

THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

THIRD QUARTER 2024

*The Real Economy Bulletin is a TIPS review of quarterly trends, developments and data in the real economy, together with a comprehensive analysis of the main manufacturing industries and key data in Excel format.**

GDP growth

The GDP shrank by 0.35% in the third quarter of 2024. The main driver was a reported 29% drop in agricultural production, mostly due to the drought. The rest of the economy expanded 0.4%. In manufacturing, the auto industry faced headwinds as international car exports contracted.

The GDP contracted 0.35% in the third quarter of 2024. The decline was due almost entirely to an extraordinary 28% drop in agricultural value added. Although agriculture contributes under 5% of the GDP, slow growth in other sectors meant that its sharp fall had a disproportionate impact on overall economy growth.

The drought primarily affected the inland provinces of Limpopo, Mpumalanga, the North West, the Northern Cape and Gauteng. It was associated with both higher temperatures and lower rainfall in these regions, affecting all kinds of crops as well as grazing lands. It was largely a consequence of the El Niño phenomenon, which in turn has been vastly aggravated by the climate crisis. The entire region has been affected, with severe droughts in most of SACU (Botswana, eSwatini, Lesotho, Namibia and South Africa) Zambia, Zimbabwe and Malawi, and unusual rainfall in Mozambique and some other countries. Botswana, Lesotho, Namibia, Malawi, Zambia and Zimbabwe have declared states of emergency.

*Available at www.tips.org.za/the-real-economy-bulletin

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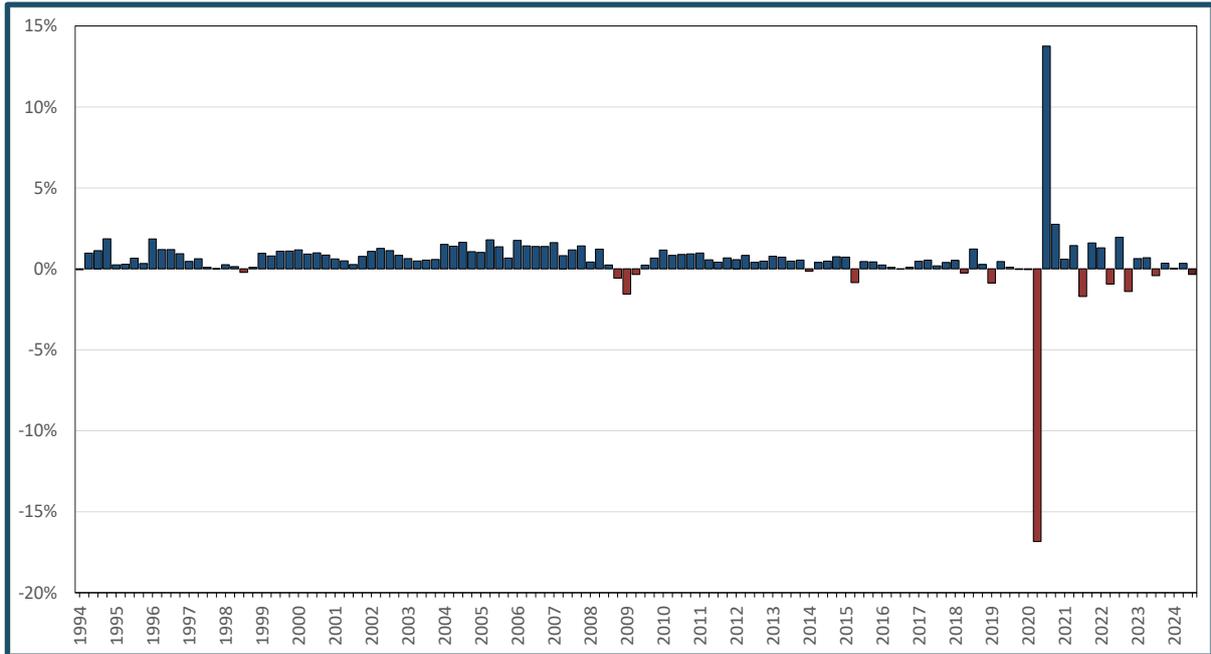
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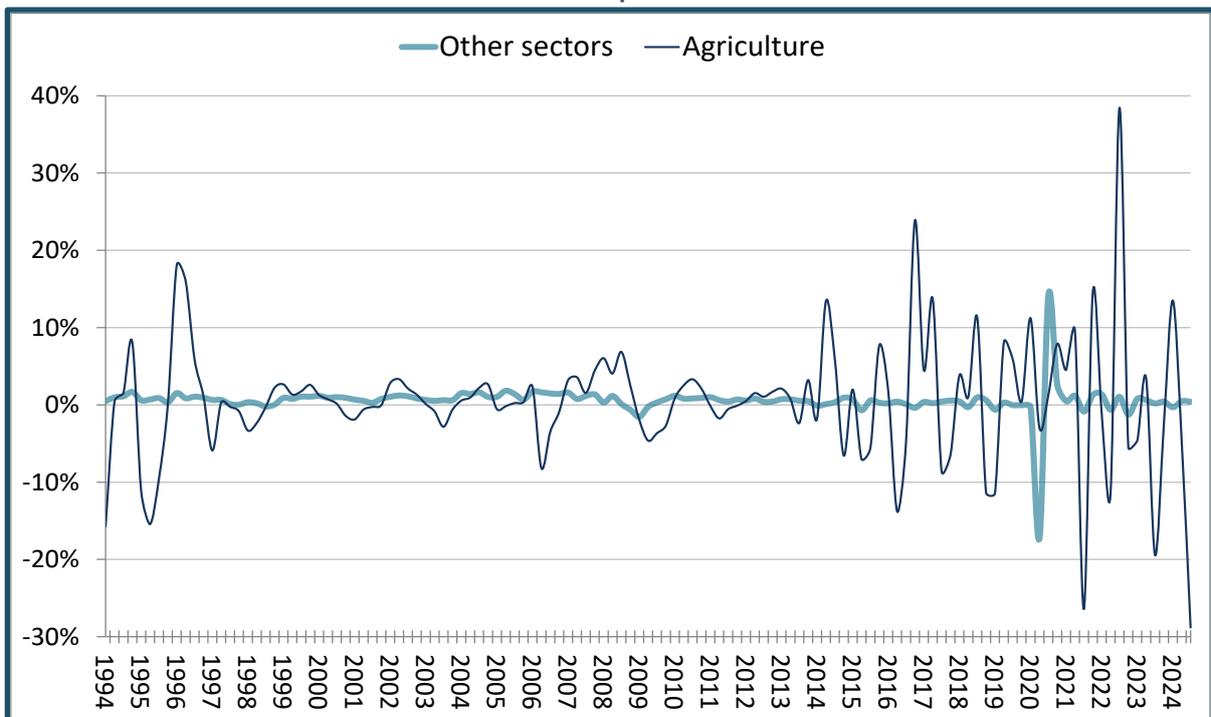
Graph 1. Quarterly change in GDP, seasonally adjusted, 2000 to third quarter 2024



Source: Calculated from Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2024Q3. Excel spreadsheet.

The drought aggravated economic volatility, which has vastly increased since the COVID-19 downturn in 2020. In five of the 17 quarters from the third quarter of 2020 to the third quarter of 2024, the economy shrank by an average of 3.1%. Over 100 quarters from 1994 to 2018, in contrast, the GDP declined only nine times, with an average drop of just 0.4%.

Graph 2. Quarterly seasonally adjusted growth in agriculture and the rest of the economy, 1994 to third quarter 2024



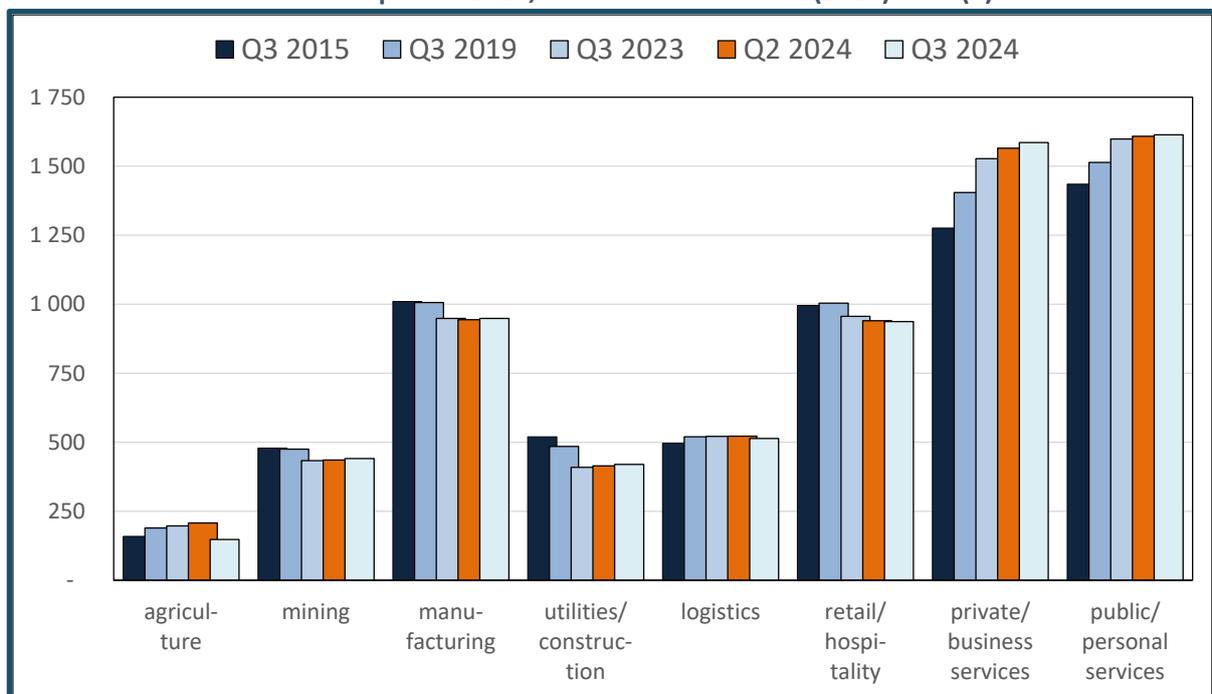
Source: Calculated from Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2024Q3. Excel spreadsheet.

Since the mid-2010s, reported growth rates for agriculture have been vastly more variable than for the rest of the economy, although the data are seasonally adjusted. The trend appears to reflect changes in data analysis as well as climate change. (Graph 2) From 2020, the extreme swings in agriculture have had a disproportionate impact because the rest of the economy was growing only slowly.

Agricultural value added reportedly shrank in nine of the past 17 quarters, or 52% of the total. The quarterly downturns averaged 11%. In the hundred quarters from 1994 to 2018, in contrast, agriculture shrank in 41 quarters, and the contractions averaged only 4%. From 2020, volatility tripled for both agriculture and the rest of the economy as measured by the standard deviation. But it was five times higher for agriculture than for the other economic sectors.

Outside of agriculture, only logistics, trade and general government declined in the third quarter of 2024. Manufacturing grew just 0.5%, as did personal and community services. Mining, construction and business services all expanded by over 1%. (Graph 3)

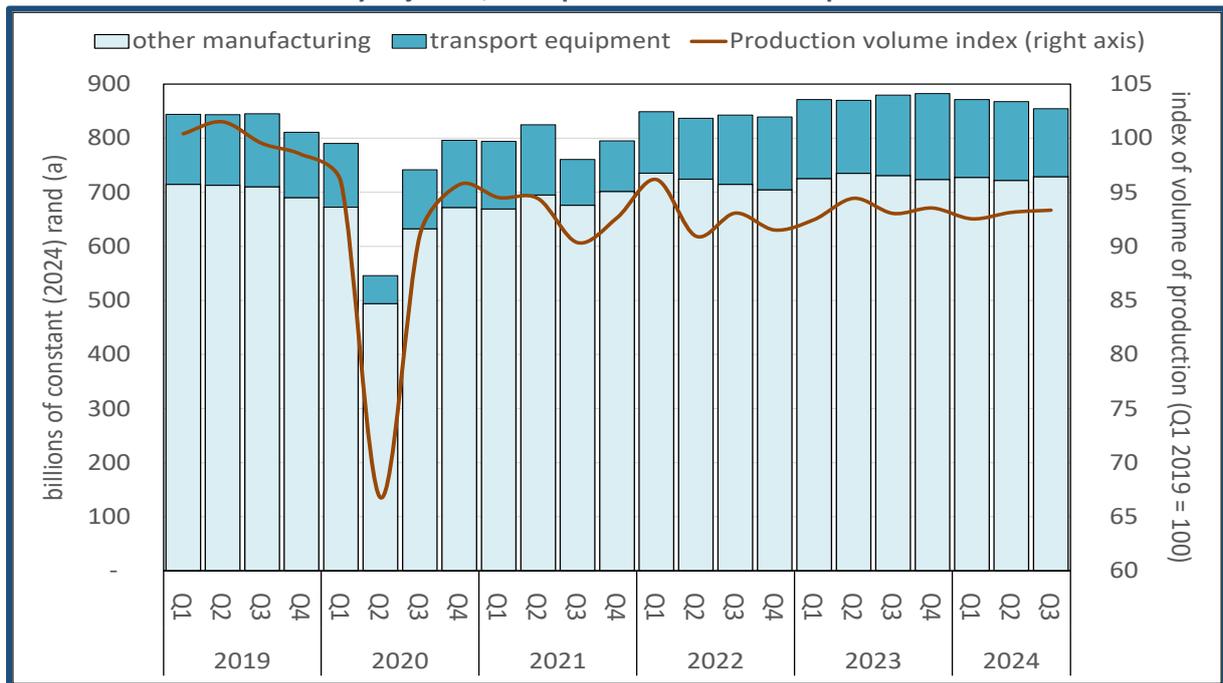
Graph 3. Value added by sector, third quarter 2015, 2019, 2023 and 2024, and second quarter 2024, in billions of constant (2024) rand (a)



Note: (a) Reflated with implicit deficits per sector. Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2024Q3. Excel spreadsheet.

Figures on manufacturing production and sales point to the impact of a significant decline in the auto industry over the year to the third quarter 2023. Sales in the rest of manufacturing have been essentially flat in constant rand terms (deflated by CPI) since 2021. The auto industry, however, has seen a 16% decline in total sales since the third quarter of 2023. As discussed in the section on trade, this fall was associated with a 25% drop in exports in constant rand terms. As a result, the auto industry’s share in South African revenues from goods exports fell from 13.5% in the third quarter of 2023 to 11.6% a year later. Its share in revenues from manufactured exports alone shrank from 26.7% to 24.3%. In 2023, the industry had recovered to pre-pandemic levels of 630 000 units a year, but it seems likely to fall short of that output this year. For comparison, the government has long targeted a million cars a year.

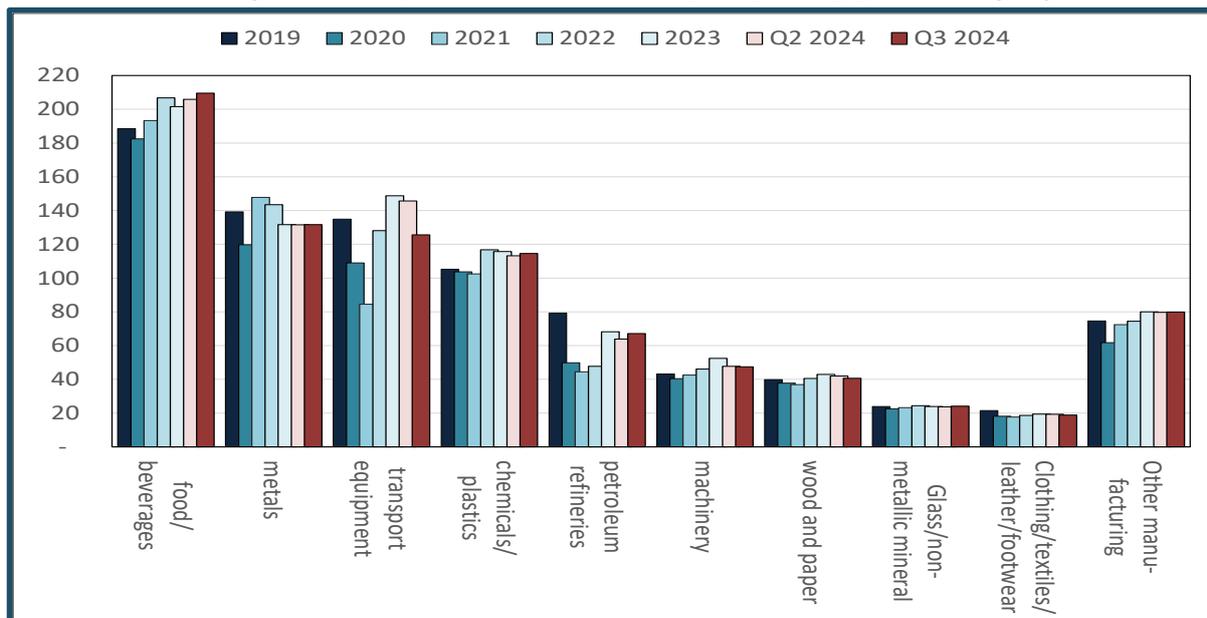
Graph 4. Quarterly sales from auto and other manufacturing industries in billions of constant (2024) rand (a) and volume index for total manufacturing production (January 2020 = 100), seasonally adjusted, first quarter 2019 to third quarter 2024



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

No other manufacturing industry experienced a decline in sales comparable to auto. Machinery sales dropped 9% in constant rand from the third quarter of 2023 to the third quarter of 2024; wood and paper shrank 5%; and clothing, 3%. Only food processing and beverages experienced significant growth, at 4%, over the year. (Graph 5)

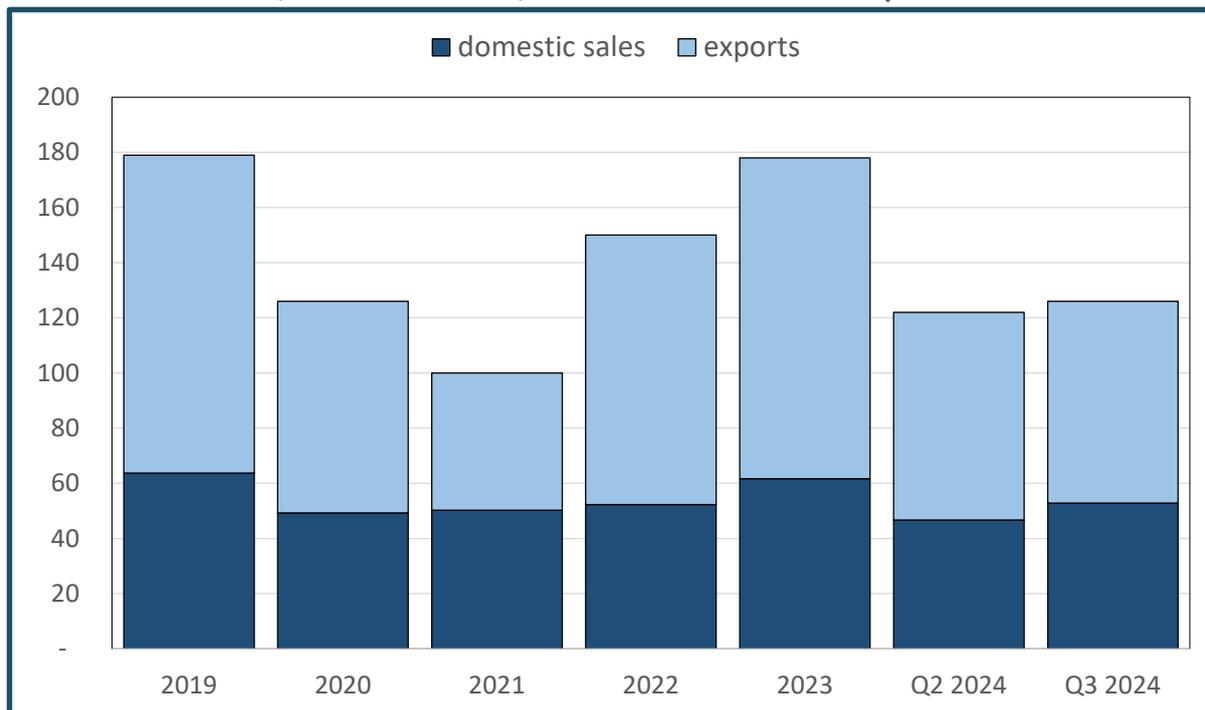
Graph 5. Third quarter sales by manufacturing industry from 2019 to 2024, and second quarter 2024, in billions of constant (2024) rand (a), seasonally adjusted



Note: (a) Refflated with CPI rebased to first quarter 2024. Source: Calculated from Statistics South Africa. Manufacturing: Production and Sales, September 2024.

The decline in the auto industry over the past year resulted primarily from a worldwide drop in demand. It was reflected in slowing car exports particularly to Europe, which remains a critical market for South Africa. As a result, auto production in the third quarter of 2024 fell back to levels last seen at the end of 2020, during the recovery from the COVID-19 pandemic. In contrast, domestic sales of locally assembled cars remained comparatively stable, with some improvement from the second to the third quarter of 2024. (Graph 6) The auto industry has also been disrupted by delays at the ports, which affect both imports of components and exports of assembled vehicles. While South Africa produces many structural components for cars, virtually all more advanced inputs, from gearboxes to computers and software, are still imported.

Graph 6. Third quarter sales in South Africa and exports of locally assembled vehicles, in thousands, from 2019 to 2023, and in the second and third quarter of 2024



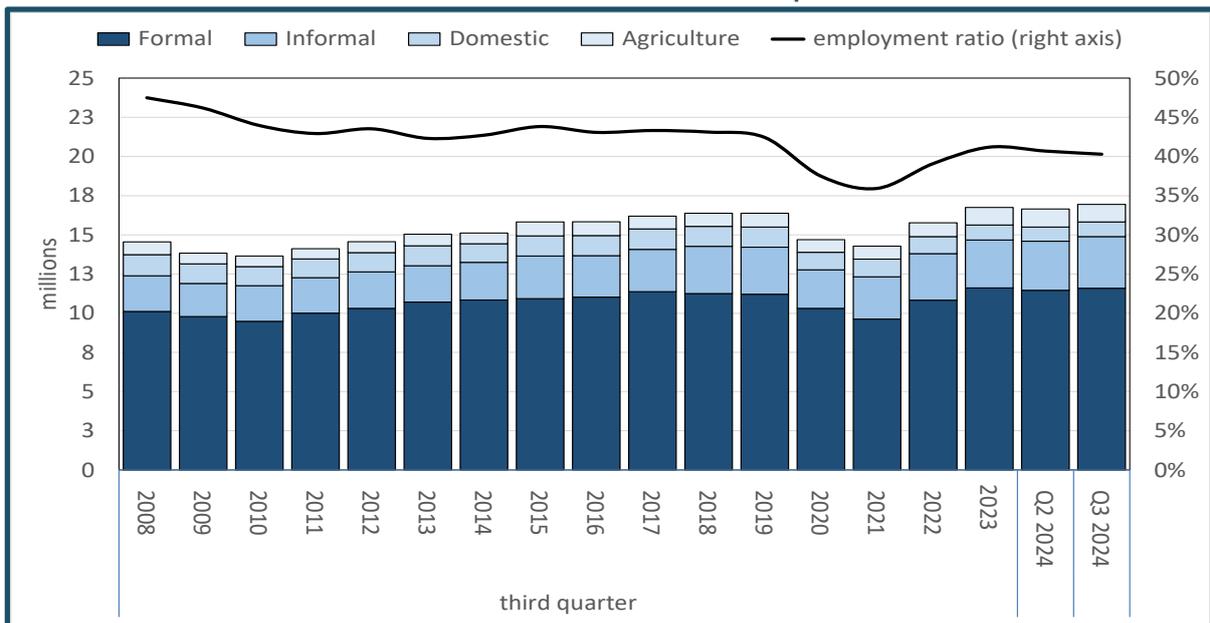
Source: Calculated from NAAMSA Quarterly Reviews for relevant quarters. Accessed at <https://naamsa.net/quarterly-reviews/> in November 2024.

Employment

In the year to the third quarter of 2024, formal employment was virtually unchanged. In contrast, informal employment reportedly climbed by 7%, with a surge in informal construction jobs. As a result, the Quarterly Labour Force Survey found an increase in total employment of 200 000 for the period, or 1.2%, to almost 17 million jobs. Manufacturing gained 120 000 jobs over the year, climbing to 1.6 million, but remained well below pre-pandemic levels.

In the year to the third quarter of 2024, total employment increased by 200 000 jobs, or 1.2%, to reach a total of 16.9 million (Graph 7). The informal sector accounted for virtually all of the reported employment gains, with small declines in formal and domestic jobs. Even so, total employment growth lagged behind population growth. As a result, the share of adults with income-generating employment dropped to 40%, down from 41% a year earlier. The ratio has fluctuated between 39% and 46% since the transition to democracy, far below the global norm of 60%. The quarterly employment data are not seasonally adjusted, so quarter-on-quarter changes are not necessarily meaningful.

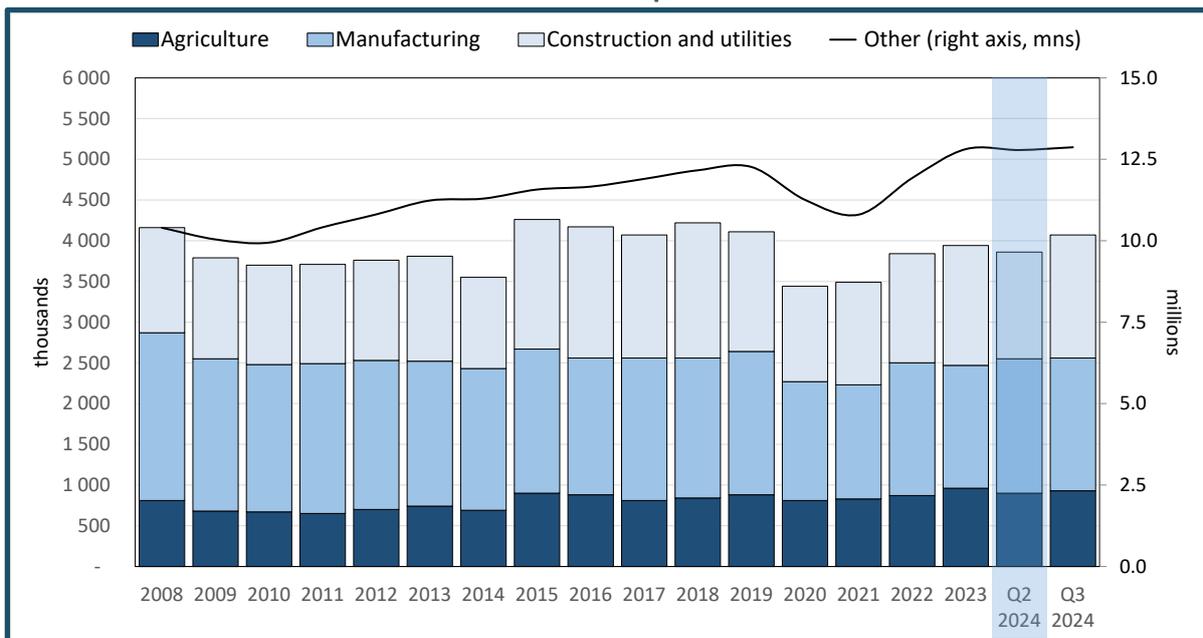
Graph 7. Employment by type of employer, and the employment ratio (a), for the third quarter from 2010 to 2023 and the second and third quarter of 2024



Note: (a) The employment ratio equals employed as percentage of total working aged population
 Source: Calculated from Statistics South Africa. QLFS Trends 2008-2024Q3. Excel spreadsheet.

Manufacturing gained some 120 000 jobs, or 8%, in the year to the third quarter of 2024. The rest of the economy, however, showed virtually no jobs growth. The Quarterly Labour Force Survey (QLFS) reported that informal construction gained 125 000 jobs, but formal construction lost 100 000. This was the main factor behind the reported jump in informal employment over the past year. It seems possible, however, that this finding is a quirk of the survey rather than showing a real change in employment status.

Graph 8. Employment in agriculture, manufacturing, and utilities and construction, in thousands, and in the rest of the economy in millions, third quarter 2010 to 2023 and second and third quarter of 2024

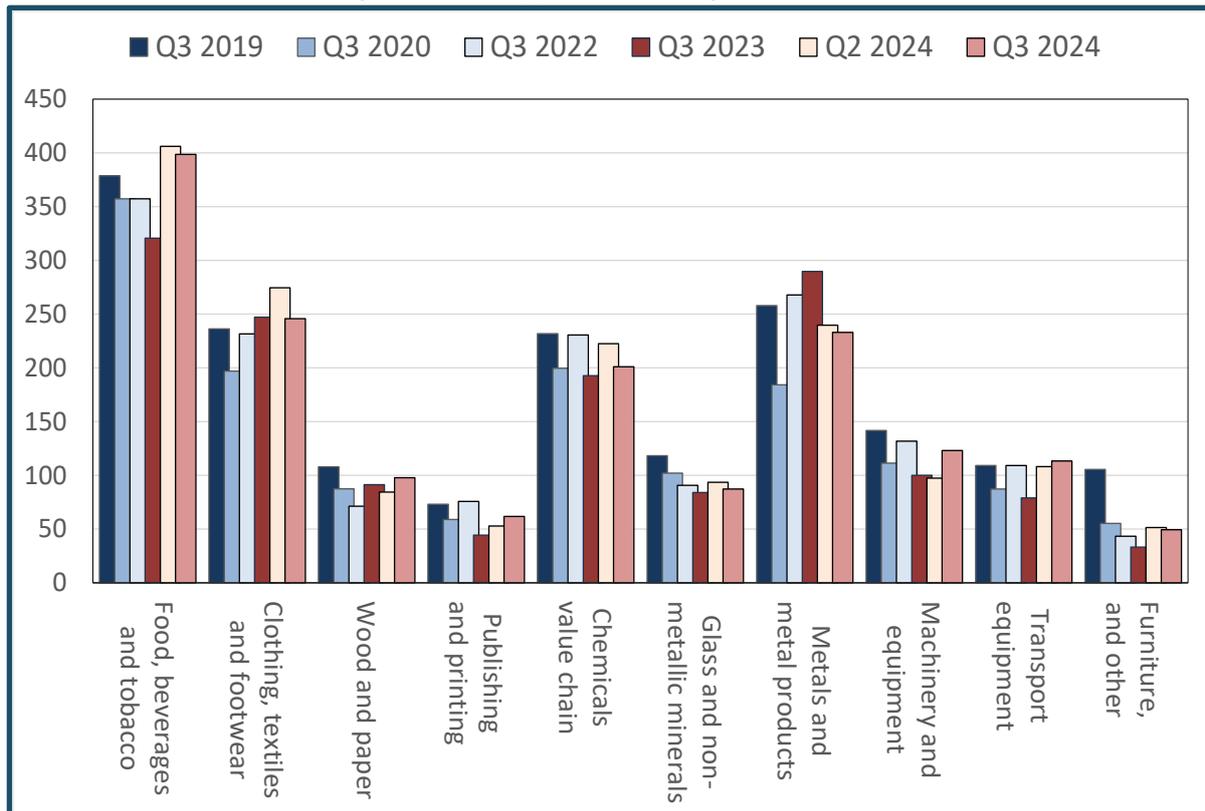


Source: Calculated from Statistics South Africa. QLFS Trends 2008-2024Q3. Excel spreadsheet.

Virtually all of the jobs gained in manufacturing in the year to the third quarter of 2024 were in food processing. The industry reportedly gained 80 000 jobs over the period, for an increase of nearly 25%. As a result, it fully regained losses reported in the third quarter of 2023, and exceeded pre-pandemic production levels.

In contrast, basic metals and metal products reported significant job losses from a high point a year earlier, falling back below 2019 levels. (Graph 9) The QLFS found a jump in auto employment over the year from 2023, despite the steep fall in sales.

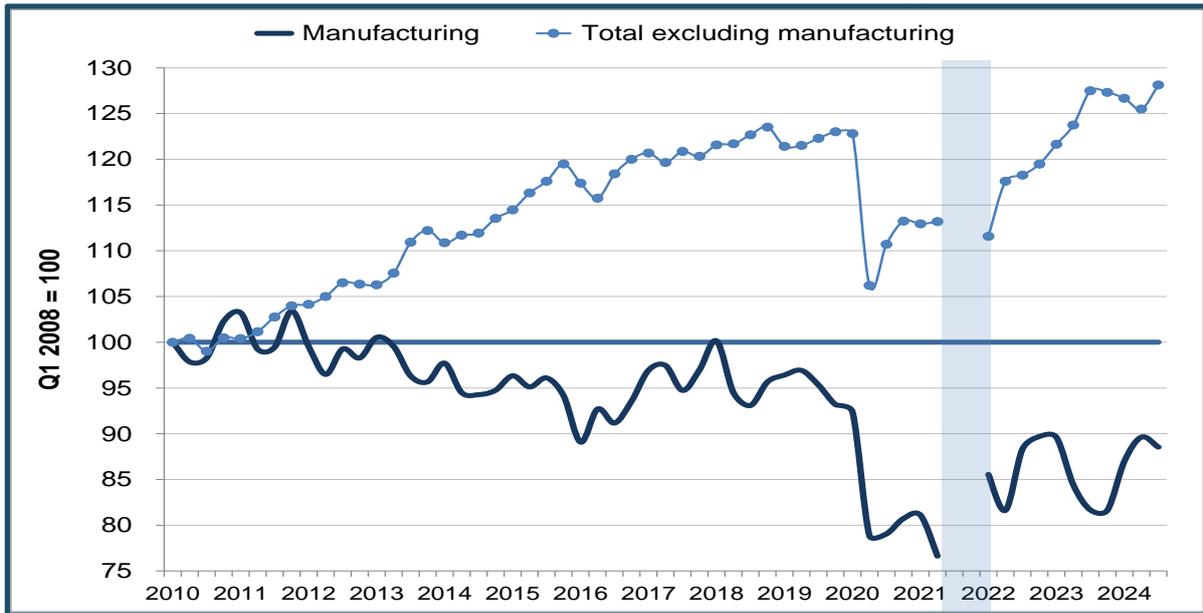
Graph 9. Employment in manufacturing industries, in thousands, third quarter 2019 to third quarter 2024 (a) and second quarter 2024.



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.

Overall, the employment data continue to show significant fluctuations, making it difficult to discern long-term trends. As Graph 10 shows, manufacturing seems to have stabilised in the past two years, following job losses for most of the past 15 years. The rest of the economy has generated limited employment in the past year, apparently ending the relatively rapid gains seen during the recovery from the COVID-19 downturn.

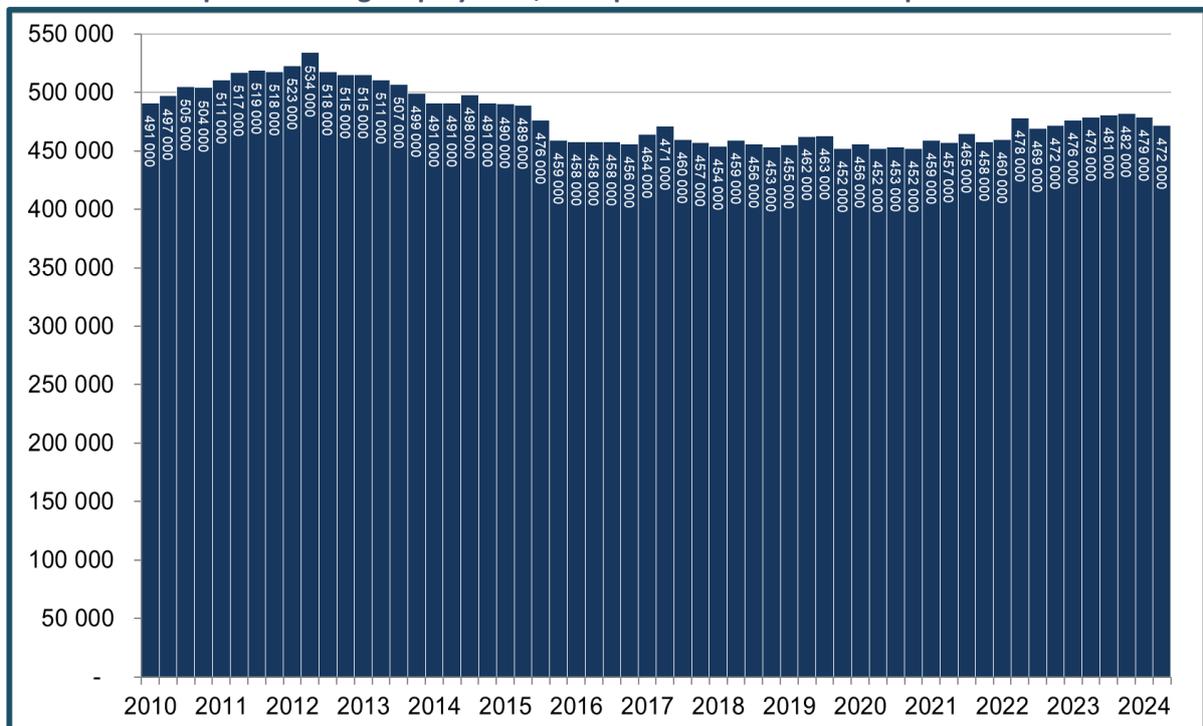
Graph 10. Index of employment in manufacturing and the rest of the economy, first quarter 2010 to the third quarter of 2024 (first quarter 2010 = 100) (a)



Note: (a) Response rates for the QLFS were extremely low in the second half of 2021, and the figures for that period are therefore highly unreliable and excluded from the graph. Source: Calculated from Statistics South Africa. QLFS for relevant quarters. Electronic databases.

For data on mining employment, Statistics South Africa recommends the survey of formal businesses, the Quarterly Employment Survey, rather than the QLFS, which samples households. However, the Quarterly Employment Survey is published a quarter behind the QLFS. It found that mining employment declined through the first half of 2024 (Graph 11)

Graph 11. Mining employment, first quarter 2010 to second quarter 2024



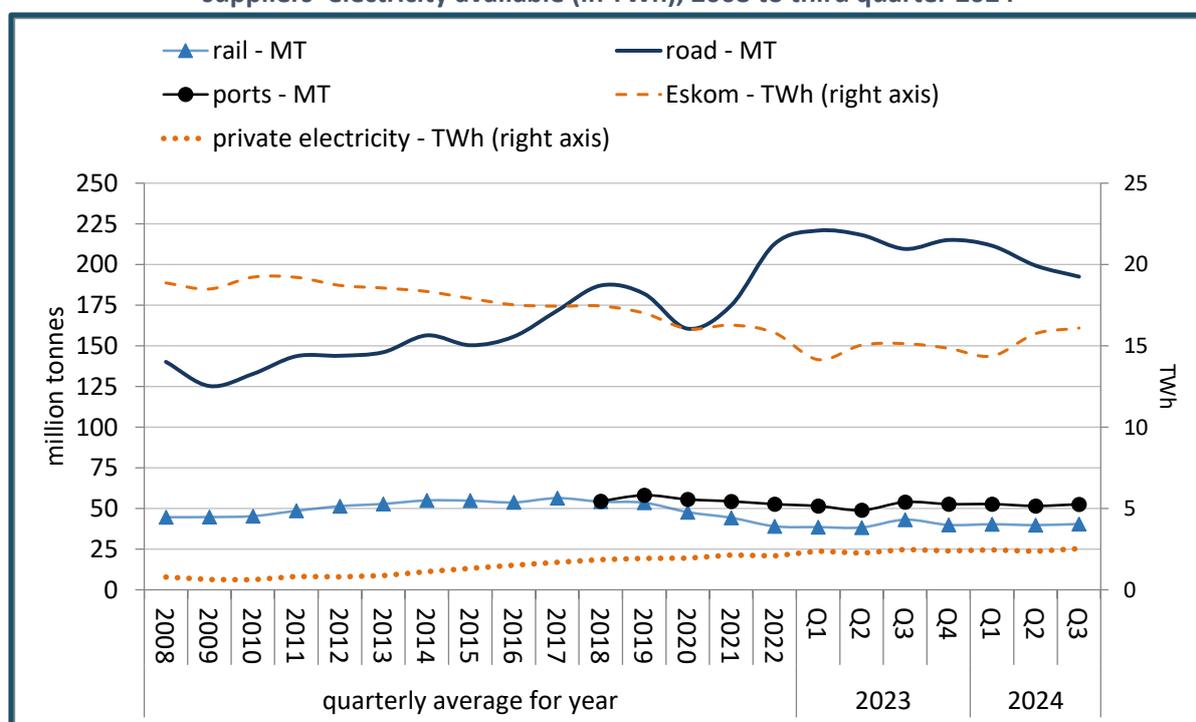
Source: Statistics South Africa. Quarterly Employment Statistics. Detailed breakdown. Second quarter 2024 Excel spreadsheet.

Infrastructure

In volume terms, services provided by the national electricity grid, rail and ports all expanded modestly in the past quarter. Eskom is now back to levels of supply last seen in 2020, and has not loadshed in more than six months. Financing further improvements remains a point of contention. In this context, Eskom has applied for a 36% increase in tariffs in 2025, which would push its revenues up to 6% of the GDP.

In the past quarter, volumes carried by Transnet and shipped through the ports, in tonnes, climbed by almost 2%. Road freight, however, continued to decline, presumably due to slow overall economic growth as well as port delays. Electricity supplied through the grid increased by 2.8%, returning it to levels last seen in 2019. The recovery the national electricity supply largely reflected increased private sales to the grid, which rose from 10% of the total in 2019 to 14% in the third quarter of 2024. (Graph 12)

Graph 12. Road, rail and ports tonnage carried (in million tonnes) and Eskom and other grid suppliers' electricity available (in TWh), 2008 to third 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 November 2024. For ports, Transnet National Ports Authority. Port Statistics. Webpage. Accessed at <https://www.transnetnationalportsauthority.net/Commercial%20and%20Marketing/Pages/Port-Statistics.aspx> in November 2024.

Rapid growth in independent generation by businesses and households alleviated pressure on the national grid. In the year to the third quarter, registration of new off-grid capacity with Nersa climbed by four GW, with half in the latest quarter alone. That reflects a stabilisation of growth compared to the previous year, and a 40-fold increase over 2021. The year to the third quarter of 2024 also saw a substantial increase in the share of projects with capacity of over 100 MW, most of which support large-scale industrial projects rather than households or commercial sites. Continued large-scale investment in off-grid capacity reflects both declining costs and continued concerns about reliability from both Eskom and municipalities, especially in Gauteng. The high up-front costs, however, mean

that the main direct beneficiaries are large formal businesses and high-income households. In 2023, over one in 10 of the richest decile of households had solar panels, compared to one in a hundred for the rest of the population.

While the basic supply of electricity and freight transport has stabilised, disputes about how to finance future improvements persist. The options include higher tariffs for users; measures to attract private investors; subsidies from the fiscus; and increased borrowing, which should in theory be paid by future users of the services. Each of these solutions distributes the cost differently between stakeholders and over time. Given slow economic growth and deep inequalities, all are heavily contested.

In October, the Treasury's Medium Term Budget Policy Statement (MTBPS) argued strongly that the only way to mobilise sufficient infrastructure investment would be through new public-private partnerships. This stance reflects in large part its adoption of a tight fiscal framework, with non-interest spending held around 0.2% below inflation. In this context, the MTBPS committed to new measures to encourage private investment in public infrastructure. It did not, however, discuss how to make the provision of public infrastructure or bulk services to low-income communities profitable enough to attract private investors. If the only way to cover costs proves to be substantial increases in tariffs, the results may be social resistance as well as falling demand, as shown by the experience of the Gauteng toll roads and Eskom electricity.

In October, the Parliamentary standing committee on public accounts effectively took a very different approach. It argued that government should provide more than R200 billion to Transnet and PRASA to enable them to return to pre-pandemic service levels. Presumably the funding would have to come out of national revenues, adding to the pressure on other government services.

Finally, Eskom has called for price increases that would add over a third to its revenues in the coming year. If the regulator grants these increases, Eskom's sales would jump from around 4% of the GDP in 2024 to 6% in 2025. In the mid-2010s, they absorbed under 2% of the GDP. Eskom also wants to increase the cost of going off grid, presumably to prevent a further customer exodus. That proposal goes against both the Treasury's strategy of crowding in private investment and the push to reduce dependence on coal-based generation.

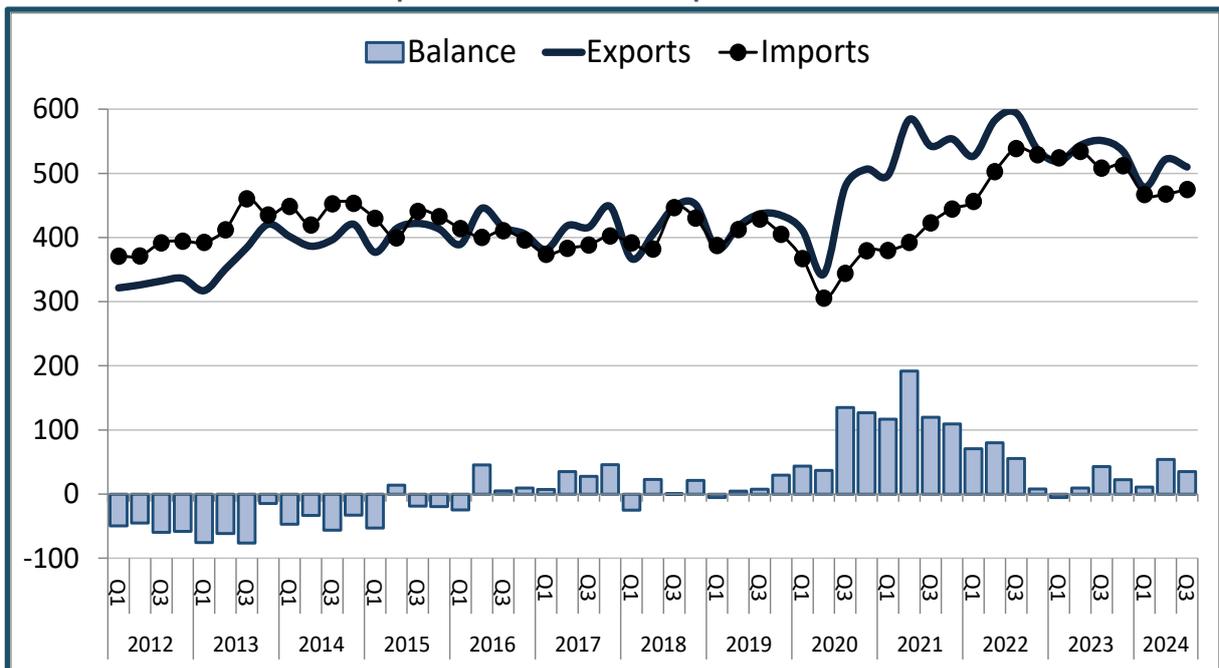
International trade

South Africa had a merchandise trade surplus in the third quarter of 2024, continuing an almost unbroken trend since the COVID-19 downturn. Export revenues were hit by a 3.5% increase in the exchange rate relative to the nominal dollar, as well as a slump in auto sales and lower prices for some major mining commodities. The stronger currency moderated the cost of imports, however, including petrol.

South Africa's surplus in goods trade continued in the third quarter of 2024, although it continued on a downward trend. (Graph 13) The trade picture is, however, complicated by the 3.5% strengthening of the nominal rand relative to the US dollar in the third quarter of 2024. That pushed the rand in nominal terms back to levels last seen in March 2023. As a result, the value of exports in constant rand, deflated using CPI, diverged by 8% from their nominal US dollar value.

In constant rand terms, South African goods exports dropped over 7%; in current US dollars, they climbed by 0.1%. By volume, exports likely fell by around 2%. Similarly, while imports declined in constant rand terms, they grew 1.1% in current US dollars over the year to the third quarter of 2024. That represents a fall of around 1% in constant US dollars, compared to 6.5% in constant rand.

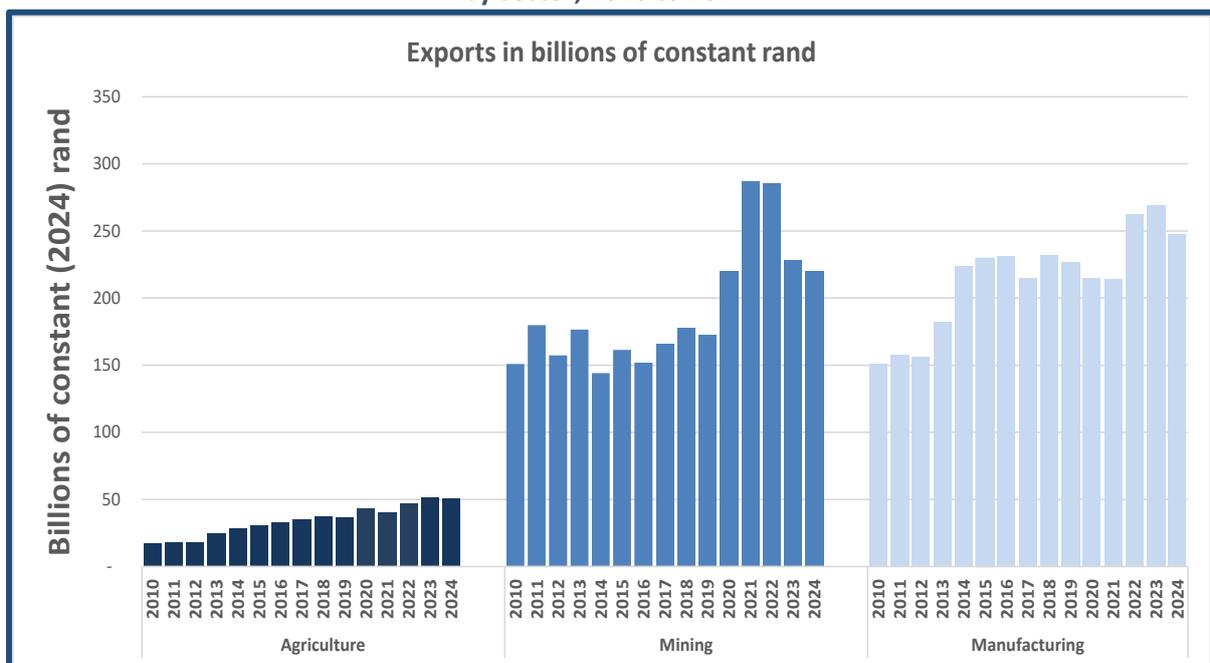
Graph 13. Quarterly exports, imports and balance of trade in billions of constant (2024) rand (a), first quarter of 2012 to third quarter of 2024.



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

The stronger rand meant export revenues from goods exports declined more than the volume of sales. In this context, a sharp fall in auto exports in the third quarter of 2024 compared to a year earlier drove an 8% decline in total manufactured exports. Still, as a whole manufacturing exports remain well above pre-pandemic levels. (Graph 14)

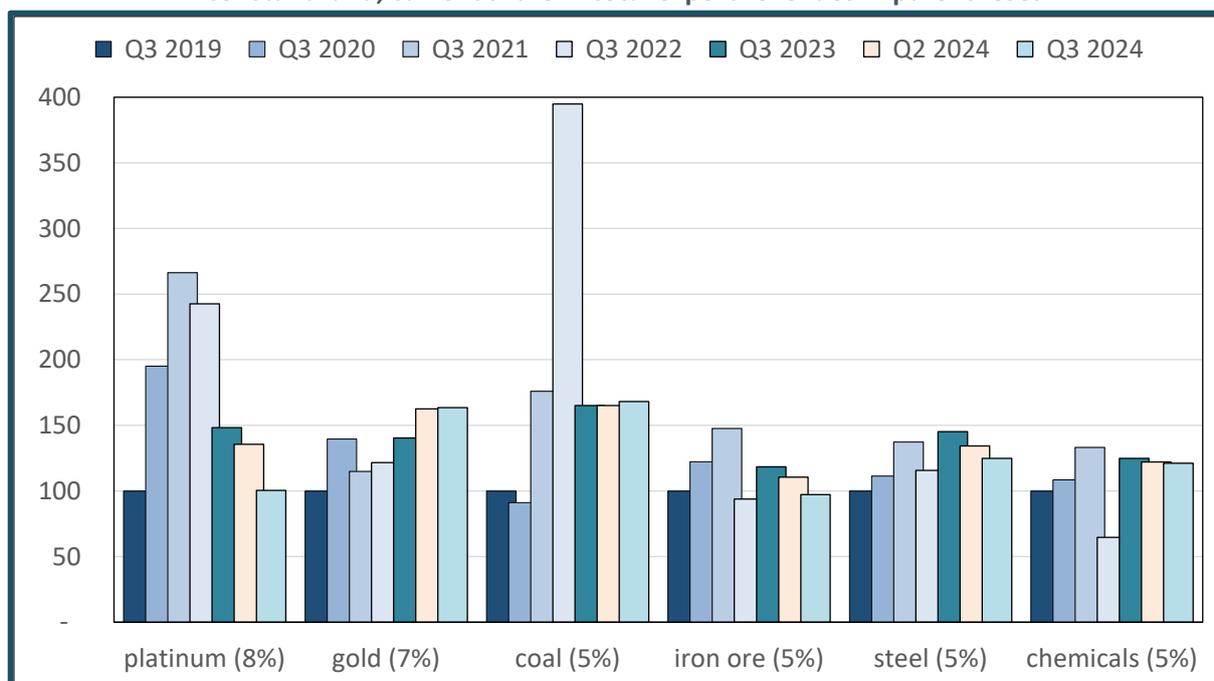
Graph 14. Third quarter goods exports in billions of constant (2024) rand (a), by sector, 2010 to 2024.



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

Mining exports dropped modestly, mostly thanks to the combination of stagnant world prices and the stronger rand. In constant rand, only coal and gold prices increased, while platinum dropped sharply and iron ore, steel and chemicals fell slightly. (Graph 15) In volume terms, platinum exports recovered 40%, returning to levels last seen in 2021. Overall, the value of mining exports was 23% off the 2021 peak, but still well above pre-pandemic levels. The rand value of agriculture exports also decreased slightly, declining from R52 billion to R50 billion. The fall was entirely due to the higher rand.

Graph 15. Indices of South African unit export prices for major mining-based exports in constant rand; current share in total export revenues in parentheses

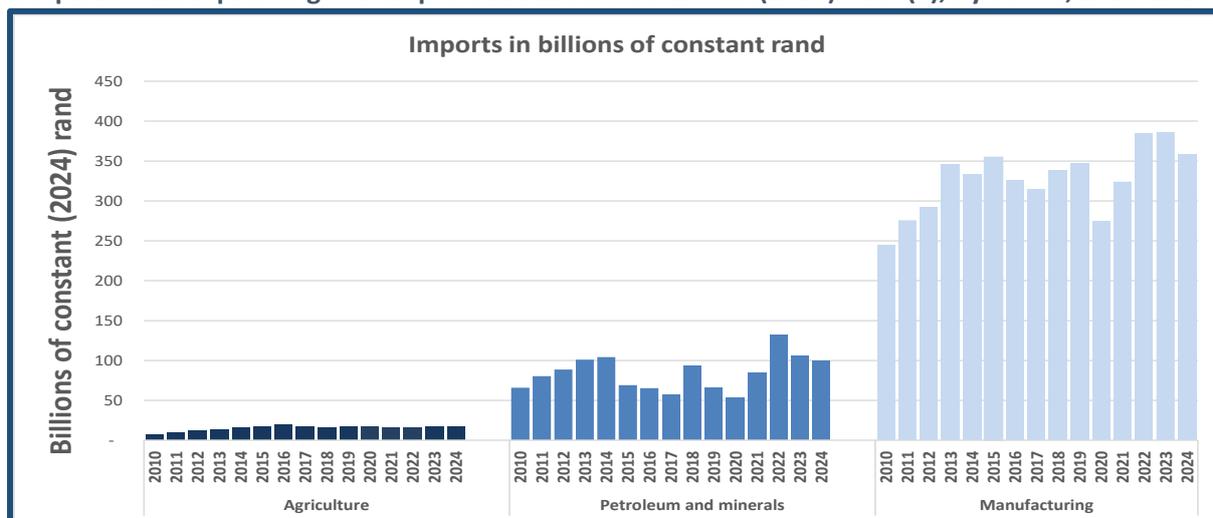


Note: (a) Refflated with CPI. South African chemicals exports derive primarily from coal. Source: Calculated from Quantec. EasyData. Interactive dataset. Series on trade in HS-8 categories.

The value of manufacturing imports in constant rand declined only slightly less rapidly than exports, falling by 7% from the third quarter of 2023 to the third quarter of 2024. Around half of the decline reflected appreciation in the value of the rand.

A similar picture emerged for liquid fuels, which account for some 20% of South African imports. Compared to the third quarter of 2023, the volume of petroleum imports shrank by 2%, but payments for it dropped 17% in nominal terms.

Graph 16. Third quarter goods imports in billions of constant (2024) rand (a), by sector, 2010-2024



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

In constant rand terms, by far the largest decline in manufacturing exports came from auto, as discussed in the section on the GDP. Compared to the third quarter of 2023, revenues from exports of metals and metal products fell by 11% in rand terms, or 4% in US dollar terms, reflecting lower prices for steel. Other industries saw gains in exports in current dollar terms over the past year, but their rand revenues shrank because of the uptick in the real value of the rand. On the import side, auto also saw a significant decline. SARS data also show a significant fall in imports of paper products.

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

Industry	value (billions)		% change from Q3 2023		change in billions	
	US\$	Rand	US\$	Rand	US\$	Rand
EXPORTS						
Food and beverages	1.35	24.31	11%	2%	0.13	0.56
Clothing and footwear	0.42	7.58	13%	4%	0.05	0.32
Wood products	0.14	2.51	4%	-4%	0.01	-0.11
Paper and publishing	0.51	9.10	18%	9%	0.08	0.76
Chemicals, rubber, plastic	2.05	36.88	0%	-8%	-0.00	-3.02
Glass and non-metallic mineral products	0.12	2.08	8%	0%	0.01	-0.00
Metals and metal products	2.84	51.06	-4%	-11%	-0.10	-6.21
Machinery and appliances	2.29	41.12	0%	-7%	0.01	-3.14
Transport equipment	3.35	60.17	-18%	-24%	-0.73	-19.15
IMPORTS						
Food and beverages	1.05	18.90	14%	5%	0.13	0.86
Clothing and footwear	1.41	25.43	19%	10%	0.23	2.36
Wood products	0.11	1.91	10%	2%	0.01	0.04
Paper and publishing	0.36	6.50	-54%	-58%	-0.43	-8.92
Chemicals, rubber, plastic	4.14	74.44	15%	6%	0.54	4.32
Glass and non-metallic mineral products	0.24	4.26	-8%	-15%	-0.02	-0.75
Metals and metal products	1.38	24.82	6%	-2%	0.08	-0.40
Machinery and appliances	6.66	119.83	1%	-7%	0.04	-8.87
Transport equipment	4.09	73.57	-13%	-19%	-0.60	-17.72

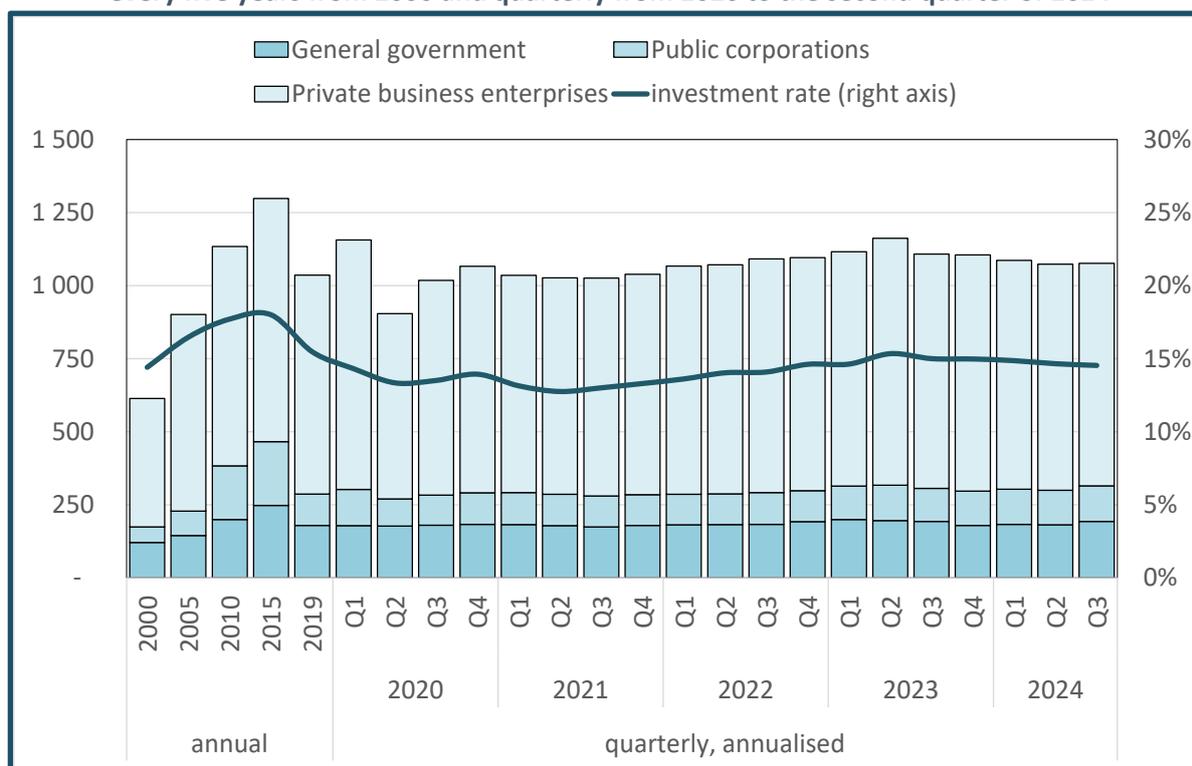
Source: SARS monthly data.

Investment and profitability

Investment continued to decline in the third quarter of 2024. It was almost 3% lower than in the third quarter of 2023, and 7% below its post-pandemic peak in the second quarter of that year. Private investment fell 1.7% in the past quarter, while public investment gained 5%. Still, public investment remains a third lower than at its peak in the mid-2010s. In terms of return on assets, mining and construction declined in the second quarter of 2024, but manufacturing remained stable.

Investment stabilised in the third quarter of 2024, although it remains well below its post-pandemic peak in the second quarter of 2023. (Graph 17) As a result, the investment rate fell from 15.3% at the height of the investment recovery to 14.5% in the third quarter of 2024.

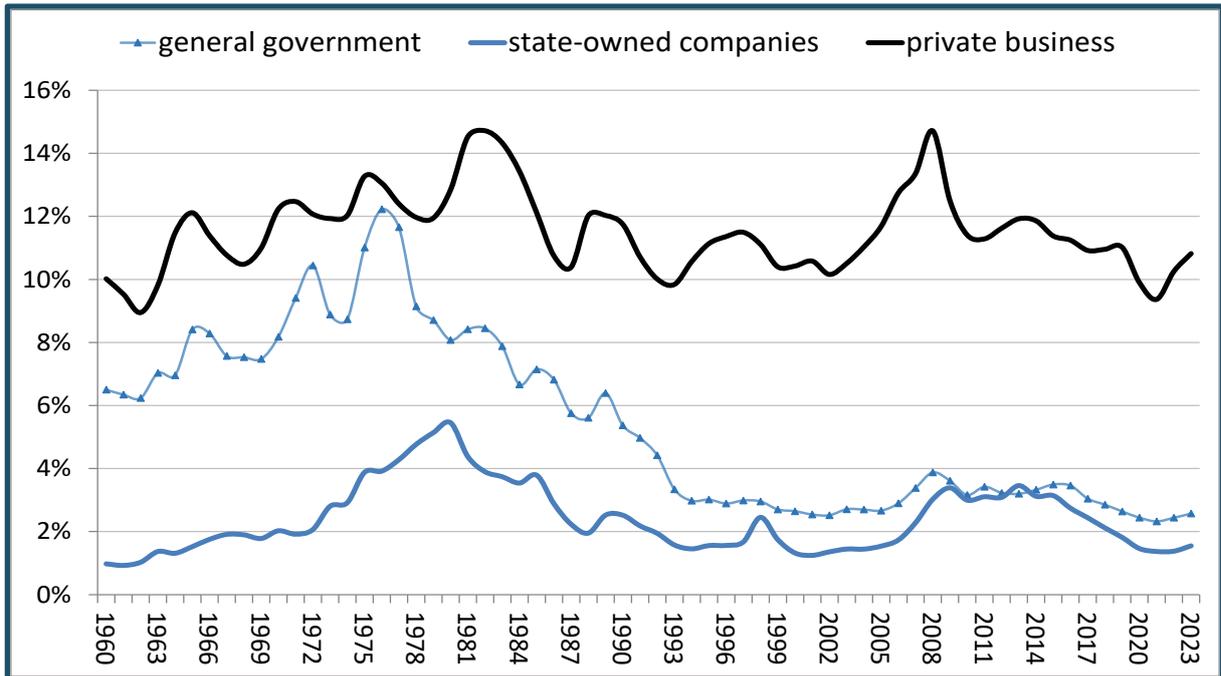
Graph 17. Investment by type of investor in constant 2024 rand and the investment rate (a), every five years from 2000 and quarterly from 2020 to the second quarter of 2024



Note: (a) Figures for investment are reflatd with implicit deflator rebased to third quarter 2023. 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 – 2024Q3. Excel spreadsheet.

Taking a long-term perspective, business investment has fluctuated between 10% and 15% of the GDP. Public investment has been far more variable. It dropped from a peak of over 15% in the mid-1970s to 4% in 1994, recovered briefly to between 6% and 7% for a decade from 2008, and has now fallen back to 4%. (Graph 18)

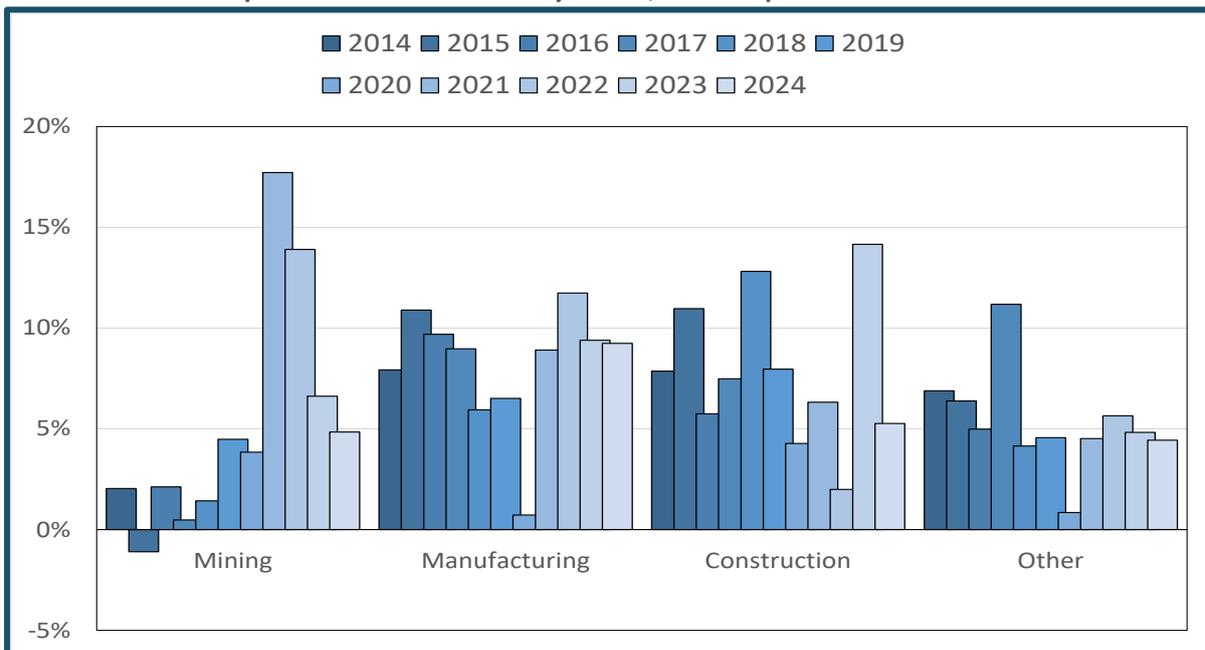
Graph 18. Gross fixed capital formation as a share of the GDP by type of organisation, 1960 to 2023



Source: Calculated from South African Reserve Bank. Online statistical query. Interactive dataset. Accessed at www.resbank.co.za in November 2024.

Data on profitability by sector are available only through the second quarter of 2024, from Statistics South Africa’s Quarterly Financial Statistics. Graph 19 shows that the return on assets in mining fell from 18% at the peak of the commodity price spike in 2021 to 5% in mid-2024. Profitability in construction also fell back from an unusual uptick in the first quarter. In contrast, the return on assets in manufacturing remained essentially unchanged. Data for the second quarter does not yet reflect the decline in export revenues for the auto industry.

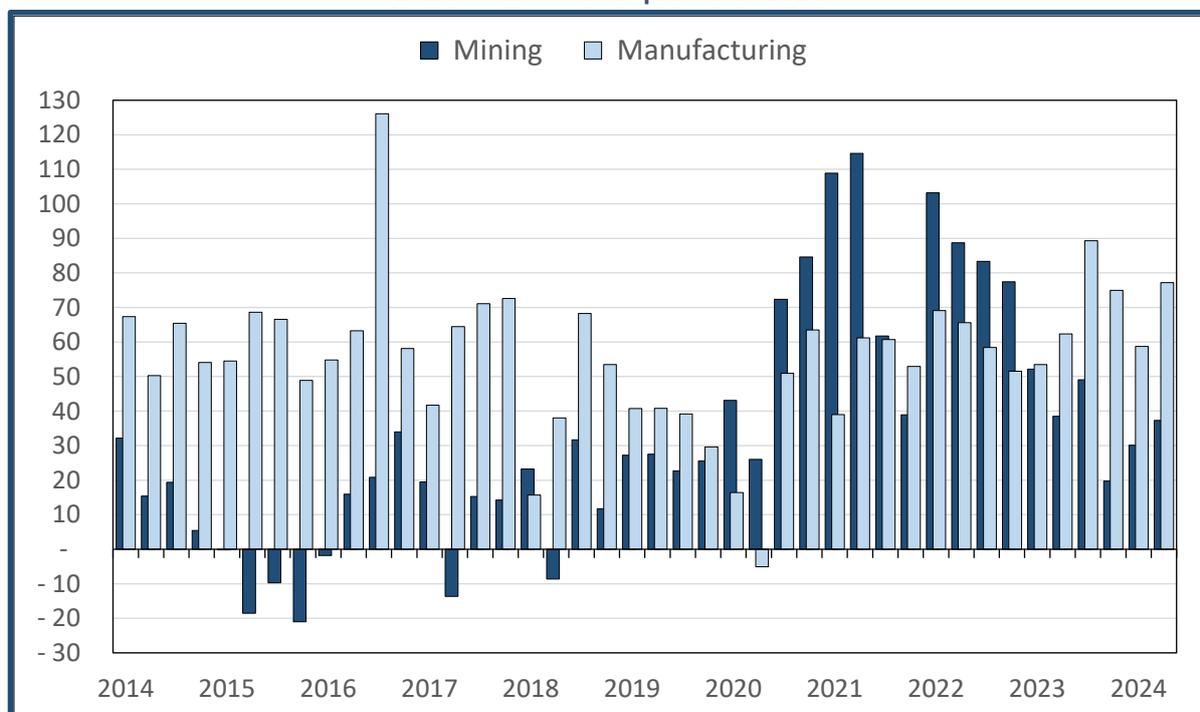
Graph 19. Return on assets by sector, second quarter 2014 to 2024



Source: Calculated from Stats SA, Quarterly Financial Statistics. Excel spreadsheet.

In constant rand terms, mining and manufacturing profits increased in the second quarter of 2024. Manufacturing earnings rose 31%, from R59 billion in the first quarter of 2024 to R77 billion in the second quarter. The improvements are likely due to minimal loadshedding in the second quarter of 2024 and higher export prices. Mining profits climbed from R30 billion in the first quarter of 2024 to R37 billion in the second quarter.

Graph 20. Quarterly profits in manufacturing and mining in billions of constant 2024 rand (a), 2014 to the second quarter of 2024



Note: Rebased with CPI rebased to the second quarter of 2024. Source: Calculated from Stats SA, Quarterly Financial Statistics. Excel spreadsheet.

Foreign direct investment projects

The [TIPS Foreign Direct Investment Tracker](#) monitors FDI projects on a quarterly basis, using published information. This quarter 16 projects were added to the Tracker. Only six of these reported the value of the investment, totalling R17.3 billion. Investment was registered across four sectors, mining, manufacturing, electricity and services. Monitoring further updated 16 pre-existing projects.

New and existing projects

Investment in the third quarter of 2024 was characterised by activity in manufacturing and services. The largest investment value announced was R9.4 billion from development finance institutions for Aspen Pharmicare operations. In addition to projects expanding existing production capacity, manufacturing investment includes construction of new facilities such as a R1.2 billion joint investment by Toyota Tsusho and Ojihara Thailand. The services sector saw firms establish a physical presence in the local market. Electricity projects are mainly from a joint venture comprising Norsk Renewables, Valinor and Musina Flair. Europe is the main source of investment, but there is notable representation of Asian countries including Thailand.

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

Investor Company	Country of Origin	Value (R bns)	Province	Project Summary
Manufacturing: R11.9 billion reported				
IFC, Proparco, and the German Development Finance Institution	Multiple countries	9.4	Eastern Cape	Aspen Pharmacare production and distribution of medicine and vaccines
Toyota Tsusho/Ogihara	Multiple countries	1.2	KwaZulu-Natal	New production plant for Toyota parts
China City Industrial Group	China	1	Eastern Cape	Establishing electric bus manufacturing facility
Royal Industrial	China	0.3	Mpumalanga	Increasing tiles production line capacity
Nordex Energy South Africa	Germany	Not reported	Eastern Cape	Wind turbine concrete tower factory
Services: R5.4 billion reported				
Africa Data Centres CT1 expansion	United Kingdom	5.4	Western Cape	Expanding CT1 data centre
Audi/ Rubicon EV charging infrastructure	Germany	0.05	Multiple	Expanding network EV charging infrastructure
European Investment Bank's Regional Hub	Luxembourg	Not reported	Gauteng	Established regional hub
Eisai South Africa subsidiary	Japan	Not reported	Gauteng	Established local sales branch
Bamboo investment platform	Nigeria	Not reported	Gauteng	Launched services in South Africa
JAC Motors parts warehouse	China	Not reported	Gauteng	Expanded parts warehouse
Electricity: Not reported				
Norsk Renewables, Valinor and Musina Flair	Norway	Not reported	Gauteng	315 MW Nyakallo 1 solar and BESS project
Norsk Renewables, Valinor and Musina Flair	Norway	Not reported	Northern Cape	300 MW Greater Karoo solar and BESS projects
Norsk Renewables, Valinor and Musina Flair	Norway	Not reported	Northern Cape	Greater Karoo 300MW wind facility
Enernet Global Inc.	United States	Not reported	Northern Cape	12 MW Solar PV power plant for Vedanta Resources mine
Mining: Not reported				
Menar	Luxem-bourg	Not reported	Mpumalanga	Phalanndwa Mine Rehabilitation

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

Source: TIPS FDI Tracker database.

By type, expansion projects make up the highest announced value while greenfield projects make up the majority by number.

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

	Stage	Announced	Preparation	Implementation	Completed	Total value	Number
Investment type	Expansion	9.75	-	-	5.4	15.1	5
	Greenfield	-	1	1.2	n.a.	2.2	10
	Brownfield	-	-	n.a.	-	n.a.	1
Total value		9.75	1	1.2	5.4		
Number		3	5	3	5		

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

Source: TIPS FDI Tracker database.

Updates

Several projects came to completion in the third quarter of 2024, including two manufacturing projects announced during the five-year period of the South African Investment Conference. Automotive plastics manufacturer YFPO and tile producer Rayal Industrial concluded their respective R1 billion and R280 million projects. Some mining projects also concluded, entering operations, while others have moved into construction and project preparation, including the previously suspended Zulti South Mine project by Richards Bay Minerals. TotalEnergies, however, decided to withdraw from two of the company's gas exploration projects in the Western Cape. In utilities, numerous projects went into construction and others completed, among them the notable R11.6 billion Redstone CSP project.

Table 4. Project updated in the third quarter of 2024

Project	Company	Value (R bns)	Industry	Progress update
Complete/ Operational				
Anglo American Operations Investment (Kapstevel South Project (Kolomela mine)	Kumba Iron Ore	7	Mining	Produced first ore
BMW Rosslyn plant electrification project	BMW SA	4.2	Mfg	Concluded facility upgrades, starting production at the end of 2024
Tronox Mineral Sands solar photo voltaic plants	Sola Group/ Tronox	3.2	Utilities	Construction complete
YFPO Supplier plant	Plastic Omnium/ Yangfeng	1	Mfg	Construction complete and facility opened
Ener-G-Afrika manufacturing operation	Ener-G-Africa	0.1	Mfg	Relocated to new solar panel manufacturing facility
VWA sustainability projects: solar 2	VWA	0.1	Utilities	Solar installation supplying electricity
Redstone CSP Project	ACWA Power	11.6	Utilities	Construction complete
Porcelain tile manufacturing plant	Rayal Industrial	0.28	Mfg	Construction Complete
Construction/implementation				

Project	Company	Value (R bns)	Industry	Progress update
Gravelotte emerald mine project	URA Holdings	47.5	Mining	Pending first trial sale of emeralds in Thailand, exported two batches of emeralds
Doornhoek PV	AMEA	2.2	Utilities	Facility under development, planned completion 2025
REIPPPP BW5: Grootspuit Solar PV Project (75 MW)	ENGIE Africa/Pele Green Energy	1.4	Utilities	Started construction
Platreef PGM Project	Ivanplats	1	Mining	Phase 1 concentrator complete, first ore deferred to 2025
Envusa: Koruson 2 projects	Envusa JV	14.7 (a)	Utilities	The three solar facilities are under construction
Project-preparation				
Zulti South mine	Richards Bay Minerals	6.7	Mining	Project will resume as of 2025, restarting project after it was halted
Steelpoortdrift vanadium project	Vanadium Resources	3.8	Mining	Cooperation agreement with China Energy International, FID pending and construction target 2025
Cancelled				
Total Drilling in South Africa: Luiperd-1 well	Total Energies	1.5	Mining	Withdrawal from the project
Total Drilling in South Africa: Brulpadda well	Total Energies	2.3	Mining	Withdrawal from the project

Note: (a) Estimated portion of a total R34 billion investment value for EDF Renewables current electricity generation projects including Koruson 1 and Umoyilanga hybrid power plant.

Briefing Note 1: Insights from the TIPS Regional Tracker: How commodity dependence harms continental SADC

Danae Govender and Liako Mofo

TIPS is introducing a new Regional Tracker, which will provide a regular analysis of economic performance and industrialisation in continental SADC (that is, excluding Madagascar, Mauritius and the Seychelles). It provides key data on economic growth, inequality, trade flows, infrastructure development, and investment. This briefing note highlights findings on economic growth, export composition, and inequality in continental SADC.

The continental SADC economies are characterised by high levels of inequality, small market sizes, and significant distance from global markets. Dependence on commodities, for which prices are determined internationally, reigns supreme. While natural resource abundance has, historically, supported national income generation, the region's failure to complement extractive industries with a robust manufacturing sector has left it vulnerable to international price fluctuations, undermining long-term economic growth. These challenges underscore the importance of developing

regional value chains to drive industrialisation, diversify exports, and build resilience against global economic shocks.

The SADC region remains relatively small in terms of population and GDP. In 2022, continental SADC had a total population of about 360 million, with an average population per country of under 30 million. This is significantly smaller than other developing economies excluding China, where the average population exceeds 40 million. Economic size also lags; in 2022, the region's average GDP per country was US\$65 billion — less than half the size of peer developing countries, again excluding China. In addition, regional GDP growth of 130%, from 1995 to 2022, fell short of the 170% observed in other developing countries outside of China.¹

SADC enjoyed relatively high economic growth rates during the commodity boom of 2002-2011, and for a few years thereafter. Since then, however, growth has tapered off. For almost a decade, it has remained relatively low,² pointing to the challenges that arise when the rents earned from extractive industries are not used to bolster other industries. In 2022, over 90% of exports by continental SADC countries excluding South Africa were tied to commodity production. Even for South Africa, the region's most industrialised economy, almost 70% of exports arose from mining and agriculture. That share is notably higher than other developing countries, especially in East Asia. Moreover, from 2018 to 2022, the share of commodities in the exports of several SADC countries, including the Democratic Republic of Congo, Tanzania and South Africa, increased at the expense of manufacturing products, mostly due to a spike in world metals prices after the COVID-19 pandemic and the Russian invasion of Ukraine.

In part because of its unusually strong reliance on mining, continental SADC suffers from unusually deep inequalities both within and between countries. That both limits regional trade and fosters migration. In 2022, low-income SADC countries accounted for 43% of the region's population but controlled only 12% of regional income. At the national level, the population-weighted average Gini coefficient for continental SADC (0.49) substantially exceeds the average for other developing economies (0.36). Only 10 countries in the world report a Gini coefficient over 0.50; eight of them are in Southern Africa. That said, most petrostates do not report a Gini coefficient at all. Within continental SADC, countries that depend on mining tend to be more unequal than those that rely more on agricultural exports, such as Malawi and Tanzania.

Persistent reliance on mineral exports indicates that mining rents are not invested to diversify the continental SADC economies. As a result, they remain concentrated among the companies and individuals that control mining rights and in mining locations, leaving the majority of the population locked into low-paying work or even jobless. This kind of rent-seeking behaviour typically arises when democratic and regulatory institutions remain weak.

To overcome the problems associated with commodity dependence, SADC countries must strengthen governance, establishing transparent frameworks for resource management and combating corruption. The aim should be to ensure that when international prices spike, as they have in the past few years, the resulting resource rents are effectively reinvested into productive sectors. To achieve this, governments need effective industrialisation strategies to build manufacturing capabilities and supportive service industries. This approach would focus on developing industries that create jobs and build more diversified and equitable economies.

¹ Also, across the income classifications used for population: low-, lower-middle, and upper-middle income.

² This argument is within the context of time clusters used in the analysis. The clusters are as follows: 1995-2002; 2002-2011; 2011-2014; 2014-2018; 2018-2022.

Briefing Note 2: Green hydrogen projects and just transition tools

Muhammed Patel

A just transition is critical for South Africa as it seeks to decarbonise and move away from coal dependence, which has been central to the country's energy production for over a century. In this context, the development of a domestic green hydrogen value chain has been gaining attention. It may offer opportunities to absorb workers from coal and other affected value chains, create jobs, and build a sustainable energy future. To take advantage of these opportunities, however, stakeholders in South Africa need to understand how green hydrogen projects are unfolding, how they integrate just transition principles, and the barriers they face at the project level.

Internationally, organisations such as the International Renewable Energy Agency advocate for including just transition elements, such as social justice and inclusivity, in green hydrogen development. In South Africa, documents like the Hydrogen Society Roadmap and the Green Hydrogen Commercialisation Strategy emphasise aligning green hydrogen development with just transition goals, but these policies often lack specificity at the project level. Stakeholder consultations and feedback from civil society reflect both optimism and scepticism about the potential of green hydrogen to contribute meaningfully to just transition in South Africa, given concerns about resource allocation, project viability, and social impacts.

To help ensure that green hydrogen developments align practically with the just transition mandate, TIPS recently conducted work with the Stockholm Environment Institute (SEI) on the intersection of green hydrogen project development and just transition tools. The report, which will soon be published, explores the integration of just transition principles within the development of green hydrogen projects in South Africa. It highlights policy frameworks, project-level dynamics, and the challenges and opportunities of combining environmental and social sustainability goals in this evolving landscape.

Green hydrogen projects face several challenges, particularly in achieving cost competitiveness. Currently, their production costs significantly exceed those of traditional grey hydrogen, imposing additional financial pressures. There are also complexities related to land access, regulatory cohesion between different levels of government, and the ability of local municipalities to integrate green hydrogen projects into existing infrastructure. Stakeholder engagement processes have faced criticism for being inconsistent, with some projects lacking clear communication and community involvement throughout their development stages.

Green hydrogen projects in South Africa have approached engagement with vulnerable stakeholders primarily through intermediaries and liaison officers. This method, though practical, often distances project developers from directly interacting with communities and workers. Some developers have established community liaison offices and embedded community-specific engagement tools, which help in disseminating project information and opportunities effectively.

Just transition activities in green hydrogen projects vary widely, depending on the commitment of the project developers. Reskilling and retraining of displaced workers are central just transition tools, with projects attempting to create employment for nearby communities. Another focus is on providing excess energy and water produced by projects to surrounding communities, which, if properly integrated into municipal systems, can benefit under-resourced areas. Projects also advocate for local procurement to strengthen supply chain development, though the reliance on imports remains high at this stage of green hydrogen development.

The SEI/TIPS report³ identifies both the potential and limitations of green hydrogen development as a means to support a just transition in South Africa. Although green hydrogen could play a significant role in economic diversification and job creation, there are practical barriers to fully integrating just transition principles at the project level. Many green hydrogen projects are still in pilot stages, focused primarily on proving their commercial viability. This uncertainty limits the commitment to just transition initiatives, which remain voluntary without formal compulsion or harmonised targets.

Some stakeholders express scepticism over resource allocation to green hydrogen given the uncertainties involved, particularly as these projects divert attention from other pressing developmental needs. Moreover, the policy disconnect between national ambitions and provincial and local capabilities hampers effective implementation of just transition principles in these projects. A coordinated, economy-wide approach is required to ensure that just transition tools, such as worker reskilling, economic diversification and community support, are effectively applied.

³ Patel, M and Maimela, S. 2024. The use of JT tools in GH2 projects: a project-level analysis (forthcoming).