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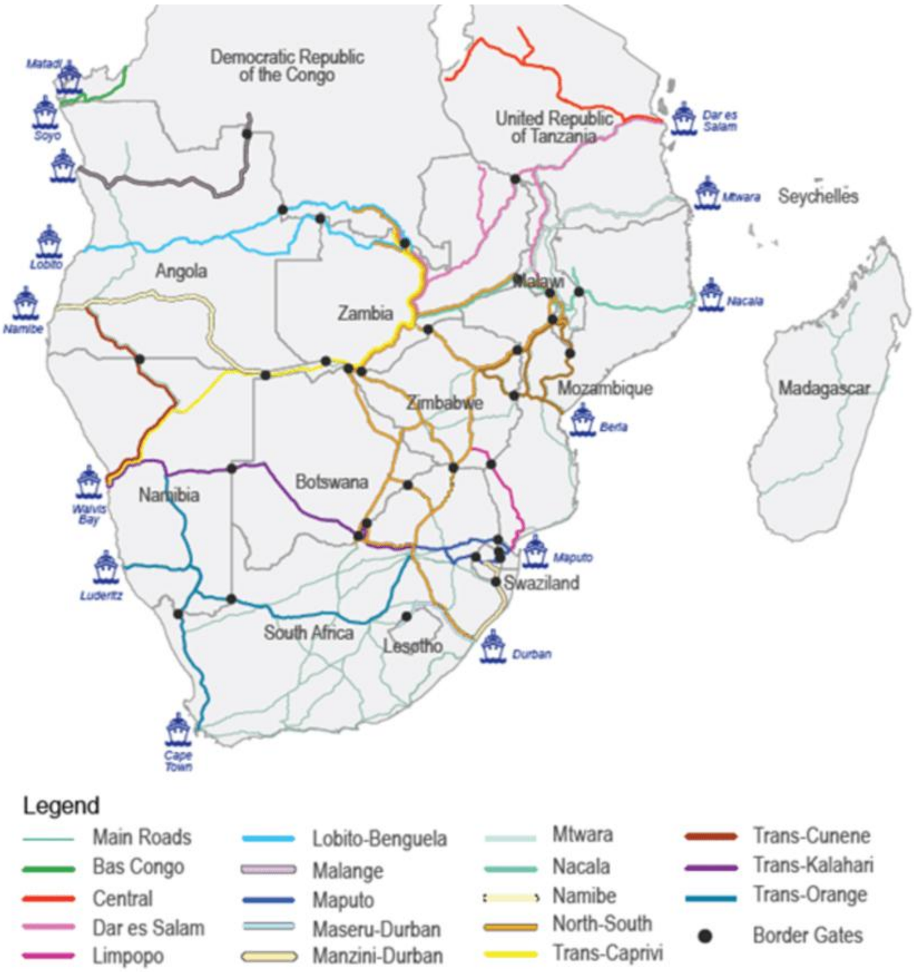
ECONOMIC WRAP-UP
Southern Africa

A publication from the Regional Economic Department of Pretoria
From December 1st to December 5, 2025

Key strategic corridors in Southern Africa



Source : *Barriers and Enablers for Short Sea Shipping in the Southern African Development Community - https://www.researchgate.net/figure/The-key-SADC-transport-corridors-68_fig2_331772159*

Southern Africa

South Africa and Mozambique set new priorities for cooperation

South Africa and Mozambique have concluded the 4th session of their Binational Commission (BNC), stating their intention to strengthen cooperation. South African President Cyril Ramaphosa and Mozambican President Daniel Chapo believe that both countries have a responsibility to preserve and deepen their historic relationship.

The two governments reviewed the progress made since the previous session in 2022 and signed several new MoUs to accelerate joint projects. They plan to expand their collaboration in key sectors: energy, mining, infrastructure, agriculture, tourism, telecommunications, health, and financial services. Security and border management are also highlighted as essential to this cooperation.

In this context, the two leaders inaugurated in Temane (Inhambane Province) a new natural gas processing site developed by Sasol, presented as an example of a successful partnership. This investment of around USD 1 billion includes the construction of the Temane thermal power plant, led by Globeleq and representing nearly USD 800 million of the overall project.

Officially intended to generate 450 MW of electricity using the 53 million MJ/year of natural gas supplied by the processing unit — which is also expected to produce 30,000 tonnes of LPG per year and 4,000 barrels per day of light oil — the power plant has nevertheless been idle since July 2025. The project, which had reached nearly 40% completion, was abruptly halted due to the bankruptcy of the Spanish firm TSK, the company in charge of the project. This triggered a contractual deadlock and blocked any continuation of the work.

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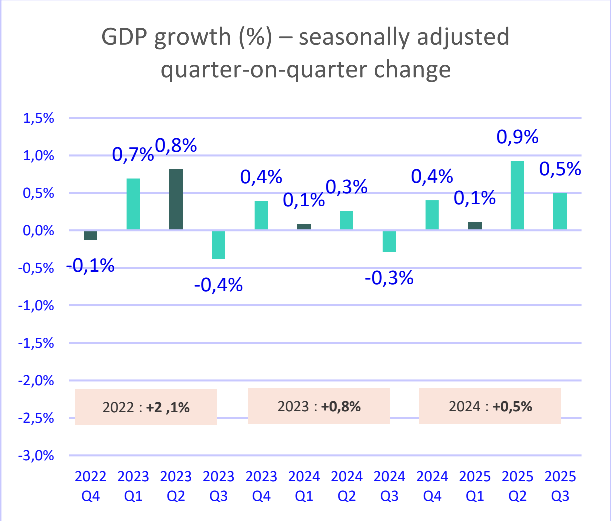
South Africa

South Africa's economic activity grew by 0.5% in the third quarter of 2025 *(StatsSA)*

According to South Africa's national statistical agency (StatsSA), the country's Gross Domestic Product (GDP) grew by 0.5% in the third quarter of 2025 (seasonally adjusted quarter-on-quarter growth), after a 0.9% increase in the previous quarter (revised upward by 0.1 percentage point). Growth was broad-based, with almost all sectors — except electricity — recording modest gains. The trade, accommodation and communications sector expanded by 1.0% (adding 0.1 percentage point), while the mining sector grew by 2.3% (also contributing 0.1 percentage point), driven by platinum group metals (PGMs), manganese ore and coal.

The financial, real estate and business services sector increased by 0.3% (contributing 0.1 percentage point), and general administrative services rose by 0.7% (adding 0.1 percentage point). Personal services (+0.3%), transport (+0.5%), manufacturing (+0.3%) and agriculture (+1.1%) made smaller positive contributions. In contrast, the electricity, gas and water sector contracted by 2.5% (a negative contribution of 0.1 percentage point), due to lower electricity production and consumption.

From a demand perspective, household consumption grew by 0.7% (contributing 0.5 percentage point). Public consumption (+0.3%, contributing 0.1 percentage point) and investment (+1.6%, adding 0.2 percentage point) also supported economic activity. Conversely, net exports weighed on growth (–0.4 percentage point), as the rise in exports (+0.7%) was outpaced by a stronger increase in imports (+2.2%). These results are in line with expectations and confirm the outlook for annual growth of around 1.2% (SARB).



South Africa's PMI Remains in Contraction Territory for the Second Consecutive Month

South Africa's S&P Global Purchasing Managers' Index (PMI) remained in contraction for the second month in a row, reaching 49.0 in November compared with 48.8 in October. This index, which measures overall private-sector confidence (including mining, manufacturing, services, construction, and trade, based on a panel of 400 companies), stayed below the 50-point threshold, indicating that business leaders continue to perceive a decline in activity.

The current situation reflects persistent drops in new orders and the sharpest fall in output in eight months, mainly due to weak domestic demand despite a slight rebound in international sales. Rising input costs—particularly wages and purchase prices—are putting significant pressure on firms, leading to the strongest increase in selling prices since February and raising concerns about margin compression and a possible erosion of demand.

Sector performance remains mixed : manufacturing and construction are contracting, while services and retail show some resilience, highlighting structural imbalances in the recovery. This combination of inflationary pressures and fragile demand points to a challenging macroeconomic environment as year-end approaches, with ongoing price tensions likely to weigh on growth prospects.

The Planning Commission Proposes Redirecting Savings Toward Infrastructure

The National Planning Commission recommends using Regulation 28 of the Pension Funds Act as a key lever to redirect private capital toward domestic infrastructure investment. According to its report, the current 45% ceiling on offshore investments perpetuates an extractive model that prioritises returns abroad at the expense of local development.

Among the proposals are a reduction of this ceiling, a relaxation of restrictions on unlisted assets to facilitate the financing of infrastructure projects, as well as a requirement for pension funds to publish an annual dedicated investment plan and to strengthen their regulatory reporting.

By redirecting the mandates of major funds such as the GEPF toward state-owned enterprises, BEE contractors, and local productive companies, these reforms could mobilise up to ZAR 5 trillion in investment for gross fixed capital formation and just transition projects, making pension funds a key driver of inclusive growth and long-term economic resilience.

Eskom's turnaround plan pushes profit up to ZAR 24.3 Bn in the first half

Eskom reported an after-tax profit of ZAR 24.3 bn for the first half of its 2026 financial year, supported by higher electricity tariffs and more stable performance at its power stations.
For the six months ending in late September, compared with the same period last year, profit before tax rose by 41% to ZAR 32.5 bn, while after-tax profit increased by 37%. Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 11% to ZAR 68.5 bn, according to the interim results released on Friday. Eskom said the profit would be reinvested in its infrastructure.

Operational performance improved over the period, with no scheduled power cuts since 15 May and two major coal units returning to service: Kusile Unit 6 entered commercial operation, while Medupi Unit 4 was brought back online after extended repairs. This additional capacity helped stabilise the generation fleet, although Eskom noted that maintenance delays and the age of some plants continue to pose reliability risks.

Traxtion Announces a ZAR 3.4 Bn Investment in Its Locomotive Fleet *(BusinessDay)*

Traxtion, Africa's largest private rail operator, has announced a ZAR 3.4 billion (EUR 171 million) investment in a new fleet of locomotives in South Africa. The company is relying on the 2022 National Rail Policy, which opens the national rail network to private competition while keeping the infrastructure under public control (Transnet). The stated goal is to better manage its logistics and reduce delays caused by malfunctions at Transnet, the South African state-owned operator.

This investment— the first phase of a broader ZAR 5.8 billion (EUR 292 million) programme, and the largest private investment in South Africa's rail freight sector to date — includes the purchase of 46 second-hand locomotives from KiwiRail (New Zealand), which will be upgraded and progressively deployed between 2025 and 2027. This additional capacity could cover around 5% of the national rail freight shortfall, at a time when demand far exceeds the volumes transported by Transnet.

Traxtion, which already operates in ten countries but not yet in South Africa despite a 38-year local presence, is considering several operating models:

direct slot allocations, maintenance services, or operational leasing for other operators.

Eskom launches environmental impact assessment for new nuclear power plant *(Moneyweb)*

Eskom has launched a new environmental impact assessment (EIA) process to select the site for a third nuclear power plant in South Africa. Four months after approving a potential second plant (4,000 MW) at Duynefontein (where the Koeberg nuclear power station is currently located), the company is now proposing a 5,200 MW facility, either at Thyspunt (Eastern Cape) or Bantamsklip (Western Cape).

This project is part of the Integrated Resource Plan 2025, which foresees over 105 GW of new electricity capacity by 2039 and aims to support the revival of a national nuclear programme.

In addition to the EIA, Eskom will need to obtain heritage, water, and coastal discharge permits, as well as a license issued by the National Nuclear Regulator.

The reactor technology has not yet been selected, raising questions about the relevance of the impact studies. The project's costs and financing also remain unknown.

The project could face strong environmental opposition, particularly near Dyer Island (if the Thyspunt site is chosen), a highly sensitive area home to endangered species such as the African penguin, southern right whale, and great white shark. Local organisations, including the Dyer Island Conservation Trust and the Thyspunt Alliance, have already announced that they will renew their mobilisation against the project.

South Africa's First Case of Land Expropriation Without Compensation Sparks Legal Battle in Ekurhuleni *(Eyewitness News)*

The Ekurhuleni municipality (Gauteng) is involved in South Africa's first concrete legal dispute over land expropriation without compensation. A 34-hectare plot, purchased for ZAR 1 million in 2005 and owned by the company BVI 900, was seized without any compensation. The owner is contesting the measure, valuing the land at ZAR 30 million (EUR 1.5 million). The municipality justifies the action by citing the land's prolonged disuse and its plan to develop social housing, invoking the public interest.

The legal framework remains uncertain: the law permitting expropriation without compensation (Expropriation Act, 2024) is not yet in force, and current legislation (the 1997 Housing Act) requires "just and equitable" compensation. A mediation process is currently underway. If it fails, the case could be heard by the Gauteng High Court. The forthcoming ruling could set a significant precedent.

Angola

AEBF 2025 in Luanda: A Forum Shifting the EU–AU Partnership Towards Action

The EU–AU Business Forum (AEBF 2025), held in Luanda on 24–25 November, marked a decisive milestone in Euro-African economic cooperation. For the first time since the launch of the Global Gateway initiative, discussions were firmly focused on implementing concrete projects rather than issuing new political declarations. The event brought together a wide range of public and private actors from both continents, united by a shared determination to turn common priorities—green energy, infrastructure, digital technology, health, and skills development—into fundable projects.

The adoption of the Joint Business Declaration 2025 by African and European business organizations sent a strong signal : it calls for simplifying access to European instruments, better integrating African companies into consortia, and enhancing regulatory predictability. The Forum's technical groups explored these priorities in depth, particularly around the Lobito Corridor, highlighted as a model for logistics and industrial transformation, and the digital sector, with a focus on data, cybersecurity, and skills. Pharmaceutical sovereignty and skills development were also central topics of discussion.

French participation was notable, with an active presence from CCFA, MEDEF International, Airbus D&S, Hydroneo, SUEZ, AGL, as well as the SME SAH Analytics and several French companies established in Angola. On the sidelines of the Forum, the signing of a MoU between Alstom and the Angolan Ministry of Transport for the future Luanda metro's blue line illustrated the ambition to steer the EU–AU partnership toward tangible achievements.

AEBF 2025 thus stands out as a turning point : it launches a phase where the success of the Euro-African partnership will be measured by the collective ability to deliver transformative projects, mobilize financing, and ensure a tangible economic impact.

Transport Minister Outlines Vision for Urban Modernization and Regional Integration *(Mercado)*

During the 4th edition of the Economia100 Makas discussions, Angolan Transport Minister Ricardo Viegas d'Abreu presented a clear vision of the sector's priorities, balancing urban modernization, institutional reforms, and regional integration.

He emphasized that transport is a central driver of the country's competitiveness and is now guided by a structured strategy under the 28-year Transport Master Plan. This framework, aligned with the 2023–2027 Development Plan, aims to improve national connectivity, strengthen logistics, and attract more private investment—an effort estimated at 1.4 to 2% of GDP per year.

The minister highlighted institutional reforms initiated since 2018, which have transformed several sectoral institutes into independent authorities aligned with international standards. He cited progress in the maritime-port sector, where IMO non-compliance rates have been reduced from 37 to 15.

Urban mobility, particularly in Luanda, was identified as a major challenge. The MOVE Luanda program plans to develop mass transit, interconnect different transport modes, and professionalize the sector. The minister acknowledged the weaknesses of the current model, overly dependent on the private sector, and announced a new public financing scheme, the creation of provincial urban transport companies, integration of shared taxis, and a unified national ticketing system.

On the regional front, Ricardo d'Abreu reaffirmed the priority of railway corridors, especially the Lobito Corridor, which is presented as a key axis for economic diversification, reducing logistics costs, and integration with the DRC and Zambia. These projects follow a multimodal approach, including logistics platforms and economic zones.

The minister also mentioned the new Luanda International Airport, designed to become a future continental hub. The concession process is nearing completion, while freight operations are already functioning normally.

In conclusion, he called for an acceleration of project implementation, emphasizing that the country is "catching up on lost time" but now benefits from a clear strategy, strengthened institutions, and an investor-friendly momentum. His address positions the transport sector at the heart of Angola's regional integration and economic development.

40 Billion AOA for the Digital Transformation of Angola's Tax Administration

The Angolan President has approved a budget of 40 billion AOA (43 million USD) to modernize the IT systems of the Tax Administration (AGT).

Presidential Decree No. 345/25 of 28 November 2025, published in the Official Gazette, provides for the funding of specialized IT services, to be awarded through a restricted public tender. The aim of this measure is to strengthen the monitoring, oversight, and taxation processes through modernized digital tools. This initiative forms part of the national strategy for the digital transformation of public administration.

Angola Raises an Additional USD 150 Million in Debt to Support Its Financing Strategy

The Ministry of Finance has announced a new USD 150 million debt issuance through a bookbuilding process. Two tranches are planned:

- USD 75 million, maturing in 2030, at a 5% rate ;
- USD 75 million, maturing in 2033, at a 7% rate.

Subscriptions are open from December 3 to 19 through authorized banks and intermediaries, with settlements scheduled for December 12 and 23.

This operation is part of the strategy to diversify financing sources and strengthen the domestic capital market, in line with the economic and social objectives outlined in the General State Budget for 2025.

Public Debt Rises by USD 3.26 Billion in Nine Months

Angola's public debt increased by USD 3.264 billion over the first nine months of the year, according to the latest budget execution report.

This rise is largely due to a greater reliance on domestic borrowing, including Treasury bond issuances in kwanzas and loans from the central bank.

Authorities justify this strategy as a means to reduce external dependence and maintain financial sustainability in the face of falling oil prices and external revenues.

Mozambique

Prosecutor Arrests Treasury and Tax Authority Officials on Suspicion of Corruption *(TVM)*

On 2 December 2025, agents from SERNIC and the PGR carried out multiple seizures of computer equipment and documents, as well as the arrest of officials from the General Directorate of the Treasury and the Tax Authority, as part of an ongoing investigation into a corruption network linked to the selective payment of VAT refund invoices to suppliers.

According to media reports, the coercive commission rates demanded ranged between 5% and 15%. Investigations are ongoing, and authorities have not yet commented on the matter.

UK Export Finance (UKEF) and Atradius Withdraw from Mozambique LNG Project Financing *(TotalEnergies)*

In a statement released on 2 December 2025, TotalEnergies announced that the shareholders of the Mozambique LNG project unanimously decided to provide additional equity to replace the contributions of UKEF and Atradius, which are withdrawing from the project, amounting to USD 2.2 billion, or roughly 10% of the project's total investment.

The two British and Dutch export finance agencies were part of the roughly thirty lenders who had confirmed their commitment under the original financing agreement with the consortium in 2020, totaling USD 15.4 billion.

Following the long force majeure period (approximately 54 months), lifted on 24 October, this commitment was expected to be reaffirmed through an amended financing agreement aligned with the project's updated schedule.

Economy Still in Recession in Q3, Contracting by –0.85% *(Bank of Mozambique)*

Economic activity (GDP) contracted by 0.85% year-on-year in the third quarter of 2025. This GDP decline continues to reflect the effects of post-election tensions, which particularly affected the secondary and tertiary sectors.

From a demand perspective, the contraction is mainly due to a decline in investment and private consumption. Mozambique's economy recorded a negative average GDP growth of –1.9% over the first three quarters of 2025. Growth prospects for Q4, compared with the same period in 2024, are expected to return to positive territory, notably due to favorable base effects.

PMI Continues to Rise, at 50.8 in November after 50.4 in October *(Standard Bank)*

Mozambique's Standard Bank PMI rose to 50.8 in November, up from 50.4 in October, remaining in positive territory for the second consecutive month. This increase reflects a pick-up in new orders and production, as well as a more pronounced pass-through of higher input costs to selling prices. However, the PMI indicates a deterioration in future expectations, with the future outlook index declining for the third month in a row. Despite anticipated progress in LNG projects, Standard Bank expects budgetary and foreign currency liquidity pressures to increase in the short term, although USD/MZN rate stability should continue to contain inflationary pressures.

Namibia

Central Bank Holds Key Interest Rate at 6.5% *(Bank of Namibia)*

The Monetary Policy Committee of the Bank of Namibia (BoN) decided to keep its key interest rate unchanged at 6.5% during its meeting on 1–2 December.

The central bank justified this decision by a slight rise in inflation (+0.1 percentage point) observed between September and October 2025. Inflation remains moderate at 3.6% over the first ten months of 2025, down from 4.5% in 2024. The BoN also revised its 2025 growth forecast downward to 3% (from 3.5%), reflecting contractions in the manufacturing, mining, and agricultural sectors, particularly livestock.

This decision comes after the South African Reserve Bank (SARB) cut its key interest rate by 25 basis points to 6.75% on 20 November, following a reduction in its inflation target from 4.5% to 3%. For reference, the Bank of Namibia's Monetary Policy Committee (MPC) aims to maintain the parity between the Namibian dollar (NAD) and the South African rand (ZAR) to ensure regional economic stability and monetary consistency. Adjustments to the key interest rate remain the central tool used by the BoN to defend this parity.

Government publishes first version of investment law *(Ministry of International Relations and Trade)*

Last week, the Namibian government presented its first draft law to establish a comprehensive framework governing investments in Namibia. The draft law provides for the creation of the Namibia Investment Promotion Agency (NIPA), responsible for implementing investment policy, facilitating administrative procedures for investors, and monitoring projects. Currently, these responsibilities fall under the Namibia Investment Promotion and Development Board (NIPDB).

The draft law sets out how certain sectors or economic activities may be reserved for the State, for Namibian investors, or subject to partnership requirements, with a minimum of 33.33% of shares held by Namibians. It also introduces a prior approval system by the Minister of International Relations and Trade for investments in these sectors classified as strategic, as well as for changes in control of such investments.

The draft defines investors' rights and obligations, the conditions for accessing incentives, and regulates the treatment of foreign investors. It also provides for dispute resolution mechanisms, compliance requirements, and provisions regarding expropriation and compensation.

This law repeals the 1990 Foreign Investment Act and the 2016 Namibia Investment Promotion Act, while establishing transitional measures for existing investments.

Finally, the Ministry of International Relations and Trade indicated that the revised version of the draft law is expected to be submitted to Parliament in March 2026, after a final review of comments collected during national consultations. This schedule is part of an effort to ensure the legal coherence of the law, particularly with legislation related to the mining, oil, competition, and trade sectors.

President Nandi Ndaitwah appoints new Minister of Energy *(Engineering News)*

Namibia's President, Nandi Ndaitwah, has appointed Modestus Amutse as Minister of Mines, Energy and Industry, replacing Natangwe Ithete, who was dismissed in October. It is reported that Ithete had acted against presidential directives by authorizing the renewal of an expired oil block license without approval, during a closed-door address to ministry staff.

Amutse previously served as Deputy Minister of Information and Communication Technology, and before that, as a Member of Parliament.

Inauguration of Africa Global Logistics (AGL) new terminal in Walvis Bay *(The Namibian Sun)*

The Walvis Bay Multipurpose Terminal (WMT), a 200 million NAD (10 million EUR) investment by AGL, was inaugurated by the Namibian Ports Authority (Namport). The terminal is expected to increase the port's storage capacity, handle sensitive cargo, improve bulk and conventional cargo operations, reduce turnaround times, and enhance service reliability for regional trade.

AGL continues to expand its logistics operations in Namibia and support the country in strengthening its logistics infrastructure. For example, the company recently invested 40 million EUR in infrastructure ahead of Namibia's first oil production.

This project aligns with the vision of making Walvis Bay a regional industrial hub, where goods will not only be stored but also processed or assembled. The terminal features modern equipment, including 7,000 m² warehouses, fire safety systems, video surveillance, and a weighbridge. Operated under a 25-year concession, it aims to handle one million tonnes of freight by 2027, increase staff from 7 to 50 employees, and inject 116 million NAD (6 million EUR) annually into the local economy.

Zambia

Inflation Continues to Ease in November to 10.9% *(ZamStats)*

According to data released by the national statistics agency (ZamStats), annual inflation fell to 10.9% year-on-year in November, down from 11.9% in October. On a monthly basis, however, overall inflation increased to 0.7%, compared with 0.4% the previous month.

Food inflation (which accounts for 53.5% of the CPI basket) slightly eased to 13.9% year-on-year in November, down from 14.1% in October, due to contained price increases for several items, notably cereals and certain fruits and vegetables. Non-food inflation, meanwhile, slowed significantly to 6.6% year-on-year, after 8.7% in October, mainly due to price decreases in fuels (diesel, petrol), air transport, vehicle purchases, and paraffin.

For reference, taking this decline in inflation into account, the Bank of Zambia cut its key policy rate by 25 basis points in November 2025, bringing it down to 14.25%.

Fitch Upgrades Zambia's Sovereign Rating

On Friday, 28 November, Fitch Ratings upgraded Zambia's sovereign rating from "Restricted Default" (RD) to B-, with a stable outlook. This revision follows a similar decision by S&P Global Ratings, reflecting increased confidence in the recovery of the Zambian economy.

The agency identified the near completion of Zambia's external debt restructuring and the strengthening of fiscal discipline as the main reasons for this improvement. The Minister of Finance and National Planning, Dr. Situmbeko Musokotwane, endorsed this assessment, noting that 94% of the country's commercial, bilateral, and multilateral debt had been successfully renegotiated under the G20 Common Framework.

Projections indicate a substantial reduction in Zambia's public debt, expected to fall from 114% of GDP in 2024 to 85% in 2026. This improvement is supported by sustained economic growth, consistent primary fiscal surpluses, and a stronger Kwacha. Additionally, external debt service costs are expected to decrease to 2% of GDP by 2027, compared with 5.1% in 2019.

The rating upgrade coincides with optimistic economic forecasts, including strong growth in the mining and agricultural sectors, inflation returning to single digits, and a projected return to a current account surplus starting in 2026.

Zimbabwe

A Nearly Balanced 2026 Budget to Boost Growth and Stability

On Thursday, 27 November, Finance Minister Mthuli Ncube presented a budget of 290 billion ZWL (USD 9.5 billion) for 2026, focusing on fiscal discipline, controlling inflation, and mining growth. The budget anticipates 288 billion ZWL in revenue against 290 billion ZWL in spending, resulting in a small deficit equivalent to 0.2% of GDP.

To support macroeconomic stability, the government plans a 0.5 percentage point increase in VAT, bringing it to 15.5% from January 2026, while reducing the tax on money transfers (IMTT) from 2% to 1.5%. A new digital services tax will apply to payments made to foreign platforms.

In the mining sector, gold royalties have now been standardized: 3% for prices up to USD 1,200/oz, 5% for USD 1,201–2,500/oz, and 10% above USD 2,501/oz. The liberalization of gold trade will allow individuals and authorized traders to legally own and trade certified gold bars.

The government expects 5% economic growth in 2026, driven mainly by agriculture and rising prices for Zimbabwe's exported commodities, and aims to bring inflation down to single digits (compared with 32.7% year-on-year in October 2025), a target considered credible by observers.

Public spending is primarily directed towards education, health, and social protection. The budget for primary and secondary education amounts to 47.4 billion ZWL (USD 1.55 billion), health and child protection to 30.4 billion ZWL (USD 997 million), and social protection to 12.7 billion ZWL (USD 416 million).

Agriculture will receive 26.8 billion ZWL (USD 880 million) for irrigation, dams, livestock programs, and grain reserves, considered a priority after recent droughts. For major infrastructure projects, 4.6 billion ZWL (USD 151 million) is allocated to the Harare–Masvingo–Beitbridge road and the Bulawayo–Victoria Falls road.

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