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ECONOMIC WRAP-UP
Southern Africa

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Contrasting Economic Performance in Southern Africa for the Third Quarter of 2024

According to the Angolan National Statistics Institute (Instituto Nacional de Estatística), Angola's GDP grew by 5.5% in the third quarter compared to the same period last year. Growth was driven by "diamonds and other minerals" (+42.1% year-on-year, contributing 0.9 percentage points to total growth, linked to the implementation of new extraction projects), oil extraction and refining (+3.0%, contributing 0.7 percentage points), and trade (+4.7%, contributing 0.6 percentage points). The fishing sector also recorded strong growth (+24.4%, contributing 0.6 percentage points), boosted by strategic decisions, including the flexibilization of fishing periods.

In contrast, according to the Botswana National Statistics Agency (Statistics Botswana), Botswana's GDP declined by 4.3% in the third quarter compared to the same period last year. This decrease is mainly attributed to poor performance in the diamond sector. The mining sector experienced a significant drop in activity (-27.2%, contributing -2.5 percentage points to total growth), as did the diamond trade sector (-75.6%, contributing -0.3 percentage points).

According to the Lesotho National Statistics Agency (Bureau of Statistics), the country's growth was 3.6% in the third quarter compared to the same period last year. Fourteen out of fifteen sectors saw an increase in activity. The "water and electricity" sector (+14.4%, contributing a positive 1.2 percentage points to growth), the "manufacturing industry" (+5.9%, contributing 0.8 percentage points), and "business services" (+29.4%, contributing 0.7 percentage points) were particularly dynamic. In contrast, the public administration sector declined by 9.2% (contributing a negative 1.5 percentage points).

Summary:

South Africa

- Transnet's Financial Results Continue to Deteriorate
- South African Reserve Bank Penalizes Capitec Bank
- Rand Water Faces Losses Due to Unpaid Municipal Debts
- Koeberg Nuclear Power Plant's Unit 2 Reconnected to Grid
- South Africa Announces Winners of Renewable Energy and Battery Storage Bids

Mozambique

- Mozambique Crisis Threatens South Africa's Gas Supplies

Zambia

- Zambia Partners with Mercuria Partners to Strengthen Copper Trading

Zimbabwe

- Zimbabwe's Monthly Inflation Rate Drops to 3.7% in December

South Africa

Transnet's Financial Results Continue to Deteriorate *(Transnet)*

On December 31, the public logistics operator Transnet, responsible for managing the railway network, port infrastructure, and pipelines, presented its interim financial results for January to September 2024. While the group's revenue showed growth (41.5 billion ZAR, up 6.0% compared to the same period in 2023), this apparent good performance is mainly driven by an increase in transport tariffs (+4.98% of the weighted average tariff for 2024/2025). The moderate increase in rail freight volumes (+3.2%), which remains limited by the critical condition of the railway network still affected by looting and vandalism, was offset by a decrease in maritime freight volumes (-0.6%). This relative stabilization of operational activities, coupled with a much faster increase in operating expenses (+10.2%, from 25.3 billion ZAR to 27.9 billion ZAR) and interest charges on debt (7.1 billion ZAR, up 7.9%), highlights the significant deterioration of the group's finances, which recorded a net loss of 2.2 billion ZAR (-37% compared to the same period in 2023). It is worth noting that rating agencies S&P Global and Moody's downgraded the public operator's outlook in November 2023 and January 2024, respectively, despite the presentation of a rescue plan in October 2023 and the granting of a 47 billion ZAR sovereign guarantee by the South African government. Although the ratings have not yet changed, S&P Global placed Transnet under negative watch (CreditWatch) in December 2024, increasing the risk of a downgrade in its credit rating.

The Central Bank Sanctions Capitec

The South African Reserve Bank has fined Capitec (the country's largest bank by customer numbers) 56.25 million ZAR for multiple violations of anti-money laundering legislation. This penalty follows inspections by the prudential authority in 2021 and 2022, which revealed that criminals used Capitec accounts for SIM swap fraud, transferring funds from victims' accounts at large banks to Capitec accounts. Insufficient identity verification controls at Capitec allegedly facilitated the use of the bank for malicious purposes.

Rand Water Records 382.3 Million ZAR in Losses Due to Municipal Arrears

Rand Water, Africa's largest water supplier, has written off 382.3 million ZAR (around 20.6 million USD) in overdue payments from South African municipalities. This decision comes as municipal debt to Rand Water reached 4.4 billion ZAR (around 240 million USD) at the end of June 2024. Water Minister Pemmy Majodina warned that these unpaid bills "threaten the viability" of the system. More concerning, these municipalities also owe 95.4 billion ZAR (around 5.1 billion USD) to Eskom, the state-owned electricity company, a debt that increased by 28% between November 2023 and March 2024. Energy Minister Kgosientsho Ramokgopa described this debt as an "existential problem," highlighting its scale, which threatens the financial and operational stability of essential services in South Africa.

After Replacing Steam Generators, Koeberg's Unit 2 Reconnected to the Grid *(Eskom)*

On December 31, 2024, South Africa's state-owned electricity company Eskom announced that it had reconnected Unit 2 of the Koeberg Nuclear Power Plant to the national grid, adding 930 MW of capacity. This follows the completion of steam generator replacement work carried out by the French company Framatome, a subsidiary (80.5%) of EDF. Similar work had been completed on Unit 1, finalized at the end of 2023. The completion of these works was a key condition set by the National Nuclear Regulator (NNR) to extend the plant's operational life as part of a Long Term Operation (LTO) program. In July, the NNR granted a conditional 20-year extension for the operation of Unit 1. A decision on Unit 2 is expected by November 9, 2025, when its current license expires.

Electricity and Energy Minister Announces Winners of Independent Renewable Energy and Battery Storage Tender *(SA Government)*

On December 23, Electricity and Energy Minister Kgosientsho Ramokgopa announced the list of eight developers selected for two upcoming tenders: the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) Bid Window 7 and the Battery Energy Storage Independent Power Producer Procurement Programme (BESIPPPP) Bid Window 2. Among the 16 selected projects, only one comes from a French company: EDF will develop 77 MW of battery storage as part of the Oasis Ararat project in the North West province. The selected electricity generation projects (Bid Window 7) are all solar projects, totaling 1,760 MW. These projects are concentrated in the eastern provinces (Limpopo, North West, Free State, and Mpumalanga). Although their solar potential is lower than the Northern Cape (-20%), they are less affected by transmission capacity deficits that block many projects in the western regions. Of the eight selected projects, six will be developed by Infinity Power, a joint venture between Egyptian group Infinity and Emirati group Masdar (Abu Dhabi Future Energy Company). These projects will be developed in partnership with South African companies, which hold 49% of the equity. Pele Green Energy, a partner of EDF and Engie on other projects, is the main local beneficiary of the awarded projects.

The battery storage tender (Bid Window 2) will deploy an additional 615 MW of capacity to balance supply and demand in the North West, Free State, and Gauteng provinces. With five of the eight projects, the main winner is Mulilo, a South African developer that previously partnered with EDF on battery projects (Bid Window 1) and with TotalEnergies on solar projects. Two projects were also awarded to AMEA, another Emirati developer that signed a power purchase agreement (PPA) with Eskom in April 2024 for its Doornhoek solar project (120 MW). EDF won three of the four projects awarded in the first tender (Bid Window 1), but only one in this round. Results from the third round (Bid Window 3), for an additional 616 MW of capacity, are still awaited.

Mozambique

Mozambique Crisis Threatens South Africa's Gas Supplies *(Agence Ecofin)*

South African group Sasol has announced a reduction in natural gas production from its Temane field in Mozambique, which accounts for nearly 90% of South Africa's gas supply. The company cited political instability and its security consequences in the neighboring country, where violence persists. Tensions remain high following the Constitutional Court's validation of the ruling party's (FRELIMO) victory in last October's disputed general elections and the election of Daniel Chapo as President of the Republic.

Sasol's announcement could have significant consequences for South Africa, where annual consumption is approximately 110 PJ for synthetic fuel production by Sasol and 70 PJ for its industrial clients, such as ArcelorMittal (steel). This gas also supplies two power plants operated by Sasol in Sasolburg (140 MW) and Secunda (280 MW), whose shutdown could increase pressure on South Africa's electricity grid. The gas is transported via the ROMPCO pipeline, an 869-kilometer pipeline connecting the Pande and Temane fields to Sasol's Secunda plant in Mpumalanga province.

Zambia

Zambia Partners with Mercuria Partners to Position Itself in Copper Trading *(Mercuria Partners)*

On December 19, Swiss company Mercuria Partners, specialized in commodity trading, announced the creation of a joint venture with Zambia's public entity, the Industrial Development Corporation (IDC).

This new entity aims to enhance Zambia's influence in the global copper market. By directly positioning itself to sell its resources to end customers, the country also seeks to strengthen its commercial and financial engineering expertise and its knowledge of the global market, where demand is still dominated by China. IDC could benefit from preferential access to market Zambian copper through its indirect minority stake via its subsidiary (60.3%) ZCCM Investments Holdings, in several mines in the country: Mopani (Delta Mining), Kansanshi (First Quantum Minerals), Chambeshi (China Nonferrous Minerals), Lubambe (EMR Capital), etc.

Zambia produced 760,000 tons of copper in 2023, according to the USGS, accounting for 3.45% of global production, making it Africa's second-largest producer behind the DRC, and the ninth-largest globally. The government aims to produce 3 million tons of copper annually by 2031.

Zimbabwe

Monthly Inflation Reduces to 3.7% in December

According to the national statistics agency (Zimstats), month-on-month inflation slowed to 3.7% in December, down from 11.7% in November and 37.2% in October. Price increases are mainly driven by food products (+4.6%, contributing 1.6 percentage points to total inflation), clothing (+6.7%, contributing 0.3 points), and transport (+3.6%, contributing 0.3 points). The exchange rate has stabilized (25.8 ZWL to 1 USD at the official rate), and the divergence between the official exchange rate and the parallel market rate has even slightly reduced (a 35% exchange premium, with the informal rate fluctuating between 35 and 38 ZWL to 1 USD). The Reserve Bank of Zimbabwe has adopted an extremely restrictive monetary policy (35% interest rate, the highest in Africa, and mandatory reserve ratios of 30% in local currency and 20% in foreign currencies).

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