MINISTÈRE DE L'ÉCONOMIE, DES FINANCES ET DE LA SOUVERAINETÉ INDUSTRIELLE ET NUMÉRIQUE

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ECONOMIC WRAP-UP
Southern Africa

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State visit to France by the Angolan President on 16 and 17 January

President Joao Lourenço, whose country is France's main trading partner in sub-Saharan Africa, was received in France for a two-day state visit. He was first received by his French counterpart at an official ceremony at the Hôtel des Invalides, then went to the Elysée Palace for a bilateral meeting, closed to the press, and a one-to-one lunch during which the two presidents analysed the political instability on the African continent, and in particular the conflict between the Democratic Republic of Congo and Rwanda, as well as bilateral relations between France and Angola (renewal of the intergovernmental agreement, signature of agreements on higher education, biodiversity, internal security, irrigated agriculture, etc.). On the second day of his visit, President Lourenço took part in the France Angola business forum organised by Medef International and AIPEX (the Angolan counterpart of Business France), during which a number of economic agreements were signed, notably in the space sector (Airbus) for the construction of the ANGEO-1 satellite for USD 231 million, and in the meteorology sector (Météo France International) for phase 2 of the ANGoMET project for EUR 85 million, a strategic infrastructure development project for Angola's national meteorological service (INAMET) and health (SFEH), including an audit of the Augusto Ngangula maternity hospital in Luanda (the country's largest) with a view to its rehabilitation and extension, which will be carried out thanks to a FASEP from the French Treasury, as well as the potential construction of Angola's first ophthalmology hospital with funding from Société Générale and water (Suez), with the signing of an MoU with the Angolan authorities to strengthen their collaboration in the water sector. This agreement with Empresa Pública de Águas de Luanda (EPAL), the public company responsible for the production and distribution of drinking water in the province of Luanda, should make it possible to improve, develop and modernise the supply of drinking water to the 9.7 million inhabitants of the province of Luanda, which is experiencing strong demographic growth. Preliminary studies will be carried out to determine the investments required. Finally, the Angolan president visited the Suez waste-to-energy centre in Ivry, followed by the Cité des Sciences et de l'Industrie in La Villette.

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South Africa

South Africa's Department of Trade, Industry and Competition opens consultations to set employment targets for different communities *(BusinessLive)*

The Department of Trade, Industry and Competition (DTIC) has launched consultations with 18 identified economic sectors to establish employment targets for communities historically disadvantaged under apartheid on the grounds of race, gender and disability. These targets are part of the Employment Equity Amendment Act, enacted in April 2023 by President Cyril Ramaphosa, which stipulates that such quotas must be introduced at all professional levels for all companies with more than 50 employees.

As a result, from 1 January 2025, obtaining an employment equity compliance certificate will become a prerequisite for working with public bodies and accessing government contracts. A number of employers' organisations, such as the National Employers' Association of SA (Neasa) and Sakeliga, are contesting this legislation, which they regard as harmful and ill-prepared, since the proposed quotas have not yet been disclosed. Sakeliga is planning to lodge an appeal against the proposal, arguing that it does not respect the legislative process or even the principles of the South African Constitution.

78 illegal miners died in the disused Stillfontein gold mine *(Reuters)*

78 bodies of illegal miners have been removed from a disused gold mine in Stillfontein (North-West Province) in South Africa, according to police figures as of 15 January 2025. The police surrounded the shaft for months, prohibiting food supplies, to dislodge its occupants. The operation has, however, resulted in 216 miners being brought up alive, albeit in very poor health, in recent days. According to local sources, many other miners and their remains are still at the bottom of the mine.

These miners, also known as 'zama zamas' ('those who try', in Zulu), are almost all from neighbouring countries including Mozambique, Lesotho and Zimbabwe. More than 1,500 have already been arrested since August 2024, when the police began surrounding the mine and blocking the vast majority of food and water supplies, in the hope of containing illegal mining activities on the site. This police operation is at the centre of Operation Vala Mgodi, designed to combat illegal miners in the country.

The Democratic Alliance, the main coalition partner of President Ramaphosa's ANC, has called for the establishment of an independent commission of enquiry to shed light on the reasons that led to this tragedy. The South African Federation of Trade Unions and the NGO Lawyers for Human Rights have condemned the humane conditions in which the weakened Zama Zamas are being held in iron cages. For his part, Mines Minister Gwede Mantashe denounced the heavy presence of foreigners in illegal mining activities, which he says are costing South Africa and the mining industry hundreds of millions of dollars a year in lost sales, taxes and royalties.

Violation of South African law on national shareholding confirmed for FlySafair, which risks sanctions *(BusinessTech)*

The Air Services Licensing Council (ASLC) has concluded that FlySafair's shareholding structure is in breach of local laws. These require that at least 75% of the voting rights be held by South African citizens resident in the country. However, an investigation requested by competitors Airlink and Global Airways (which co-owns the airline Lift) revealed that ASL Aviation Holdings, based in Ireland, owns approximately 74.86% of FlySafair, thereby placing the company in breach of the law.

FlySafair has applied to the Minister for Transport for a ministerial exemption, However, she considered the request premature, insisting that the procedures be respected. The Minister stressed that there was no guarantee that the licence would be cancelled and that FlySafair could appeal to the High Court if necessary.

According to FlySafair, this strict interpretation of ownership rules could render most South African airlines non-compliant, risking widespread suspensions in the sector. As South Africa's largest airline in terms of seats (Airlink is ahead in terms of number of aircraft), FlySafair plays a key role in South African aviation. Its suspension could have a major impact on flight prices and service availability, reducing options for travellers and increasing costs.

South Africa's leading cement manufacturer Pretoria Portland Cement (PPC) is teaming up with China's Sinoma Overseas Development Company to build a new plant *(BusinessTech)*

PPC, South Africa's leading cement manufacturer, is teaming up with Sinoma Overseas Development Company, a Chinese company specialising in cement equipment and engineering, to build a new ZAR 3 billion (EUR 155 million) integrated cement plant in the Western Cape province. The plant, built on an existing production site, will have a production capacity of 1.5 million tonnes of cement per year, increasing PPC's existing capacity of around 7mt (South Africa, Botswana, Zimbabwe) while adding new technologies such as an integrated solar generation system reducing both the carbon footprint and production costs.

Subject to PPC board approval, construction is expected to start in the second quarter of 2025, with commissioning scheduled for late 2026. PPC's two existing plants will continue to operate during construction of the new plant before being decommissioned.
The South African cement sector is facing major structural challenges. In 2023, South African annual production was only 13 Mt, despite theoretical capacity of 22 Mt. This gap is linked in particular to the energy taming problems that have plagued South Africa for years, despite a recent improvement. According to a report commissioned by PPC, more than 2,000 jobs are at risk in the sector, which faces competition from low-cost imports that now account for 25-30% of the market.

Electricity generation up 6.6% year-on-year in November *(StatsSA)*

According to the national statistics institute (StatsSA), electricity generation rose significantly year-on-year in November (+6.6%, or 19,694 GWh). This change is mainly due to an improvement in Eskom's generation capacity, as well as a significant base effect (November 2023 was marked by major power load shedding). Domestic electricity consumption increased by 2.7% year-on-year, totalling 17,349 GWh. It should be noted that 13% of the electricity produced over the period was generated by operators other than Eskom (IPP independent producers, individual installations, etc.). However, Eskom's production grew faster than that of other producers (+7.6% compared with 6.6% for all electricity produced), demonstrating an improvement in the performance of the national operator.

The rand depreciates by 4.5% against the dollar in November *(SA Reserve Bank)*

The South African rand depreciated against the dollar (-4.5%), the euro (-2.4%) and sterling (-2.8%) in December. It stood at ZAR18.89 per USD1 at the end of December (compared with ZAR 18.05 per USD 1 at the end of November). This depreciation reflects the strengthening of the US dollar as a result of the US central bank's statements on possible interest rate cuts, the robust performance of the US economy, and the prospect of protectionist policies being implemented by the new US administration.

Debt restructuring applications at a record high in the third quarter of 2024 *(NCR)*

According to the National Credit Regulator, a number of indicators point to increased financial pressure on consumers in the third quarter of 2024. Consumer credit applications rose sharply (+46.8% compared with the same period last year), in a national context marked by renewed economic optimism. On the other hand, several indicators of bank soundness deteriorated: credit card debts rose, as did property loans in arrears (which now account for 6.9% of total outstanding loans). Against this backdrop, applications to renegotiate credit rose by 41.9% year-on-year in the third quarter. This trend, which is the result of weak income growth, high interest rates and inflation that has remained high in recent months, could weaken the banking sector in the long term and put a strain on domestic consumption.

Angola

The Cabinda oil refinery, the country's second, is due to come on stream in June 2025

The Minister of State for Economic Coordination visited the site of the refinery being built in the enclave of Cabinda by a consortium comprising Gemcorp (90%) and Sonangol (10%). At this stage, 72.5% of the work has been completed, following a commissioning and validation testing phase for the integrated equipment systems that began in November 2024. More than 2,000 direct and indirect jobs have been created, 93% of them held by Angolan employees, 83% of them from Cabinda province. The project is in the final stages of completion with regard to the crude oil storage and fire-fighting tanks, the pipework and electrical and instrumentation work, as well as the roadworks. In the first phase, the refining capacity of Angolan crude oil supplied by Sonangol is to reach 30,000 barrels per day, before increasing to a total capacity of 60,000 barrels. Once completed, this project will reduce Angola's dependence on fuel imports, as the country looks to phase out costly fuel subsidies.

Botswana

Inflation held steady at 1.7% in December *(Statistics Botswana)*

According to the national statistics institute (Statistics Botswana), inflation held steady at 1.7% year-on-year in December, exactly the same level as in the previous month. The main contributors to inflation were 'food and non-alcoholic beverages' (+4.7%, a positive contribution of 0.7 points to inflation) and 'miscellaneous goods and services' (+7.5%, a positive contribution of 0.7 points). Conversely, prices contracted in the transport sector (-2.5%, i.e. a negative contribution of 0.7 points to overall inflation), due to a fall in petrol prices.

Malawi

Malawi receives 100 fuel tankers to reduce the country's fuel shortage *(Nyasa Times)*

Malawi began receiving fuel shipments on Saturday 11 January 2025 as part of a government-to-government (G-to-G) agreement with the United Arab Emirates, aimed at alleviating recent fuel shortages in the country. A first batch of 100 tankers, each carrying 35,000 litres (a total of 3.5 million litres), arrived at Malawi's northern border from Songwe in Tanzania's Karonga district. These deliveries are part of a larger order of 1,409 trucks expected to arrive from the port of Tanga in Tanzania.

Energy Minister Ibrahim Matola said he was confident that these shipments would help resolve the fuel shortages that have affected the country over the past three weeks. More generally, the country is regularly affected by fuel supply crises, which are linked in particular to the shortage of foreign currency needed to purchase fuel on the international market. Indeed, it would appear that the government has allocated only USD 37 M per month to fuel imports, far less than the USD 51 M needed.

This limitation is further exacerbated by an increase in the illegal sale of fuel. The Malawi Energy Regulatory Authority (MERA) has identified the black market as a major disrupter of the legal fuel distribution network. Fuel destined for regulated service stations is reportedly being diverted and sold illegally at inflated prices, increasing shortages at legal outlets and driving more consumers to unregulated sources.

Trade deficit down 25.4% in November *(Reserve Bank of Malawi)*

According to the Reserve Bank of Malawi, November saw a significant reduction in the trade deficit. The trade deficit narrowed by 25.4% year-on-year to USD 152 million, due to a sharp rise in exports (+76.2% month-on-month to USD 149.2 million), driven by tobacco sales (+77.2% to USD 104.4 million), while imports were little changed (+4.4% to USD 301.2 million). The country's foreign currency reserves remain particularly low, representing 2.1 months of imports. As a reminder, the country is suffering from a severe shortage of foreign currency, which is hampering imports by companies, generating high inflation, and leading to the existence of a parallel market on which the Kwacha is traded at a rate almost 80% higher than the official rate. At the same time, inflation slowed considerably in November, reaching 27% year-on-year, compared with 32.4% in October. However, it picked up again slightly in December, reaching 28.1% year-on-year, still driven by rising food prices (+35.6% y/y).

Mozambique

Daniel Chapo inaugurated as the fourth President of the Republic of Mozambique (*Mozambican presidency*)

Daniel Chapo, the candidate of the outgoing FRELIMO party, was sworn in by the Constitutional Council on 15 January for a five-year term. Daniel Chapo succeeds Filipe Nyusi, who spent almost ten years in power (2015-2024), and comes from FRELIMO, the party that has led the country since Independence in 1975. On 13 January, the members of the Assembly of the Republic were also sworn in. The assembly, historically dominated by FRELIMO, now welcomes a new party, PODEMOS, which replaces RENAMO as the main opposition party, which it has been since 1994. With a total of 250 members, the Assembly is made up of 171 FRELIMO deputies (-13 seats compared to the previous legislature), 43 PODEMOS, 23 RENAMO (-37 seats) and 8 MDM (+2 seats).

The President of the Republic, Daniel Chapo, reforms the government structure *(Radiopax)*

In accordance with the commitment made in his inauguration speech, by Presidential Decree no. 1/2025 of 16 January, Daniel Chapo decided to abolish ten ministries and three secretariats of state. The Presidency justifies this measure by the need to optimise and adapt ministerial structures to the country's current needs. The following ministries have been abolished: the Ministry of Economy and Finance, the Ministry of Transport and Communications, the Ministry of Culture and Tourism, the Ministry of Agriculture and Rural Development, the Ministry of Land and Environment, the Ministry of Sea, Inland Waters and Fisheries, the Ministry of Industry and Trade, the Ministry of Labour and Social Security, the Ministry of Education and Human Development, and the Ministry of Science, Technology and Higher Education. Three secretariats of state have also been abolished: the Secretariat of State for Youth and Employment, the Secretariat of State for Sport, and the Secretariat of State for Technical and Vocational Education. To replace these ministries and secretariats, nine new ministries have been created: the Ministry of Finance (which retains the remit of the former Ministry of the Economy and Finance), the Ministry of the Economy (which takes over the remit of the Ministry of Industry and Trade), the Ministry of Planning and Development, the Ministry of Agriculture, Environment and Fisheries, the Ministry of Transport and Logistics, the Ministry of Education and Culture, the Ministry of Labour, Gender and Social Action, the Ministry of Communications and Digital Transformation, and the Ministry of Youth and Sport. The formation of the new government is underway and will be announced in the coming days.

Zimbabwe

The Zimbabwean government plans to privatise Harare's water supply (*The Herald)*

The Zimbabwean government is considering privatising Harare's water supply in order to resolve the persistent challenges associated with the provision of this service. Local Government and Works Minister Daniel Garwe explained that the inability of local authorities to effectively manage water services had prompted the proposal. Eight expressions of interest were received, including five from local businesses and three from international entities. The Zimbabwean government would therefore be banking on private sector involvement to provide investment, technology and operational expertise that could ensure a more reliable and better-quality water supply for households and businesses in Harare. With the network in decline, a large part of the city's neighbourhoods is supplied by tankers. Minister Garwe said the privatisation would cover the entire water value chain, including purification, distribution, billing and smart meters.

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