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ECONOMIC WRAP-UP
Southern Africa

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EU-South Africa Summit: Strengthening of the strategic partnership, multilateral cooperation and EUR 4.7 billion investment pledge (European Union)

The 8th summit between the European Union (EU) and South Africa was held in Cape Town on Thursday 13 March 2025 in the presence of Ursula von der Leyen, President of the European Commission, António Costa, President of the European Council, and Cyril Ramaphosa, President of South Africa. The leaders reaffirmed their commitment to a joint strategic partnership based on democracy, human rights and mutual sovereignty. The EU and South Africa announced the launch of negotiations for a Clean Trade and Investment Partnership (CTIP), which would make South Africa the first country to conclude such an agreement with the EU. The agreement would aim to strengthen investment and strategic industries, support the energy transition, develop local supply chains and job creation, and step-up cooperation on critical raw materials.

Within this framework, the EU has undertaken to support the decarbonisation of South African industry, in particular that of the petrochemicals group Sasol. The EU has also announced increased support for the production of carbon-free hydrogen, the development of transport infrastructure and the facilitation of agricultural trade.

The EU and South Africa also welcomed the extension of their cooperation in several areas, including innovation and scientific research, with collaboration under the Horizon Europe programme. The EU is also supporting the production of vaccines and medicines in South Africa, in support of the African Union's objective of ensuring 60% of vaccine production on the continent. Programmes are also planned for education and vocational training.

The EU has also unveiled a Global Gateway investment plan worth EUR 4.7 billion, including EUR 4.4 billion for a clean and equitable energy transition in South Africa. This financing is part of the 'Scaling up Renewables in Africa' initiative, which will culminate in a pledging conference on the side-lines of the G20 summit in Johannesburg in November. In addition to economic issues, discussions also focused on the defence of multilateralism and the resolution of international crises, particularly in Africa.

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Southern Africa

Closure of the Southern Africa Office of the World Food Programme *(Reuters)*

The United Nations World Food Programme (WFP) has announced the closure of its Southern Africa office due to budget constraints. This decision comes at a time when the region is facing severe drought, exacerbated by last year's El Niño weather phenomenon, which has led several countries, including Lesotho, Malawi, Zambia, Zimbabwe, and Namibia, to declare a national disaster.

This development is linked to the policy decisions of former U.S. President Donald Trump's administration to cut foreign aid contracts worldwide as part of his "America First" agenda, which included funding reductions for vital UN programs. Although the WFP has not quantified the exact losses caused by Trump's budget cuts, regional spokesperson Tomson Phiri stated that donor funding prospects had become "restrictive."

The United States is the largest donor to the WFP, having contributed $4.5 billion out of a total budget of $9.8 billion last year. The WFP provides food and financial aid to people suffering from hunger due to crop failures, conflicts, and climate change. To reduce costs, its Southern Africa operations will now be managed from Nairobi, Kenya. However, for the time being, the activities of national offices do not appear to be affected.

Blue Talk Event promoting the United Nations Ocean Conference (UNOC 3) organized by the French Embassy in Cape Town aboard the OceanXplorer vessel *(French Embassy in South Africa)*

On February 25, the French Embassy in South Africa, Lesotho, and Malawi, in partnership with the French Office for Biodiversity (OFB) and the American NGO OceanX, organized a Blue Talk to promote UNOC 3 aboard the OceanXplorer research vessel in the port of Cape Town.

The event was highly successful, both in terms of political and expert participation and audience engagement. Among the attendees were the French Ambassador to South Africa, David Martinon; Rémy Rioux, Director General of the French Development Agency (AFD); Dr. Dion George, South Africa's Minister of the Environment; and Cyril Xaba, Mayor of Ethekwini (Durban).

Focusing on ocean protection and the development of a sustainable blue economy, this event highlighted Africa's vision ahead of UNOC 3, which will take place in June in Nice.

South Africa

Presentation of the South African budget for the 2025/2026 fiscal year *(South African National Treasury)*

On March 12, 2025, Finance Minister E. Gogondwana presented his budget for the 2025-2026 fiscal year before Parliament, following a one-month postponement. Initially scheduled for February 19, the budget announcement was delayed at the last minute due to tensions within the Government of National Unity (GNU), particularly between the ANC and the center-right Democratic Alliance (DA).

The budget presented on Wednesday retains the same core principles as the initial draft: (i) a stated commitment to reviving economic growth, notably through significant infrastructure investments; (ii) a continued focus on fiscal consolidation. The government aims for a gradual reduction of the budget deficit (5.0% for the current fiscal year, unchanged from October's forecasts), projecting it to reach 4.6% in 2025/26, 3.8% in 2026/27, and 3.5%

in 2027/28. Meanwhile, debt is expected to peak at 76.2% of GDP in 2025/26 (compared to an initial estimate of 76.1% and 75.5% in the mid-term budget presented in October).

The most widely publicized change is the adjustment of the VAT increase, now spread over two years instead of an immediate hike. The VAT rate will rise to 15.5% in 2025/26 and 16% in 2026/27, instead of jumping directly from 15% to 17% in 2025/26 as initially planned. This adjustment, a major point of contention between the ANC and DA, will be partially offset by the non-adjustment of income tax brackets. However, the DA remains opposed to any VAT increase, and the budget's approval in its current form is not yet guaranteed.

Transnet launches a tender for the development and management of a multipurpose terminal at the Port of Durban *(Baird Maritime)*

The port authority division of South Africa's national logistics company, Transnet National Ports Authority (TNPA), has launched a selection process for a private operator to manage the multipurpose terminal at Maydon Wharf in the Port of Durban. Through a Request for Proposals (RFP), TNPA invites companies to bid for a 25-year concession to develop, finance, construct, operate, and maintain the terminal. At the end of this period, management of the terminal will revert to the South African government through TNPA. The submission deadline for bids is June 9, 2025.

The Maydon Wharf terminal, an integral part of South Africa's largest port and the busiest in Southern Africa, spans approximately 145 hectares, has 15 berths, and handles over seven million tons of cargo annually.

This initiative aligns with broader efforts to modernize and improve the efficiency of South Africa's declining port operations. The World Bank and S&P Global's 2023 Container Port Performance Index ranked Cape Town as the world's least efficient and least competitive port in 2023, out of 405 ports assessed, with Durban ranked 399th.

The privatization of port operations, still in its early stages, is expected to bring new investments and better maintenance. Currently, TNPA has granted a 25-year concession to South African company FFS Tank Terminals for managing, maintaining, and potentially expanding the liquid bulk terminal at the Port of Cape Town. Meanwhile, the 25-year partnership between Philippine shipping giant ICTSI and Transnet for the operation of Durban's Terminal 2, the country's largest container terminal, remains tied up in a legal dispute in South Africa's courts.

Microsoft announces a $300 million investment in data centers in South Africa *(Engineering News)*

Microsoft has announced a new $300 million investment to strengthen its data center infrastructure in South Africa. This commitment adds to the $1.2 billion already invested over the past three years. In addition to expanding its data center footprint, Microsoft has pledged to train one million South Africans in artificial intelligence (AI) skills by 2026. The company will also fund the training and certification of 50,000 South Africans in cloud architecture, AI, and cybersecurity.

Speaking at the event, President Cyril Ramaphosa reaffirmed the South African government's commitment to digitalizing public services. Following the successful digital transformation of the South African Revenue Service (SARS), the government plans to digitize the Department of Home Affairs, enabling citizens to access public services more easily through digital identities.

To support this transition, South Africa finalized its National Cloud and Data Policy in 2024, aimed at fostering innovation in the digital economy and ensuring more equitable access, particularly in rural and underprivileged areas.

The South African National Treasury launches a call for proposals for large-scale public infrastructure projects *(Engineering News)*

The South African National Treasury has issued a public call for proposals from national, provincial, and municipal entities, as well as public institutions, to apply for funding under the Budget Facility for Infrastructure (BFI). This program seeks to restructure the financing and implementation of infrastructure projects by supporting initiatives worth at least €50 million that require public assistance to bridge financial viability gaps.

Four application cycles are planned for 2025/26, with deadlines set for April 16, July 1, October 1, 2025, and January 9, 2026. A National Treasury committee will review the proposals and recommend appropriate fiscal mechanisms, such as government guarantees or budget allocations.

The BFI will fund projects that incorporate private sector participation or have a strong social component requiring public support to attract additional investment. Proposals must be at an advanced planning stage and demonstrate a concrete execution capacity. Fully commercial projects will not be considered.

Canal+ and MultiChoice postpone the deadline for their merger to October *(Engineering News)*

South African television group MultiChoice and French media conglomerate Canal+ have jointly announced the extension of the deadline for their €2.4 billion merger agreement. Canal+ is offering to acquire the shares of MultiChoice it does not yet own at a price of 125 ZAR per share (approximately €6), valuing the company at 55 billion ZAR (€2.4 billion). Currently, Canal+ holds a 45.2% stake in MultiChoice. Initially set for April 8, 2025, the deadline represents the timeframe for meeting or waiving all necessary conditions, including regulatory approvals for Canal+'s takeover bid. The two companies stated that competition and regulatory procedures in South Africa will not be completed in time. Consequently, they have decided to push the deadline to October 8, 2025.

The completion of the acquisition is subject to several regulatory constraints, including South Africa's Electronic Communications Act (ECA) and competition authority requirements. Key conditions include foreign ownership limitations (set at 20%) on broadcasting licenses and the Black Economic Empowerment (BEE) ownership threshold (30%) for historically disadvantaged groups.

ArcelorMittal confirms the closure of its two steel plants in South Africa *(Northern Natal News)*

ArcelorMittal South Africa (AMSA) has confirmed the closure of its two steel plants, despite efforts by the Department of Trade, Industry, and Competition (DTIC) and the National Treasury (NT) to prevent this outcome. The initial closure announcement in December 2024 was put on hold pending discussions between AMSA and the government, which ultimately failed.

The impact of these closures is expected to be severe, resulting in the loss of 3,500 direct jobs and up to 80,000 jobs across the steel industry supply chain. The construction, automotive, and infrastructure sectors, which heavily depend on locally produced steel, will be left without viable domestic alternatives. The affected plants are located in Newcastle (KwaZulu-Natal) and Vereeniging (Gauteng).

The United States withdraws from the Just Energy Transition Partnership (JETP) in South Africa *(Reuters)*

The United States has announced its withdrawal from the Just Energy Transition Partnership (JETP) in South Africa, Indonesia, and Vietnam, following an executive order signed by President Donald Trump. The JETP is a coalition of developed nations aimed at supporting the energy transition in developing countries, particularly by shifting away from coal in favor of renewable energy.

Launched at the 2021 UN Climate Summit (COP26) in Glasgow, the JETP's first recipient was South Africa, which secured $11.6 billion in loans, financial guarantees, and grants to develop renewable energy, electric vehicles, and green hydrogen. The U.S. commitment amounted to $1.06 billion, mostly in commercial loans, though most of this funding had yet to be disbursed.

Despite the U.S. withdrawal, significant funding remains available for South Africa's energy transition, with France being one of the largest contributors, pledging €1 billion and reaffirming its commitment to the JETP.

Soufflet Malt and Heineken announce the construction of a malting plant in South Africa for €100 million *(InVivo)*

Soufflet Malt, a subsidiary of the French cooperative group InVivo, and Heineken have entered into a commercial partnership involving an investment of EUR 100 million for the construction of a malting plant in South Africa. Located close to Heineken's Sedibeng brewery, south of Johannesburg, the plant should be operational by mid-2027.

The project aims to replace current malting barley imports with local production, thereby reducing Heineken's supply chain in the country. The plant, with a capacity of 100,000 tonnes per annum, will be sourced 100% from South African farmers, both commercial and small-scale. It will create 55 permanent jobs and support the development of a barley-growing industry based around 200 local producers across the country.

Soufflet Malt is carrying out similar projects with Heineken in Brazil and India, confirming its expansion strategy in emerging markets and in Africa, where it has been operating a malting plant in Ethiopia since 2021. translated into English by keeping the formatting

Angola

Sustained decline in Angola's debt burden to China *(BNA)*

Preliminary 2024 data from the National Bank of Angola (BNA) on the stock of external debt confirms the rapid decline in the proportion owed to China since 2022. The proportion of Angola's debt stock owed to China (53.5% in 2017, at the start of President João Lourenço's first term in office) will only represent 40.1% in 2022, 36.1% in 2023 and 30.7% in 2024.

At the end of 2024, the stock of debt owed to China is expected to reach 14.35 billion dollars (compared with 17.92 billion in 2023, a decrease of 19.9% over one year). However, China remains Angola's largest creditor, followed by Great Britain (USD 13.57 billion, or 29% of the total stock) and international organisations (USD 5.02 billion, or 10.7% of the total, a stable weighting over the last 3 years). Finally, the weight of the stock of debt owed to the United States has risen sharply over the last 3 years (USD 5.25 billion, i.e., +5.6% over one year and +31.6% over two years; share of 9.2% of the total in 2024 compared with 6.3% in 2022).

The Angolan economy is expected to grow by 4.4% in 2024, according to the Angolan government *(INE)*

According to the Angolan statistics institute (INE), the economy will grow by 4.4% in 2024. This positive trend, which exceeds the latest IMF forecasts (+3.8%), is mainly due to the sharp rise in the extraction of diamonds and other minerals (+44.8%). The fishing (12.2%), transport (10.4%) and electricity and water (6.5%) sectors contributed to a lesser extent to the increase. By contrast, agriculture, the priority for economic diversification, grew by only 3.5%, due to the drought at the beginning of 2024, followed by heavy rainfall at the start of the agricultural season.

The most important sectors of the Angolan economy remain the extraction and refining of crude oil and natural gas (28.6% in 2024, -1 point compared to the previous year), trade (22.4%; +0.5 point), agriculture and forestry (10.2%; +0.4 point), services (8.7%; +0.1 point), and manufacturing industry products (8.3%; +0.3 point).

Botswana

Botswana launches its first observation satellite *(ITWeb)*

Botswana has taken a major step forward in its technological development with the successful launch of its first satellite, BOTSAT-1. The satellite was launched yesterday from SpaceX facilities in California, USA, in the presence of President Duma Boko. Developed by engineers at Botswana's International University of Science and Technology, in the absence of a national space agency, BOTSAT-1 was sent into orbit from the United States due to the lack of launch sites in Africa capable of hosting a satellite of this size.

The Minister for Communication and Innovation, David Tshere, explained that BOTSAT-1 was launched on board a SpaceX rocket and will orbit at an altitude of 600 kilometres. It is equipped with a hyperspectral camera capable of capturing high-resolution images to collect and transmit essential data to support national initiatives in environmental monitoring, agriculture, disaster management and urban planning.

This initiative is part of a wider strategy of the new Botswana government, which has only been in office for three months, in line with the Vision 2036 plan, which aims to accelerate the country's digital transformation. The Botswana government has already announced its intention to continue in this vein by developing a second satellite, which would be positioned in low earth orbit (LEO) and would in this case be dedicated to telecommunications.

Mozambique

IMF mission held in Mozambique *(IMF)*

From 19 February to 4 March, the IMF carried out a mission to examine the performance and policies underlying the fifth and sixth reviews of the three-year Extended Credit Facility (ECF) programme underway since 2022. The Angolan economy recovered in 2024, with GDP growth estimated at 3.8%, supported by the revival of the oil sector and the expansion of the non-oil sector. The public debt-to-GDP ratio declined in 2024, largely as a result of higher nominal growth and sustained primary surpluses.

However, fiscal consolidation efforts slowed as a result of budget slippages, notably due to increased investment spending (+15.6%) and the slowdown in fuel subsidy reforms. Inflation has remained high, reaching around 21.4% in January 2025, due to pressure on the exchange rate and rising food prices.

Growth is expected to remain at 3% in 2025, and inflation should fall. However, dependence on oil and high external debt servicing (60% of GDP) limit the room for manoeuvre for development spending. The IMF has recommended strengthening fiscal consolidation, accelerating fuel subsidy reforms and improving public financial management.

Economic component of the "Political Commitment for an Inclusive National Dialogue" *(Observador)*

The political agreement signed on 5 March between the Mozambican government and the main political parties, which aims to establish an 'inclusive national dialogue' to resolve the country's economic challenges, raises hopes of a political solution to the post-electoral crisis that has shaken the country since October 2024. In addition to the announced amendment to the Constitution, the agreement also mentions reforms to i) the tax system, including a review of VAT; ii) public administration (improving the quality of services provided by the State, particularly in terms of housing and job creation); iii) the policy for exploiting natural resources (in order to increase the benefits for the State, the provinces and the local communities where these resources are exploited, in particular by stepping up the processing of raw materials in Mozambique). In addition, measures aimed specifically at economic inclusion are proposed, with particular attention paid to youth, women and people with disabilities. The action plan included in the agreement covers a period of 16 months. The text was signed by President Daniel Chapo, as well as by the leaders of the 9 political parties represented in the Assembly of the Republic and the Provincial Assemblies: Frelimo, Podemos, Renamo, MDM, and other less significant parties. It should be noted that the main opponent, Venâncio Mondlane, who is not currently attached to any party, was ostensibly not involved in the exercise, which weakens its scope.

Mozambique's ports handled 10% more cargo in 2024 *(Club of Mozambique)*

According to data provided by the Mozambican government (and confirmed by CMA CGM), Mozambican ports handled 70,170 tonnes of cargo in 2024 (compared with 63,361 tonnes in 2023). The movement of cargo in the ports of Beira (centre) and Nacala (north) increased by 12.9% and 13.6% respectively. The port of Maputo, which accounts for almost half of this volume (30.9 mt in 2024), recorded a 0.3% decrease on the previous year, due to the post-election demonstrations, which resulted in the closure of the Ressano Garcia border (the main crossing point between South Africa and Maputo) for several days and the blocking of the roads and rail lines supplying the port (a situation further exacerbated by a derailment in October/November, which led to the closure of the rail line for a month).

Namibia

Chilean company SQM establishes itself in Namibia *(Mining.com)*

Chile's SQM, the world's second largest lithium producer, has received approval from Namibian regulators to proceed with a partnership agreement with South Africa-based Andrada Mining to jointly develop the Lithium Ridge asset. This exploration partnership marks SQM's first project in Africa and is expected to accelerate the development of the project, located approximately 35km from Andrada's Uis tin mine.

Under the agreement, SQM will gradually acquire a stake in Grace Simba Investments (GSI), a wholly-owned subsidiary of Andrada Mining, which holds the licence for Lithium Ridge. For USD 2 million, the Chilean company will acquire an initial 30% stake in GSI, financing USD 7 million of exploration work over an 18-month period.

SQM's planned investment could rise to USD 40 million if it decides to acquire up to 50% of GSI's shares, the limit provided for in the agreement, or if it finances a feasibility study. Andrada Mining will remain operator of the project and will receive a success fee if the lithium resource exceeds 40 million tonnes.

Despite the fall in lithium prices since 2022, mining companies are banking on a more favourable long-term outlook. According to the International Energy Agency (IEA), global demand for this white metal is set to increase more than tenfold to reach 1.72 million tonnes in 2050, in the net zero emissions scenario, as lithium has become an essential component of batteries for electric vehicles, electronic devices and energy storage systems.

Construction of a manganese refinery and a sulfuric acid plant planned in Walvis Bay *(Mining&Energy)*

Green Metals Refining Namibia (GMRN), a subsidiary of UK-based Green Metals Refining (GMR), plans to build a manganese refinery and sulphuric acid plant east of Walvis Bay, with operations scheduled to start in 2027, subject to environmental approvals. The Environmental Impact Assessment (EIA), which will take approximately 12 months to complete, is currently underway. The project will be carried out in several phases, with maximum production capacity expected to be reached by 2032.

The refinery will produce battery-grade manganese for lithium-ion batteries used in electric vehicles and energy storage systems. The sulphuric acid plant, which is essential to the process, will use elemental sulphur to produce sulphuric acid, the surplus of which will be sold to other Namibian industries.

The project will create around 250 permanent jobs and mobilise up to 500 workers during construction. Proximity to the international port of Walvis Bay will reduce import and export costs, as manganese ore is mainly sourced from the Kalahari manganese field in South Africa.

GMR focuses on the production of high purity manganese chemicals for the battery markets. The company is developing a first-stage plant in southern Africa to produce an intermediate product, followed by a final refining stage close to end users.

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