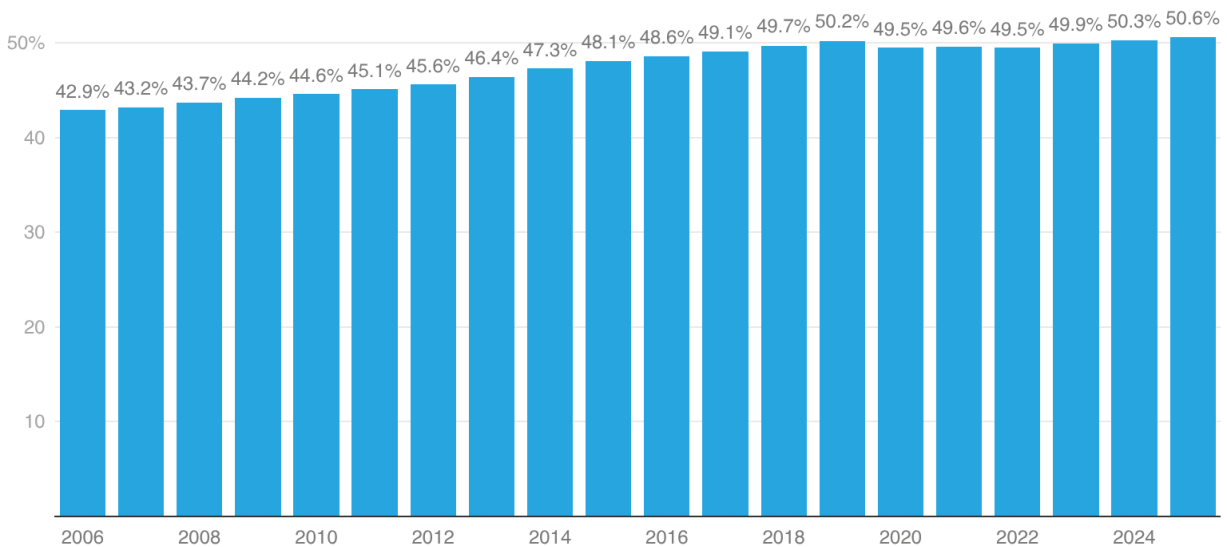
Figure 4: Global: composition of services sector's GVA, 2025



Source: Euromonitor International (2026)

The services sector has become the leading driver of labour market outcomes, now generating more jobs than any other sector. About half of the world's workforce is employed in the services sector. As shown in Figure 5, the sector's share of total global employment increased from 42.9% in 2006 to 50.6% in 2025, showing a consistent long-term increase. This reflects a structural shift towards the dominance of the services sector. According to the World Bank and the World Trade Organisation (2023), the services sector is enhancing inclusiveness by supporting the employment of female and young workers and entrepreneurs, as well as supporting micro, small, and medium-sized enterprises.

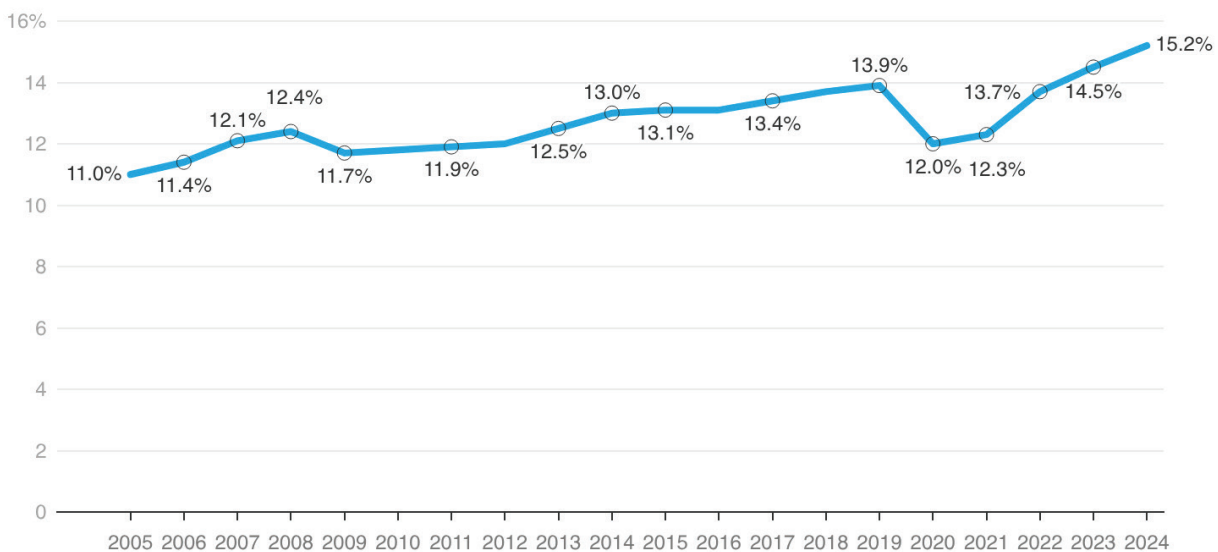
Figure 5: Global: employment in services (% of total employment), 2006–2025



Source: World Bank (2026)

The transition to services-driven economies has increased the sector’s contribution to GDP, highlighting its growing role in economic transformation. Services trade has grown rapidly thanks to a mix of factors, including policy reforms that have made domestic services markets more contestable and the fast-moving wave of technological innovation. Trade in services as a percentage of GDP rose from 11.0% in 2005 to 15.2% in 2024 (see Figure 6), reflecting a structural strengthening of the sector’s role globally.

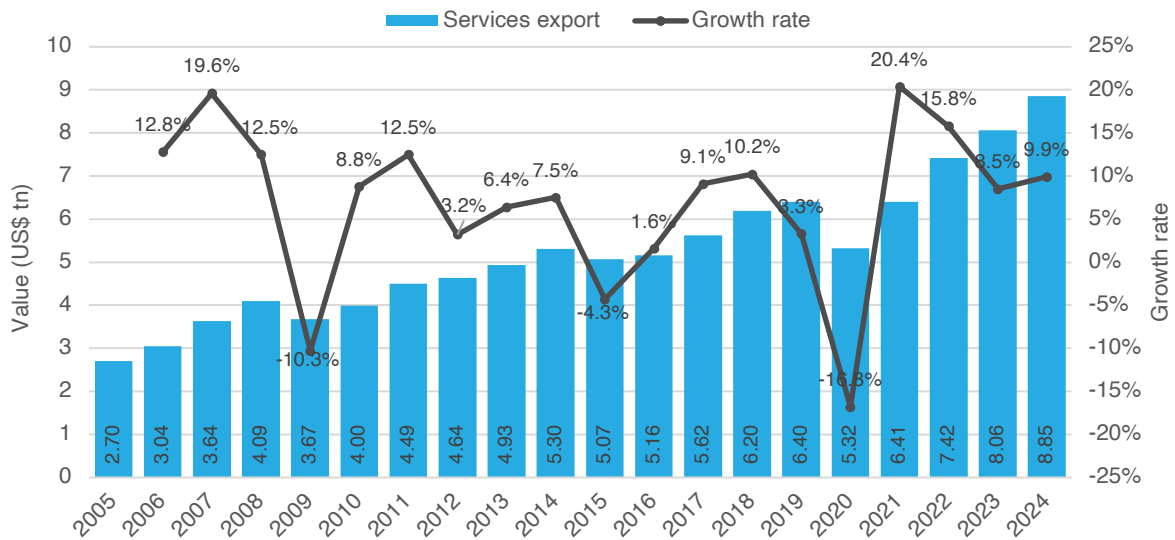
Figure 6: Global: trade in services as % of GDP, 2005–2024



Source: World Bank (2026)

As can be seen in Figure 7, services exports increased from US\$2.70 trillion in 2005 to US\$8.85 trillion in 2024, more than tripling in over two decades. Services exports grew by 9.9% in 2024, while merchandise exports increased by 2.7% (World Trade Organisation, 2025). On average, services exports increased by 6.9% per year between 2005 and 2025, reflecting a robust average growth rate over this period. Exports of commercial services rose by 12.9% in Asia, 9.9% in North America and 9.4% in Europe (World Trade Organisation, 2025). Advances in ICT, exemplified by the global expansion of the Internet, have been a major driver of growth in services trade. These developments have enabled the remote provision of a wide range of services, from professional and business to education, finance, and health. The growth of exports in developing economies is increasingly driven by services delivered through digital channels. In recent years, developing economies have recorded particularly strong growth in sectors such as telecommunications, computer and information services (World Bank and World Trade Organisation, 2023).

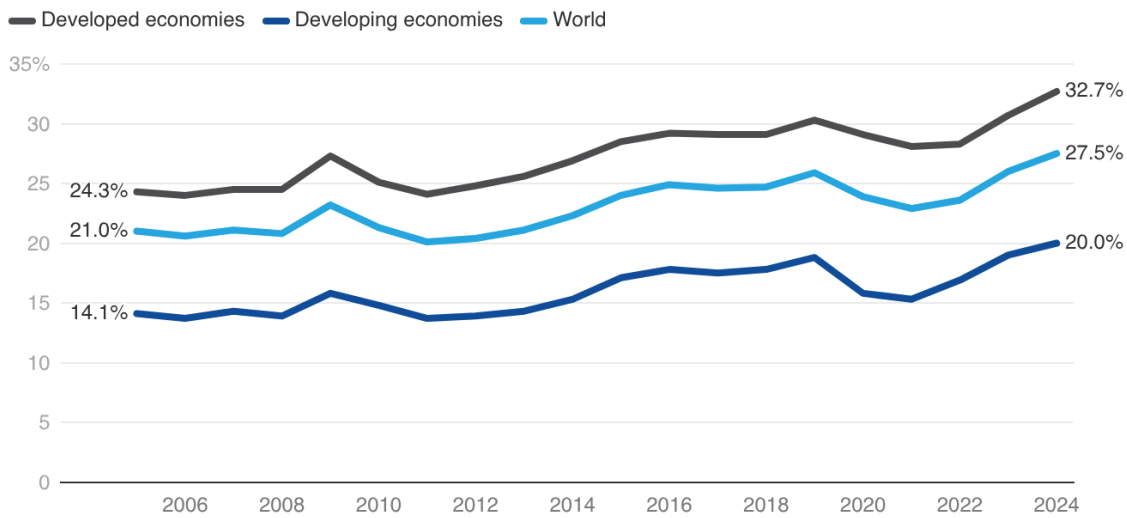
Figure 7: Global: services export and services export growth, 2005–2024



Source: United Nations Trade and Development (2026)

Services are increasingly shaping the global economy as their share in world trade rises. As depicted in Figure 8, the share of services exports in total global exports reached 27.5% in 2024, up from 21.0% in 2005. Developed economies have a higher share of services exports (32.7% in 2024) than developing economies (20.0% in 2024).

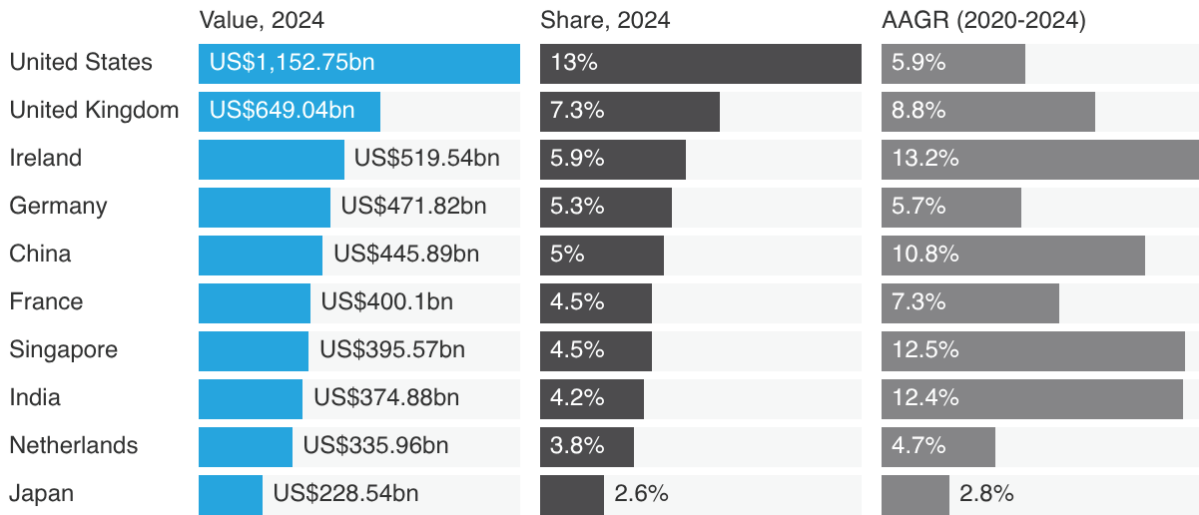
Figure 8: Services exports as a percentage of total exports (goods and services), 2005–2024



Source: United Nations Trade and Development (2025)

The top three exporters of services in 2024 were the United States (with a share of 13.0%), the United Kingdom (7.3%) and Ireland (5.9%), as shown in Figure 9. The top 10 countries accounted for 56.2% of total services exports. Ireland recorded the highest average annual growth rate (13.2% p.a.) among the top 10 countries from 2020 to 2024, followed by Singapore (12.5% p.a.) and India (12.4% p.a.).

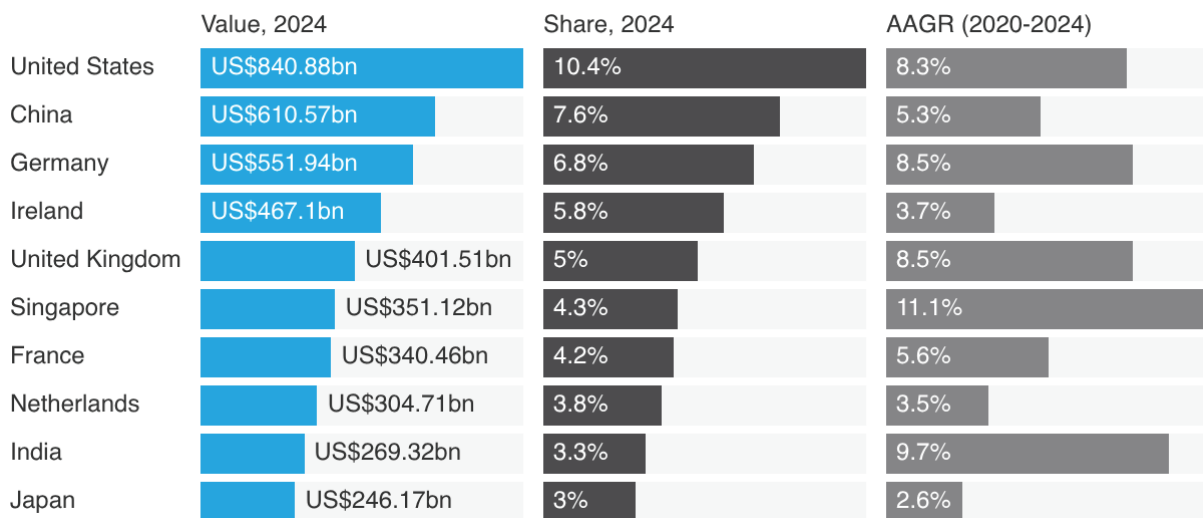
Figure 9: Leading exporters of services, 2024



Source: United Nations Trade and Development (2026)

In 2024, the United States was the leading importer of services, accounting for 10.4% of total imported services. This is depicted in Figure 10. China (with a share of 7.6%) and Germany (6.8%) completed the list of the top three importers of services globally in 2024. The fastest-growing markets among the top 10 importers of services between 2020 and 2024 were Singapore (with an average annual growth rate of 11.1% p.a.), India (9.7% p.a.) and Germany and the United Kingdom (both recording a growth rate of 8.5% p.a.).

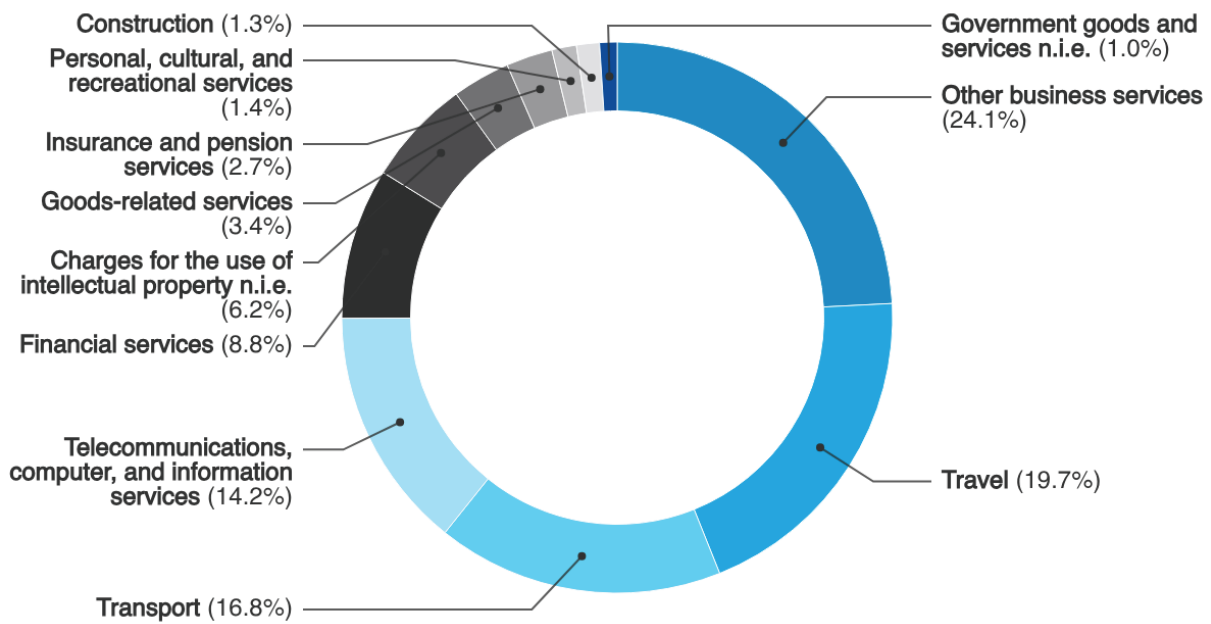
Figure 10: Leading importers of services, 2024



Source: United Nations Trade and Development (2026)

As shown in Figure 11, other business services accounted for more than one fifth of total global exports in services in 2024. Travel services (with a share of 19.7%), transport services (16.8%), telecommunications, computer and information services (14.2%), and financial services (8.8%) were the top five in exported services during this period. Travel recorded the highest average annual growth rate of 15.1% between 2020 and 2024, as this continued to expand in the aftermath of the pandemic, bolstered by new visa-free schemes in some countries. In second place was telecommunications, computer and information services, which grew by 12.1% per year over the past five years, reflecting the surge in digital transformation.

Figure 11: Global: structure of services exports, 2024



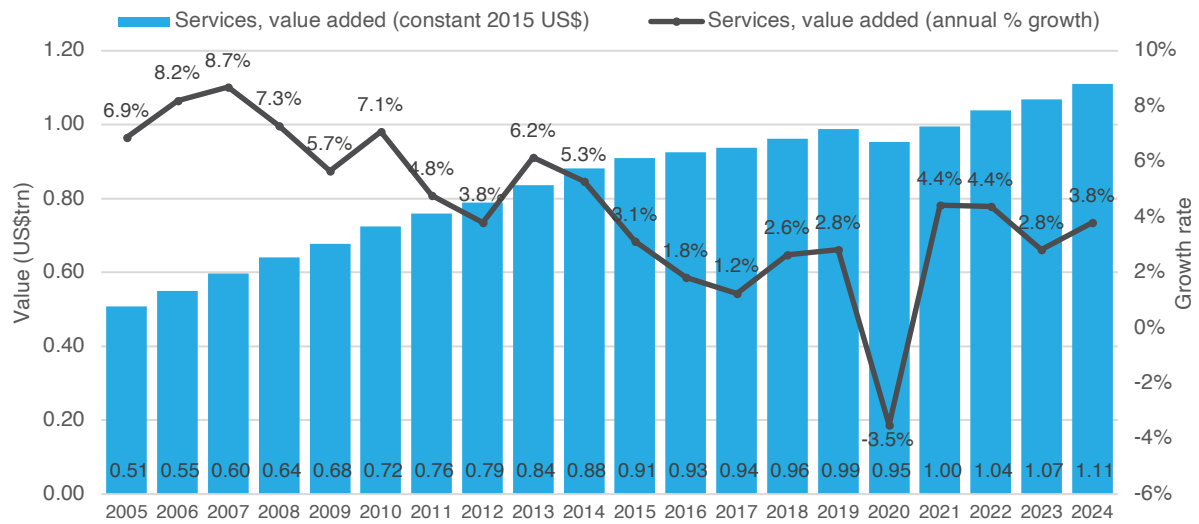
Source: United Nations Trade and Development (2026)

4.2 African context

- Sub-Saharan Africa's value added in services almost doubled from US\$0.51 trillion in 2005 to US\$1.11 trillion in 2024, growing at about 4.4% annually.
- Services remained the largest contributor to output, though their share of GVA declined slightly from 56.6% in 2006 to 53.7% in 2025.
- The share of employment in services in the region rose from 31.1% (2006) to 38.5% (2025), but this was still below the global average.
- While exports of services more than doubled (from US\$61.8 billion in 2005 to US\$159 billion in 2025), intra-African trade remains untapped, constrained by infrastructure and regulatory bottlenecks.
- Traditional services, such as travel and transport, dominate services exports, though financial services and ICT are emerging growth

The services sector represents the largest segment of the economy in many African countries. Building efficient and competitive markets in services, particularly in subsectors such as telecommunications, transport and finance, has the potential to significantly enhance Africa's growth prospects. As shown in Figure 12, sub-Saharan Africa's value added in the services sector rose rapidly from US\$0.51 trillion in 2005 to US\$1.11 trillion in 2024, almost doubling in this period. The region's value added in services increased by 3.8% in 2024. On average, the sector's value added expanded by 4.4% annually between 2005 and 2024.

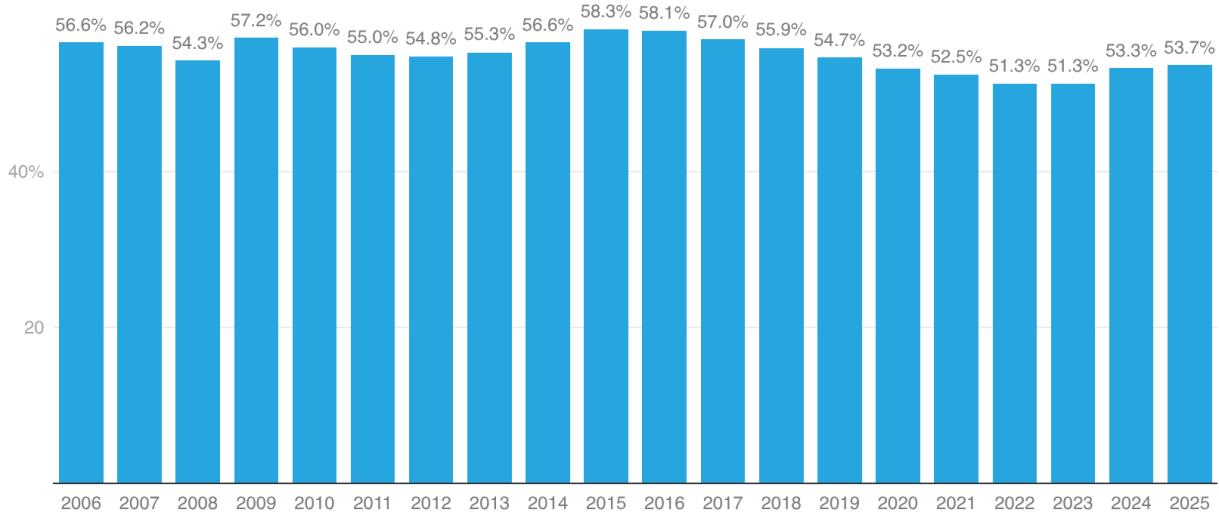
Figure 12: Sub-Saharan Africa: services sector's value added and value-added growth rate, 2005–2024



Source: World Bank (2026)

While the share of services in sub-Saharan Africa's GVA declined from 56.6% in 2005 to 53.7% in 2025, services still account for a larger share of the region's economic output than manufacturing and agriculture combined. As shown in Figure 13, in 2005 to 2025, services accounted for approximately 55.1% of total GVA per year. As Africa's middle class continues to grow at pace, the sector's significance is expected to intensify, fostering enhanced service-sector exports and services-led growth.

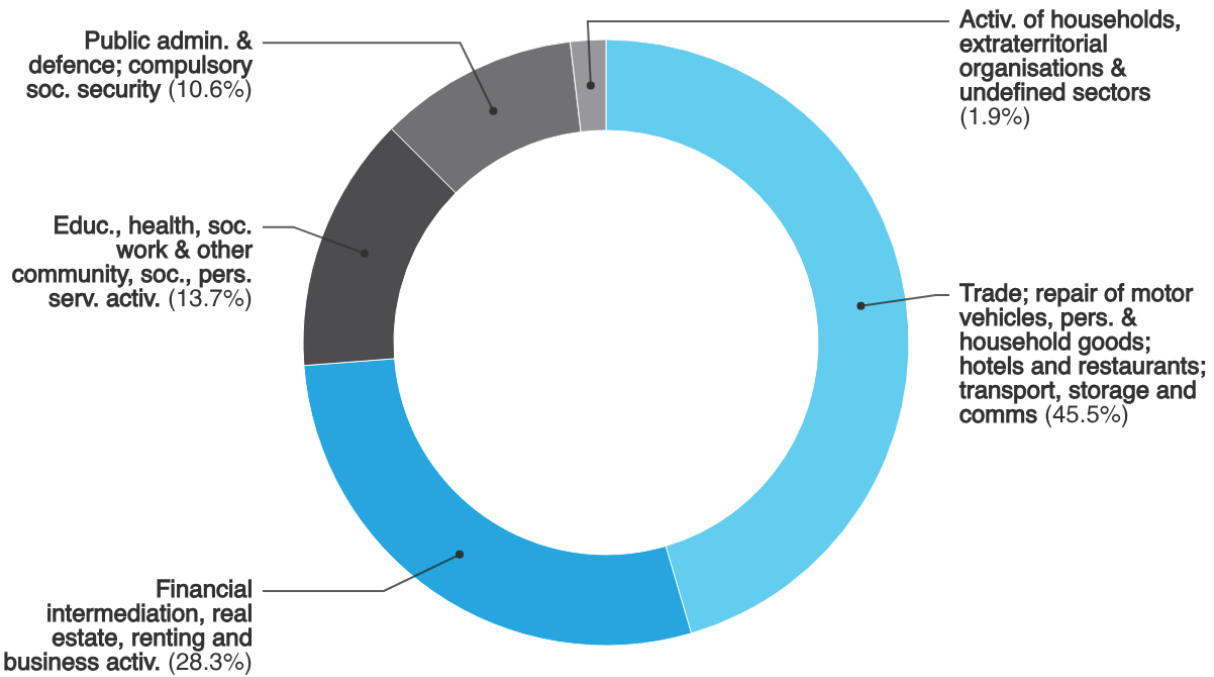
Figure 13: Sub-Saharan Africa: services as % of GVA



Source: Euromonitor International (2026)

Trade, repair of vehicles, personal and household goods, hostels and restaurants, transport, storage and communications accounted for over two fifths of sub-Saharan Africa's GVA in the services sector in 2025, growing by 10.7% relative to the previous year. This can be seen in Figure 14. Financial intermediation, real estate, renting and business activities followed as the second-largest subsector with a share of 28.3% and a growth rate of 9.8% in 2025; while education, health, social work and other community, social, personal service activities (with a share of 13.7%) was third. Finance, real estate, renting and business activities recorded the highest average annual growth rate of 3.5% yearly from 2021 to 2025.

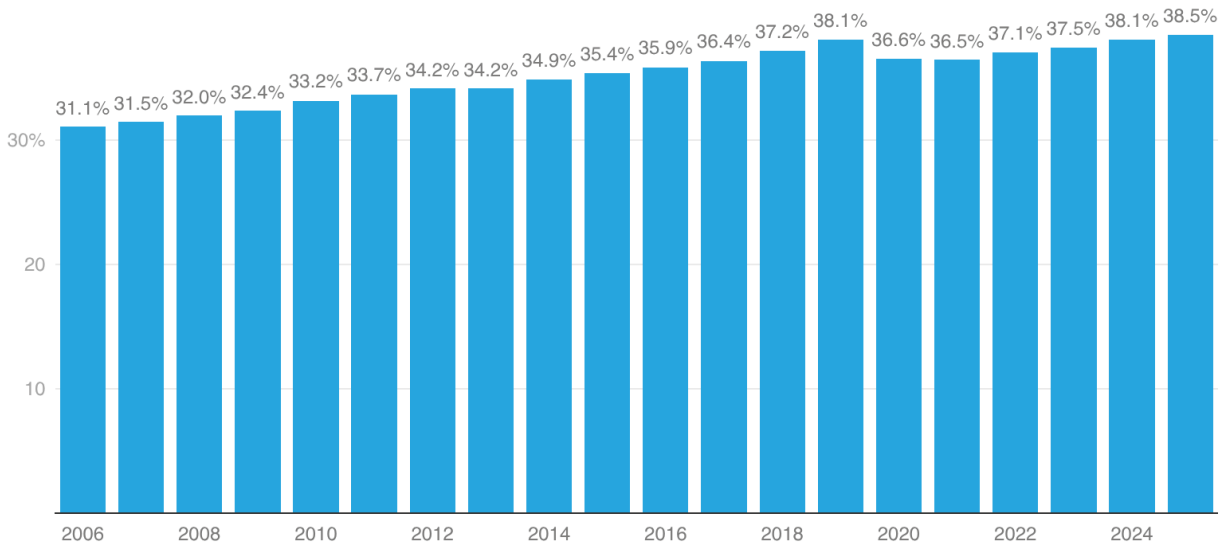
Figure 14: Sub-Saharan Africa: composition of services sector's GVA, 2025



Source: Euromonitor International (2026)

The share of services in total employment in sub-Saharan Africa increased from 31.1% in 2006 to 38.5% in 2025, as shown in Figure 15. Although there has been an improvement in the sector's share of total employment in the region, it is lower than the global average. Nevertheless, the rising trend underscores the expanding role of services in both value and employment creation on the continent.

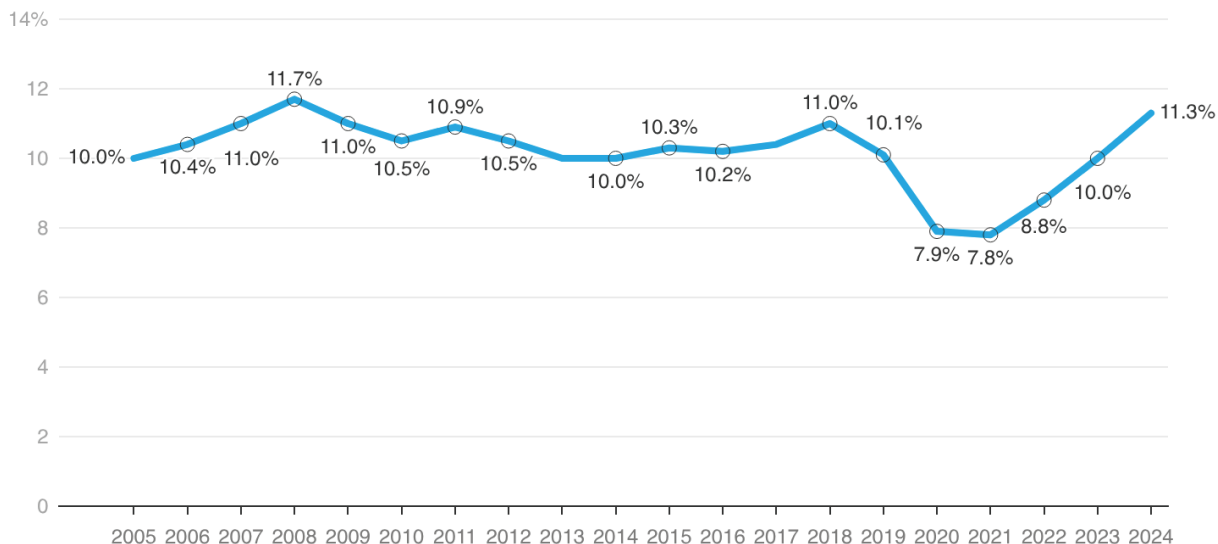
Figure 15: Sub-Saharan Africa: employment in services (% of total employment), 2006–2025



Source: World Bank (2026)

Services trade as a percentage of GDP in sub-Saharan Africa increased from 10.0% in 2005 to 11.3% in 2024, albeit with some fluctuations in this period. This is illustrated in Figure 16. During the period under review, sub-Saharan Africa's trade in services as a percentage of GDP was consistently lower than the global average.

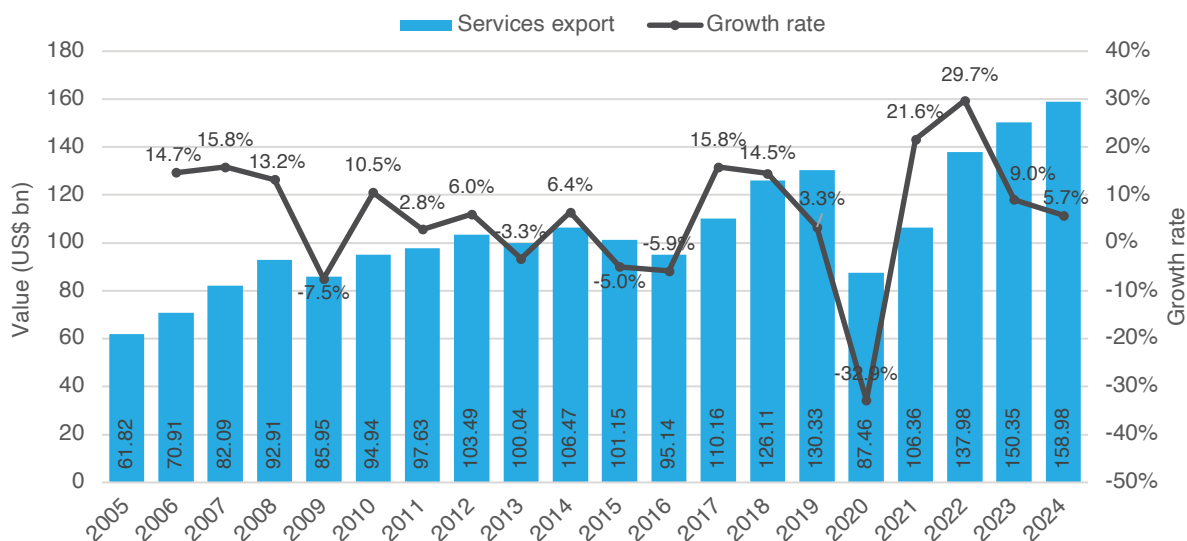
Figure 16: Sub-Saharan Africa: trade in services as % of GDP, 2005–2024



Source: World Bank (2026)

Africa’s services exports more than doubled from US\$61.82 billion in 2005 to US\$158.98 billion in 2024, as shown in Figure 17. On average, the continent’s services exports increased by 6.0% per year from 2006 to 2024. The observed growth could reflect the increasing global demand for digitally delivered services. However, intra-African trade in services remains largely untapped, constrained by persistent bottlenecks such as inadequate transport and communication infrastructure, and by restrictive trade measures limiting both market access. The AfCFTA intends to overcome these barriers, creating a unified market for goods and services and unlocking new opportunities for growth.

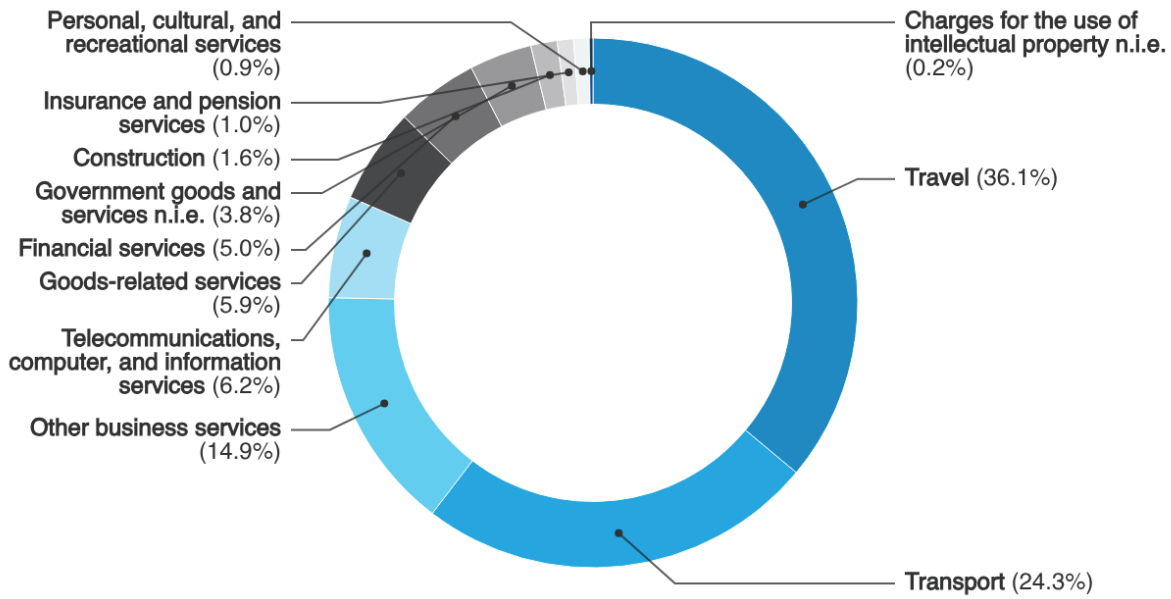
Figure 17: Sub-Saharan Africa: services exports and services exports growth, 2005–2024



Source: United Nations Trade and Development (2026)

Travel and transport, which are traditional services, dominate Africa’s services exports. These two subsectors accounted for about 60.4% of total services exports in 2024. As shown in Figure 18, travel services accounted for over one third of Africa’s services exports in 2024, while transport services accounted for 24.3%. Financial services recorded the highest average annual growth rate (18.4% p.a.) in 2020 to 2024, followed by travel services (13.5% p.a.) and personal, cultural and recreational services (10.2% p.a.).

Figure 18: Sub-Saharan Africa: structure of services exports, 2024



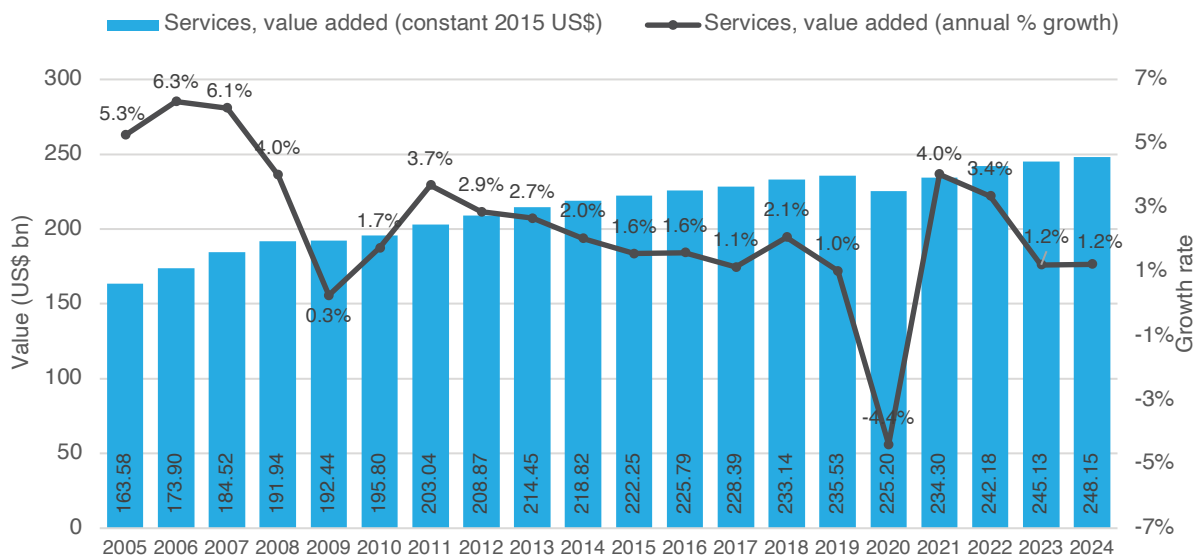
Source: United Nations Trade and Development (2026)

4.3 South African context

- Services value added rose from US\$163.58 billion (2005) to US\$248.51 billion (2024), growing at 2.4% annually.
- Services accounted for 75.1% of GVA in 2024 and nearly three quarters of employment in 2025, making the sector the dominant sector.
- Business services; community, personal and social services; and wholesale and retail trade together made up over two-thirds of GVA.

The services sector in developing economies has gained prominence for its role in advancing employment and inclusive development. Recent progress in ICT has lowered barriers to global integration, positioning services as a critical element in South Africa's growth recovery strategy. South Africa's value added in services, in real terms, increased from US\$163.58 billion in 2005 to US\$248.15 billion in 2024, as shown in Figure 19. The country's real value added increased by about 2.4% annually between these two periods.

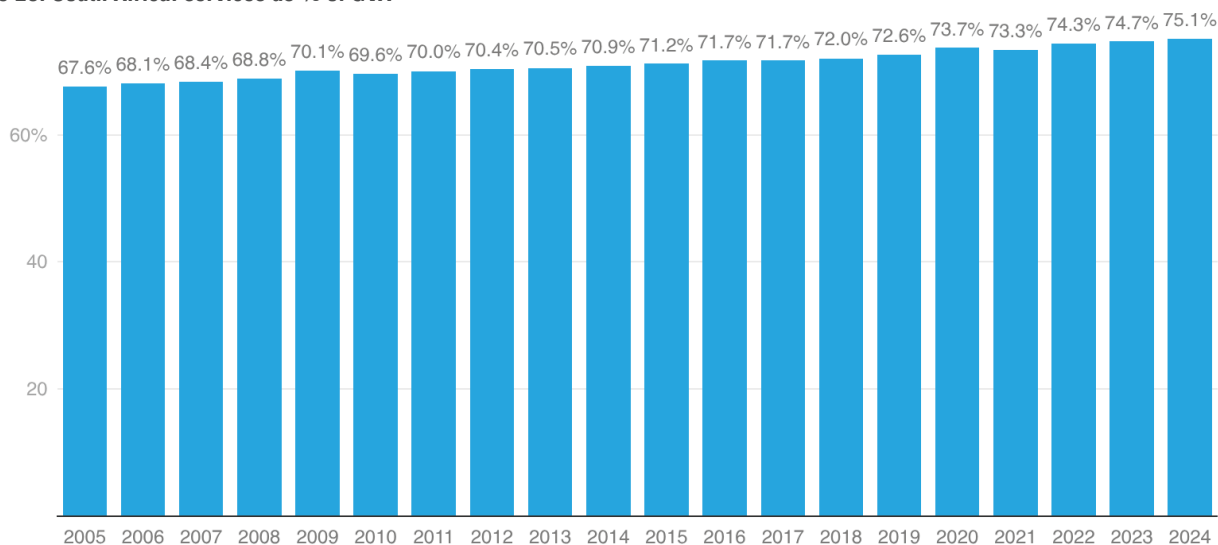
Figure 19: South Africa: services sector's value added and value-added growth rate, 2005–2024



Source: World Bank (2026)

As shown in Figure 20, the contribution of services to South Africa's total GVA increased from 67.6% in 2005 to 75.1% in 2024. On average, services accounted for 71.2% of South Africa's total GVA, which signifies that the sector is the dominant driver in the local economy. The share of services in total GVA is larger in South Africa than in sub-Saharan Africa.

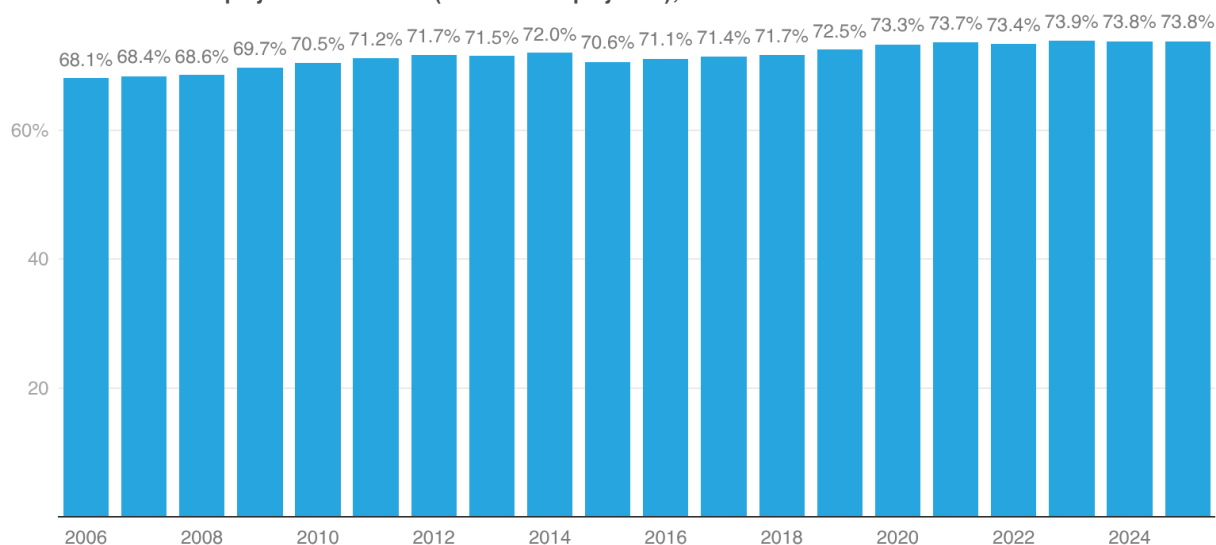
Figure 20: South Africa: services as % of GVA



Source: Quantec (2026)

Similar to its share of GVA, the sector accounts for a significant share of employment in South Africa. The services sector's share of employment rose from 68.1% in 2006 to 73.8% in 2025, averaging approximately 71.5% per year in this period. This is illustrated in Figure 21.

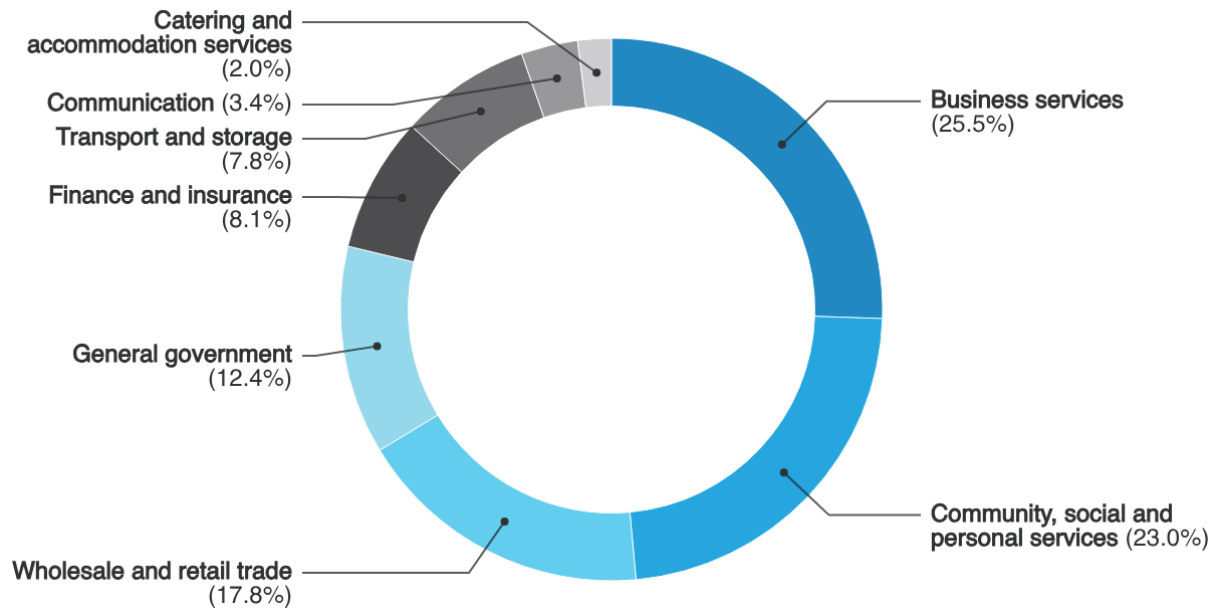
Figure 21: South Africa: employment in services (% of total employment), 2006–2025



Source: World Bank (2026)

Business services (with a share of 25.5% of the services sector's GVA), community, social and personal services (23.0%), and wholesale and retail trade (17.8%) were South Africa's top three services in 2025. This is shown in Figure 22. These three industries together accounted for over two thirds of the country's total services GVA in 2024.

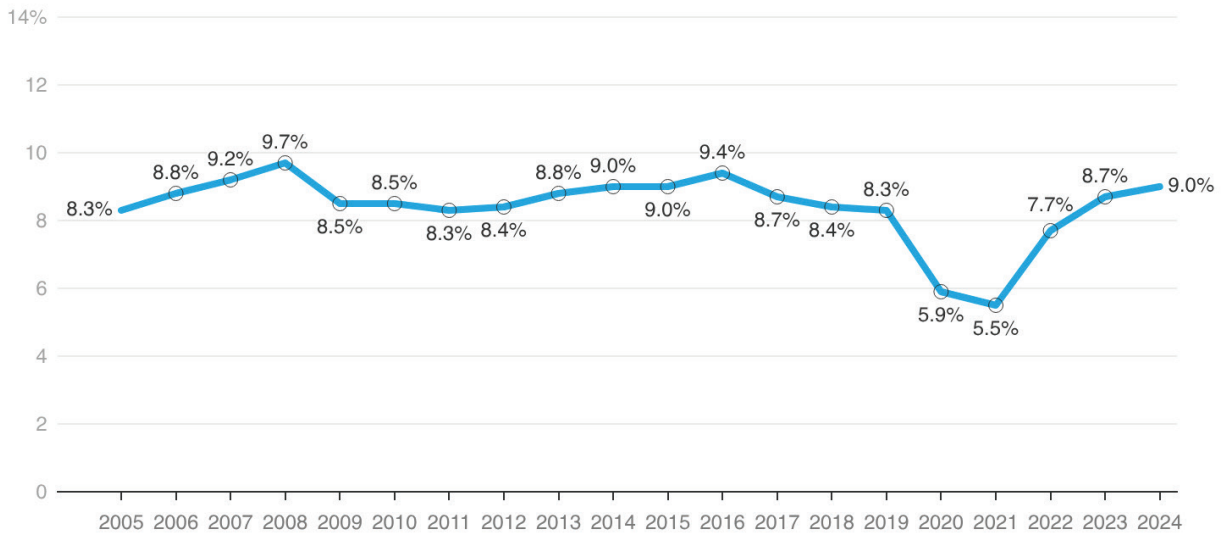
Figure 22: South Africa: composition of services sector's GVA, 2025



Source: Quantec (2026)

South Africa's trade in services as a percentage of GDP rose from 8.3% in 2005 to 9.0% in 2024, as can be seen in Figure 23. On average, the contribution from trade in services to South Africa's GDP was 8.4% per year between 2005 and 2024, which is lower than both the global average and the average for sub-Saharan Africa.

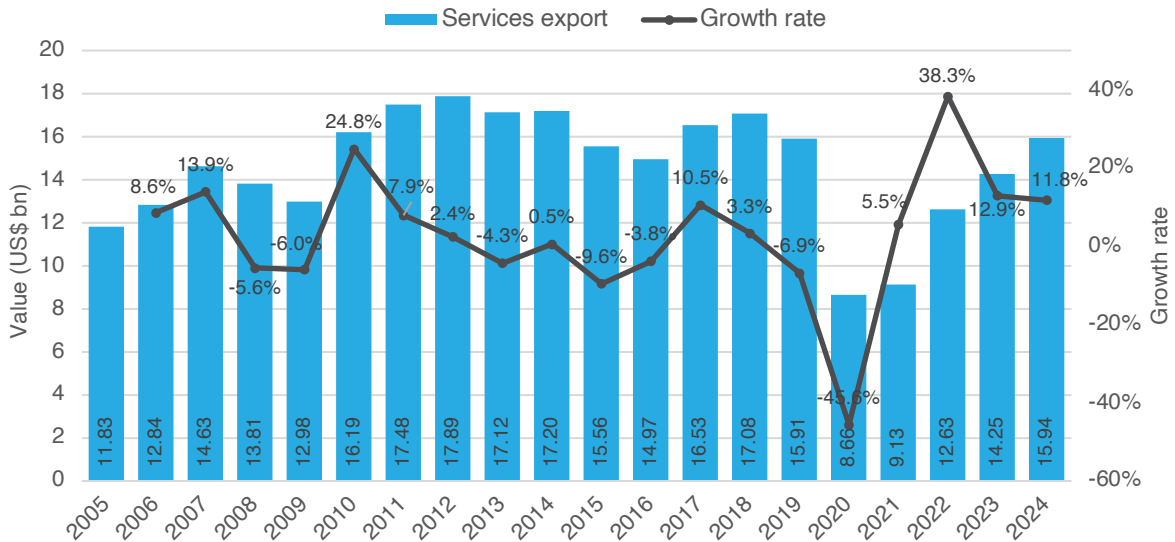
Figure 23: South Africa: trade in services as % of GDP, 2005–2024



Source: World Bank (2026)

Exports of South Africa's services increased by 11.8% in 2024, up from US\$14.25 billion in 2023 to US\$15.94 billion in 2024 (Figure 24). On average, the country's services exports increased by 3.1% per year between 2005 and 2024. South Africa's services exports have shown resilience, rebounding swiftly after global shocks (the 2009 global financial crisis and the impact of Covid-19 in 2020).

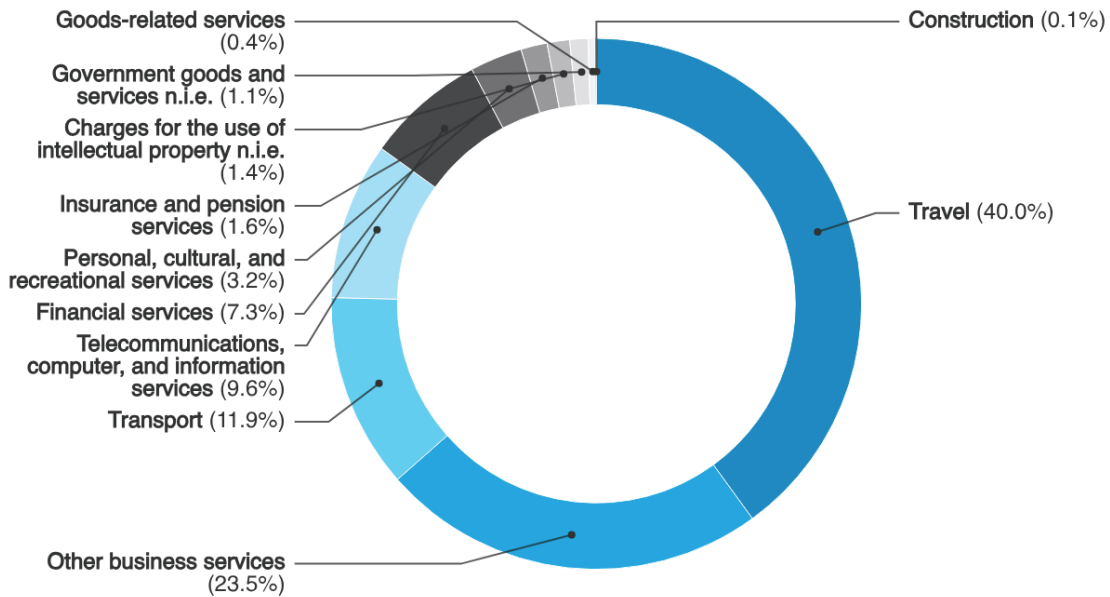
Figure 24: South Africa: services exports and growth rate in exports of services, 2005–2024



Source: United Nations Trade and Development (2026)

Traditional services dominated exports of South Africa’s services in 2024. As shown in Figure 25, travel services accounted for about two-fifths of services exports in 2024, followed by other businesses services (23.5%) and transport services (11.9%). The fastest-growing subsectors between 2020 and 2024 were insurance and pension services (with an average annual growth rate of 144.2% p.a.); telecommunications, computer and information services (17.8% p.a.); and travel services (13.8% p.a.).

Figure 25: South Africa: structure of services exports, 2024



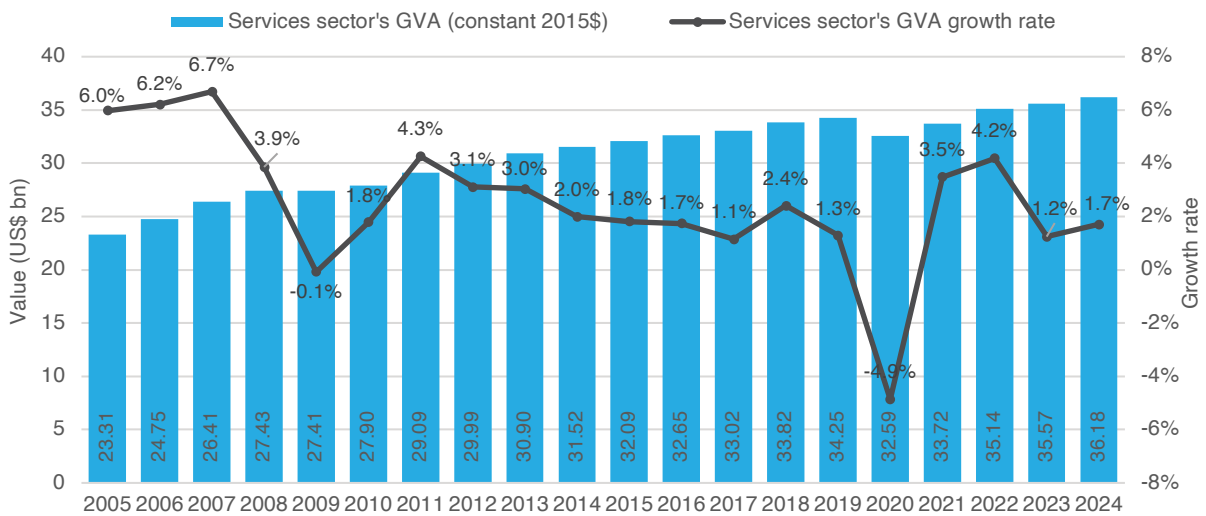
Source: United Nations Trade and Development (2026)

4.4 Western Cape context

- The province is services-driven, with the sector contributing over 75% to GVA in 2024.
- Business services; wholesale and retail trade; and community, social and personal services are the main subsectors.
- Services GVA rose from US\$23.31 billion (2005) to US\$36.18 billion (2024), growing at 2.5% annually.

The Western Cape economy is driven by the services sector, with the sector accounting for over 70% of both economic output and employment. Generally, the tertiary sector is regarded as the more stable sector relative to the primary and secondary sectors. Therefore, the tertiary sector dominance potentially strengthens the economy, making it more resilient in dealing with exogenous shocks. As shown in Figure 26, the services sector's real GVA in the province increased from US\$23.31 billion in 2005 to US\$36.18 billion in 2024, growing by an average rate of 2.5% per year in the period.

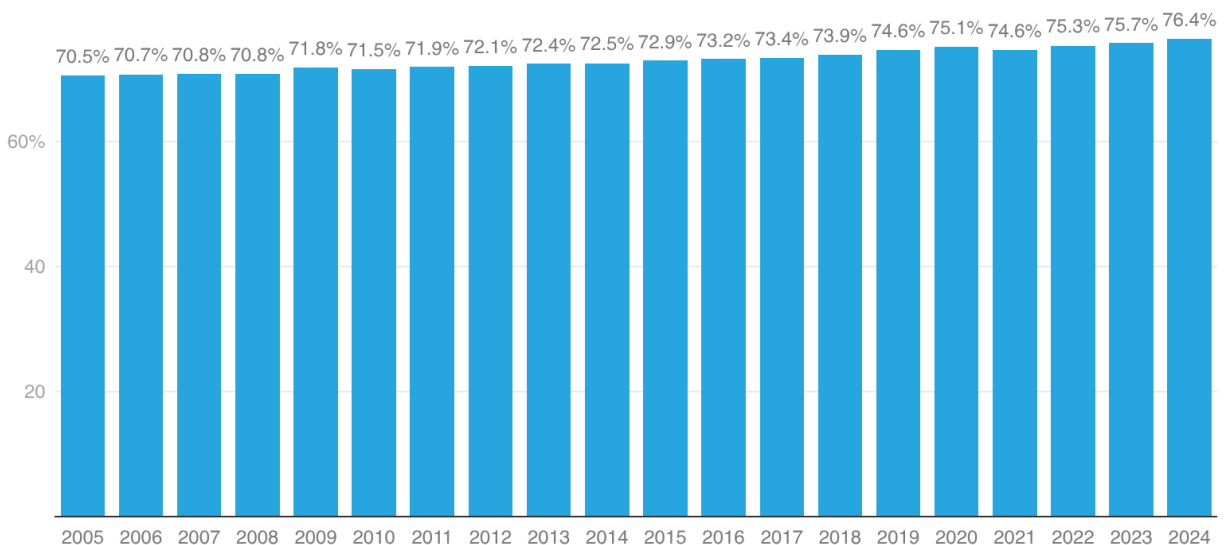
Figure 26: Western Cape: services sector's GVA and GVA growth rate



Source: Quantec (2026); Statistics South Africa (2025)

The share of services in the province's total GVA has remained in the 70% range since 2005, as shown in Figure 27. However, the sector has steadily expanded its share of the economy, rising from 70.5% in 2005 to 76.4% in 2024. Despite temporary setbacks, including the dip during Covid-19 in 2021, the sector has demonstrated remarkable resilience, consolidating its position as the leading driver of growth and transformation.

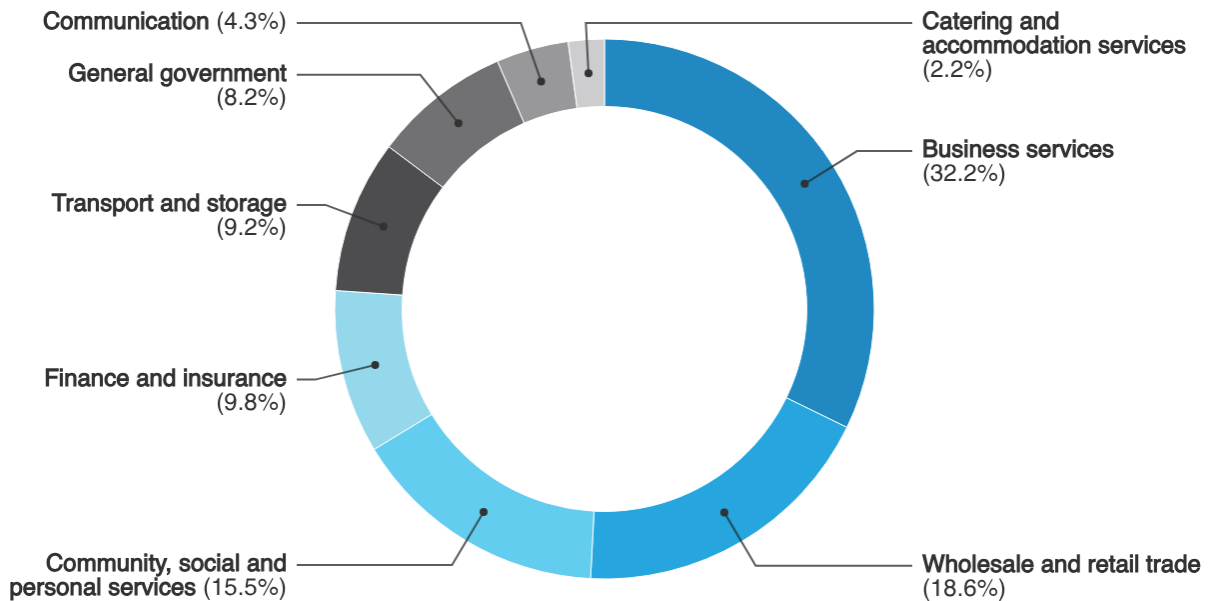
Figure 27: Western Cape: services as % of GVA



Source: Quantec (2026)

Figure 28 illustrates that business services accounted for the largest share of GVA at 32.2%, underscoring the sector's centrality in economic output. Wholesale and retail trade (with a share of 18.6%) and community, social and personal services (15.5%) were the top three services exported from the Western Cape in 2024. Catering and accommodation services recorded the highest average annual growth rate (13.3% p.a.) between 2020 and 2024, followed by transport and storage (6.9% p.a.) and business services (2.6% p.a.).

Figure 28: Western Cape: composition of services sector's GVA, 2025

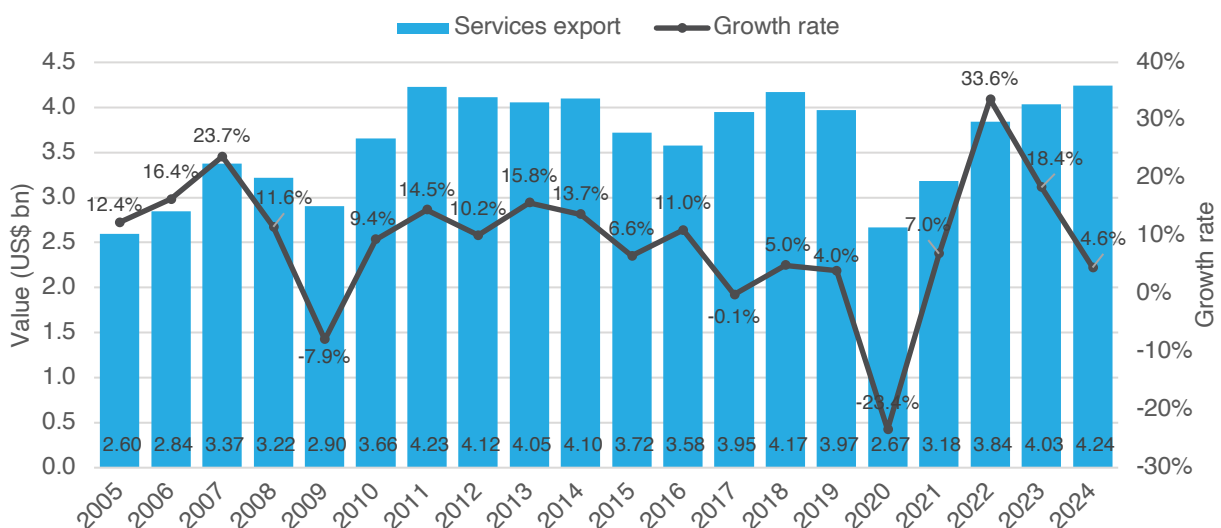


Source: Quantec (2026)

As shown in Figure 29, the Western Cape's total services exports were valued at US\$4.24 billion in 2024, up from US\$2.60 billion in 2005. On average, services exports increased by 9.3% annually from 2005 to 2024, with the highest growth rate recorded in 2022. In 2024, the province's services exports increased by 4.6%. The main contributors to this growth were business services; communication; and transport and storage.

Exports of goods and services is a key component of the Western Cape's Growth for Jobs Strategy (Western Cape Government, 2023). The goal is to triple the value of goods and services (inclusive of tourism) by 2035. Boosting the competitiveness of exports in services depends on enablers like improved skills capabilities and cost-effective broadband access. The identified opportunity areas for services-based exports include tourism (including health tourism), business services, education, and the creative and cultural industries. The provincial government has also identified venture capital as a growth area and is working on developing policies and strategies that encourage more growth in this industry.

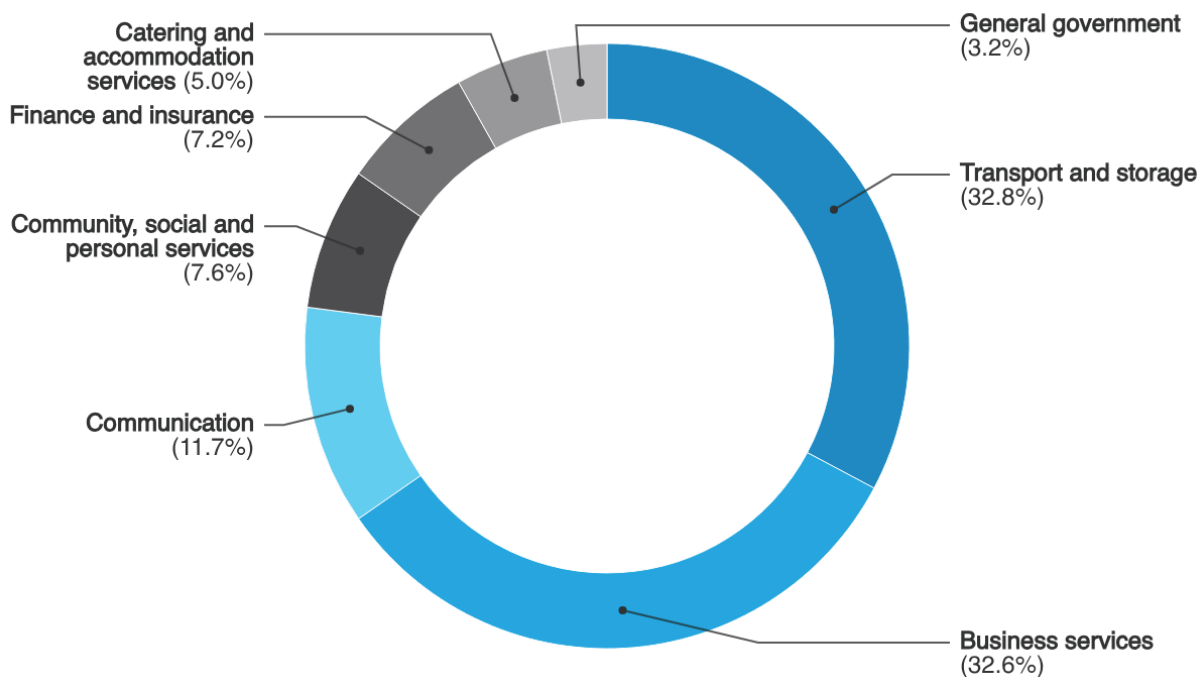
Figure 29: Western Cape: services exports and services export growth



Source: Quantec (2026)

The subsectors with the largest share of total services exports in 2024 were transport and storage (with a share of 32.8%); business services (32.6%); and communications (11.7%), as shown in Figure 30. These industries together accounted for approximately 77.1% of the total exports in services from the province in 2024. This highlights the importance of areas such as business process outsourcing, ICT, logistics and the movement of people and freight to the Western Cape's economy. The communications industry recorded the highest average annual growth rate (20.1% p.a.) between 2020 and 2024, followed by finance and insurance (14.8% p.a.) and business services (14.4% p.a.).

Figure 30: Western Cape: structure of services exports, 2024



Source: Quantec (2026)

5 Conclusion

Globally, services have become an increasingly significant driver of both economic output and employment. Moreover, the ability of service providers to compete internationally is a key driver of growth, integration and diversification in modern economies. Services account for half of global employment and over two-thirds of GDP, exceeding the combined contributions of agriculture and industry. In recent decades, the services sector has emerged as the main source of economic growth. Core subsectors such as logistics, finance and ICT underpin the functioning of modern economies, while business services, healthcare and entertainment have shown particularly rapid expansion globally. These changes in economic structure call into question traditional views of services as a less desirable path to growth and development, compared to manufacturing.

Services trade has emerged as a cornerstone of growth strategies, evolving into the most dynamic component of global trade and creating higher-value employment opportunities. The expansion of services in global trade highlights this sector's contribution to economic diversification, resilience and inclusive growth. Effective access to a wide range of services, including health and education, is central to advancing the UN Sustainable Development Goals. Moreover, trade and investment in telecommunications and computer services enhance digital connectivity, while environmental services contribute to climate change mitigation and improved environmental management.

The services sector is a key driver of economic growth and development in South Africa, the Western Cape, across Africa and the global economy at large. It contributes to the most output and employment, demonstrates resilience in the face of global shocks, and offers new opportunities through digital transformation. However, services exports in Africa remain concentrated in traditional subsectors, leaving untapped potential in high knowledge-intensive services.

For economies pursuing sustainable and digital transformations, acknowledging the centrality of the services sector is pivotal when formulating growth strategies. Trade and investment policies for services are critical to unlocking the sector's full potential for growth and development. Effective policies governing services trade play a key role in enabling services-driven growth and development by promoting efficiency and competitiveness at the economy-wide level.



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