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ECONOMIC WRAP-UP
Southern Africa

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Ramaphosa dismisses Deputy Minister of Trade, Industry and Competition Andrew Whitfield

President Ramaphosa has dismissed Andrew Whitfield, a member of the Democratic Alliance (DA) party, heightening tensions between the DA and the ANC within the coalition government.

As a reminder, these two parties formed a government of national unity following the 2024 elections, but dissensions soon arose over several ANC-backed reforms (Basic Education Laws Amendment Act, National Healthcare Insurance Bill, Expropriation Act...) as well as the draft budget, the first version of which had not been voted for by the DA.

The President's office did not explain the reasons for the dismissal, but according to the head of the DA, John Steenhuisen, it was due to unauthorized travel abroad. A DA delegation, including Andrew Whitfield, had travelled to the USA to ease tensions with the Trump administration. According to the DA, the deputy minister requested authorization from the President to take part in the trip, but received no reply.

Summary :

Southern Africa

- Angola and Mozambique among countries blocking local revenue transfers from foreign airlines (IATA)
- Africa Finance Corporation (AFC) obtains EUR 250 million in financing from Italy for infrastructure projects (Agence Ecofin)

South Africa

- Economy lost 74,000 jobs in Q1 2025 (StatsSA)
- Slight decline in trade surplus and stable current account deficit in Q1 2025 (SARB)
- Gold rebound boosts South African reserves, reviving speculation of a new GFECRA mobilization (SARB, Business Day)
- Consumer confidence index rebounds in Q2 2025 (FNB/BER)
- Alarming rise in municipal debt: households and municipalities face liquidity crisis
- Deputy President Mashatile visits Russia to promote bilateral economic cooperation (South African Government)
- Electricity and Energy Minister Ramokgopa defends award of Eskom battery storage contracts to Mulilo (EngineeringNews)
- Lanseria Airport (Johannesburg) announces extensive modernization plan to become a regional air hub (EngineeringNews)

Angola

- Luanda hosts the 17th US-Africa Economic Summit
- France-Angola Chamber of Commerce officially created

Malawi

- Malawi and China's Hunan Sunwalk sign agreement to develop mining sector (Agence Ecofin)

Namibia

- Namibian President Nanadi-Ndaitwah pledges to encourage foreign investment (NamibianSun)

Zambia

- Inflation to slow in June 2025
- GoviEx launches a new exploration phase in Zambia to strengthen the potential of its uranium project (Agence Ecofin)

Southern Africa

Angola and Mozambique among countries blocking local revenue transfers from foreign airlines *(IATA)*

According to a report by the International Air Transport Association (IATA), funds amounting to almost USD 1.3 billion are blocked by the governments of fifteen countries, twelve of them in Africa. The podium is made up of Mozambique (205 M USD), Algeria (178 M USD) and Angola (84 M USD). These local revenues come from the sale of airline tickets and other local activities.

Despite international conventions allowing them to do so, transfers are not authorized by the states in question. There are various reasons for this, the lack of foreign currency being the main one.

Africa Finance Corporation (AFC) obtains EUR 250 million in financing from Italy for infrastructure projects *(Agence Ecofin)*

On June 20, AFC announced that it had obtained financing of 250 million euros from the Italian financial institution Cassa Depositi e Prestiti, which specializes in development cooperation. This loan, 80% of which is guaranteed by the Italian export insurance group SACE, should enable AFC to finance infrastructure projects in several Southern African countries, notably through the Lobito Corridor.

The Lobito rail corridor project will link the Zambian Copperbelt with the port of Lobito in Angola, via the Democratic Republic of Congo. The rail lines, of which only the Zambian section remains to be built, should enable copper, cobalt and agricultural and consumer products to be transported to the Atlantic.

In Zambia, Transport Minister Frank Tayali was optimistic that work could start by the end of 2026. However, the European Centre for Development Policy Management has warned about the commercial viability of the project, citing the existence of other corridors and the low use of the port of Lobito.

South Africa

Economy lost 74,000 jobs in Q1 2025 *(StatsSA)*

According to StatsSA's latest labor market report, 74,000 jobs were lost in the formal non-agricultural sector in the first quarter of 2025 (-0.7% on the previous quarter, for a total of 10.58 million jobs).

This decline mainly affected the trade sector (52,000 jobs, or -2.2%), community services (-17,000 jobs, -0.6%), and the mining sector (-4,000 jobs, -0.9%). By contrast, the number of jobs rose slightly in the manufacturing sector (+2,000 jobs, +0.2%), and remained stable in the transportation sector.

The decline in the number of jobs was proportionately more pronounced in the part-time sector (-19,000 jobs, -1.7%) than in the full-time sector (-55,000 jobs, -0.6%). The average monthly wage for employees in the formal non-agricultural sector also fell slightly (-0.1%) on the previous quarter, to ZAR 28,289 (approx. EUR 1,480). Over the year, 95,000 jobs were lost (-0.9% between March 2024 and March 2025), while the average wage rose by 5.6%, reflecting a moderate recovery in household purchasing power over the year.

Slight decline in trade surplus and stable current account deficit in Q1 2025 *(SARB)*

According to the latest quarterly bulletin from the South African Central Bank (SARB), the current account remained in deficit in Q1 2025, at ZAR -35.6 bn (or 0.5% of GDP), a slight improvement on the ZAR -39.3 bn deficit recorded in Q4 2024.

This historically low level remains stable for the second consecutive quarter after a phase of deterioration between 2022 and mid-2024. This improvement is mainly due to the reduction in the services balance deficit (-0.8% of GDP, compared with -0.9%) and the primary income deficit (-2.0%, compared with -2.2%), which offset the slight decline in the trade surplus (-4 billion ZAR, or 3.0% of GDP).

Export growth (+5.1%) was underpinned by higher volumes and prices, particularly in the manufacturing (vehicles, machinery, agri-food), agricultural (fruit, especially grapes) and mining (iron, manganese, precious stones) sectors.

Improved domestic logistics capacities contributed to this dynamism, despite one-off flood-related disruptions that temporarily affected PGM production.

Gold rebound boosts South African reserves, reviving speculation of a new GFECRA mobilization *(SARB, Business Day)*

In its latest Quarterly Bulletin published on June 26, the South African Reserve Bank (SARB) highlighted the significant increase in the country's foreign exchange reserves, driven in particular by gold appreciation.

Since 2015, the value of the gold stock held by the SARB has more than doubled despite the volume of gold remaining stable, reaching USD 13.3 bn in Q1 2025, out of total reserves of USD 68.1 bn. Rising prices have added nearly $7 billion to reserves over the past five years.

Against this backdrop, markets are questioning whether the Treasury will be able to mobilize further unrealised gains from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA), beyond the ZAR 150 bn already agreed in February 2024 (of which ZAR 100 bn paid in 2024/25, and ZAR 25 bn to be paid in 2025/26 and 2026/27).

The agreement between SARB and the Treasury allows for additional annual transfers if GFECRA profits continue to grow, provided that the Bank's capital base remains sufficient to absorb market volatility. A new tranche of ZAR 25 billion could be announced at the mid-term budget presentation in October.

In addition, the bulletin reports a turnaround in capital flows in Q1 2025, with a net inflow of ZAR 36.9 bn (or 2% of GDP), compared with an outflow of ZAR 9.5 bn in the previous quarter, supported by foreign direct investment and inflows into reserve assets. This dynamic contributed to the resilience of the rand over the period.

Consumer confidence rebounds in Q2 2025 *(FNB/BER)*

The FNB/BER consumer confidence index, ranging from -100 to +100, fell from -6 in Q4 2024 to -20 in Q1 2025, before recovering to -10 in Q2.

This partial rebound comes after a sharp fall due to several negative shocks, including the Finance Minister's aborted proposal to increase VAT by two points, tensions between the ANC and its coalition partner Democratic Alliance (DA), the brief intensification of electricity load shedding, as well as the deterioration in diplomatic relations between South Africa and the United States, exacerbated by US President Donald Trump's controversial customs announcements.

Although confidence has returned to its second-quarter 2024 level (-10), it remains well below the more favourable values observed in the second half of 2024, reflecting persistent pessimism about households' economic and financial prospects over the next twelve months.

Alarming rise in municipal debt: households and municipalities face liquidity crisis

The latest Treasury report reveals a worrying rise in debt to municipalities, which now stands at ZAR 416.1 billion as at March 31, 2025, up sharply from ZAR 347.6 billion a year earlier. This debt is mainly carried by households, whose debt to municipalities reached ZAR 299.5 bn, or 72% of the total, reflecting consumers' growing difficulties in paying their bills.

At the same time, municipal debts to suppliers and other creditors also soared, to ZAR 131.8 bn, of which almost 85% have been outstanding for more than 90 days. This situation reflects acute financial tensions and liquidity constraints, which weigh heavily on the ability of municipalities to settle their debts.

The report highlights a collection rate well below expectations, with only 63.6% of billed amounts actually collected, against a budget target of 85%. The collection rate for large cities was particularly low, at 58.2%, exacerbating the financial fragility of local authorities. On the expenditure side, municipalities used 64.9% of their adjusted budget, with salaries accounting for more than a quarter of operating expenses. As for conditional grants, only 55.9% of allocated funds were spent, affected by delays in planning and dysfunctions in procurement management.

In view of these findings, the Treasury stresses the need to improve planning and financial management within municipalities, in order to ensure better use of resources and avoid further delays in the provision of essential services to the population.

Deputy President Mashatile visits Russia to promote bilateral economic cooperation

(South African Government)

On June 17, 2025, the South African Deputy President, accompanied by several ministers including the Minister of Trade, Industry and Competition, visited Moscow and St. Petersburg for a working visit aimed at strengthening economic and trade exchanges between South Africa and Russia.

Discussions focused on the development of bilateral political and economic cooperation, in the fields of investment and trade, particularly in the mining, energy, agriculture, health and education sectors.

During his stay, the Vice-President held talks with President Vladimir Putin and Russian Prime Minister Mikhail Mishoustin. He spoke at the St Petersburg International Economic Forum, promoting Africa's growing role in world trade. He also visited St Petersburg State University, where he gave a lecture on South Africa's G20 presidency.

Electricity and Energy Minister Ramokgopa defends award of Eskom battery storage contracts to Mulilo ***(EngineeringNews)***

Responding to a parliamentary question, South Africa's Minister of Electricity and Energy, Kgosientsho Ramokgopa, on June 26 defended the decision to award Eskom's battery storage contracts to independent power producer (IPP) Mulilo.

Mulilo is a South African IPP, which has taken part in all three phases of tenders for battery energy storage technologies (BESS). The company is involved in 12 of the 18 BESS projects awarded in these different phases, including 9 as lead sponsor, for a total value of almost 700 million euros.

The political parties uMkhonto weSizwe (MK) and Economic Freedom Fighters (EFF) argued that the award was inappropriate because Mulilo's new chairman, Jan Oberholzer, was Eskom's COO just two months before his appointment.

However, the Minister maintains that Mulilo provided a statement regarding the role of the new chairman, that Eskom is not directly involved in the project selection process, which is the responsibility of the IPP Office, and that no legal authority has established a conflict of interest.

Lanseria Airport (Johannesburg) announces extensive modernization plan to become a regional air hub ***(EngineeringNews)***

At Aero South Africa 2025 on June 25, Lanseria International Airport Director Rampa Rammopo announced the start of a major transformation and modernization of the airport's infrastructure and services.

The aim of this plan is to turn the airport into a regional logistics hub. Located in the Gauteng region, the airport had developed airfreight activities in the wake of the Covid-19 pandemic.

A new system of commercial leasing of vacant land is to be introduced, with an initial contract signed with Bionic Aviation.

The plan also calls for the renovation of hangars over 5 years, as well as the rehabilitation of the main taxiway, Taxiway Alpha, to extend its lifespan, scheduled to start in 2026.

Finally, a new fuel depot is to be built to extend storage capacity from 1,000m3 to 6,000m3 to cope with rising air traffic.

Angola

Luanda hosts the 17th U.S.-Africa Economic Summit

From June 22 to 25, the Angolan capital hosted the 17th edition of the U.S.-Africa Economic Summit, the main forum for commercial cooperation between the United States and the African continent.

The event, co-organized by the Corporate Council on Africa (CCA) and the Angolan government, brought together over 1,500 participants, including several heads of state (Botswana, Namibia, DRC in particular), African ministers, members of the American government and representatives of the private sector.

American representation was low-key, however, as the head of delegation was the State Department's Deputy Director for Africa. President Lourenço called for a shift from the logic of aid to the logic of ambition and private investment, singling out renewable energy, agri-food, ICT and infrastructure as key sectors.

Some Congolese representatives expressed concern about the famous Lobito Corridor, which would mainly serve foreign interests without tangible benefits for local populations.

For his part, the American representative promised to negotiate a renewal or replacement of the AGOA (African Growth Opportunities Act), an American law that gives sub-Saharan African countries free access to the American market for certain products.

The holding of this summit in Luanda comes against a backdrop of strategic rapprochement between Angola and the United States, marked by Joe Biden's historic visit in December 2024.

The summit also coincides with the 50th anniversary of Angola's independence and Angola's presidency of the African Union. Since 1997, the CCA has organized this summit in several American cities and African countries, including South Africa, Morocco, Mozambique and Botswana.

France-Angola Chamber of Commerce officially created

At the General Meeting of CCI France International, held at its Paris headquarters on June 24, 2025, the creation of the Chambre de Commerce France Angola (CCFA) was made official.

The meeting was attended by 67 directors of bilateral French Chambers of Commerce around the world. CCI France International's mission is to bring together and coordinate the 120 or so French chambers of commerce and industry abroad in 95 countries.

In practice, the Club des Entrepreneurs France-Angola (CEFA), created in 2019, has been transformed into the Chambre de Commerce France Angola, with CEFA members becoming de facto members of the CCFA.

The CCFA will have more extensive prerogatives than a business club, and will benefit from the support and services of CCI France International and its network. Last but not least, France gains a new influential body with the Angolan authorities.

Malawi

Malawi and China's Hunan Sunwalk sign agreement to develop mining sector (Agence Ecofin)

At the China-Africa Economic and Trade Expo in Changsha, China, on June 16, 2025, the Malawian Ministry of Mines and the Chinese Hunan Sunwalk Group signed a memorandum of understanding concerning the mining sector.

Worth a reported 7 billion USD, the agreement provides for titanium extraction, the construction of a processing plant, technology transfer and investment in infrastructure. The Salima district is envisaged as the extraction site.

The Malawi Investment and Trade Center asserted in April that the country's titanium reserves could be worth several billion dollars, making Malawi one of the world's leading suppliers of this metal used in aeronautics and industrial paints. Hunan Sunwalk's transparency and the terms of its commitments raise questions, while the breakdown of the amount and type of investment have not been specified.

The company's profile is also surprising: its main activities tend to focus on telecommunications, fiber optic infrastructure and urban development.

Malawi's mining sector currently accounts for just 1% of the country's GDP, but has a potential of USD 30 billion by 2040, and could reach 10% of GDP by 2063, according to the World Bank. Indeed, the sector is experiencing a resurgence, thanks to the Kasiya graphite and rutile mining project, also in the Salima district, led by Australian company Sovereign Metals, as well as the Kayelekera uranium mine revival project by Australian company Lotus Resources.

Namibia

Namibian President Nandi-Ndaitwah pledges to encourage foreign investment *(NamibianSun)*

At the US-Africa Business Summit held in Luanda, Angola, Namibian President Nandi-Ndaitwah declared her desire to strengthen local and foreign investment, notably through a bill creating a legal framework favorable to their promotion and facilitation. This project, which has been under discussion for several years, has been slow in coming to fruition.

The President also announced a review of corporate taxation, with a cut in the corporate tax rate from 32% to 30% already in force since April 1, and a further reduction to 28% scheduled for 2026. Tax incentives are also envisaged.

The Namibian government has restructured its institutions, placing the oil and gas sector directly under the Presidency and the NIPDB (Namibia Investment Promotion and Development Board) under the Ministry of International Relations and Trade. The government justifies these decisions by a desire to stimulate economic activity, although the concentration of the hydrocarbons sector within the Presidency raises questions about the future governance of the sector.

Zambia

Inflation to slow in June 2025

According to data published by the Zambian statistics agency (Zamstats), annual inflation slowed to 14.1% in June 2025, after 15.3% in May, reaching its lowest level since April 2024.

This decline can be explained by the deceleration in both food (16.7% vs. 17.9% in May) and non-food (10.3% vs. 11.6%) price inflation, against a backdrop of marked appreciation in the national currency. The kwacha appreciated by 13% against the US dollar during the month of June (ZMW 23.54 to USD 1 at the end of June, compared with ZMW 26.52 to USD 1 at the beginning of June). Higher export earnings, supported by rising copper prices and a rebound in agricultural production, contributed to this strengthening. The appreciation of the kwacha eased pressure on import prices, contributing to the disinflationary momentum observed this month.

Should this trend be confirmed, the Central Bank, which maintained its key rate at 14.5% in May, could have some leeway to initiate an easing cycle as early as August. As a reminder, inflation has been evolving above the Central Bank's target (6-8%) since May 2019, with a return to the range now anticipated by 2027.

GoviEx launches a new exploration phase in Zambia to strengthen the potential of its uranium project (Agence Ecofin)

Canadian mining company GoviEx announced on June 24 the launch of an exploration program around the Muntanga project in Zambia, scheduled for 2028.

During this exploration program, the company plans to drill 35 additional holes, representing some 3,500 meters, in four priority areas: Dibbwi, Muntanga East, Dibbwi South and Chisebuka.

The Muntanga area currently hosts reserves of 21.9 million pounds of uranium and measured resources of 40 million pounds of uranium. The project calls for annual production of 2.2 million pounds of uranium over 12 years.

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