



# ECONOMIC WRAP-UP

## Southern Africa

A publication from the Pretoria Regional  
Economic Service from January 31 to February 7, 2025

### French Business and Officials Delegation at Mining Indaba 2025 in Cape Town

A delegation of French businesses and officials attended Mining Indaba 2025 in Cape Town, where Business France hosted a French pavilion from February 3 to 6, 2025. This annual event brings together leaders from the mining industry, international investors, technology providers, and government representatives to discuss opportunities and challenges in Africa's mining sector. The presence of a French delegation at this event, as in 2024, highlights France's growing interest in strategic partnerships surrounding the continent's mineral resources, particularly in the context of the global energy transition.

The delegation included the French Ambassador to South Africa, David Martinon, the French Ambassador to Zambia, Thomas Rossignol, the interministerial delegate for strategic mineral and metal supply (DIAMMS), Benjamin Gallezot, the deputy director for economic diplomacy, David Izzo, and representatives from about fifteen companies such as EnviroServ/Suez, Airbus Helicopters, Ceva Logistics (a subsidiary of CMA CGM), Codra, Veolia, Natixis, among others.

Alongside the event, a meeting was organized between South Africa's Minister of Public Works and Infrastructure, Mr. Dean Macpherson, and the French Foreign Trade Advisors (CCEF). Discussions focused on upcoming infrastructure projects in South Africa, the role of French companies in the country's development, and opportunities for collaboration to boost investment and innovation in the sector. This meeting highlighted the commitment and dynamism of French players in supporting South Africa's infrastructure ambitions.

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## South Africa

### **ArcelorMittal postpones the closure of its two South African steel plants by one month (MoneyWeb)**

ArcelorMittal South Africa, a subsidiary of the global steel giant ArcelorMittal, has announced a one-month postponement of the closure of its two South African steel plants despite significant financial losses exceeding ZAR 5.8 billion (approximately EUR 300 million). The initial decision to close last month was due to unfavorable economic conditions, high logistical and energy costs, and increased competition from steel imports from China.

This reversal appears to be driven by ongoing negotiations with the South African government. Possible solutions include a revision of the tariff structure for steel imports, particularly from China, government subsidies or electricity tariff reductions, as well as modernization of facilities, cost-cutting measures, and reorienting production toward more profitable segments.

The impact of this closure would be catastrophic, with the loss of 3,500 direct jobs and up to 80,000 jobs across the value chain. Other sectors, such as construction, automotive, and infrastructure, rely on steel from ArcelorMittal's two plants in Newcastle (KwaZulu-Natal) and Vereeniging (Gauteng), with no local alternatives available.

### **FlySafair obtains a one-year extension of its operating license (MoneyWeb)**

The South African low-cost airline FlySafair has received a 12-month extension of its operating license from the Air Services Licensing Council (ASLC), allowing it to continue its flights despite concerns raised by the civil aviation authority. The primary issue lies in the rule requiring South African airlines to be 75% owned by local investors. Questions have been raised about FlySafair's shareholding structure, as it is a subsidiary of the Irish group ASL Aviation Holdings, which reportedly owns 74.86% of the airline.

To retain its license long-term, the company must prove compliance with ownership regulations and may need to adjust its shareholding structure. This decision provides a temporary reprieve for FlySafair, a major player in South Africa's aviation industry and the leading domestic low-cost carrier. The South African airline industry is in a fragile state following the bankruptcy of several airlines in recent years.

### **In response to the enactment of the expropriation law, Donald Trump announces the halt of U.S. bilateral aid to South Africa**

The U.S. president, who had already imposed a 90-day freeze on all U.S. development aid worldwide, singled out South Africa by announcing on Sunday, February 2, the end of bilateral aid to the country. This decision, directly referencing the enactment of the Expropriation Bill at the end of January, led to a depreciation of the rand (-1.6% against the U.S. dollar from February 2 to 6).

In 2023, U.S. bilateral aid to South Africa amounted to USD 552 million, representing 43% of the total bilateral aid received by the country (a declining share over the past three years). The vast majority of this aid is allocated to the health sector, particularly HIV prevention, tuberculosis, malaria, and cancer treatment. Its suspension is expected to have devastating consequences for South Africa's healthcare system.

The cessation of U.S. funding is also likely to affect South Africa's energy transition, as continued U.S. involvement in the Just Energy Transition Partnership (JETP) is uncertain. President Cyril Ramaphosa sought to reassure the public about the impact of the aid withdrawal, stating that it was not significant outside the HIV prevention program.

### **Business confidence index records another decline in January (ABSA)**

The Absa Purchasing Managers' Index (PMI) contracted for the third consecutive month in January, reaching 45.3 points (-0.9 points), its lowest level since August 2024. This indicator, which measures private sector confidence, remains below the 50-point threshold, indicating a perceived

decline in business activity. Three of the six monitored indicators continued to deteriorate, notably employment, which has been contracting for the tenth consecutive month (44.4 points).

However, a slight improvement in commercial activity was observed in January (43.5 points, +3.2 points), driven by a modest recovery in exports and domestic demand. This trend is particularly evident in the automotive sector, where vehicle sales increased by 10.4% in January 2025 compared to the same month last year, reflecting improved consumer and investor confidence.

### **Increase in the national minimum wage in 2025**

The Minister of Labour and Employment, Nomakhosazana Meth, has announced a 4.4% increase in the minimum wage for the year 2025. The minimum hourly rate will rise from 27.58 ZAR (€1.40/hour) to 28.79 ZAR (€1.34/hour). This adjustment, which will take effect on March 1, aligns with the recommendation of the National Minimum Wage Commission (NMW), which had proposed an adjustment based on the evolution of the Consumer Price Index (+2.9% in November 2024), with an additional 1.5 percentage points. As a reminder, the minimum wage law, introduced in 2019, mandates an annual review every March 1.

### **Nersa approves tariff increases for Eskom that are much lower than the public company's requests**

The South African National Energy Regulator (Nersa) has approved electricity tariff increases of 12.74% for the 2025/26 fiscal year, 5.36% in 2026/27, and 6.19% in 2027/28. Although high, these annual increases remain well below Eskom's requests (+36.15%, +11.81%, and +9.1% over the next three fiscal years, respectively), resulting in a revenue shortfall of 250 billion rands over three years for the public utility, which is already facing high debt. However, the increase will still impose a heavy financial burden on South African households, which have been experiencing average annual electricity tariff hikes of 15% since 2010.

### **Canal+ plans to restructure the MultiChoice media group to comply with South African regulations (MyBroadBand)**

The audiovisual group MultiChoice and the French media giant Canal+ have announced significant structural changes within the South African group to comply with South African regulations on broadcaster ownership and control. According to a statement to shareholders, they plan to restructure the group by separating MultiChoice South Africa into an independent entity. This move aims to ensure compliance with South African regulations, particularly regarding foreign entities' voting rights control for broadcasting licenses (capped at 20%) and the shareholding requirements for historically disadvantaged populations (BEE – 30%).

As a result, MultiChoice is expected to create a separate entity, provisionally named LicenceCo. This entity would hold the broadcasting licenses for South Africa and be majority-owned by various BEE shareholders, including MultiChoice's Phuthuma Nathi BEE program, Identity Partners Itai Consortium led by former Telkom CEO Sipho Maseko, and Afrifund Consortium led by businesswoman Sonja De Bruyn. An employee fund would also be established.

The MultiChoice group would retain a 49% equity stake and 20% of the voting rights in LicenceCo. Additionally, MultiChoice would maintain a direct 75% stake in MultiChoice South Africa, excluding LicenceCo, while Phuthuma Nathi would retain its 25% stake. This structure would allow Canal+ to manage the remaining assets as it sees fit.

As a reminder, the independent committee appointed by MultiChoice to review Canal+'s takeover offer of 125 ZAR per share (approximately €6), made in April 2024, had decided to approve the proposal, which was valued at €2.6 billion. This information was shared by both groups in a press release published on Tuesday, June 4, 2024. The French group already owns 45.2% of MultiChoice shares. If the acquisition is successful, it would create a pan-African audiovisual group operating in English- and French-speaking Africa across



nearly 50 countries, representing approximately 31.5 million subscribers.

## Angola

### **The lack of appetite from banks to finance the State drives up credit to the economy**

In 2024, the stock of bank credit in Kwanzas increased by 29%, reaching nearly 1,800 billion AOA. However, the outstanding bank credit in USD (converted at the average exchange rate for 2023 and 2024) only grew by 3%, reaching a total of USD 9.1 billion in 2024. Excluding the effects of devaluation, the growth in credit in local currency was primarily driven by loans to trade, transport, and individuals, which saw the highest increases and together accounted for 43% of total credit to the economy in 2024.

This expansion in credit stock is directly linked to the disinvestment of commercial banks in the State's securitized debt due to unattractive interest rates, which remain significantly below inflation (27.5% year-on-year at the end of 2024).

As a result, the government is facing serious difficulties in financing the General State Budget. Between January and September 2024, only 1,400 billion AOA in public debt securities were placed on the domestic market, representing just 44% of the amount planned in the 2024 Annual Debt Plan. To compensate for the lack of interest from commercial banks, the State increased its borrowing from the National Bank of Angola, whose financing to the government more than doubled between 2023 and 2024.

### **Sharp increase in imports in 2024 confirms the inefficiency of the PRODESI program**

The Production Support, Export Diversification, and Import Substitution Program (PRODESI) was launched in early 2019 by the Angolan government to boost national production and reduce Angola's dependence on foreign imports, which heavily consume foreign currency. The program aims to develop several priority sectors (agri-food, forestry, mineral resources, textiles, construction, healthcare, tourism, etc.) through various

incentives such as tax benefits, subsidies, institutional capacity building, and professional organizations.

The annual assessment of this program has highlighted a 34% increase in imports in 2024, reaching USD 2.179 billion (+USD 550.3 million compared to 2023). This rise is mainly due to significant purchases of wheat (445,554 tons), chicken (242,849 tons), and rice (5,124 fewer tons imported), as well as pharmaceutical products.

## Botswana

### **President Boko unveils his plan to diversify the economy**

Botswana's President, Duma Boko, has unveiled a plan to diversify the country's economy, which has historically depended on the diamond sector. Despite Botswana's relatively high wealth, with an annual per capita income of \$7,820, the economy struggles to generate sufficient employment, particularly for young people, whose unemployment rate exceeds 25%.

Boko, whose election in October 2024 marked Botswana's first political transition since 1966, aims to develop new economic sectors, including smart agriculture, the digital economy, and tourism, while reducing dependence on fossil fuels. The President also plans to strengthen cooperation with international financial institutions and open the energy sector to private investors.

### **Anglo American announces plans to divest from De Beers and Amplats in 2025 (Reuters)**

Anglo American CEO Duncan Wanblad has announced progress in the company's plan to sell its diamond subsidiary (De Beers) and platinum group metals (PGM) business (Amplats), with completion expected by 2025. This move aligns with a broader strategy to refocus on strategic metals essential for the global energy transition, such as copper and iron ore, following the rejection of a \$49 billion hostile takeover bid by Australian mining giant BHP in May 2024.

As part of this restructuring, Anglo American has already sold some of its coking coal assets. The planned spin-off of

De Beers, the world's second-largest diamond producer, aims to shield Anglo American's valuation from the diamond market's volatility, which has been affected by declining global demand due to the growing popularity of synthetic diamonds and a slowdown in demand from China. As a result, De Beers' estimated value has fallen to \$4.7 billion from \$7.6 billion in 2023.

Meanwhile, Botswana, which holds 15% of De Beers, recently signed an agreement with the company that will gradually increase Botswana's share of diamonds in the Debswana joint venture to 50% by 2033, up from 25% today.

Regarding Amplats, the volatility in PGM markets, impacted by reduced demand from China and the rise of electric vehicles, which do not require palladium-based catalytic converters, has led Anglo American to consider divesting from the sector as well. An alternative option being considered is an independent stock market listing for Amplats, allowing Anglo American shareholders to receive shares in the new entity.

## Mozambique

### **The government announces the sale of nearly all its shares in Mozambique Airlines (LAM)**

During the Council of Ministers meeting on January 30, the Mozambican government approved a resolution allowing the sale of up to 91% of LAM's shares. The airline is currently fully owned by the state. The goal of this operation is to transfer most of LAM's capital—a structurally unprofitable company—to three state-owned, financially profitable companies: Mozambique Railways (CFM), Mozambican Insurance Company (EMOSE), and Cahora Bassa Hydroelectric (HCB), all of which are held by IGEPE (Mozambique's state investment management body).

Through this sale, the central government expects to raise approximately USD 130 million, which would be used for the purchase of around eight aircraft and the restructuring of the company. On January 30, LAM also launched an international tender for the purchase of Embraer ERJ 190 and Boeing 737-700 aircraft, though the

exact number was not specified. The deadline for bid submissions is February 7, 2025.

### **The South African consortium Trans African Concession (TRAC) announces the start of work on expanding the Maputo logistics corridor (IOL)**

These projects are part of the agreements in place between the Mozambican government and the concessionaires TRAC and Maputo Port Development Corridor (MPDC) (a joint venture between CFM 49%, DP World of Dubai 24.7%, Grindrod of South Africa 24.7%, and local partners Moçambique Gestores 1.6%).

The roadworks involve the extension of 66 km of the N4 highway between the Ressano-Garcia border and Tchumene, in the outskirts of Maputo, with an estimated investment of 1.2 billion ZAR (85 million USD). Trans African Concession N4, the highway manager, has awarded the construction works to the South African company WBHO. TRAC operates the 570 km toll highway, spanning South Africa and Mozambique, as part of a 30-year public-private partnership (PPP) on a BOT (Build-Operate-Transfer) basis, set to end in 2028.

Meanwhile, DP World and the Maputo Development Company announced the start of Phase 1 of the expansion of the Maputo port container terminal. This project, estimated at 3 billion ZAR (164 million USD), aims to increase the terminal's capacity from 5.1 million tons per year to 10.6 million tons per year. The works will include the extension of the container storage area to 6.5 hectares, the construction of an additional 400 meters of quay, and dredging the port from 12 meters to 16 meters. In exchange for these investments, the concession contract, initially set to end in 2025, has been extended to 2058.

## Namibia

### **Final investment decision in 2026 for TotalEnergies' offshore oil project in Namibia (Reuters)**

TotalEnergies CEO Patrick Pouyanné announced that the French oil major has

postponed its Final Investment Decision (FID) on its offshore oil discovery in Namibia to 2026, instead of 2025 as initially planned. The delay is attributed to a lower-than-expected production potential (150,000 barrels per day instead of 160,000). Additionally, TotalEnergies is uncertain about reaching its internal breakeven threshold of USD 20 per barrel, a critical requirement for any investment decision.

These operational challenges—linked to a high presence of natural gas in the oil fields—were also a key factor in Shell's recent withdrawal from a Namibian offshore oil project. In January 2025, Shell announced a USD 400 million impairment on its PEL39 offshore block, deeming it commercially unviable.

Despite these setbacks, Namibian authorities remain optimistic about their long-term ambition to position Namibia as a leading oil producer in Africa.

Despite these adjustments, Zambian fuel prices remain lower than their levels a year ago, with gasoline down by 2.3% and diesel by 1.3%.

## Zambia

### **Extension of emergency tariffs in response to the electricity crisis**

On January 31, the Zambian Energy Regulation Board (ERB) announced the extension of emergency electricity tariffs—first implemented in November 2024—for an additional three months, until the end of April 2025. This measure aims to offset a power production shortfall of over 1,000 MW at ZESCO, the national electricity company, a situation worsened by drought conditions limiting hydropower generation. At the same time, the ERB announced fuel price increases, with gasoline rising by 0.89% and diesel by 0.34%. This decision follows a 3.15% and 6.41% increase in international gasoline and diesel prices, respectively, alongside a 3.08% depreciation of the Zambian kwacha against the US dollar in January.

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