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ECONOMIC WRAP-UP
Southern Africa

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G20 Finance Ministers' Meeting Finance, against a backdrop of heightened trade tensions and global economic uncertainty *(Reuters)*

The meeting of G20 finance ministers and central bank governors was held on 17-18 July in Durban, against a backdrop of heightened trade tensions and global economic uncertainty. The notable absence of US Treasury Secretary Scott Bessent, for the second time in a row, raises questions about the commitment of the United States, which will assume the presidency of the G20 in 2026, at a time when tariff threats from the US administration are weighing on trade. South African Finance Minister Enoch Godongwana, whose country could face 30% tariffs as of 1 August 2025, warned that persistent imbalances, rising geopolitical tensions and the return of trade barriers were undermining the global recovery (in April, the International Monetary Fund lowered its global growth forecast for 2025 to 2.8%, down from 3.3% in its January projections). He called for strengthening multilateralism and promoting inclusive cooperation at a time when the G20 is struggling to adopt common positions.

For his part, South African Central Bank Governor Lesetja Kganyago emphasised the need to keep the African agenda at the heart of discussions, including development financing, the cost of capital, climate change and the establishment of a pan-African payment system. He also highlighted the increased complexity of conducting monetary policy, with inflation remaining persistent in several regions and external shocks, both tariff and deflationary, increasing uncertainty.

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Southern Africa

DBSA and China Development Bank sign USD 293 million loan to finance infrastructure projects in Africa *(Engineering News)*

The Development Bank of Southern Africa (DBSA) and the China Development Bank (CDB) signed a USD 293 million loan on 8 July at the annual meeting of the BRICS Interbank Mechanism to finance infrastructure projects in Africa. This financing, the first of its kind between these two BRICS member institutions, targets six key sectors: urban infrastructure, energy, information technology, water, health and manufacturing.

This credit line illustrates a desire to strengthen Sino-African cooperation in the field of infrastructure, in line with the commitments made under the 'Ten Major Partnership Actions' at the 2024 China-Africa Summit. It reflects China's strengthening position as a lender in Africa and is also in line with the DBSA's strategy to diversify its sources of financing, in a context of growing pressure on African public finances, prompting national development banks to expand their access to concessional and alternative capital.

Furthermore, this new loan comes at a time when the African continent is facing an annual infrastructure financing gap estimated at over USD 100 billion, particularly in energy and transport. It reflects a growing desire to operationalise South-South cooperation to meet the massive investment needs in basic infrastructure.

South Africa

Johannesburg municipality reaches agreement with Eskom to settle its debt *(News 24)*

At the end of June, the Johannesburg municipality and City Power (the municipal electricity distribution company for the city of Johannesburg) reached an agreement to repay a debt of ZAR 3.2 billion (approximately EUR 160 million) owed to Eskom in instalments. The four-year arrangement follows an audit by the South African National Energy Development Institute (SANEDI) that revealed billing errors related to load shedding episodes, paving the way for a partial write-off of ZAR 830 million (EUR 40 million). Repayments will be based on existing tariff revenues, with no immediate price increases for users. Johannesburg thus becomes the second major South African city, after Pretoria (Tshwane) last December, to formalise an operational debt relief plan with Eskom. Total municipal arrears exceed ZAR 95 billion (EUR 4.5 billion) nationwide.

The African Development Bank will lend USD 475 million to South Africa for transport and energy infrastructure *(Reuters)*

On 1 July, the African Development Bank (AfDB) approved a USD 474.6 million loan to South Africa as part of its Infrastructure Governance and Green Growth Programme (IGGGP) reform support programme. This financing aims to support the South African government's efforts to modernise its critical infrastructure, improve energy efficiency and accelerate the transition to a greener and more resilient economy. This is the AfDB's second budget support package in this context, following an initial USD 300 million package in 2023, which helped consolidate South Africa's fiscal stability and support the development of renewable energy.

This new loan is part of a larger package of multilateral financing, including a USD 1.5 billion credit line from the World Bank, as well as contributions from KfW, JICA and the OPEC Fund. The overall objective is to strengthen infrastructure governance, reduce greenhouse gas emissions and create conditions conducive to private investment, particularly in the energy, transport and water sectors.

The IGGGP programme also supports structural reforms in the electricity sector, including the unbundling of Eskom (separation of generation, transmission and distribution activities) and the development of a more competitive electricity market.

Arrest of former Transnet executives in connection with corruption scandals under President Zuma (2009-2019) *(IOL)*

Former Transnet executives Siyabonga Gama and Brian Molefe have been arrested for fraud, money laundering and corruption by the Investigating Directorate Against Corruption (IDAC) in connection with a ZAR 93 million (EUR 4.46 million) contract for the purchase of 1,064 locomotives dating from 2014.

This contract was part of a ZAR 54 billion (EUR 2.6 billion) package of projects, which contained several financial violations and irregularities. This arrest is part of an anti-corruption process initiated by President Ramaphosa to take action against the abuses observed during the state capture under President Zuma (2009-2019).

Several scandals have involved the Gupta family through the companies Trillian and Regiments Capital, which made suspicious transfers with the complicity of former leaders. Trillian allegedly transferred ZAR 74 million (EUR 3.5 million) to a company called Albatime, whose owner is close to the Guptas, without justification. The total cost of the project also rose from ZAR 38 billion to ZAR 50 billion (EUR 1.8 billion to EUR 2.3 billion) for no reason.

Transport Minister Barbara Creecy sets out objectives for reforming the sector (MoneyWeb)

Transport Minister Barbara Creecy has confirmed that 163 expressions of interest were received following a call launched last March to private players to revive the rail freight sector. This is a preliminary step to an official tender scheduled for the end of August 2025, which will see the launch of public-private partnerships for the country's five strategic corridors. The objective is twofold: to revitalise Transnet's ageing infrastructure and to boost the country's declining logistics performance.

As a reminder, Transnet recorded a net loss of ZAR 7.3 billion (EUR 350 million) for the 2023/24 financial year and its debt stands at ZAR 130 billion (EUR 6.2 billion). The company is therefore turning to the private sector to remedy its lack of funding.

The Department of Transport has signed an agreement with the Treasury and the DBSA (Development Bank of South Africa) for the latter to host the new department for private sector participation, which will monitor investments. Certain rehabilitation projects that cannot wait for the finalisation of agreements with private companies will be undertaken using Transnet's budget for a total of ZAR 30 billion (EUR 1.43 billion).

Barbara Creecy has outlined several major objectives to be achieved by 2029-2030, including the transport of 250 million tonnes of rail freight per year (151.7 million tonnes transported during the 2023/24 financial year), achieving the international standard of 30 crane movements per hour in ports, guaranteeing 600 million journeys per year for rail passengers (40 million passengers in 2023/2024), and being able to transport 42 million people per year through the country's airports (33 million in 2023/2024).

A high-speed train project between Gauteng and Limpopo has also been announced. Although this projection seems very optimistic, some sources within the department mention a potential start of construction planned for the end of 2026 and commissioning in 2030. This train would connect Johannesburg, Pretoria, Mokopane, Polokwane and Musina (Zimbabwean border) over a total distance of 500 km at an average speed of 177 km/h. The financing arrangements for the project remain very unclear at this stage.

Eskom announces plans to produce mostly carbon-free electricity by 2040 *(Reuters)*

On Wednesday 16 July, South African state-owned electricity company Eskom presented an energy transition plan aimed at converting most of its production to renewable energy by 2040. As a reminder, Eskom's energy mix currently remains more than 80% dependent on coal.

Eskom intends to increase its renewable energy capacity from less than 1 GW today to 32 GW in 2040, while reducing its coal capacity from 39 GW to 18 GW. This transition will be based on two levers: the construction of new renewable energy projects and the conversion of several ageing coal-fired power stations. To steer this change, Eskom plans to create a dedicated renewable energy unit within the company.

This objective seems to postpone most of the decarbonisation efforts until the 2030s, given that six of Eskom's coal-fired power stations (Lethabo, Kendal, Tutuka, Majuba, Matimba and Medupi) benefit from limited exemptions from air quality laws and regulations on the reduction of harmful emissions until 1 April 2030. Two other power stations (Duvha and Matla) are exempt until 2034.

Despite this stated ambition, Eskom continues to face major structural obstacles. A colossal debt of ZAR 400 billion (EUR 19.5 billion), linked in particular to unpaid municipal debts (equivalent to around EUR 5 billion), limits its ability to invest and weakens its finances.

South Africa's energy transition is supported in particular by the Just Energy Transition Partnership (JET-P), an international initiative to help finance this transition, to which France is contributing EUR 1 billion through loans from the French Development Agency (AFD).

South African Deputy President Mashatile visits China to promote the integration of economic value chains between the two countries *(Engineering News)*

Speaking on 16 July at the opening of the third China International Supply Chain Expo (CISCE), South African Deputy President Paul Mashatile highlighted the opportunities to be seized to expand and diversify supply chains between China and South Africa. He pointed out that South Africa, with its diversified economy and geostrategic position, can serve as a natural gateway for Chinese industry to the entire African continent. During his visit, the Vice President was accompanied by several ministers, including Trade and Industry Minister Parks Tau and Agriculture Minister John Steenhuisen.

According to him, this trade relationship is a factor of stability for South Africa, thanks to long-standing industrial cooperation between the two countries. However, Mashatile called for a rebalancing of bilateral trade, pointing out that South African exports to China are still largely dominated by raw materials, even though the country has an advanced industrial sector, developed infrastructure and competitive services.

Paul Mashatile also called for greater visibility for South African products on major Chinese e-commerce platforms, such as Alibaba, which he considers to be essential levers for boosting South African exports and diversifying their composition.

At the same time, South Africa has recently taken several tariff measures to protect its local industry from Chinese competition and the dumping of excess capacity on the South African market. Two important announcements have been made in this regard. The imposition of 13% customs duties on hot-rolled steel from China, effective 1 May, and the revision of 82 tariff codes concerning the import of strategic materials and components used in the manufacture of wind turbines, solar panels and storage batteries.

New US tariffs threaten Mercedes-Benz site in East London *(Business Tech)*

New customs duties imposed by the United States could force Mercedes-Benz to close its factory in East London, South Africa, according to the acting premier of the Eastern Cape province, Mlungisi Mvoko, which would have dramatic consequences for employment and the local automotive industry.

From 1 August 2025, Washington plans to raise customs duties on certain South African imports to 30%. Such a measure specifically targeting South Africa would be in addition to an initial 25% increase applied since April to all vehicles imported into the United States, which itself is in addition to a pre-existing minimum tariff of 10%.

These measures are having a particularly severe impact on the South African automotive sector, whose vehicle exports to the United States fell by 82% in the first half of 2025, with only 2,875 cars exported compared to 16,112 a year earlier. Almost all of these vehicles were Mercedes-Benz C-Class cars assembled in East London. In the second quarter alone, the decline reached 87%, with just 1,172 vehicles shipped between April and June, compared to more than 9,200 in the same period in 2024. The provincial government recently sent a delegation to Stuttgart, the group's headquarters, in an attempt to maintain the manufacturer's investments in South Africa. The option of shifting to other export markets is now being considered.

Beyond the Mercedes-Benz case, the African United Business Confederation (AUBC) is warning of the systemic effects of these customs barriers. Other groups such as BMW and Volkswagen, which have a strong local presence, are also exposed. Other export sectors are also under threat, including citrus fruits, wine, macadamia nuts, platinum, manganese and industrial machinery.

President Ramaphosa initiates diplomatic talks to reduce tariffs threatening South African exports *(Business Live)*

President Cyril Ramaphosa has confirmed that South Africa is in talks with the United States to try to mitigate or cancel the 30% tariff increase announced by the US authorities on South African exports, which is due to come into effect on 1 August. This measure, which calls into question South Africa's preferential access to the US market via AGOA, threatens several key sectors, including automotive, agriculture, wine and processed agricultural products. President Ramaphosa said that some local companies had already seen their exports fall by more than 80% following the announcement of these increases. He warned of the potential effects of these announcements on investment and capital flight, at a time when the country is seeking to revive its industrial production.

Manufacturing and mining output rebound in May 2025 *(StatsSA)*

According to the national statistics agency (StatsSA), manufacturing output rose by 0.5% year-on-year in May 2025, following a 6.4% contraction in April. This increase was mainly driven by the item 'basic iron and steel, non-ferrous metals, metal products and machinery' (+4.3%, representing a positive contribution of 0.9 points), while the item 'motor vehicles, parts and accessories, and other transport equipment' recorded the largest negative contribution (-6.7%, representing -0.6 points). At the same time, mining production rebounded by +0.2% year-on-year in May, after a 7.7% decline in April. This improvement was mainly driven by iron ore production (+12.5%, representing a positive contribution of 1.7 points), while the performance of manganese ore (-13.0%, representing a contribution of -1.0 points) and coal (-4.6%, representing -1.0 points) had a negative impact on mining production.

Simultaneous rebound in retail sales and car sales in May 2025 *(StatsSA)*

According to the national statistics agency StatsSA, retail sales rose by 4.2% year-on-year in May 2025. This growth was mainly driven by sales of 'textiles, clothing, footwear and leather goods' (+12.5%, representing a positive contribution of 2.1 points). StatsSA also reported a 4.7% increase in automotive sales in May 2025 compared to the previous year. This increase was mainly driven by sales of used vehicles (+9.6%, representing a positive contribution of 1.9 points), sales of accessories (+6.6%, representing +1.3 points), fuel sales (+4.8%, or +1.3 points) and new vehicle sales (+5.2%, or +1.2 points), while sales of new vehicles fell (-15.3%, or a contribution of -0.9 points).

Angola

Angola increases diesel prices by 33% *(Angola 24 Horas)*

This increase, the third this year, is part of a gradual reduction in fuel subsidies recommended by the IMF to ease the burden on the country's public finances. The price per litre of diesel will rise from 300 to 400 kwanzas (approximately £0.43). As a result of this increase, the fare for shared taxis has risen to 300 AOA (0.32 USD), a 50% increase, and the fare for public buses has risen from 150 AOA (0.16 USD) to 200 AOA (0.21 USD).

This measure is expected to have an impact on inflation and is already provoking popular discontent.

The African Bank of Oman is preparing to operate in Angola and has already received approval from the BNA *(Expansao)*

With this establishment, the national banking system will once again have 22 banking institutions, as VTB Africa is in the process of liquidation following its dissolution.

It should be noted that in December 2024, the Angolan Ministry of Finance signed a memorandum with the Oman Investment Bank in Muscat to collaborate on financial instruments and sovereign debt issues.

In addition to this memorandum, the two countries signed an agreement for the acquisition of stakes in the Catoca and Luele diamond mines.

Angola achieves an improvable score in the assessment of transparency in its extractive industry *(EITI)*

Angola achieved an improvable score (63.5%) in the implementation of the Extractive Industries Transparency Initiative (EITI) standard. This score is an average of the components 'Stakeholder Engagement' (67.5%), 'Results and Impact' (72.5%) and 'Transparency' (50.5%), as published by the Ministry of Mineral Resources, Petroleum and Gas. The EITI Board recognised Angola's progress, particularly the creation of the EITI National Platform, but also highlighted the need to overcome legal barriers to revenue disclosure for greater transparency.

Angola joined the EITI in 2022 and has since taken initial steps to integrate transparency practices into its extractive sector.

Angola reduces its debt to China and maintains financial stability *(Angonoticias)*

Angola has maintained a sustainable reduction in its debt to China as part of its national reconstruction programme. Over the past two years, this debt has fallen from around USD 10 billion to USD 8.9 billion, and is expected to reach USD 7.5 billion by the end of 2025. The reduction particularly concerns debt collateralised with oil (a practice that is now prohibited). According to the UGD (the debt management unit of the Ministry of Finance), Angola's total public debt reached USD 61.9 billion in the first half of 2025, divided between USD 16.7 billion in domestic debt and USD 45.2 billion in external debt.

Azule Energy makes gas discovery in the Lower Congo Basin *(Offshore Energy)*

Azule Energy, a joint venture between ENI and BP, has made a gas discovery in an offshore block located in the Lower Congo Basin. As reported by the Angolan National Agency for Petroleum, Gas and Biofuels (ANPG), the discovery was made in the Gajajeira-01 exploration well in the shallow water block 1/14. The block operator and 35% shareholder is Azule Energy, with partners Equinor (30%), Sonangol E&P (25%) and Acrep (10%). Drilled on 1 April 2025 at a water depth of 95 metres and approximately 60 kilometres offshore, the well encountered gas-bearing sandstone and condensates in one of the Lower Oligocene targets, designated LO100.

This is a milestone for gas exploration in Angola, as the Gajajeira-01 well is the first dedicated gas exploration well in Angola (natural gas production in Angola has so far only come from 'associated gas' obtained during crude oil operations). According to the relevant ministry, the discovered well contains more than 1 trillion cubic feet of gas and 100 million barrels of condensate.

Azule Energy intends to continue evaluating the full potential of the Gajajeira-01 well discovery and determine the best path forward for potential development in the discovery area. The results also confirm the presence of a hydrocarbon system, opening up new exploration opportunities in the region.

Botswana

Botswana accelerates currency depreciation and widens fluctuation band *(Times Live)*

In order to support its external competitiveness, Botswana has decided to accelerate the annual depreciation of the pula (BWP), which is expected to reach 2.76% for the coming year, compared to an initial forecast of 1.51%. Against a backdrop of an unprecedented slowdown in the diamond market, the country recorded negative growth (-3%) in 2024. Foreign exchange reserves have fallen to their lowest level ever, now covering 5.2 months of imports. While Botswana is currently avoiding the currency shortages seen elsewhere on the continent, pressure on the balance of payments remains high. In response, the Central Bank has widened the pula's daily fluctuation band from ±0.125% to ±7.5% to allow for greater exchange rate flexibility. For the record, the pula is pegged to a basket of currencies dominated 50% by the South African rand, supplemented by IMF Special Drawing Rights (SDRs). The exchange rate is now expected to be 14.58 BWP to 1 USD by the end of 2025.

At the same time, the minimum threshold for foreign exchange transactions between the Central Bank and commercial banks has been raised from $1 million to $5 million. This measure aims to encourage the development of the interbank currency market and reduce banks' dependence on the Central Bank, in a context of declining reserves. All of these adjustments are intended to strengthen the resilience of the Botswana economy to external shocks while preserving its foreign exchange reserves.

Inflation remained relatively stable in June *(StatsBots)*

According to the national statistics agency (StatsBots), inflation rose slightly in June, reaching 2.0% year-on-year (compared with 1.9% year-on-year in May). However, it remains below the lower end of the Central Bank's target range (3% to 6%). This rate also remains well below the 2.8% recorded in June 2024. This marginal increase in inflation between May and June 2025 is mainly due to the categories 'food and non-alcoholic beverages' and 'miscellaneous goods and services', which contributed 0.8 percentage points to the total increase. Transport, on the other hand, had a moderating effect on price increases, with a negative contribution of 0.5 percentage points. In view of these results, the Central Bank of Botswana is expected to maintain its key interest rate at 1.9% at its next monetary policy meeting.

Namibia

Indian Prime Minister Modi visits Namibia to strengthen bilateral ties *(Tribune India)*

Indian Prime Minister Narendra Modi met with Namibian President Netumbo Nandi-Ndaitwah during a state visit to Namibia on 9 July 2025 to strengthen bilateral cooperation, particularly in the strategic sectors of defence, diamonds, health and critical minerals.

The two countries signed four agreements, including one for the creation of an Entrepreneurship Development Centre and others for cooperation in the fields of health, biofuels and disaster-resilient infrastructure.

Narendra Modi also invited Namibia to join the National Critical Minerals Mission and to work together towards an agreement on critical minerals.

India is showing strong interest in Africa as it seeks to secure its supply of critical minerals. Indian giant Vedanta already owns major mines in Zambia (copper) and South Africa (zinc). Indian mining company NMDC opened a strategic centre in Dubai in early July to support its acquisitions in Africa.

Inflation reaches 3.7% year-on-year in June 2025 *(NamStats)*

According to the national statistics agency (NamStats), inflation reached +3.7% year-on-year in June 2025 (after +3.5% in May), higher than economists' forecasts, which predicted a more moderate increase of 3.3%. The main contributors to the rise in prices were 'food and non-alcoholic beverages' (+6.4%, a positive contribution of 1.3 points), followed by 'alcoholic beverages and tobacco' (+6.9%, a positive contribution of 1 point), and "housing, water, electricity, gas and other fuels" (+5.3%, a positive contribution of 1 point). Conversely, prices fell in the transport sector (-2.2%, a negative contribution of 0.4 points). Base effects, particularly those related to oil prices and the previous depreciation of the currency, have now largely stabilised. Prices are therefore expected to continue rising throughout 2025 and into 2026.

For the record, the Monetary Policy Committee (MPC) of the Bank of Namibia unanimously decided to keep the monetary institution's key interest rate unchanged at 6.75% on 16 June 2025.

Zambia

Zambia accelerates solar energy development with two new projects without government guarantees (*GBA Green Building)*

Zambia is taking a new step forward in the development of renewable energy and the opening up of its electricity market. Two large solar power plants, with a total capacity of 250 megawatts, will be built in the central and southern provinces of the country.

The long-term power purchase agreement (PPA) has been signed between Africa GreenCo and the AXIAN Energy group. The project does not rely on any financial guarantees from the Zambian government, a first for the country. The financing is structured with the support of South Africa's Standard Bank.

This operation marks an important step towards the liberalisation of the electricity market in Zambia. Africa GreenCo, an electricity trader in southern Africa, will act as an intermediary, purchasing the electricity and then reselling it on the Southern African Power Pool (SAPP) regional electricity market. This project demonstrates the growing confidence of private investors in the reforms undertaken by the country, with the support of international financial institutions.

Zambia is thus confirming its ambition to become a regional hub for renewable energy. The aim is to diversify an energy mix that is still too dependent on hydroelectricity, which is often affected by droughts, such as the one linked to the El Niño climate phenomenon in 2024, which led to a state of natural disaster, and to strengthen the country's energy security.

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