



# ECONOMIC WRAP-UP

## Southern Africa

A publication from the Pretoria Regional  
Economic Service from September 30 to October 4, 2024

### DATA OF THE WEEK

## ZAR 9.2 Bn

South Africa's current account  
surplus in Q2 2024 - *Bloomberg*

### Canal+ and MultiChoice file an application with the South African authorities to review Canal+'s bid for MultiChoice (Canal+)

In a joint statement on 30 September 2024, broadcasting groups MultiChoice and Canal+ said they had filed a joint merger control application in relation to the former's bid for Canal+.

This application has been lodged with the Competition Commission, as required by the South African Competition Act. Both parties are also in contact with the Independent Communications Authority of South Africa (ICASA) and other regulatory authorities regarding the deal. Under the Competition Act, the transaction qualifies as a 'major merger', which requires the approval of the Competition Tribunal.

As a reminder, the independent committee convened by MultiChoice to study Canal +'s bid of ZAR 125 (around EUR 6) per share in April decided to approve the proposal, which was valued at EUR 2.6 billion. The information was communicated by the two groups in a press release published on Tuesday 4 June 2024.

The French group already owns 45.2% of MultiChoice's shares. If the takeover bid is successful, it would create a pan-African audiovisual group present in nearly 50 countries in English- and French-speaking Africa, representing around 31.5 million subscribers. However, this transaction is still subject to regulatory hurdles, in particular the prohibition on a foreign shareholder controlling more than 20% of the voting rights in a South African media company.

## Summary:

### Southern Africa

- Eutelsat OneWeb prepares for expansion in Angola, Botswana and Zimbabwe by forming local partners (*TechAfricaNews*)

### South Africa

- HSBC sells its South African operations to *FirstRand* (*HSBC*)
- The current account moves into surplus in the second quarter, after eight consecutive quarters of deficit (*Resbank*)
- Schneider Electric partners with Harmony Gold to upgrade technical training centre for the mining industry (*Mining Weekly*)
- UAE fund International Resources Holding (IRH) has signed an agreement with Public Investment Corporation (PIC) to invest in rail infrastructure and green energy projects (*Reuters*)
- Transnet calls on private sector to develop new multi-purpose terminal at Port of Mossel Bay (*EngineeringNews*)
- Transnet revises its rail freight transport forecasts downwards (*EngineeringNews*)
- VR8 partners with China Energy to develop vanadium mining project in Limpopo province (*Mining Weekly*)
- Petrobras acquires 10% stake in TotalEnergies' Orange Basin exploration project (*Oil&Gas Journal*)
- Electricity and Energy Minister Ramokgopa wants to be 'ultra-aggressive' to speed up the development of renewable energies (*EngineeringNews*)

### Angola

- Russia's Alrosa still unable to repatriate dividends to Russia
- Angola's economy grew by 4.1% in the second quarter of 2024

### Eswatini

- The IMF publishes its annual 'Article IV' review (*IMF*)

### Botswana

- GDP contracts by 0.5% in the second quarter (*StatsBots*)

### Mozambique

- The Bank of Mozambique cuts its key rate by 0.75 points to 13.5%
- Technip Energies wins a FEED contract for Mozambique Rovuma Venture

### Zambia

- **The Ministry of Finance presents a consolidation budget (*Ministry of Finance*)**
- **Growth reaches 1.7% in the second quarter (*Zamstats*)**

### Zimbabwe

- The Central Bank is once again intervening on the foreign exchange market to meet the demand for US dollars (*Reserve Bank of Zimbabwe*)

## Southern Africa

### **Eutelsat OneWeb prepares for expansion in Angola, Botswana and Zimbabwe by forming local partners (TechAfricaNews)**

Satellite telecoms services provider Eutelsat OneWeb is preparing to launch operations in Angola, Botswana and Zimbabwe. The company announced on Wednesday 25 September that it had organised training sessions for employees of new local partners: Dandemutande Investments Private Limited, TelOne Zimbabwe and Paratus Group. The session was held at the headquarters of its South African partner NEC-XON in Midrand (South Africa). The event provided an opportunity to demonstrate the network's performance and to train partners in the skills required to install the terminals. As Eutelsat OneWeb's network becomes increasingly available in these regions, this initiative underlines the company's commitment to developing solid, localised expertise. By training its partners in the intricacies of Low Earth Orbit (LEO) satellite technology, Eutelsat OneWeb aims to enable the rapid deployment of its satellite Internet service, improving connectivity for businesses and remote communities across Africa. Following a meeting on 23 September between Elon Musk and President Ramaphosa, Telecommunications Minister Solly Malatsi met with Starlink's teams. Malatsi said he was considering regulatory changes to allow Starlink to enter the market as a competitor to Eutelsat OneWeb, particularly in the B2C segment.

## South Africa

### **HSBC sells its South African operations to FirstRand (HSBC)**

On 26 September, HSBC South Africa announced that it had reached an agreement with FirstRand Limited on the sale of its commercial business, the financial details of which were not disclosed. The British bank, which had been offering commercial and investment banking services (without retail banking activities) since 1995, is transferring its

customers, employees and bank balance sheet (assets and liabilities) to South Africa's second-largest bank (by number of customers and balance sheet size). HSCB is expected to leave the country definitively in the fourth quarter of 2025, once the regulatory approval process has been completed. However, through an agreement with Absa Bank, it will continue to offer its international clients the opportunity to invest in South African equities and bonds. Colin Bell, CEO of HSBC Bank plc, explained the departure as a result of a strategic refocus on Asia. Similar reasons were given by BNP Paribas, which withdrew permanently from South Africa in May 2024, and by Barclays Plc, Standard Chartered Plc and Société Générale SA, which are also reducing their presence on the continent.

### **The current account moves into surplus in the second quarter, after eight consecutive quarters of deficit (Resbank)**

According to the latest SARB quarterly bulletin, South Africa recorded a current account surplus of ZAR 9.2 bn (EUR 0.5 bn and 0.8% of GDP) in Q2 2024, following a deficit of ZAR 56.9 bn (EUR 3 bn and 5% of GDP) in the previous quarter. This return to surplus, which follows eight consecutive quarters of deficit, is the result of: (i) a reduction in the primary income balance deficit (-78% to -11.6 bn ZAR), historically the main contributor to the current account deficit; (ii) an increase in the trade surplus (+241%, to 58 bn ZAR, its highest level since Q2 2022). Exports rose significantly (+11.7% to ZAR 519 bn), driven in particular by mining products (gold and platinum) and manufacturing (automotive sector). At the same time, imports grew at a much slower rate (+3% to ZAR 461 bn), driven mainly by the automotive industry. In the first half of 2024, the current account deficit will therefore be only ZAR 47.7 billion, compared with a deficit of ZAR 72.4 billion in the first half of 2023, reflecting an improvement in South Africa's terms of trade.

## **Schneider Electric partners with Harmony Gold to upgrade technical training centre for the mining industry (Mining Weekly)**

Schneider Electric and Harmony Gold have announced a strategic partnership to upgrade the instrumentation workshop at Harmony Moab Khotsong's engineering training centre in Orkney, North West Province. The project aims to improve technology education and develop employee skills in the mining sector. Schneider Electric, in collaboration with Welkom Industrial Controls, will supply, install and commission the equipment, which is due for completion in November, with ongoing support for the centre. The training centre will benefit both Harmony employees and external partners such as Assmang Mines and Impala Platinum. The initiative addresses key industry issues, including change management, skills shortages and declining technical expertise. A McKinsey study revealed that 71% of mining executives consider the lack of talent to be a barrier to their objectives.

## **UAE fund International Resources Holding (IRH) has signed an agreement with Public Investment Corporation (PIC) to invest in rail infrastructure and green energy projects (Reuters)**

On Monday 30 September 2024, International Resources Holding (IRH), a fund of the Emirate of Abu Dhabi, signed a Memorandum of Understanding (MoU) with South African government pension fund Public Investment Corporation (PIC) to invest in rail infrastructure and green energy projects.

Under the terms of the agreement, IRH and PIC will cooperate on developing the country's logistics capacity, which is vital for mineral exports from South Africa and neighbouring countries. The rail lines and ports (Saldanha Bay, Richards Bay, Durban, etc.) on these strategic corridors are suffering from malfunctions that are hampering their efficiency. The agreement also aims to 'bring underperforming and undeveloped mining assets' in South Africa up to full production capacity, although no further details are given. IRH has also committed to deploying its technical and financial expertise to boost South Africa's

renewable energy sector. IRH has already invested in the Mopani copper mine (51%) in Zambia in March 2024 and would be interested in further investments in the region, as illustrated by this MoU.

## **Transnet calls on private sector to develop new multi-purpose terminal at Port of Mossel Bay (EngineeringNews)**

Transnet National Ports Authority (TNPA), the arm of the national logistics company Transnet responsible for the management and governance of South Africa's eight commercial ports, has launched a Request for Proposals (RFI) for a Multi-Purpose Terminal (MPT) at the Mossel Bay Pier 4 precinct in the Western Cape).

The RFI invites interested parties to submit proposals to design, develop, finance, maintain and operate a multi-purpose terminal at Pier 4, which currently handles general cargo and oil and gas. The MPT will have an installed capacity of 86,000 t/year of general cargo and a 2,040 m<sup>2</sup> hangar. The deadline for responses is 29 November.

## **Transnet revises its rail freight transport forecasts downwards (EngineeringNews)**

Transnet has just announced, through its CEO Michelle Phillips, that its target of 193 million tonnes of freight moved by its rail network would not be reached in 2024/2025. According to Phillips, even reaching the 170 million tonne target would represent a welcome improvement on the 152 million tonnes forecast for 2023/24, and a marked recovery from the 149 million tonne collapse in 2022/23.

## **VR8 partners with China Energy to develop vanadium mining project in Limpopo province (Mining Weekly)**

Vanadium Resources (VR8) has signed a partnership agreement with China Energy International Group to develop the Steelpoortdrift project in South Africa, considered to be one of the world's largest vanadium deposits. The agreement covers engineering, procurement, construction and financing services. The project will comprise a concentrator and a leach plant, with a production target of 18,000 tonnes of vanadium pentoxide (V<sub>2</sub>O<sub>5</sub>) per year. The resource is estimated at 680 million



tonnes, with an average V2O5 content of 0.7%. The total cost of the project is estimated at around USD300m, with production scheduled to begin in early 2028. The plant could be powered by China Energy's Mooiplaats solar power plant, which would provide around 17 MW of electricity. China Energy is providing substantial financial support and could become a strategic investor. The project is designed to meet growing demand for vanadium, particularly as a result of China's new regulations on steel reinforcement, which are expected to increase demand by 14,000 tonnes a year. Vanadium also has potential as a material for new generations of batteries.

### **Petrobras acquires 10% stake in TotalEnergies' Orange Basin exploration project (Oil&Gas Journal)**

Petrobras has agreed to acquire a 10% interest in the Deep Western Orange Basin (DWOB) block from TotalEnergies. The 3,000km<sup>2</sup> block is located offshore South Africa, on the border with Namibia, and exploration block PEL 39. It is an important exploration area for TotalEnergies, Shell, Galp Energia SGPS SA and Africa Oil Corp. TotalEnergies is the operator of the DWOB block with a 40% interest. The other partners are QatarEnergy (30%), Sezigyn Pty (20%) and Petrobras (10%).

### **Electricity and Energy Minister Ramokgopa wants to be 'ultra-aggressive' to speed up the development of renewable energies (EngineeringNews)**

At a seminar on renewable energy in South Africa on 30 September, Electricity and Energy Minister Ramokgopa acknowledged that South Africa's public system for the supply of renewable energy by independent power producers (IPPs) was in urgent need of overhaul..

As a reminder, the programme for purchasing capacity from independent renewable energy producers is going through a period of turbulence, with tender window 6 failing to meet its targets and tender window 7 being delayed. To date, IPP contracts have generated around €14 billion in investment since 2011, and the 6,300 MW of wind and solar power plants in operation since then are estimated to

contribute around 10% of South Africa's electricity.

The Minister wants to tackle the administrative red tape that is holding up the start-up of projects, particularly obtaining letters estimating the costs of connection to the grid (CEL) from Eskom, the state-owned electricity company, and quotes for connection to the grid. Efforts should also be made at the level of South Africa's national energy regulator (Nersa) to reduce the backlog of requests from producers.

The need to develop the electricity transmission network will also determine the development of renewable energies. A number of actions are underway or envisaged, including the publication by the end of October of an updated plan for the development of the electricity transmission network, the use of turnkey contracts by the newly created National Transmission Company of South Africa (NTCSA), the introduction of a model to open up the sector to independent power transmission (IPT) projects, and complementarity between private and public programmes.

## Angola

### **Russia's Alrosa still unable to repatriate dividends to Russia**

The Russian diamond giant, hit by sanctions imposed by the United States and the European Union, has been unable to repatriate to Russia the dividends received from its stake in the Catoca mine in the north-eastern province of Lunda Sul. This is the third year in a row that Alrosa has been unable to transfer dividends (USD 134m for operations in 2023, USD 85m for 2022 and USD 100m for 2021) from its joint venture with state-owned Endiama, in which the Russian firm holds a 41% stake. A joint commission set up by Russia and Angola in 2023 is working on the issue with a view to finding a solution. The Catoca diamond mine, in operation since 1997, is one of the largest in the world, with an annual production of around 8 million carats, representing 75% of Angola's diamond production.

## **Angola's economy grew by 4.1% in the second quarter of 2024**

According to the Angolan National Statistics Institute (INE), Angola's GDP grew by 4.1% year-on-year in the second quarter of 2024. Growth was driven in particular by oil activities (+4.6%, for a sector accounting for 31.8% of GDP), trade (+4.9% for 18.3%), agriculture (+4% for 12.7%), other services (+4.7% for 11.8%) and fishing (+5.7% for 5.3%). Significant increases were also recorded in mining (+33.3%), transport (+15%), and water and electricity (+8.7%).

## **Eswatini**

### **The IMF publishes its annual 'Article IV' review (IMF)**

On September 27, the International Monetary Fund published its annual economic analysis report, known as 'Article IV'. The IMF highlights the upturn in growth (+4.9% in 2023, after 0.5% in 2022), which has benefited from sugar cane and beverage exports, as well as the recovery in tourism. Growth should remain high in 2024 (between +4.5% and +5%), before slowing to 2.5% in the medium term. The IMF also welcomes the efforts made in terms of fiscal consolidation, but urges the country to continue its public sector reform. Eswatini, which has benefited from a sharp rise in customs revenue from SACU (+3.6 points of GDP between the 2019/20 and 2023/24 financial years), has in fact achieved the targets set in its 2020 fiscal adjustment plan: the budget deficit reached 1.5% of GDP in the last financial year (after 6.2% in 2022/23), while public debt fell back below 40% of GDP. However, the deficit should start to rise again in 2025 (to 3.7% of GDP), as a result of the expected fall in customs revenues, coupled with stable spending. The country's situation also remains difficult, with high unemployment (35.4%, and 48.7% for young people) and poverty rates.

## **Botswana**

### **GDP contracts by 0.5% in the second quarter (StatsBots)**

According to the national statistics agency (StatsBots), GDP contracted by 0.5% year-

on-year in the second quarter, following a 5.3% fall in the previous quarter. The economy is thus entering a recession, recording its worst performance since 2020. This trend is explained by the strong underperformance of the mining sector (-16.5%, i.e. a contribution of -3.6 points to total growth), linked to the difficulties encountered in the diamond sector (-17.4% in value added), and the maintenance operations affecting copper and nickel production (-28% in value added). Nevertheless, activity increased in sixteen out of eighteen sectors, notably 'public administration and defence' (+5.4%, a contribution of +0.8 points), 'trade' (+4.4%, a contribution of +0.5 points), and 'construction' (+3.4%, a contribution of +0.3 points).

## **Mozambique**

### **The Bank of Mozambique cuts its key rate by 0.75 points to 13.5%**

On 30 September, the Central Bank's Monetary Policy Committee decided to cut its key rate by 0.75 points to 13.50%. This is the fourth cut in the key rate since January, bringing the cumulative fall to 3.75 points since the start of 2024. The monetary institution justifies its decision by the low level of inflation. Year-on-year, inflation reached 2.75% in August (compared with 3.0% in July and a year-to-date high of 4.2% in January). On the same day, the Mozambican Banking Association (AMB) decided to lower the base rate to 20.50% (-1 point).

### **Technip Energies wins a FEED contract for Mozambique Rovuma Venture**

Technip Energies of France and JGC Corporation of Japan have been awarded a front-end engineering design (FEED) contract by ExxonMobil for the Rovuma LNG project in Block 4 of the Rovuma Basin. The study is scheduled to be completed in 12 to 13 months. The formalisation of this contract is a major step forward for the Rovuma LNG project, lending credibility to ExxonMobil's recent announcement that it will make a final investment decision in 2026 (with production starting in 2030). The Rovuma LNG project, located in the Palma district of northern Mozambique, will consist of an LNG plant whose production capacity, initially planned at 15.2 MTPA, has

just been increased to 18 MTPA, via 12 liquefaction trains of 1.5 MTPA each. This will be the second FEED study for this project, which - like the neighbouring Mozambique LNG project operated by Total Energies - has suffered a series of postponements as a result of the insecurity affecting the province of Cabo Delgado where it is located.

## Zambia

### **The Ministry of Finance presents a consolidation budget (Ministry of Finance)**

On 27 September, the Minister of Finance, Dr. Situmbeko Musokotwane, presented his budget for the 2025 financial year to Parliament. The Minister stated that he wanted to 'strengthen resilience to build inclusive growth and improve daily life' after a difficult year in 2024. The historic drought that hit the country led to a sharp slowdown in growth in 2024 (forecast at +2.3%, compared with +5.4% in 2023). The public deficit is also expected to reach 6.4% of GDP in 2024 (compared with an initial forecast of 4.8%), due to the increase in expenditure (+12%) caused by the drought. For 2025, the government is forecasting a deficit of 4.3%, with equal recourse to domestic debt (44%) and external debt (56%) to cover its financing needs (ZMW 34.7 bn - EUR 4.6 bn). While revenue is set to fall (from 22.6% to 22.3% of GDP), expenditure is set to rise (26% of GDP, compared with 24% the previous year). In a context marked by the restructuring of the country's external debt, a quarter of the budget will be devoted to servicing the external debt (ZMW 16.7 billion, or USD 599 million, up by 177% over the year), which is the largest item of expenditure, ahead of education (15%) and health (11%).

### **Growth reaches 1.7% in the second quarter (Zamstats)**

According to the national statistics agency (ZamStats), GDP grew by 1.7% year-on-year in the second quarter of 2024, following a rise of 2.2% in the previous quarter. Eleven out of eighteen sectors recorded an increase in their activity, notably 'information and communication' (ICT) (+11.4%, i.e. a positive contribution of 1.2 points to total growth), 'construction'

(+9.4%, i.e. +0.8 points) and 'financial activities' (+9.9%, i.e. +0.6 points). Conversely, the agricultural sector contracted sharply (-12.7%, or -0.6 points), in the wake of the worst drought in forty years, as did the mining sector (-4.4%, or -0.4 points), hit by the electricity shortage. The country's electricity production, mainly hydroelectric (85% of the mix), is down sharply (-15.4%, or 0.3 points). According to the ZamStats monthly bulletin, the annual inflation rate reached 15.6% in September, compared with 15.5% in August. This is the fifteenth consecutive month that the indicator has risen, reaching a level not seen since December 2021. The main contributors to the rise in prices continue to be food (+17.9%, i.e. a contribution of 10.4 points to inflation), followed by transport (+199%, i.e. +1.5 points) and housing, water and electricity (+12.3%, i.e. +1.4 points).

## Zimbabwe

### **The Central Bank is once again intervening on the foreign exchange market to meet the demand for US dollars (Reserve Bank of Zimbabwe)**

Following its monetary policy committee meeting on 27 September, the Reserve Bank of Zimbabwe decided to devalue its new currency, the ZiG, by more than 40%. Introduced in April at an official rate of ZiG13.56 to the USD1, the currency had gradually slipped to ZiG14 to the USD1 on 26 September. The following day, the Central Bank authorised trading at ZiG 23.4 to the US dollar, a devaluation of 42.6%. At the same time, the Central Bank decided to raise its key rate to 35% (+15 points) and to increase the minimum reserve ratios for commercial banks to 30% (+15 and +10 points respectively). This decision comes at a time when the institution has already injected USD 64m (or 17% of currency-backed reserves) into the foreign exchange market over the past two months (see previous week's news). These measures are designed to combat inflation and reduce the gap between the official and parallel exchange rates. On the black market, however, the currency continued to plummet, now trading at around ZiG32 to

the USD1. Although Zimbabwe, which currently operates a multi-currency system, would like to impose the ZiG as its sole currency by 2026, this prospect now seems remote, with the devaluation confirming the population's mistrust of the local currency.

	Taux de change au	Evolution des taux de change USD (%)			
	03/10/2024	Sur 1 semaine	Sur 1 mois	Sur 1 an	Depuis le 1 <sup>er</sup> janvier
Afrique du Sud	17,4 ZAR	-1,4%	2,4%	11,3%	4,8%
Angola	929,0 AOA	0,5%	-2,0%	-11,1%	-10,8%
Botswana	13,0 BWP	-0,1%	1,2%	5,4%	2,2%
Mozambique	63,2 MZN	0,0%	0,0%	0,0%	0,0%
Zambie	26,3 ZMW	0,7%	-0,5%	-19,0%	1,9%

Note de lecture : un signe positif indique une appréciation de la monnaie.

Source : OANDA (2024)

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