

ECONOMIC WRAP-UP Southern Africa

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Ranking of the ten best-managed South African municipalities (*Ratings Afrika*)

Top 10 municipalities	
Saldanha Bay	Western Cape
Swartland	Western Cape
Swellendam	Western Cape
Hessequa	Western Cape
Midvaal	Gauteng
Mossel Bay	Western Cape
Stellenbosch	Western Cape
Prince Albert	Western Cape
Overstrand	Western Cape
Drakenstein	Western Cape
<i>Source: Ratings Afrika</i>	

Ratings Afrika's Municipal Financial Sustainability Index (MFSI) assesses municipalities based on six key criteria. These criteria are: operational performance, liquidity, debt management, budgetary practices, affordability and infrastructure development.

The European Union announces €11.5 billion in funding for South Africa through Team Europe (*European Union*)

As part of the strengthening of the EU-South Africa strategic partnership, European Commission President Ursula von der Leyen and South African President Cyril Ramaphosa announced on 9 October 2025 the mobilisation of €11.5 billion for South Africa via Team Europe. This package, mobilising the EU, its Member States and European public development and investment banks, is branded Global Gateway and more than doubles the initial commitment of EUR 4.7 billion presented at the EU-South Africa summit in March 2025.

It is in line with the negotiations for a Sustainable Trade and Investment Partnership (CTIP) that began last March. South Africa is expected to be the first country to conclude this type of agreement with the EU, which aims to strengthen strategic investments and industries, support the energy transition, develop local supply chains, create jobs and intensify cooperation on critical raw materials.

The main focus of investment is the Just Energy Transition Partnership (JETP), launched at COP26 in Glasgow in 2021, to reduce the country's dependence on coal (more than 80% of the energy mix) and develop renewable energies, carbon-free hydrogen and electric mobility. The initiative combines climate investment and social justice in a more resilient development model. France, with a commitment of EUR 1 billion, is one of the main contributors alongside Denmark, Spain, Germany and the EU. This total of €8.7 billion also includes investments in critical raw materials, aimed at strengthening local processing and securing strategic supplies for the European energy transition.

The Team Europe package covers several other strategic areas: €1.2 billion for a just transition (retraining, job creation, support for communities affected by the energy transition); €1.3 billion for connectivity and infrastructure, including ports, transport and digital; and €292 million for the pharmaceutical value chain, covering local production, training and innovation.

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South Africa

SpaceX prepares to invest €100 million in local infrastructure as part of Starlink's rollout in South Africa (MyBroadband)

SpaceX, through its Starlink satellite internet service, plans to invest nearly €100 million in South Africa to develop local infrastructure and facilitate its establishment in the country. The American company is reportedly considering collaborating with local Internet service providers to deploy and maintain high-speed connectivity in schools on an open access basis. A £25 million capital equivalence programme would aim to connect more than 2.4 million South African students.

Until now, access to the South African telecommunications market was subject to the creation of a local subsidiary, at least 30% of whose shares had to be sold to 'historically disadvantaged' local investors (BEE). Elon Musk, the South African-born founder and owner of SpaceX, had publicly criticised this requirement.

However, in May 2025, Communications Minister Solly Malatsi proposed introducing Equity Equivalent Investment Programmes (EEIPs) in this sector, allowing multinationals to meet their BEE obligations through structural investments rather than capital transfers. EEIPs are already used by companies such as Google, Amazon and Microsoft, offering Starlink a way into a market where the digital divide remains a major issue.

Chinese car manufacturer Chery considers taking over a car factory in South Africa (Reuters)

Chinese car manufacturer Chery is in advanced discussions to take over or share an existing factory in South Africa as part of its local industrial establishment project. This initiative is being conducted in

consultation with the Department of Trade, Industry and Competition (DTIC) and the professional association Naamsa.

According to Chery South Africa's management, the company is currently conducting feasibility studies with several manufacturers (OEMs) to evaluate the various options available: purchasing an existing site, sharing infrastructure or, as a last resort, building a new factory ('greenfield'). The first option, considered faster and less costly, seems to be the preferred choice.

Chery is also considering relocating some of its Chinese suppliers to South Africa in order to strengthen its local content and support its export ambitions to other markets, including Europe. Several hypotheses are circulating in the sector, including the potential takeover of Nissan's under-utilised site in Rosslyn, near Pretoria, which the Japanese manufacturer could close within two years, or the sharing of the Mercedes-Benz plant in East London.

Present in South Africa since 2021, Chery has quickly established itself among the country's top ten automotive brands, driven by the success of its Tiggo 4 Pro SUV and the launch of its Omoda and Jaecoo sub-brands. By establishing a local industrial base, Chery would contribute to the national goal of increasing automotive production to 1.4 million vehicles per year by 2035.

South Africa places chrome exports under control and considers a 25% tax on raw chrome exports (Business Day)

The Minister of Trade, Industry and Competition, Parks Tau, has confirmed the implementation of an Executive Cabinet decision to subject chromium ore exports to a control regime, entrusted to the South African International Trade Administration Commission (ITAC). The aim of this measure is to combat illegal trade and promote local beneficiation, i.e. the

processing of ore within the country, and to move higher up the value chain.

The government is also considering imposing a 25% tax on raw chrome exports to protect the local ferrochrome industry. The sector is suffering from increased international competition, particularly from China, which now accounts for 80% of South Africa's chrome production.

South Africa holds 70-80% of the world's chromium reserves, but its competitiveness has eroded: the cost of electricity has jumped by more than 800% since 2007, making local processing economically difficult. Several major players, including Glencore Alloys and Samancor, have had to suspend their processing activities, and none of Glencore's 22 smelters are currently operational – a first in more than 20 years. In total, the industry has seen the closure of 14 smelters and the loss of nearly 300,000 jobs across the value chain.

Eskom could take over electricity distribution from indebted municipalities ([MoneyWeb](#))

Energy company Eskom and Energy Minister Kgosientsho Ramokgopa have presented the draft Distribution Agency Agreement (DAA), intended for municipalities that have now accumulated payment arrears to Eskom exceeding EUR 4.7 billion. Under the scheme, Eskom would act as the municipality's agent, managing distribution, maintenance and revenue collection. Consumers would pay Eskom directly, while the municipality would retain its licence and see the agreement terminated once its debt has been cleared and its capacity strengthened.

Two pilot schemes are already in place in Maluti-a-Phofung and Emfuleni, with mixed results: Maluti's debt has risen from EUR 365 million to EUR 450 million in 21 months, while Emfuleni has partially regularised its payments. Administration fees, ranging from 4% to 10%, are intended to cover Eskom's costs, but their impact on tariffs remains uncertain. Local elected officials

are concerned about losing control over distribution, and some analysts describe these agreements as a disguised takeover.

The challenge for Eskom is to reduce its colossal debt of EUR 19.5 billion, which limits its investment capacity and weakens its finances. The other challenge for the South African government is to push for improved performance by municipalities, which are suffering from numerous problems (inefficiency, insolvency, corruption, decline in services, etc.). With this in mind, the South African government, with the support of the World Bank, is developing a USD 3 billion plan to reverse the decline in services and infrastructure (water/sanitation, electricity distribution and waste) in the country's eight largest municipalities.

SARB and Treasury agree on lowering inflation target, but timing still to be determined ([CNBC Africa](#))

The Governor of the South African Reserve Bank (SARB), Lesetja Kganyago, stated that the SARB and the National Treasury had agreed on the need to reduce the country's inflation target, while continuing discussions on its implementation schedule. In July, Kganyago surprised the markets by mentioning an effective target of 3%, compared with the official range of 3% to 6%, prompting a response from Finance Minister Enoch Godongwana. The two officials have since stated that they are aligned on the principle of lowering the target.

Kganyago, a long-time advocate of a lower target to boost the economy's competitiveness, believes that the current price stability provides a good opportunity to 'anchor' low inflation in the long term. He added that this approach had helped to support the rand and reduce the government's borrowing costs by 80 to 160 basis points since April.

South Africa attracts international interest in its USD 500 million financing initiative (*Market Screener*)

The South African National Treasury received more than 100 international proposals for its USD 500 million foreign currency financing initiative, launched to diversify its funding sources beyond traditional Eurobonds. The proposals include bilateral loans, private placements, structured notes and ESG-linked instruments, demonstrating strong global interest. Treasury officials have indicated that the minimum funding target will be easily met, with Eurobonds remaining a complementary part of the borrowing strategy. Analysts predict a possible new foreign currency bond issue in November 2025, after the mid-term budget presentation. For the record, South Africa last tapped international markets in November 2024, raising USD 3.5 billion.

Angola

Angola returns to the international market with a Eurobond issue (*Ministry of Finance*)

Angola returned to the international market on Tuesday 7 October with a €1.5 billion Eurobond issue. The transaction was structured in two tranches: a first tranche of \$1 billion with a five-year maturity (2030) and a second tranche of \$750 million with a ten-year maturity (2035), with semi-annual coupon rates of 9.25% and 9.78% respectively. It is part of Angola's 2025 financing plan, which aims to raise approximately \$6 billion through debt instruments to cover total financing needs of \$14.9 billion, according to a report by the Ministry of Finance. Citigroup, Deutsche Bank, JPMorgan Chase and Standard Chartered Bank are the joint lead managers for this issue. It should be noted that Luanda's last outing on the international bond markets dates back to April 2022.

Botswana

Botswana launches a citizenship-by-investment programme starting at USD 90,000 to reduce its dependence on a diamond sector in crisis (*WeeTracker*)

Faced with a historic drop in diamond revenues, Botswana, Africa's leading producer, announced in September 2025 the launch of a citizenship by investment (CBI) programme, scheduled for early 2026, to stimulate economic diversification and attract foreign capital.

After a 3% recession in 2024, the Botswana economy contracted further by 5.3% in the second quarter of 2025, its sharpest decline since 2020. The country is being hit hard by a more than 40% drop in rough diamond sales in the first half of the year, exacerbated by the Chinese property crisis affecting sales in China, global inflation and growing competition from synthetic diamonds. On 25 September, the state-owned Okavango Diamond Company suspended a public sale of one million carats, considering the bids too low.

With the diamond sector accounting for nearly a third of public revenue, the government is now looking to new sources of growth. Called the 'Impact Investment Programme', the future CBI will set a minimum contribution of between USD 75,000 and USD 90,000, one of the lowest amounts on the global market. The funds will be directed towards strategic sectors: high-end tourism, renewable energy, financial services, housing and non-diamond mining.

This programme, which complements the launch of a sovereign wealth fund in September 2025, is part of an economic resilience strategy aimed at creating jobs, attracting international investors and preparing the Botswana economy for the post-diamond era.

Malawi

First economic consequences of the election in Malawi (*Malawi Nation*)

A few weeks after Peter Mutharika's victory in the 16 September presidential election, the first economic impacts are beginning to emerge. The Malawian kwacha appreciated against the US dollar on the parallel currency market, with the exchange rate falling from around 4,500 MWK to 3,500 MWK per USD in one week, reflecting improved market confidence and expectations of increased liquidity. The official exchange rate, however, remained stable at 1,751 MWK per dollar.

At the same time, the Malawi Stock Exchange (MSE), which lists 16 stocks, posted spectacular performance in the third quarter: the Malawi All Share Index (Masi) jumped 75% between July and September, rising from 329,923 to 578,389 points. Market capitalisation thus climbed from MWK 17.96 trillion to MWK 31.53 trillion, a gain of more than MWK 13 trillion in three months. The Domestic Share Index, which measures the performance of domestic stocks, rose by 77%, while the Foreign Share Index, which declined in the second quarter, rebounded by 64%.

Namibia

Inflation reaches 3.5% year-on-year in September 2025 (*NamStats*)

According to the National Statistics Agency (*NamStats*), annual inflation reached 3.5% year-on-year in September, up from 3.2% in August. The increase was mainly driven by food and non-alcoholic beverages (+4.9%, contributing +1.0 percentage points to the rise in prices), followed by housing, water, electricity, gas and other fuels (+3.6%, or +0.9 percentage points) and alcoholic beverages and tobacco (+4.9%, or +0.7 percentage points). The Central Bank forecasts inflation to rise to 3.9% in September and then 4.0% in October. As a

reminder, the Monetary Policy Committee (MPC) kept the base rate unchanged at 6.75% at its meeting on 12 August 2025.

Namibia narrows the gap between the base rate and the prime rate to support the economy (*Observer24*)

The Central Bank announced a 12.5 basis point reduction in the spread between the refinancing rate (key interest rate) and the prime rate applied by commercial banks, with a further 12.5 basis point reduction planned by the end of the year. This measure aims to reduce borrowing costs for households and businesses, stimulate domestic economic activity and align Namibia's credit margins with those of its peers within the common currency area. Central Bank Governor Johannes !Gawaxab described the decision as 'significant and necessary' to promote financial inclusion.

Zambia

Zambia's private sector records its fastest growth in seven years in September, with PMI reaching 52.2 points (*S&P Global*)

The S&P Global Purchasing Manager Index (PMI) reached 52.2 points in September, up from 51.2 in August. The indicator, which measures confidence in the private sector as a whole (mining, manufacturing, services, construction and trade, based on data collected from a panel of companies), has thus reached its highest level since May 2018. This momentum was driven by higher production and new orders, supported by solid demand. Companies accelerated their purchases of inputs at the fastest pace since December 2017, strengthening inventories and improving delivery times. Only the construction and retail sectors saw a decline in production. Employment also increased to meet demand and reduce delays.