THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

FOURTH QUARTER 2024

The Real Economy Bulletin is a TIPS review of quarterly trends, developments and data in the real economy, with key data in Excel format (see the real economy bulletin). *It includes annual reviews of the provincial economies and small business development, as well as in-depth analyses of individual manufacturing industries.*

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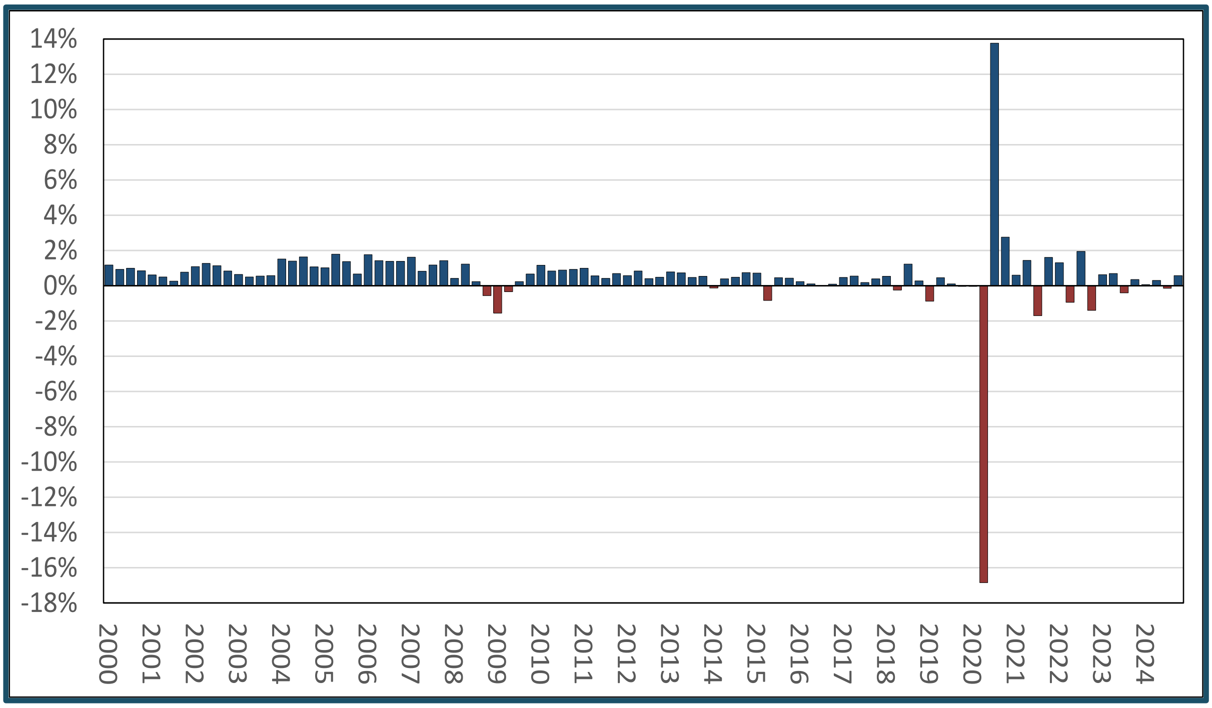
GDP growth

The non-agricultural GDP grew by 0.2% in the last quarter of 2024. Every sector shrank, however, except business services, trade and agriculture. The slowdown in the past two years is associated with a sharp fall in world mining prices, affecting South Africa's main exports. Surprising growth in agricultural value add pushed total GDP growth up to 0.6% for the quarter and for 2024 as a whole. Within manufacturing, results varied substantially by industry.

GDP growth, including agriculture, came in at 0.6% for the third to the fourth quarter of 2024. As Graph 1 shows, this low rate – around half of population growth – continued a slowdown over the past two years. In 2023 and 2024, annual growth averaged 0.6%. In contrast, during the pandemic recovery from 2021 to 2022, the GDP grew an average of 3.6% a year, although with substantial volatility in quarter-on-quarter terms.

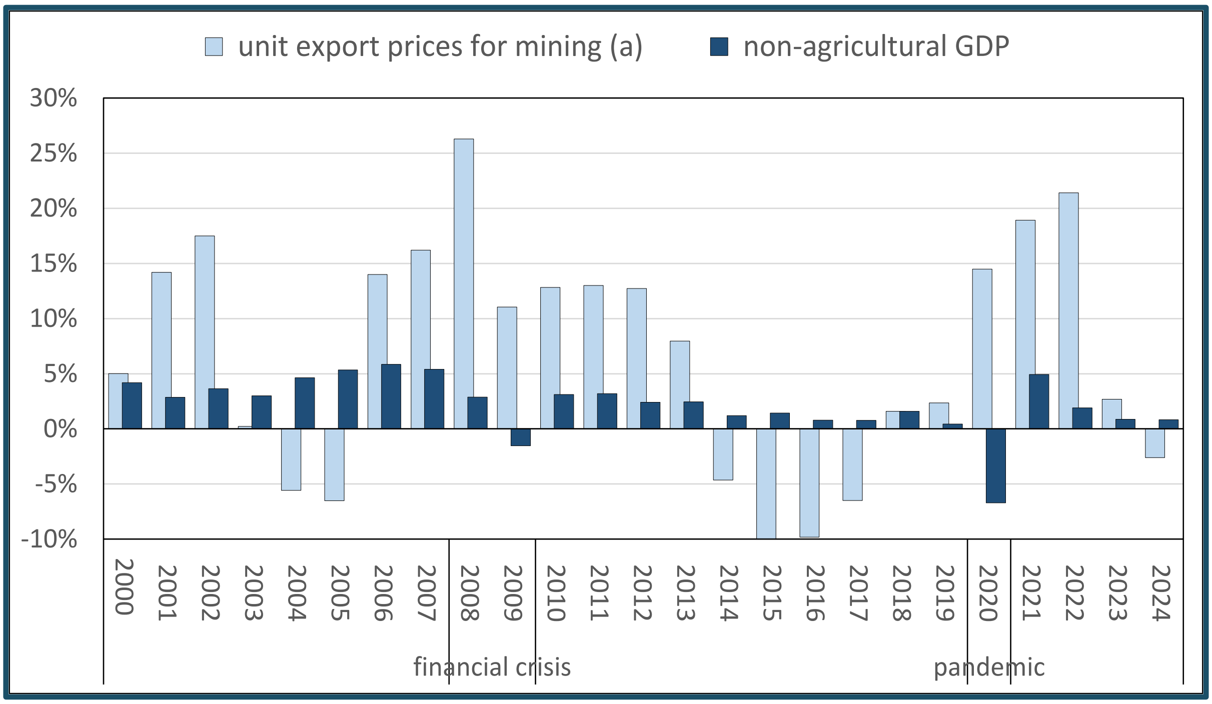
The most important structural cause of slowing GDP growth is the steep decline in world mining prices since 2022. The export price for South Africa's major mineral exports dropped 12% in constant rand from 2022 to 2024, although it remains well above 2019 levels (see Graph 18). South Africa is far more dependent on mining exports than other upper-middle-income economies, which makes it unusually vulnerable to shifts in global coal and metals markets. In the early 2020s, mining products accounted for over half of South African exports, compared to a third for peer economies excluding China. As Graph 2 indicates, over the long run non-agricultural economic growth has generally mirrored medium-term trends in mining export prices. In effect, the disappearance of loadshedding in 2024 was not enough to counter the fall in world mineral markets.

Graph 1. Quarterly change in GDP, seasonally adjusted, 2000 to 2024



Source: Calculated from Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2024Q4. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

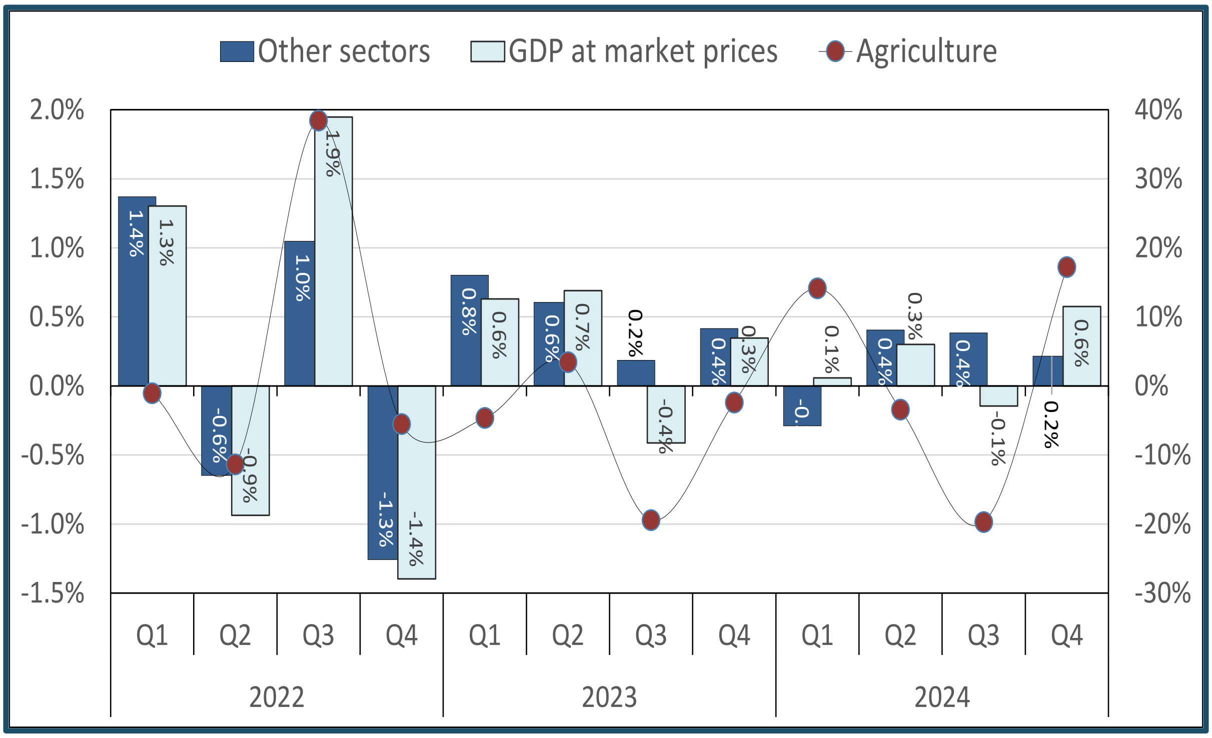
Graph 2. Growth in GDP compared to three-year rolling weighted index of unit export prices (a), 2000 to 2024



Note: (a) Growth rates for three-year rolling average. Index includes platinum, iron ore, gold, coal, chromium and manganese. Weighted by share in export revenues for relevant year. Source: Quantec. EasyData. Series on national exports at HS8. Downloaded from www.quantec.co.za in March 2024; and Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2024Q4. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

The extraordinary volatility reported for agricultural growth continues to cast doubt on the overall GDP growth figures. As Graph 3 shows, according to the official GDP data, value added in agriculture either increased or fell by over 10% in six of the past 12 quarters, in seasonally adjusted terms. The rest of the economy did not see any quarterly changes with that order of magnitude. Moreover, this kind of swing occurred for agriculture only once in the decade from 2004 to 2014. Thereafter the reported growth rates for agriculture became extremely volatile. From 2022 to 2024, in three quarters agriculture alone made the difference between an expansion and contraction in the national economy. Yet agriculture accounts for only around 3% of the GDP.

Graph 3. Quarterly growth in the non-agricultural GDP, agriculture value added, and the GDP, 2022 to 2024

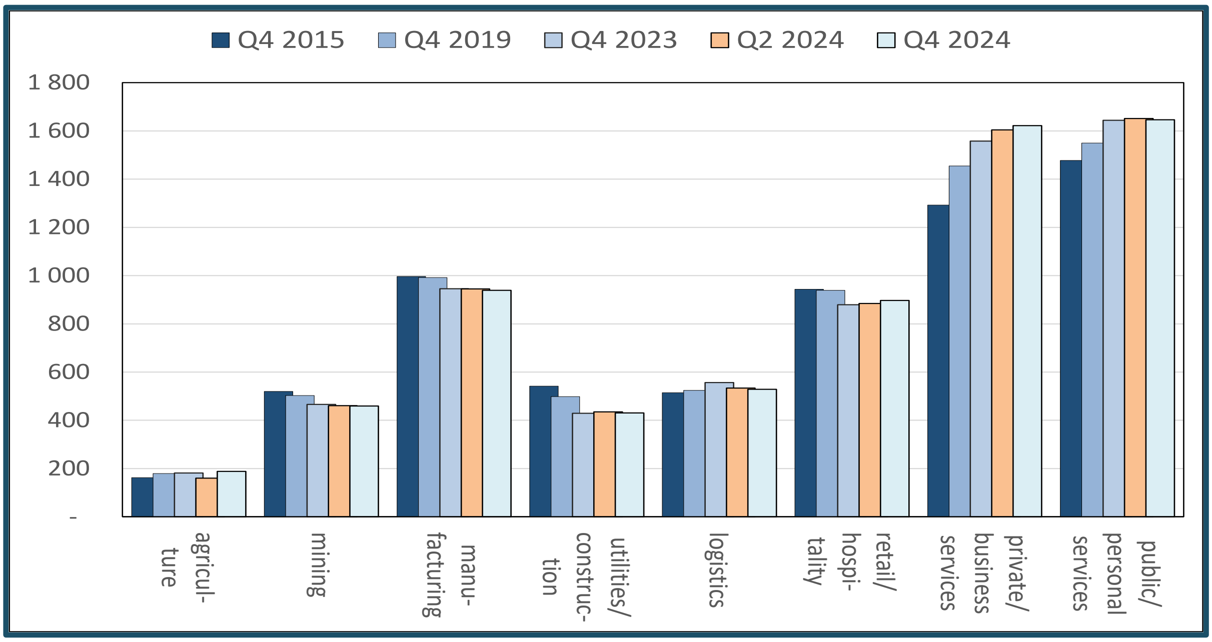


Source: Calculated from Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2024Q4. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

Only business services and trade saw growth in value added in the year to the last quarter of 2024. Business services expanded by 1.1%, and trade (including hospitality) by 1.4%. Manufacturing, construction and logistics all shrank by a percentage point, while mining and public and personal services contracted by between 0.2% and 0.3%. (Graph 4)

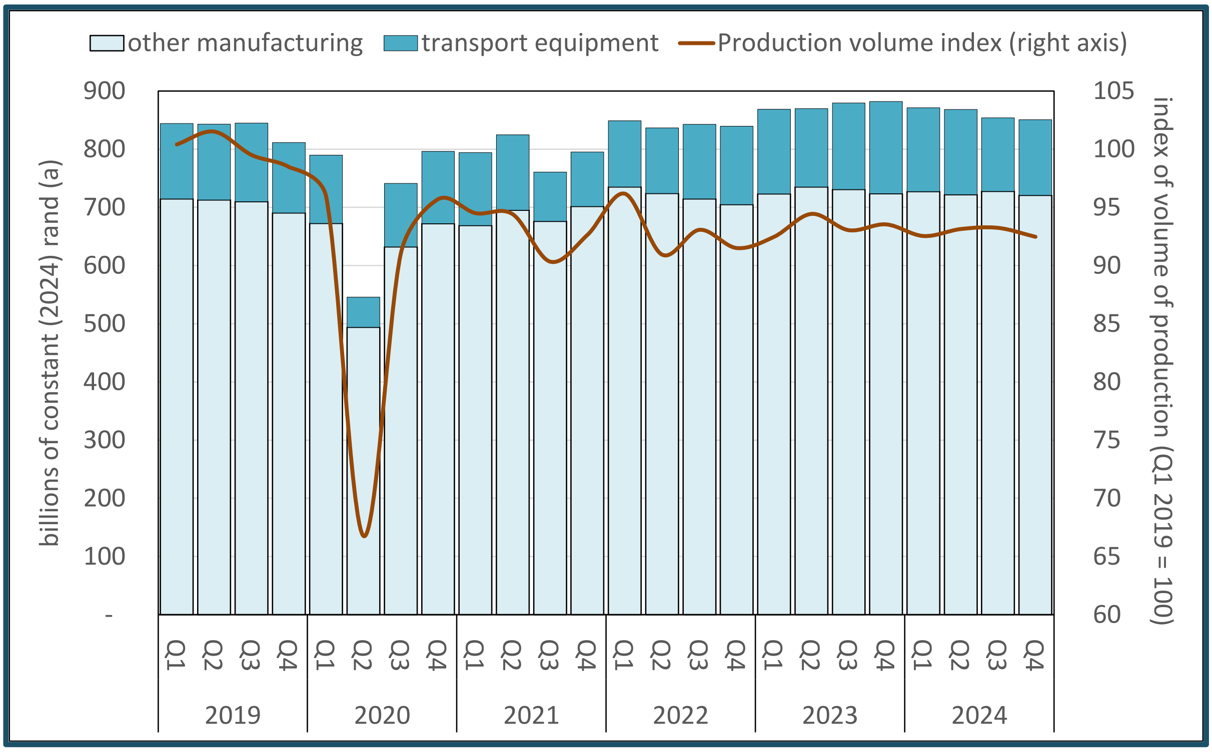
Manufacturing sales and production both declined despite a modest recovery in the auto industry over the past quarter. Sales of transport equipment climbed 3% from the third to the fourth quarter of 2024. Still, they remained some 18% down on a year earlier. In contrast, sales by the rest of manufacturing dropped 1% in the past quarter, wiping out modest gains in the third quarter of 2024. As a result, they were 0.4% lower than in the fourth quarter of 2023. Despite the drop in the past year, sales by the auto industry in the final quarter of 2024 were 30% higher than at the start of 2019. Sales for the rest of manufacturing were 8% below pre-pandemic levels in constant rand terms. (Graph 5)

Graph 4. Value added by sector, fourth quarter 2015, 2019, 2023 and 2024, and third quarter 2024, in billions of constant (2024) rand (a)



Note: (a) Reflated with implicit deflator per sector. Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2024Q3. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

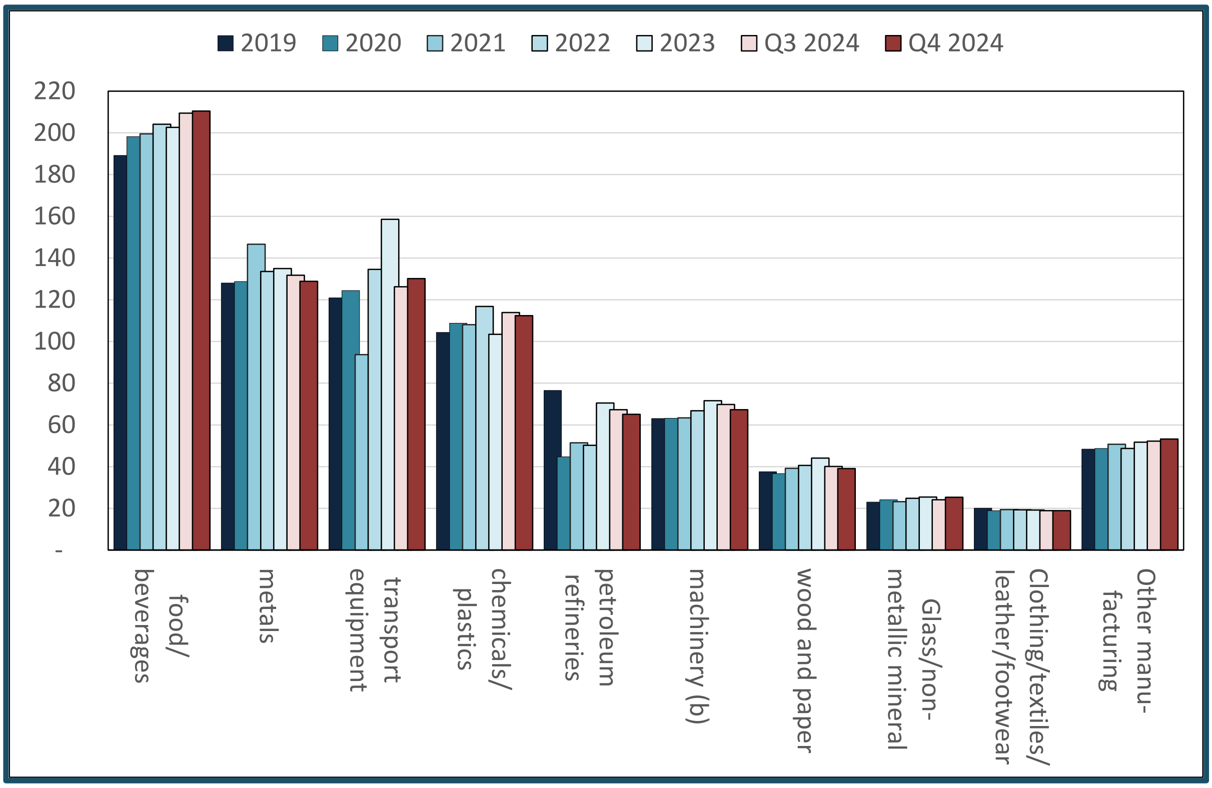
Graph 5. Quarterly sales from auto and other manufacturing industries in billions of constant (2024) rand (a) and volume index for total manufacturing production (January 2020 = 100), seasonally adjusted, first quarter 2019 to fourth quarter 2024



Note: (a) Reflated with CPI rebased to first quarter 2024. Source: Calculated from Statistics South Africa. Manufacturing: Production and Sales, December 2024. Accessed at www.statssa.gov.za in February 2025.

Of the manufacturing industries, only food processing has made a steady recovery in sales since the pandemic downturn. In the final quarter of 2024, in constant rand, its revenues were 11% higher than in the fourth quarter of 2019. Other major manufacturing industries have generally experienced a gradual decline in sales or significant fluctuations. Metals sales spiked in 2021, when world mineral prices jumped, but have since fallen. Machinery grew steadily until 2023, but shrank 6% from the fourth quarter of 2023 to the fourth quarter of 2024. (Graph 6)

Graph 6. Fourth quarter sales by manufacturing industry from 2019 to 2024, and third quarter 2024, in billions of constant (2024) rand (a), seasonally adjusted



Note: (a) Reflated with CPI rebased to first quarter 2024. Source: Calculated from Statistics South Africa. Manufacturing: Production and Sales, December 2024. Accessed at www.statssa.gov.za in February 2025.

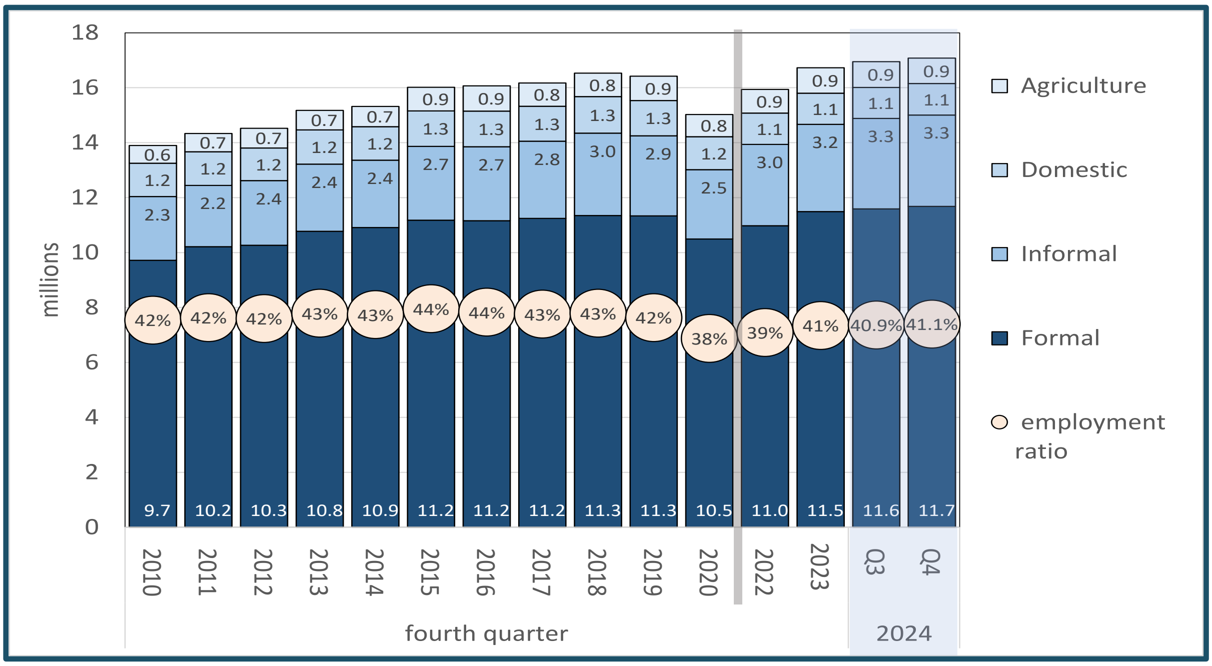
Employment

Total employment increased by 2.1% in the year to the fourth quarter of 2024, much faster than GDP growth. Unusually large gains were reported for informal employment in particular. The official employment survey also found that manufacturing employment expanded more than 10% during the year, although it remains lower than before the 2020 COVID-19 downturn.

Total employment climbed by 350 000 or 2.1% in the year to the fourth quarter of 2024. (Graph 7) It is now 14% above pre-pandemic levels. Reported growth rates for formal, informal and domestic work diverged significantly, however. Informal employment reportedly jumped 4.6% in the year to the fourth quarter of 2024. That was more than twice as fast as the rate for formal employment, at 1.7%. Both agriculture and domestic work grew much more slowly, by 1.1% for agriculture and 0.4% for domestic work. There are still more than 10% fewer domestic workers than before the pandemic downturn in 2020. In contrast, 3% more people work in the formal sector than in 2019, and some 14% more in informal work. The quarterly employment data are not seasonally adjusted, so quarter-on-quarter changes are not very meaningful.

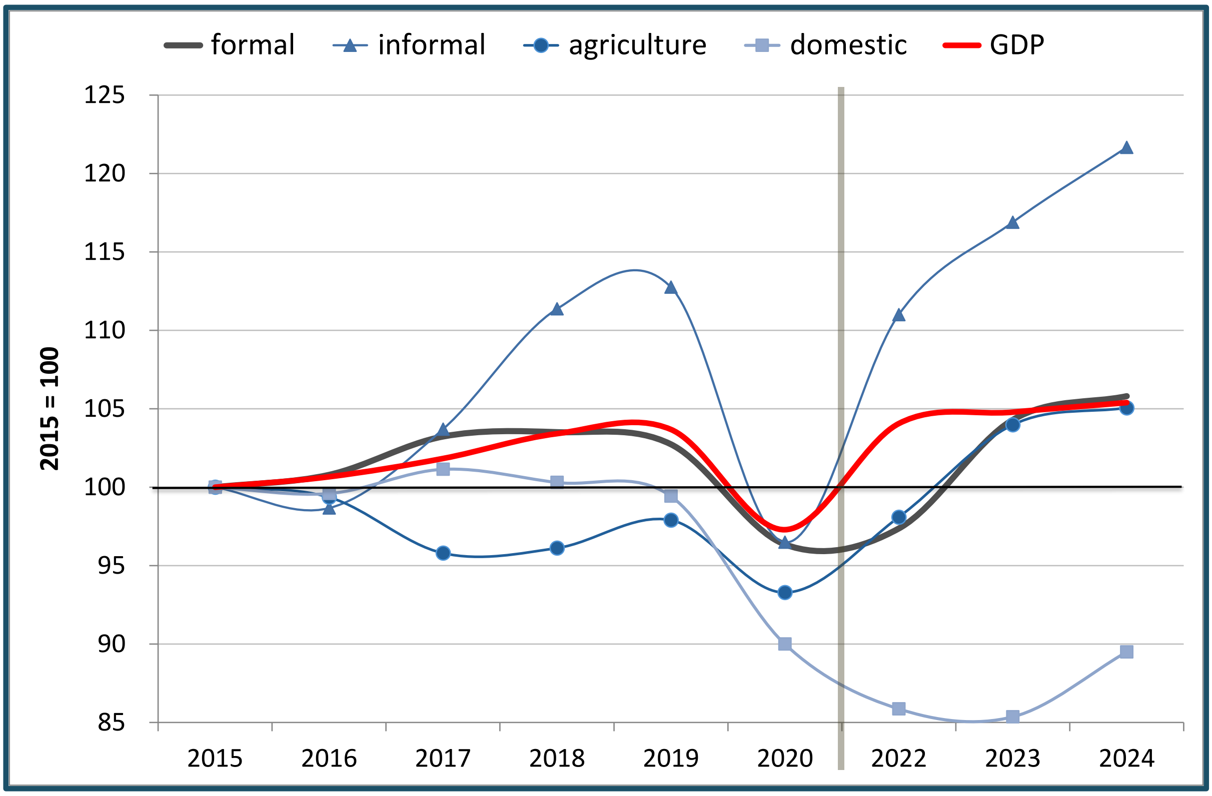
The share of adults with employment has stabilised at 41% over the past year. That represents a modest recovery from the pandemic downturn, when it dropped to 38%. Still, it remains lower than in 2019. Since the 1980s, the ratio has hovered between 40% and 45%, far behind the international norm of 60%.

Graph 7. Employment by type of employer, and the employment ratio, for the fourth quarter from 2010 to 2023 and the third and fourth quarter of 2024 (a)



Note: (a) The employment ratio equals employed as percentage of total working aged population. 2021 is excluded because of very low response rates in the second half of the year. Source: Calculated from Statistics South Africa. QLFS Trends 2008-2024Q4. Excel spreadsheet.

Graph 8. Indices of the change in the GDP and in employment by type of employer from 2010 to 2024 (a)

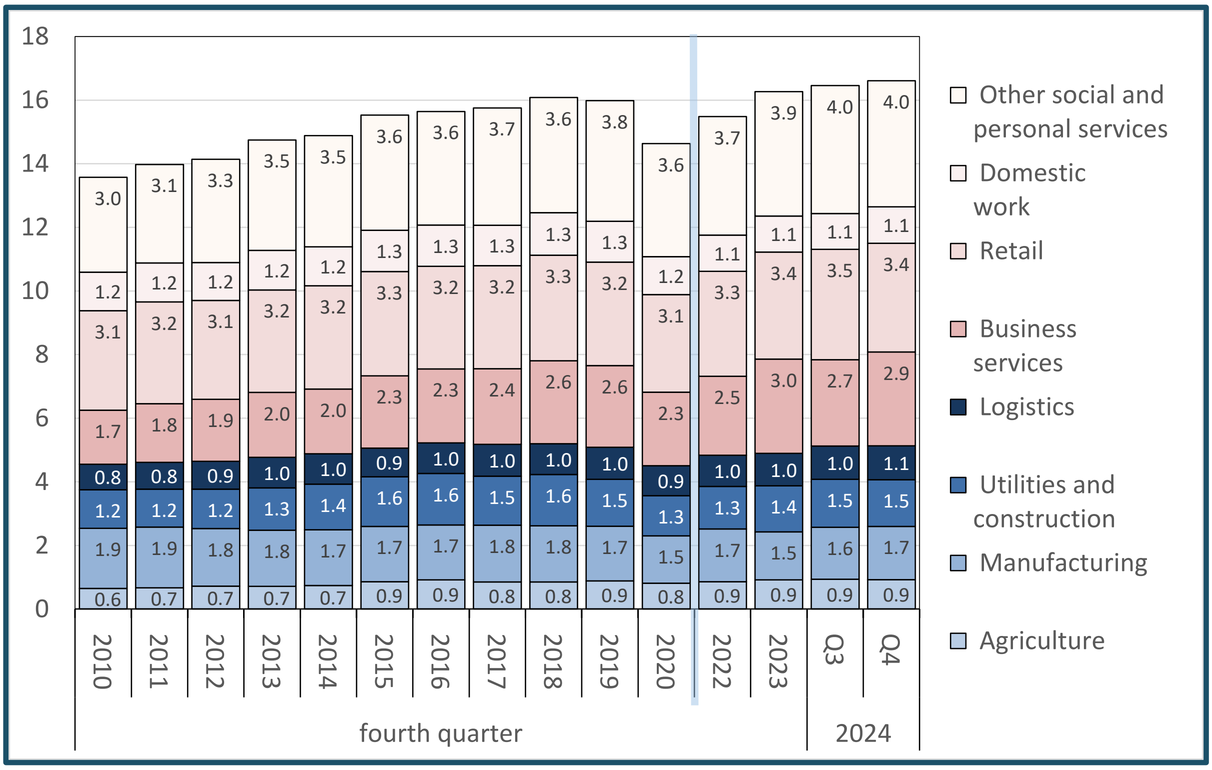


Note: (a) Figures for employment are average of the four quarters for each year. 2021 is excluded because of very low response rates in the second half of the year. Source: Calculated from Statistics South Africa. QLFS Trends 2008-2024Q4. Excel spreadsheet; and GDP P0441- Q4 2024. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

The Quarterly Labour Force Survey (QLFS) found a much faster increase in employment than in the GDP in 2024. That represents a step change, since employment has mostly tracked the GDP over the past 15 years. The reported rapid growth in informal employment over the past year is particularly hard to parse. On the one hand, this kind of work is volatile and difficult to measure, making survey findings less reliable. On the other, its relatively fast growth since the pandemic downturn may reflect the slow recovery in formal and domestic jobs. In contrast to informal work, formal employment growth remains closely linked to changes in the GDP. Nonetheless, in late 2024 it still accounted for 68.4% of total employment, down from 70% in the early 2010s. (**Graph *8***)

The QLFS reported that, despite stagnant manufacturing sales, employment in the sector climbed an extraordinary 11%, adding 168 000 jobs, in the year to the fourth quarter of 2024. Still, overall the manufacturing workforce was 20% below its 2008 peak, just before the global financial crisis, and 12% lower than in 2012, the high point of the recovery after the global financial crisis. In the fourth quarter of 2024, 1.7 million people worked in manufacturing. In 2008, before the global financial crisis, the figure was 2.1 million. In contrast, agriculture gained virtually no jobs in the year to the fourth quarter of 2024; utilities climbed by 2%; and logistics by 4%. Employment in business services, which expanded almost 75% from 2008 to 2023, reportedly shrank by 1% in the past year. Only manufacturing and domestic services reported falling employment from 2010, with a 0.7% fall in manufacturing and 0.3% in domestic work. (Graph 9)

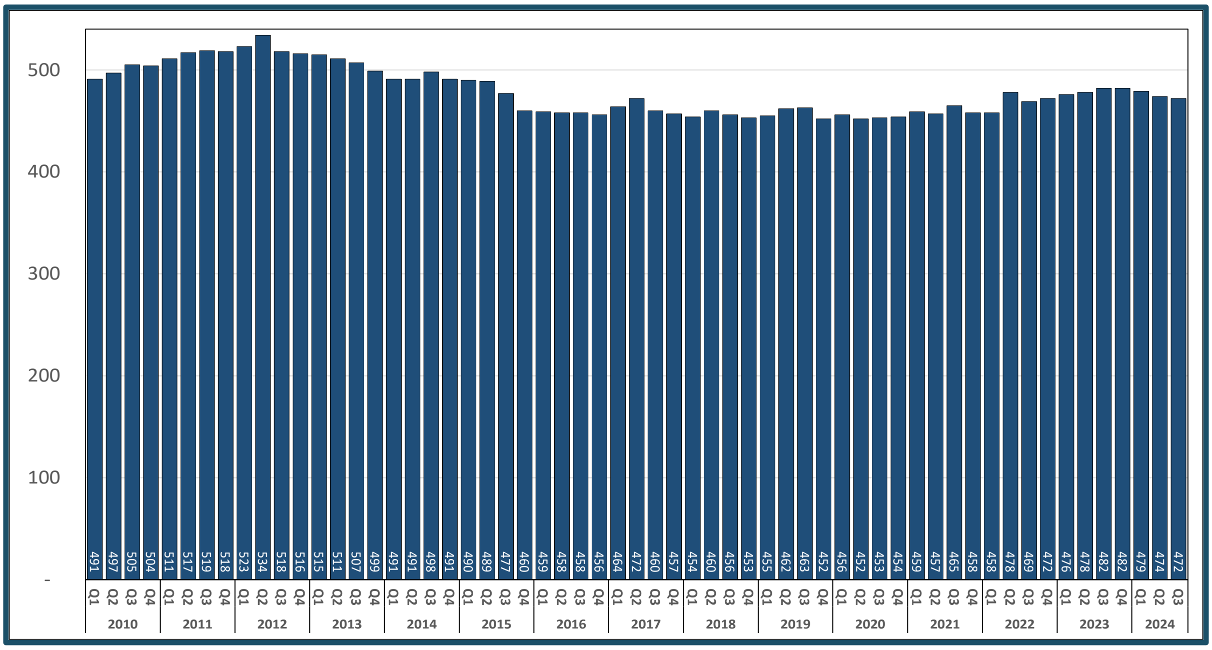
Graph 9. Employment by sector, in thousands, fourth quarter of 2010 to 2024 (a) and third quarter of 2024



Note: (a) 2021 is excluded because of very low response rates in the second half of the year. Source: Calculated from Statistics South Africa. QLFS Trends 2008-2024Q4. Excel spreadsheet.

For data on mining employment, Statistics South Africa recommends the survey of formal businesses, the Quarterly Employment Survey (QES), rather than the QLFS, which samples households. It publishes the QES three months after the QLFS. The figures show a 2% fall in mining employment in the first three quarters of 2024, presumably in large part due to the decline in world metals and coal prices over the past two years. (Graph 10)

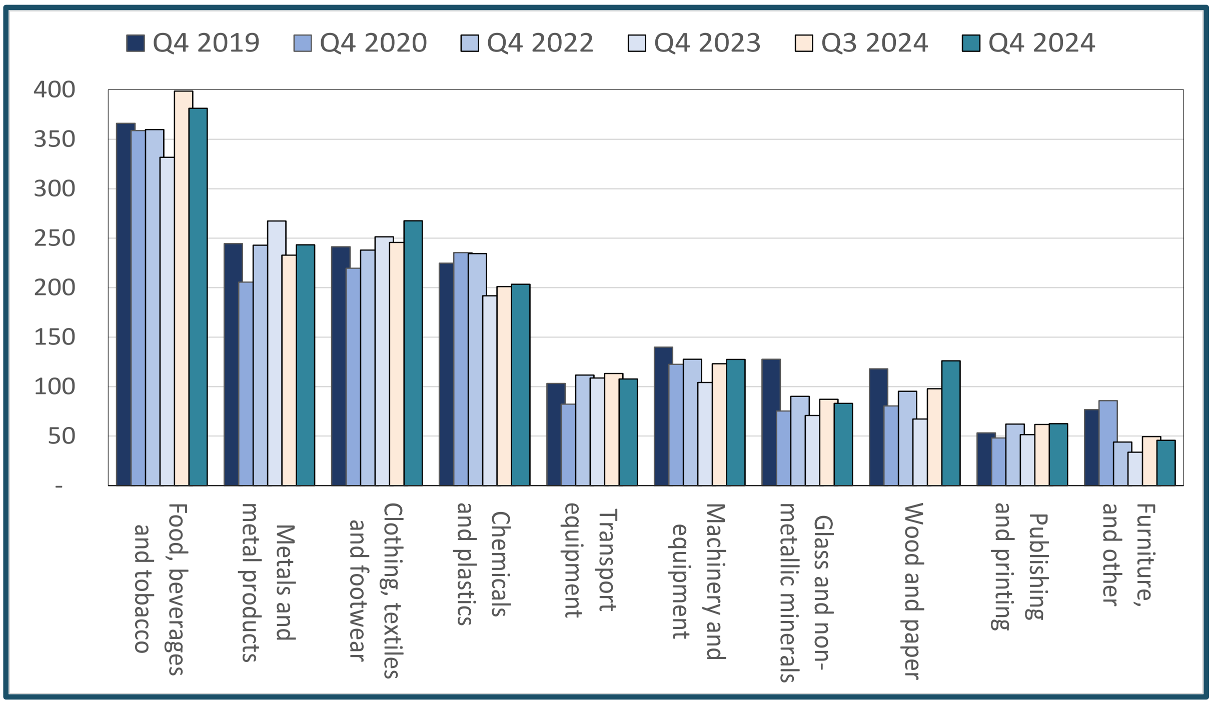
Graph 10. Mining employment, first quarter 2010 to third quarter 2024, in thousands



Source: Statistics South Africa. Quarterly Employment Statistics. Detailed breakdown. Third quarter 2024 Excel spreadsheet.

Every manufacturing industry except metals and transport showed some growth in employment in the year to the fourth quarter 2024. Jobs in wood and paper reportedly almost doubled. In machinery and equipment, they climbed by a fifth, and in food processing by a seventh. In contrast, employment in production of metal and basic metal products dropped by 10%, and in auto by 1%. (Graph 11)

Graph 11. Employment in manufacturing by industry, in thousands, fourth quarter 2019 to 2024 (a) and third quarter 2024

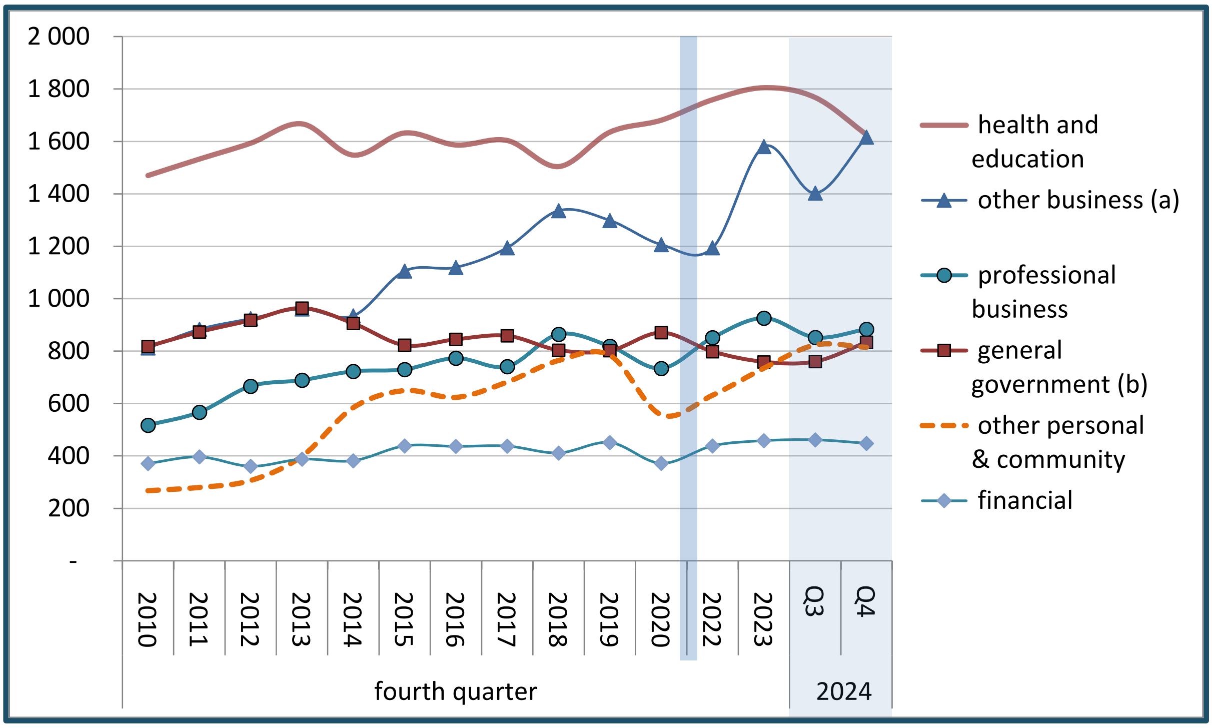


Note: (a) The response rate in the second half of 2021 was extremely low, so the data for that year are excluded. Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey for relevant quarters. Electronic databases.

In the services sector, employment growth varied sharply by industry. In the year to the fourth quarter of 2024, job gains in social services and other business services – mostly security and cleaning – were offset by losses in health and education, and to a lesser extent professional business services. Health and education shed 200 000 positions, returning to pre-pandemic employment levels.

Over the longer run, security and cleaning (which constitute most of "other business services" in the data) and private personal and community services contributed disproportionately to jobs growth. Professional business services, which combines legal, computer, real estate and advertising, also grew relatively quickly, despite a fall in employment in the year to December 2024. (Graph 12) The financial services alone have been flat, fluctuating around 400 000 since 2010. Personal and community services contributed over a third of total growth in employment over the past 15 years, and business services as a whole another third.

Graph 12. Employment in services by industry, in thousands, fourth quarter 2019 to 2024 (a) and third quarter 2024

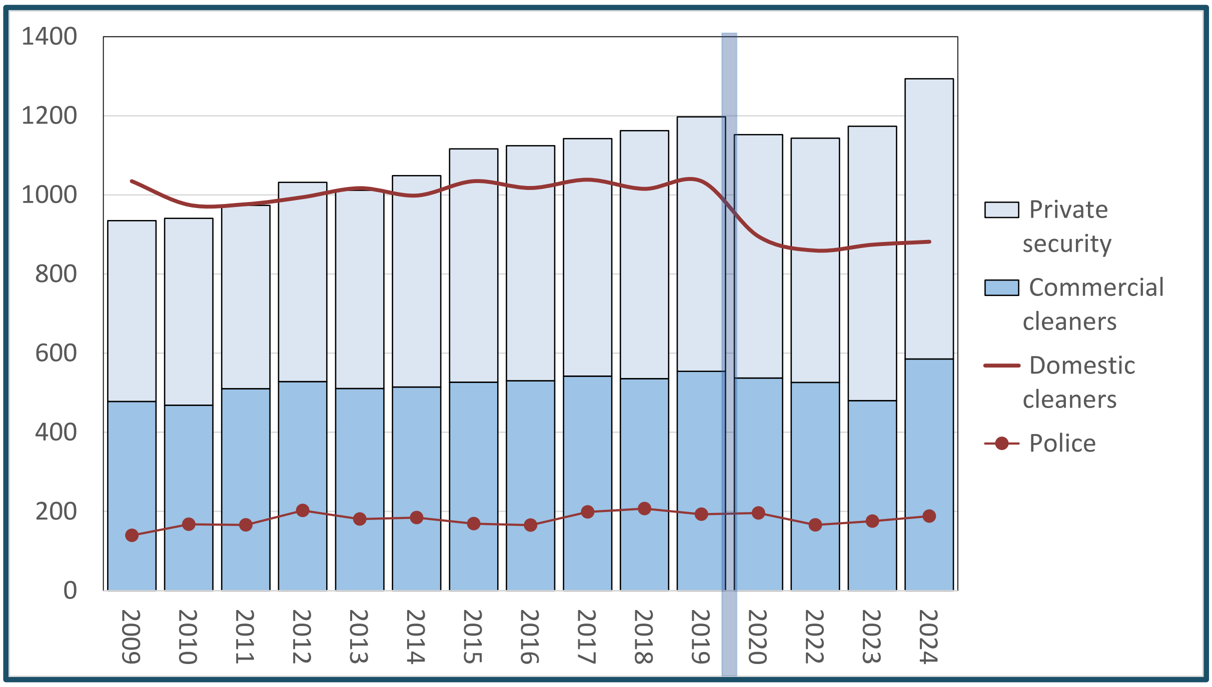


Note: Note: (a) The response rate in the second half of 2021 was extremely low, so the third quarter data for that year are excluded. Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey for relevant quarters. Electronic databases.

The importance of private security for job creation over the past 15 years emerges from Graph 13.[1] From 2009 to 2024, the number of private security employees climbed over 50%, and commercial cleaners by over 20%. The growth in private security workers accounted for 9% of all net new employment over the past 15 years, and contract cleaners for another 4%. However, the number of paid household cleaners (which is only part of the domestic worker total) plummeted in the pandemic downturn. As of 2024, it was still 15% below 2019 levels. The resulting loss of 150 000 positions cut net growth in total jobs by 6%.

[1] The figures in the graph are for occupations, including both contract workers and those directly employed in other industries, for instance health. In particular, the number of cleaners is higher than when counting only those employed by dedicated firms.

Graph 13. Employment in domestic and commercial cleaning, private security and policing (a), annually, in thousands, 2009 to 2024



Note: (a) Data are by occupation, so they include cleaners and private security workers in industries outside of the services as long as they are directly employed. Figures are annual averages of quarterly data, in line with the methodology in Statistics South Africa's Labour Market Dynamics databases. The response rate in the second half of 2021 was extremely low, so data for the year are excluded. Commercial cleaners include only building cleaners; domestic cleaners are only paid cleaners employed directly by households, excluding other paid household workers. Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey for relevant quarters. Electronic databases.

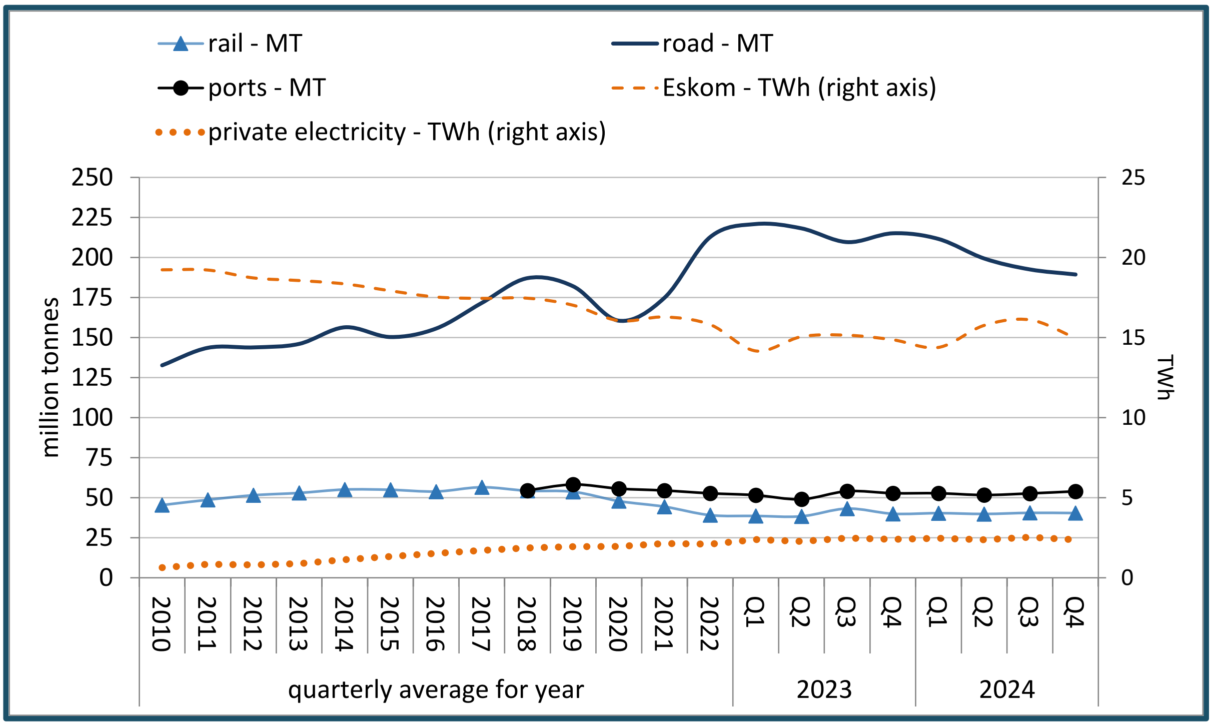
Infrastructure

Grid electricity dropped sharply in the final quarter of 2024. Although loadshedding returned in early 2025, it remained far lower than in 2023. That outcome likely reflected both continued growth in off-grid energy, mostly solar, combined with shrinking effective demand as Eskom tariff increases accelerated. Rail freight tonnage remained almost unchanged in the two years to December 2024, while road freight fell over 10%, reflecting slow economic growth.

Graph 14 summarises key trends in freight and electricity from 2008. Electricity distributed through the national grid decreased 7% from the third to the fourth quarter of 2024 in seasonally adjusted terms following an 11% recovery over first nine months of 2024. Eskom's supply fell by 7% in the fourth quarter, after climbing 12% in the first nine months of the year. Private supply to the grid dropped 6% in the final quarter.

Freight tonnage on rail and through the ports has stabilised since early 2023 after falling from 2019. Still, rail freight was 10% lower than in 2021 and 25% below its peak in 2019, before the sharp decline in Transnet services following the pandemic downturn. Road tonnage dropped 10% in the two years to the fourth quarter of 2024, reflecting the broader economic slowdown.

Graph 14. Road, rail and ports tonnage carried (in million tonnes) and Eskom and other grid suppliers' electricity available (in TWh), 2010 to fourth quarter 2024



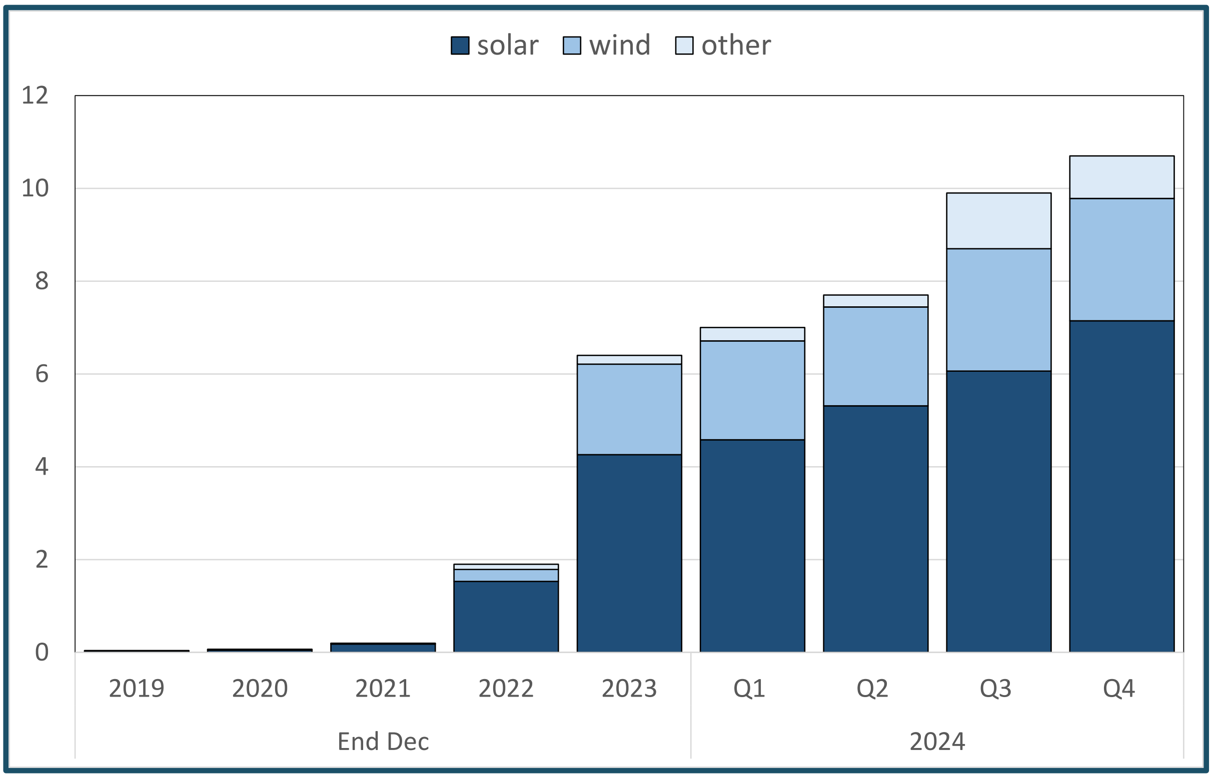
Source: Calculated from Statistics South Africa. Electricity generated and available for distribution. Excel spreadsheet from 2000; and Land Transport Survey. Excel spreadsheet. Downloaded from www.statssa.gov.za in February 2025. For ports, Transnet National Ports Authority. Port Statistics. Webpage. Accessed at https://www.transnetnationalportsauthority.net/Commercial%20and%20Marketing/Pages/Port-Statistics.aspx in February 2025.

Although electricity distributed through the national grid declined, Eskom did not impose loadshedding in the final quarter of 2024, although there was some in the first two months of 2025.[2] In addition to supply constraints, the downturn reflected falling demand for grid electricity due to its unreliability in 2022 and 2023 and accelerated tariff increases since 2020. In constant rand terms, grid electricity used per million rand of GDP fell almost 25% over the past 15 years, with a 6% decline from 2019. Per-person use fell 27% from 2010, and 12% from 2019. Meanwhile, Eskom's rates increased 7% a year above inflation from 2020 to 2024, or 33% for the whole period. That compared with an average annual increase of 2% above inflation from 2010 to 2020.

Lower demand for grid electricity has led to slower growth in energy-intensive production; increased efficiency in energy use; and a shift to off-grid electricity. In 2024, off-grid generation registered with the National Energy Regulator of South Africa (Nersa) climbed by 67%, after more than doubling in 2023 and increasing almost nine-fold in 2022. Two thirds of registered off-grid capacity was solar, but its share had fallen from above 90% in 2021. Wind generation climbed from 5% in 2021 to 25% in 2024. Other technologies, including gas, made up the remainder. (Graph 15)

[2] A graph of loadshedding incidents by level is included in the data set.

Graph 15. Registered off-grid generation capacity in gigawatts, as of year end from 2019 to 2023 and quarterly in 2024



Source: Calculated from SAPVIA. Nersa registered plants dashboard. Accessed at https://sapvia.co.za/nersa-registered-plants-dashboard/ in March 2025.

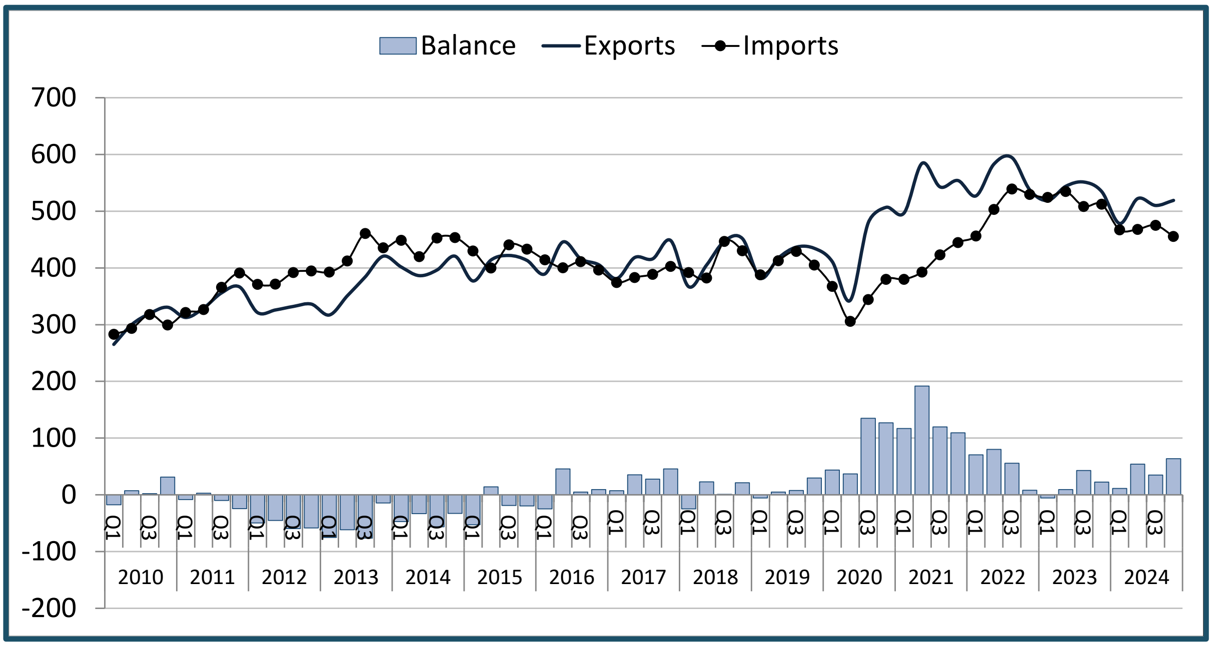
International trade

In the last quarter of 2024, exports increased slightly, but they remained lower than a year earlier. Outside of gold and chromium, most of mining saw lower prices in the past year. Imports fell more sharply than exports, largely as a result of lower petroleum prices. In manufacturing, exports shrank, with lower mining prices cutting the value of metals exports. Auto and machinery sales also fell for the year as a whole, although auto saw some recovery in the final quarter of 2024. Imports of machinery and autos declined, presumably as a consequence of slow GDP growth and persistent high interest rates.

Total exports increased 2% compared to the third quarter of 2024, but for the entire year were down by 6%. The main reason was lower prices for most minerals and metals, plus depressed car and machinery sales. Imports in the fourth quarter were 4% lower than in the third quarter, and 10% lower for the full year, as petroleum prices fell sharply, and sales of machinery and cars were depressed.

Because imports fell faster than exports, the balance of trade has again strengthened. For 2024 as whole, it was more than twice as high as in the previous year. Still, it was lower than in 2021 and 2022, when world mining prices reached extraordinary heights. (Graph 16)

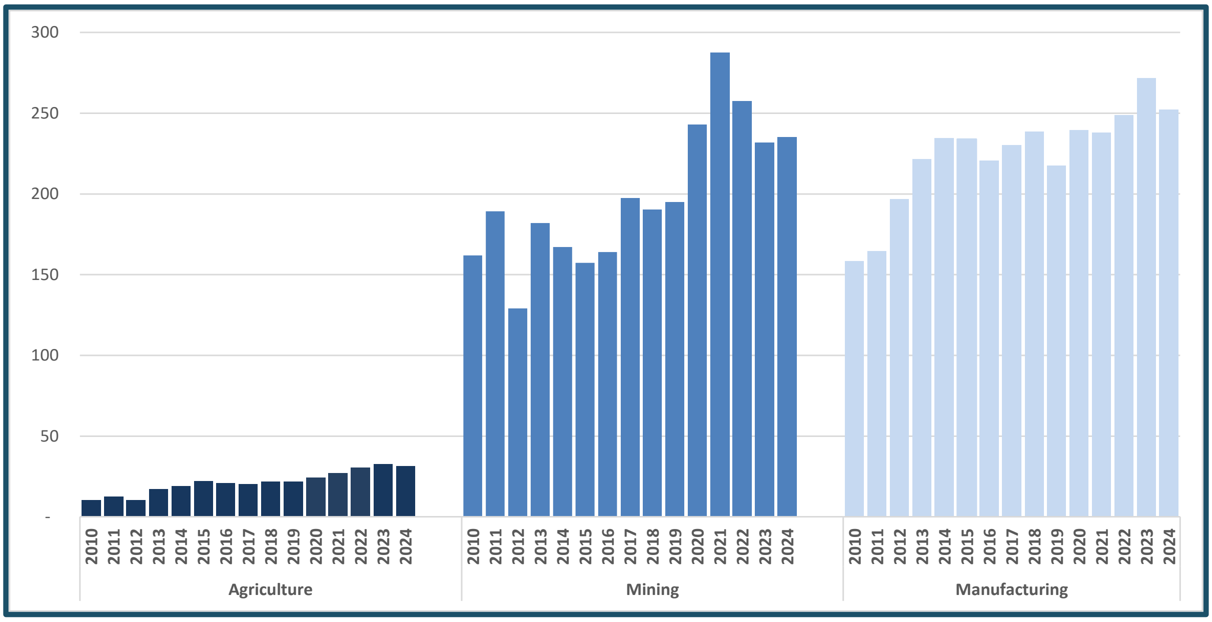
Graph 16. Quarterly exports, imports and balance of trade in billions of constant (2024) rand (a), first quarter of 2010 to fourth quarter of 2024.



Note: (a) Reflated with CPI rebased to fourth quarter of 2024. Source: Calculated from South African Revenue Service data.

Graph 17 shows goods exports by mining, manufacturing (which includes refined metals) and agriculture for the fourth quarter from 2010 to 2024. From the fourth quarter of 2023 to the fourth quarter of 2024, mining exports increased slightly, although they remained well below their earlier peak in 2021. The fluctuations over the past five years mostly reflected changes in international mineral prices, not in volumes shipped. For the full year 2024 (that is, summing exports over the four quarters), mining and metals together were down by 6%. By this measure, manufacturing excluding metals shrank by 5%.

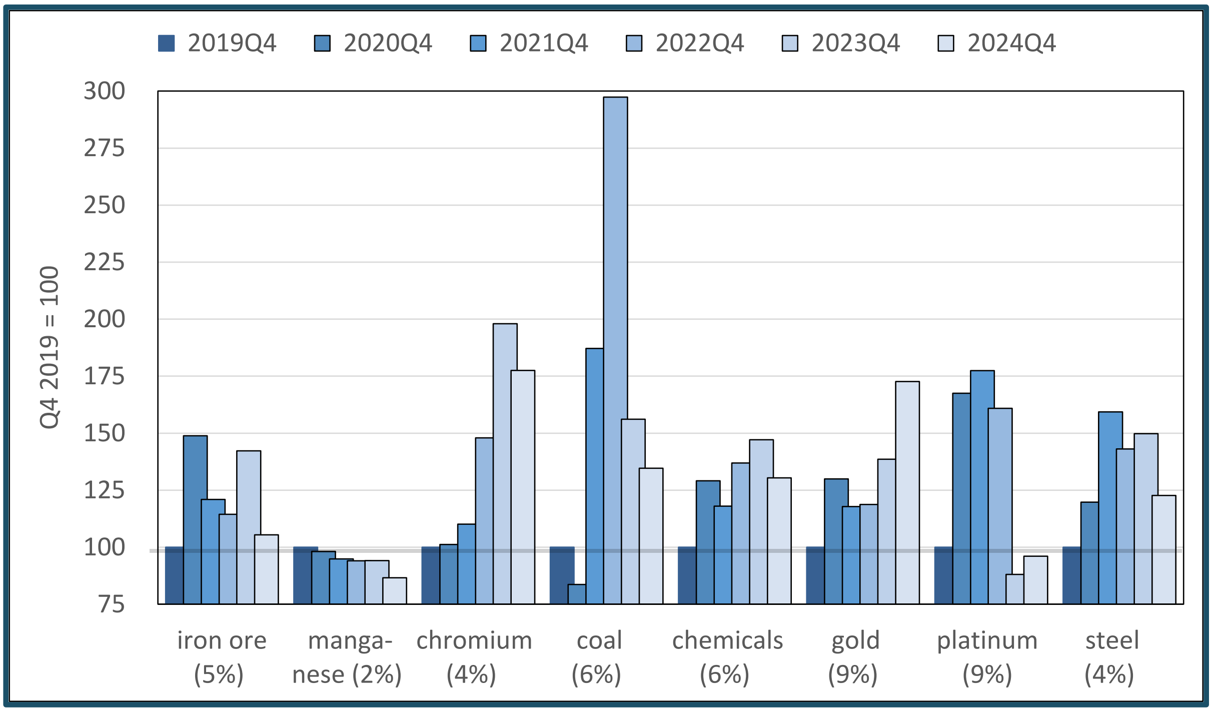
Graph 17. Fourth quarter goods exports in billions of constant (2024) rand (a), by sector, 2010 to 2024.



Note: (a) Reflated with CPI rebased to fourth quarter of 2024. Source: Calculated from South African Revenue Service data.

Mining prices remain exceptionally volatile, which affects the value of exports in constant rand. Only the unit price of gold was at a five-year high in the fourth quarter of 2024. As a result, gold climbed from 6.7% of South African exports by value in the fourth quarter of 2019 to 9.5% five years later. From 2000 to 2022, chromium fluctuated around 2% of South African exports, but it shot up to over 4% for the first three quarters of 2024 before falling to 3.9% as prices moderated at the end of the year. Media reports suggested that higher chromium prices resulted primarily from Chinese demand for both renewable energy and auto production. On the other side of the ledger, falling platinum and coal prices cut these products' share in exports by more than three percentage points compared to late 2022.

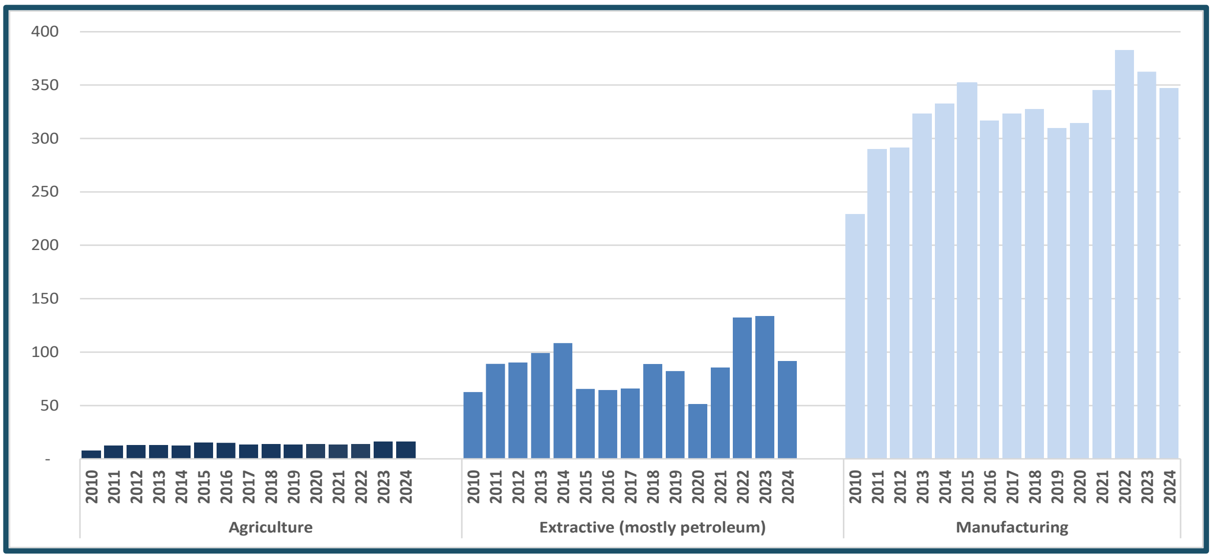
Graph 18. Indices of fourth quarter unit export prices for South African mineral exports in constant (2024) rand (a), fourth quarter 2019 = 100, 2019 to 2024



Note: Deflated with CPI. Figures in parentheses are share in goods exports in 2024. Source: Calculated from Quantec. EasyData. National trade series at HS-8 level. Accessed at www.quantec.co.za in February 2025.

The 2024 decline in imports resulted primarily from lower petroleum prices. South Africa's unit import price for crude oil fell by 40% from the end of 2023 to the end of 2024 in constant rand. For refined products, it fell 25%. As a result, for all of 2024, South Africa paid more than R300 billion less for these products combined than in 2022 in 2024 rand terms, even though by weight it imported 33% more refined petroleum products and 13% more crude. From the fourth quarter of 2022 to the fourth quarter of 2024, liquid fuels dropped from 20% of total imports to 14%.

Graph 19. Fourth quarter goods imports in billions of constant (2024) rand (a), by sector, 2010-2024



Note: (a) Reflated with CPI rebased to fourth quarter of 2024. Source: Calculated from South African Revenue Service data.

In manufacturing, the decline in exports for all of 2024 compared to 2023 resulted primarily from metals, which accounted for two fifths of the drop, and machinery and auto, at a fifth each. That said, auto exports recovered 9% from the third to the fourth quarter of 2024, while machinery stabilised. Imports of transport equipment and machinery also fell in rand terms. A sharp fall in paper imports reflected a fall in world prices rather than a significant drop in quantities imported. (Table 1)

Table 1. Exports and imports by manufacturing industry in the fourth quarter of 2024, and change from fourth quarter 2023, in US dollars and rand

INDUSTRY	VALUE (BILLIONS)		% CHANGE FROM Q4 2023		CHANGE IN BILLIONS	
	US$	Rand	US$	Rand	US$	Rand
EXPORTS						
Food and beverages	1.43	25.47	6%	-2%	0.08	-0.53
Clothing and footwear	0.52	9.22	11%	3%	0.05	0.28
Wood products	0.17	2.99	30%	20%	0.04	0.51
Paper and publishing	0.51	9.15	8%	0%	0.04	-0.00
Chemicals, rubber, plastic	2.27	40.63	6%	-2%	0.12	-0.82
Glass and non-metallic mineral products	0.11	2.05	10%	2%	0.01	0.04
Metals and metal products	2.75	49.28	-9%	-15%	-0.26	-8.87
Machinery and appliances	2.29	40.92	0%	-7%	0.01	-3.10
Transport equipment	3.73	66.67	-1%	-8%	-0.03	-5.85
IMPORTS						
Food and beverages	1.16	20.72	27%	17%	0.24	3.05
Clothing and footwear	1.37	24.45	24%	15%	0.27	3.17
Wood products	0.10	1.86	15%	6%	0.01	0.11
Paper and publishing	0.36	6.46	-54%	-58%	-0.43	-8.81
Chemicals, rubber, plastic	3.86	68.93	4%	-4%	0.13	-2.99
Glass and non-metallic mineral products	0.22	3.90	1%	-7%	0.00	-0.28
Metals and metal products	1.41	25.11	23%	13%	0.26	2.95
Machinery and appliances	6.63	118.57	4%	-4%	0.26	-4.47
Transport equipment	3.93	70.22	-3%	-10%	-0.11	-7.83

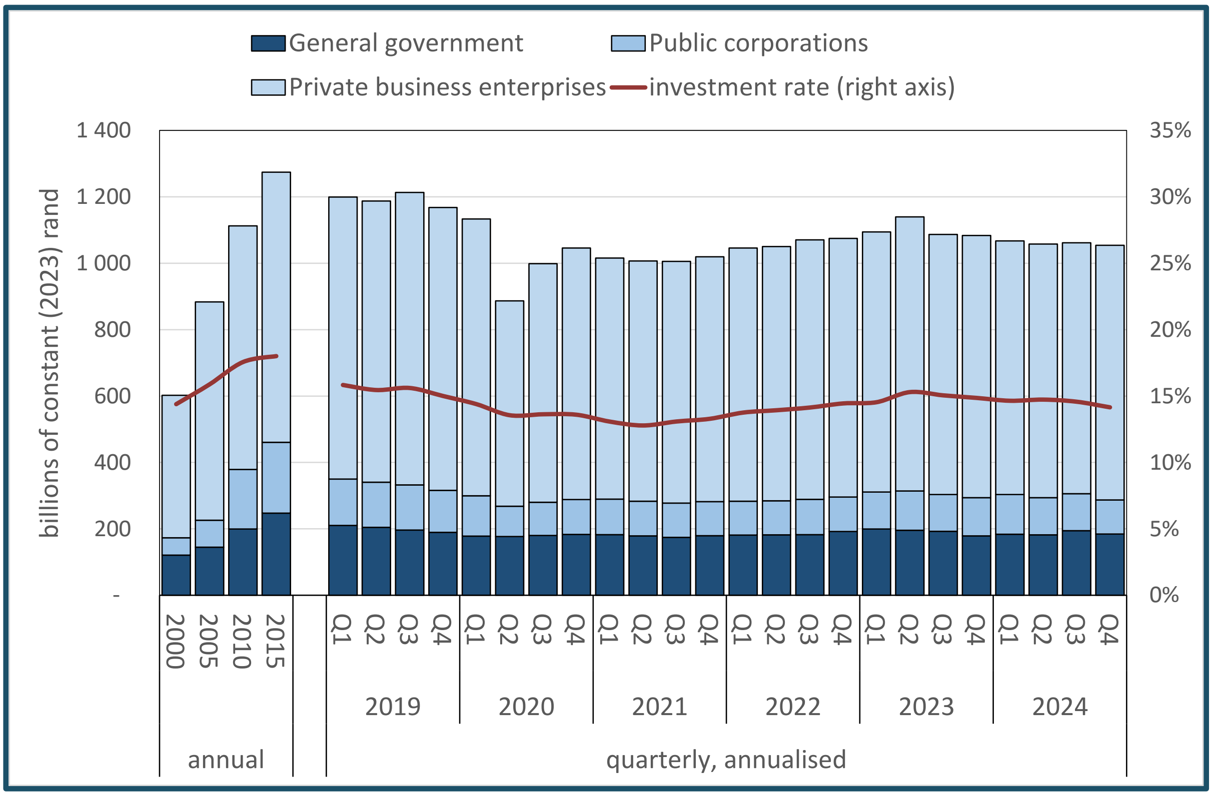
Source: Calculated from South African Revenue Service data.

Investment and profitability

A 6% fall in public-sector investment drove a 1% drop in total investment in the fourth quarter of 2024. Private investment, however, increased by 1% from the third to the fourth quarter of the year, although it remained well below pre-pandemic levels. The investment rate dropped to 14.1% at the end of 2024, a level last seen in mid-2022 as the economy recovered from the pandemic downturn.

General government investment fell some 5% in the final quarter of 2024, while investment by state-owned companies dropped 7%. As a result, general government investment was flat for the year, and down 12% on the fourth quarter of 2019, before the pandemic. Investment by the state-owned companies, mostly Eskom and Transnet, fared even worse. It was 12% lower than in the fourth quarter of 2023, and 26% lower than at the end of 2019. In contrast, private investment climbed 1% in the final quarter of 2024. That left it 0.4% above the final quarter of 2023, but some 10% down on late 2019. The fall in public-sector investment was the main factor behind the drop in total investment over the past six quarters. As a result, the investment rate fell from a high of 15% in mid-2013 to 14.1% in the last quarter of 2024.

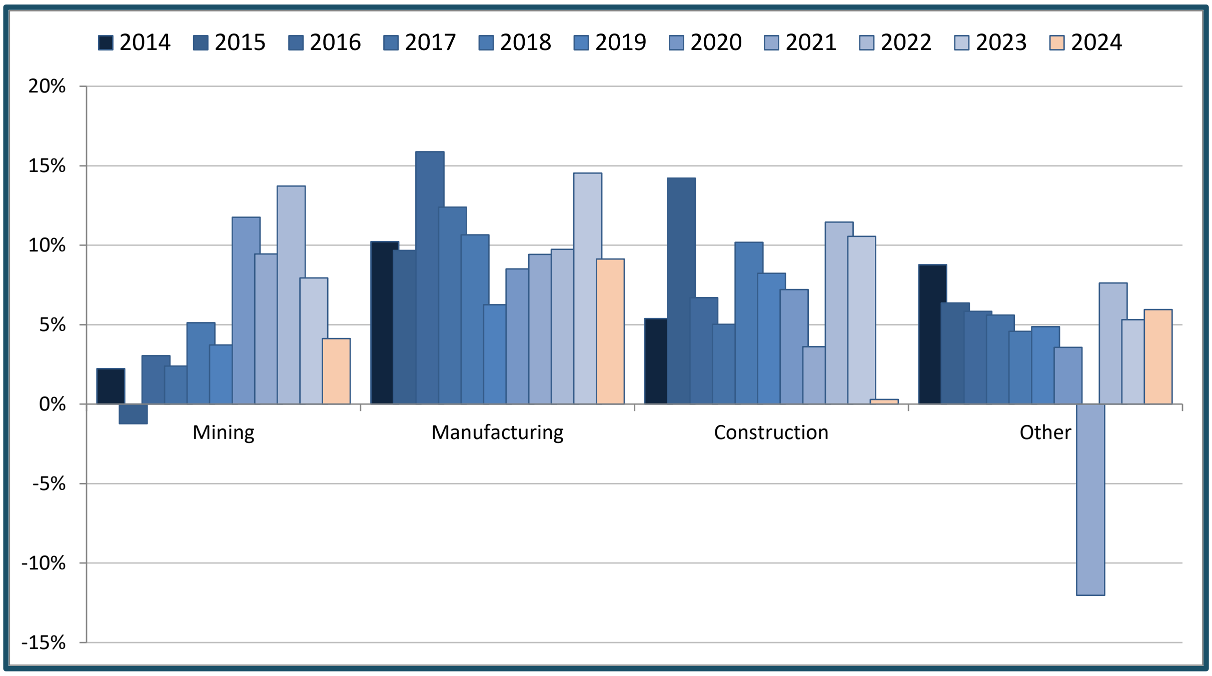
Graph 20. Investment by type of investor in constant 2024 rand and the investment rate (a), every five years from 2000 and quarterly from 2019 to the fourth quarter of 2024



Note: (a) Figures for investment are reflated with implicit deflator rebased to fourth quarter 2024. The investment rate is gross fixed capital formation as a percentage of expenditure on the GDP. Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2024Q4. Excel spreadsheet.

Data on profitability by sector are available only through the third quarter of 2024, from Statistics South Africa's Quarterly Financial Statistics. Graph 21 points to a decline in profitability across manufacturing, mining, and construction from the third quarter of 2023 to the third quarter of 2024. Construction was particularly hard hit, with the return on assets plummeting from 10.6% in the third quarter of 2023 to 0.3% in the third quarter of 2024.

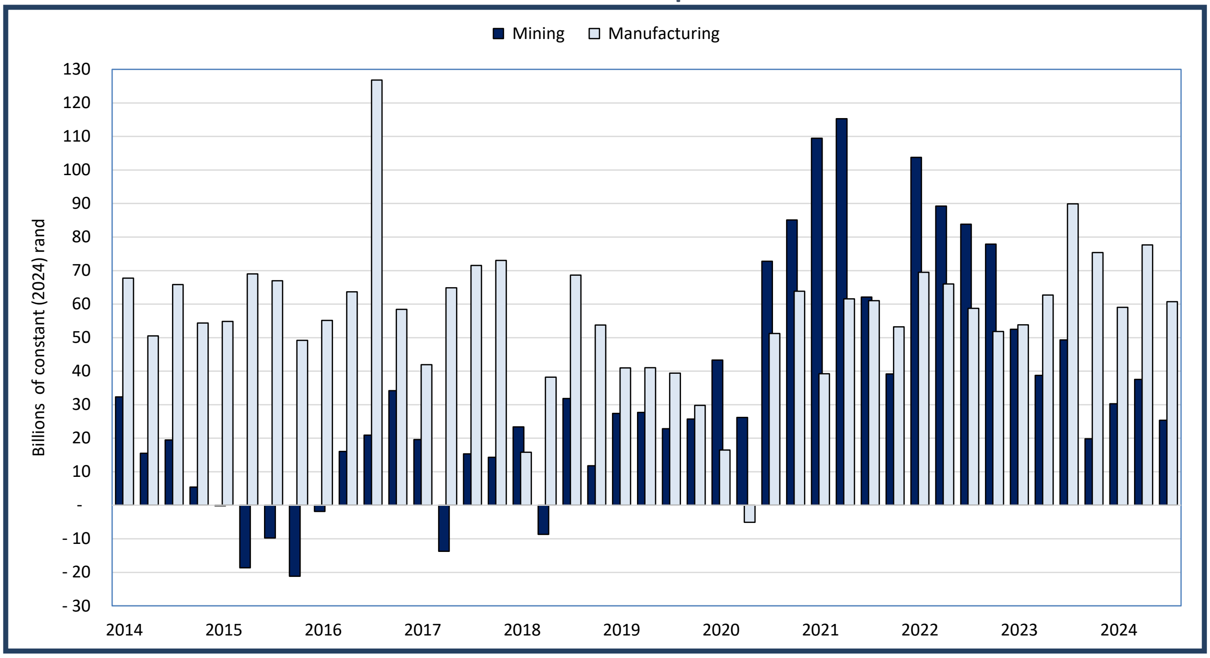
Graph 21. Return on assets by sector, third quarter 2014 to 2024



Source: Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

In the third quarter of 2024, profits in both manufacturing and mining shrank in constant rand (Graph 22) Manufacturing profits declined by 22%, falling from R78 billion in the second quarter of 2024 to R61 billion in the third quarter of 2024. Mining profits fell from R38 billion to R25 billion during the same period.

Graph 22. Quarterly profits in manufacturing and mining in billions of constant 2024 rand (a), 2014 to 2024 to the third quarter of 2024



Source: Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects on a quarterly basis, using published information. In the fourth quarter of 2024, it added 27 projects, mostly in the electricity sector. Of the new projects, 21 announced the value of the investment, totalling R56.7 billion. The Tracker also updated information on 16 pre-existing projects.

New and existing projects

The new projects identified were concentrated in electricity, contributing R44.3 billion in investment. Eight formed part of bid window seven of the Renewable Energy Independent Power Producer Programme (REIPPPP), valued at R31.5 billion are part of the bid. The main investors are from Egypt., Another seven projects worth R12.8 billion were preferred bidders in the second bid window of the Battery Energy Storage Independent Power Producer Programme (BESIPPPP). In services, Teraco announced an R8 billion data centre. (Table 2)

Table 2. FDI projects captured in the fourth quarter of 2024

INVESTOR	COUNTRY OF ORIGIN	R BNS	LOCATION	PROJECT
Utilities R44.3 billion* reported				
Infinity Power SA/ Pele Green	Egypt	12.9	1 in Mpumalanga and 2 in Limpopo	3 projects of 240 MW solar plant
Infinity Power SA/ Pele Green	Egypt	10	2 in Northwest and 1 in Limpopo	3 solar plants of 220 MW, 190 MW and 150 MW
Mulilo	Denmark	4.3	Free State	240 MW solar plant
Scatec	Norway	4.3	Free State	240 MW solar plant
EDF Renewables	France	1.6	North West	77 MW BESS with 308 MW energy storage
Mulilo	Denmark	6.4	North West, Gauteng, Free State, Gauteng	4 projects: 77 MW BESS with 308 MW energy storage
Mulilo	Denmark	1.6	Free State	76 MW BESS with 304 MW energy storage
AMEA Power	UAE	3.2	Free State	2 projects: 77 MW BESS with 308 MW energy storage
Mainstream Renewable Power	Ireland	n.a.	Free State	50 MW solar PV plant
Services: R11.5 billion reported				
Turaco	US	8	Gauteng	Data centre 40 megawatts (MW) critical load
Liquid Intelligent Technologies	UK	2	Western Cape	Expanding free public wi-fi hotspots
Liquid Intelligent Technologies	UK	1	Eastern Cape	Expanding fibre network infrastructure
Rhenus Group	Germany	0.4	Gauteng	New integrated warehouse facility
Teleperformance	France	0.1	Eastern Cape	Opened second customer support centre
Foundever	Luxem-bourg	n.a.	Western Cape	Launched first South African contact centre
Sourcefit	Philippines	n.a.	Western Cape	Opened new local business process outsourcing centre
African Asset Finance Company	US	n.a.	Gauteng	Established Southern Africa subsidiary providing healthcare equipment

INVESTOR	COUNTRY OF ORIGIN	R BNS	LOCATION	PROJECT
Hinduja Global Solutions	India	n.a.	Western Cape	Launched South African customer experience hub
Capita	UK	n.a.	Western Cape	Opened a new delivery centre
Manufacturing: No value reported				
Mahindra	India	n.a.	KwaZulu-Natal	New vehicle assembly plant

Notes: Numbers may not always sum to the exact total investment amounts due to rounding.
** The individual project valued are estimates. Source: TIPS FDI Tracker database.*

Greenfield projects make up the highest announced value and number of projects. (Table 3)

Table 3. Value of projects by investment stage and type, fourth quarter of 2024, in billions of rand

	STAGE	ANNOUNCED	PREPA-RATION	IMPLEMEN-TATION	COM-PLETED	VALUE	NUMBER
Investment type	Greenfield	44.3	-	-	0.5	44.8	25
	Expansion	2		9.9	-	11.9	3
Total value		46.3	-	9	0.5		
Number		17	1	3	7		

Note: Numbers may not always sum to the exact total investment amounts due to rounding. Source: TIPS FDI Tracker database

Updates

Equinix opened its first data centre in South Africa in Gauteng. Amazon has also started operations in its new headquarters.

TotalEnergies and its consortium have started construction on a wind and solar facility that will supply Sasol and Air Liquide's Secunda operations. TotalEnergies, however, withdrew from two of its gas exploration projects in the Western Cape. Projects under the first window of BESIPPP have reached commercial closure and moved into project-preparation.

In mining, Richards Bay Minerals implemented a pilot project to test the viability of expansion at the Zulti South mine. Kumba is preparing to implement an ultrahigh dense media separation project at Sishen.

Several investment projects were concluded in the third quarter of 2024. Automotive plastics manufacturer YFPO and tile producer Rayal Industrial finished their projects, worth respectively R1 billion and R280 million. In utilities, the R11 billion Redstone CSP project was also finalised. (Table 4)

Table 4. Projects updated in the fourth quarter of 2024

PROJECT	COMPANY	R BNS	SECTOR	PROGRESS UPDATE
Complete/ Operational				
Equinix South Africa JN 1 data centre	Equinix	2.8	Services	Launched JN1 International Business Exchange data centre
Pan African Resources Mintails Mogale Gold	Pan African Resources	2.5	Mining	Tailings treatment operation commissioned
Alpla manufacturing	Alpha	1.4	Manufacturing	Opened PET (rPET) recycling facility
Capita delivery centre	Capita	0.5	Services	Contact centre operational

PROJECT	COMPANY	R BNS	SECTOR	PROGRESS UPDATE
Construction/ implementation				
Sasol and Air Liquide renewable-energy project.	TotalEnergies, Mulilo and Reatile	12	Utilities	Started construction on wind farm ,solar plant, commercial operations by end 2026
Amazon headquarters	Amazon	4.5	Services	Headquarters operational as part of phase 1 of larger development
Thorny River Diamond Project	Botswana Diamonds	n.a.	Mining	Obtained environmental authorisation for one of two permits, mining started but stopped due to falling diamond prices
Project preparation				
Sishen Ultrahigh dense media separation (UHDMS) Project	Kumba Iron Ore	11.2	Mining	Technical review complete, project will commence end of 2024
Zulti South Mine	Rio Tinto/Richards Bay Minerals	8	Mining	Launched pilot project for the larger expansion to test social stability
Pioneer Food manufacturing capacity expansion	PepsiCo/ Pioneer Foods	6.5	Manufacturing	Added new chip production line and installed an anaerobic digester plant totalling R846 million
BESIPPPP BW1: Oasis Aggeneis	EDF Renewables/ Mulilo/ Pele Green and GIBB-Crede	4.7*	Utilities	Reached commercial close and signed project agreements
BESIPPPP BW1 : Mogobe(Ferrum) BESS	Scatec (51%)/ Perpetua Holding (46.5)/ Community Trust (2.5%)	3	Utilities	Reached commercial close
BESIPPPP BW1 : Oasis Mookodi	EDF Renewables/ Mulilo/ Pele Green and GIBB-Crede	2.3	Utilities	Reached commercial close and signed project agreements
BESIPPPP BW1: Oasis Nieuwehoop	EDF Renewables/ Mulilo/ Pele Green and GIBB-Crede		Utilities	Reached Commercial close
Uncertain, suspended or cancelled				
Bushveld Minerals operations expansion: Vanchem	Bushveld Minerals	1.5	Mining	Processing plant sold to Southern Point Resources
Bushveld Minerals operations expansion: Vametco	Bushveld Minerals	1.04	Mining	Under extended maintenance shut down while subsidiaries are under business rescue

*Note: * Represents the value for Oasis Aggeneis and Nieuwhoop*

Briefing Note 1: South Africa and the G20 Presidency

Faizel Ismail and Saul Levin

This brief draws on a recent TIPS publication, *How South Africa's G20 Presidency can advance climate resilience, developmental regionalism in Africa, and an equitable multilateral trading system*.

On 19 November 2024, President Lula da Silva of Brazil handed over the baton of the G20 Presidency to President Cyril Ramaphosa of South Africa. This was a historic and poignant moment the leaders of two of the largest democracies in the Global South. Two weeks later, South Africa assumed the Presidency of the G20, a global forum of the largest economies in the world that came together for the first time in 2008 to address the global financial crisis.

For South Africa, this period provides President Cyril Ramaphosa the opportunity to mark his second term as President. It has been made clear that he will stand for the interests of the African continent as a priority in South Africa's G20 leadership. He will strive to build the solidarity of the Global South. In addition to work to build convergence with the G20's richer Northern economies and powers, based on the principles of multilateralism, equity, social justice, respect for diversity and development. President Ramaphosa will be conscious of the fact that this is the first G20 to be held on African soil, and the first G20 for the African Union and for the African continent to be full participants.

South Africa has a unique role to play in the G20 process, carrying forward and building on the contribution earlier made by developing country Presidencies to the G20 agenda and work programme. Critical elements have encompassed:

- Aligning the major systemic challenges of the world on trade, agriculture, and infrastructure with the UN Sustainable Development Goals – Indonesia;
- Reflecting the interests and voice of the South in each of the G20 working groups, including trade and investment, digital transformation, and the just energy transition – India; and
- A global commitment to work towards a sustainable planet, to recommit the G20 to an ambitious programme on climate action, and to build a Global Alliance against hunger and poverty - Brazil.

The G20 Presidencies have become increasingly focused on addressing issues related to climate change and finance. The agenda of the G20 has had to engage with the outcomes of the United Nations Framework Convention on Climate Change Conference of the Parties (COP) meetings. It will be important for South Africa's G20 Presidency to look forward to the next COP to be held in Brazil as a continuation of its agenda, especially on climate change. The climate crisis requires a stronger focus on innovation in financial models to address the pressing needs of development finance and climate actions in mitigation, adaptation, resilience, and loss and damage. This includes the need to find creative ways to mobilise finance for development, especially for developing countries and Africa.

President Ramaphosa announced at the handing-over ceremony in November 2024 that South Africa's G20 Presidency will advance three high-level priorities, which will find expression in the work of the Sherpa and Finance Tracks. The first of these priorities is Inclusive Economic Growth, Industrialisation, Employment and Inequality. The second priority is Food Security. The third priority is Artificial Intelligence and Innovation for Sustainable Development. South Africa's G20 Presidency will pursue progress on these three cross-cutting issues by establishing three dedicated task forces. In addition, Ramaphosa expressed the priorities of South Africa as strengthening disaster resilience, ensuring debt sustainability for low-income countries, mobilising finance for a just energy transition, and harnessing critical minerals for inclusive growth and development.

Briefing Note 2: Options for localising steel inputs for the infrastructure build programme

Neva Makgetla

The government has sought a rigorous redirection of its spending toward physical public infrastructure projects. It aims to both improve services for business and to stimulate local input manufacturers, especially in the steel value chain. Yet the last major build programme, 10 years ago, fell short on both counts. Moreover, localisation policies now face a radically changed legal environment. On the one hand, in 2024 the new Public Procurement Act revised the requirements for designations, which mandate government agencies to privilege local products. On the other, the new build programme is expected to rely more heavily private investors, which are not automatically subject to designations.

To help understand the evolving context for localisation, TIPS has analysed the options for promoting the use of domestic steel in new infrastructure projects. (*Options for localising steel inputs for the infrastructure build programme*) The TIPS report assesses the impact of localisation policies in the last major build programme; the new legal framework; and the costs, benefits and risks of leading options to support industrialisation through local procurement. This briefing note summarises findings on the new legal environment.

The 2024 procurement act (No 28 of 2024) reshapes the ability of the central state in general, and the Department of Trade, Industry and Competition (the dtic) in particular, to require government agencies to buy local inputs. Section 20 introduces the following changes to the designation process.

- The Minister of the dtic may introduce designations only where there are at least three local producers. This appears to be a fixed requirement, but it is not clear if it refers to actual or potential producers.
- The Minister must explicitly consider the impact on employment and on the agents and distributors of the imported goods.
- Generally, the Minister must consider the “economic impact on imported goods”. Presumably the regulations for the Act, expected sometime this year, will clarify what this means.
- The Act introduces set-asides for black-owned businesses, without requiring any local content. This could entail hard trade-offs when the only viable manufacturers are not empowered.

To reduce compliance burdens, the new Act empowers government agencies to decide individually whether sufficient locally produced goods are available. The procuring agency can re-tender without local-content requirements if it informs the dtic within 14 days (para 20(7)). Until the regulations are published, it is not clear what evidence is required to demonstrate inadequate domestic supply.

The Finance Minister can also exempt agencies from any provision of the Act, including designations, if they find it is “uneconomical” to comply (Para 61(1)). Similarly, the national procurement officer can exempt a government agency from regulations if it is “impractical” to comply or if “market conditions or behaviour do not allow effective application of the instruction” (62(1)). Finally, it appears that regulations under the Act are not binding on municipalities unless they voluntarily adopt them as by-laws.

In the 2010s, various regulatory and administrative shortcomings limited the impact of designations.

Historically, designations applied only to relatively few products, with little pressure on government agencies to stop importing other goods and services that could be produced locally. Designations focused on heavy industrial products, neglecting labour-intensive light manufacturing and services. Because government agencies often buy through intermediaries, many did not know if undesignated products were produced locally or not.

Agencies sometimes used specifications or waivers to circumvent local-content requirements. The impact was most telling in the case of Transnet's locomotive purchases from China, which accounted for over half of all designated products by value. Generally, the vast number of tenders and lack of an effective appeals process hindered monitoring of designations by stakeholders.

In some cases, South African producers struggled to compete on quality, scale, timeliness and/or price. The result was often higher costs, delays and sometimes faulty infrastructure. Highly secretive tender decision-making made it hard to evaluate the cost and quality of imports compared to local products.

Finally, the new build programme is premised largely on private investment, both directly in public infrastructure projects and through suppliers to the national electricity and rail grids. That means designations may not apply at all to major projects. They can extend fairly easily to subcontractors, but not to fully privatised operations.