THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

THIRD QUARTER 2025

*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 increased by 0.5% in the third quarter of 2025. Growth in the year to the third quarter was 1.9%, but it was somewhat inflated by an extraordinary jump reported for agriculture.

The 1.9% increase in the GDP through the third quarter of 2025 was the first full-year increase since 2018. (Graph 1) It means that, for the first time in many years, the GDP has grown faster than the population. Construction and utilities, however, shrank 5.6% over the past year.

In large part, the return to relatively stable economic growth, albeit at a low rate by global standards, reflects the improved electricity situation as well as continuing high prices for South Africa's mining exports. These issues are discussed in more detail in the sections on infrastructure and exports.

The picture is, however, complicated by the continued extraordinary fluctuations in reported agricultural GDP, as shown in Graph 2. Value added outside of agriculture climbed only 1% in the year to the third quarter of 2025. Statistics South Africa found, however, that agricultural value added jumped by an extraordinary 45%. The figures for the second to the third quarter of 2025 seem more reliable, with 1% growth in agricultural value added and 0.5% for the rest of the economy.

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

CONTENTS

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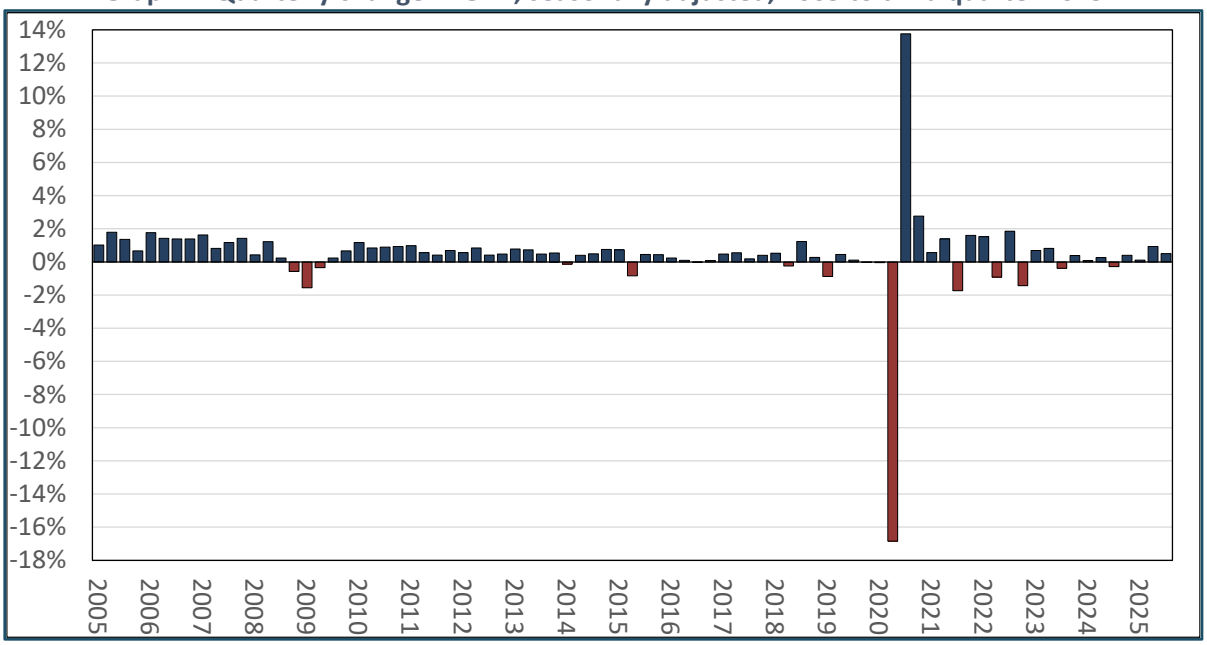
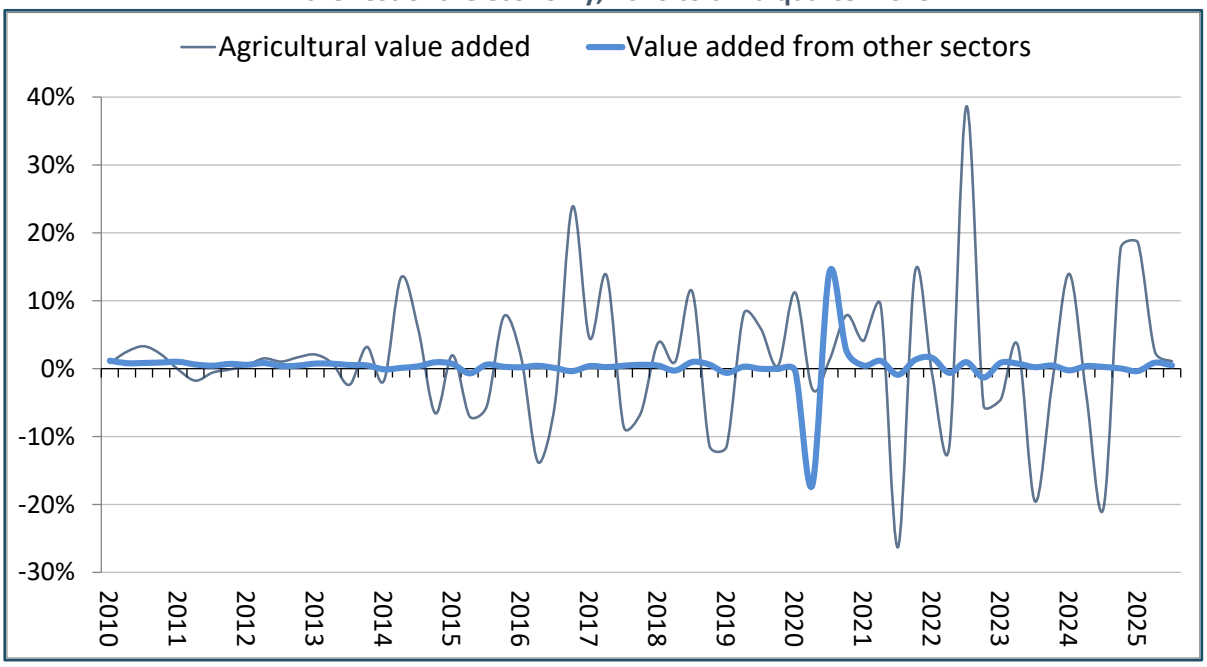
Graph 1. Quarterly change in GDP, seasonally adjusted, 2005 to third quarter 2025



Source: Calculated from Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2025Q3. Excel spreadsheet. Accessed at www.statssa.gov.za in November 2025.

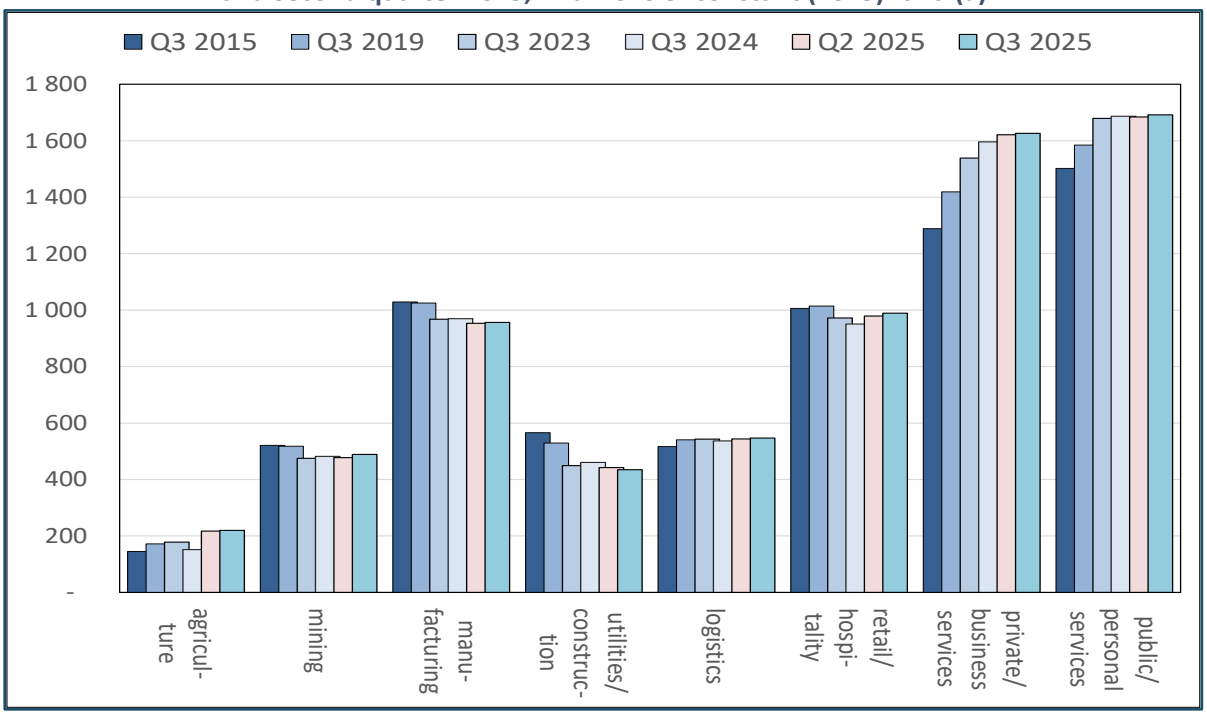
Graph 2. Quarter on quarter change in value added in agriculture and in the rest of the economy, 2010 to third quarter 2025



Source: Calculated from Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2025Q3. Excel spreadsheet. Accessed at www.statssa.gov.za in November 2025.

Manufacturing value added inched up in the third quarter of 2025. Still, that did not make up for losses earlier in the year, leaving it down by 1.3% compared to the third quarter of 2024. Mining growth for the quarter was substantially stronger, at 2.3%. As a result, mining value added climbed by 1.4% for the year. Construction contracted by 5.6% in the year to the third quarter. Retail and hospitality saw relatively rapid growth, as did private business services, including finance. (Graph 3)

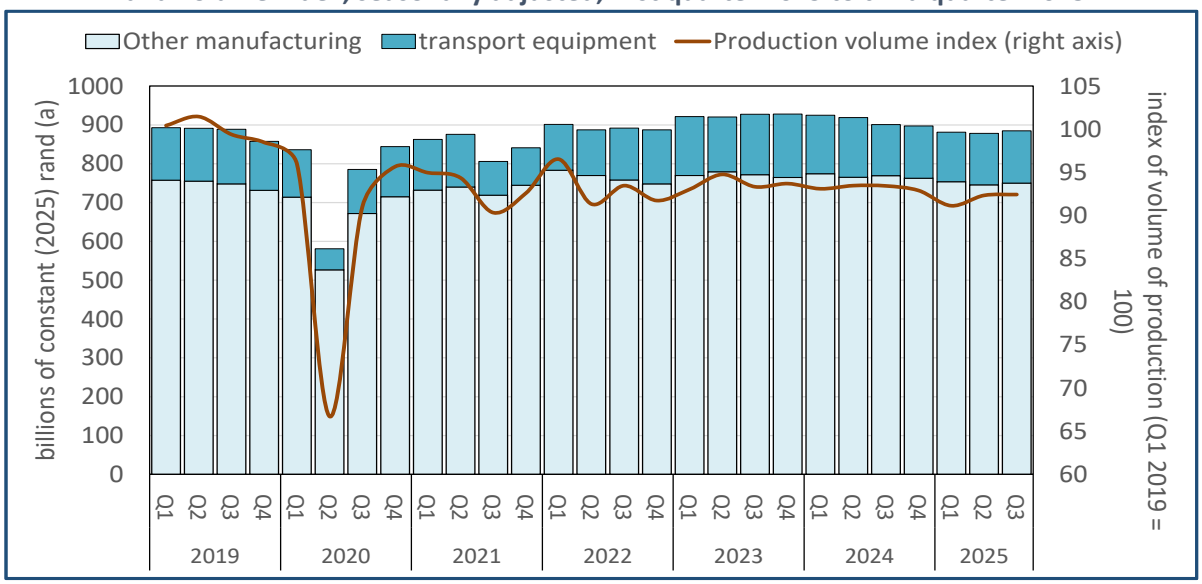
Graph 3. Value added by sector, third quarter 2015, 2019, 2023, 2024 and 2025, and second quarter 2025, in billions of constant (2025) rand (a)



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

Manufacturing sales climbed 0.7% in the third quarter 2025 in constant rand. The modest increase ended a steady decline over the past two years, with manufacturing sales overall falling by 4.7%. (Graph 4). Auto sales alone plummeted 17.8% from the end of 2023, although they recovered 2.2% in the year to the third quarter of 2025, mostly in the third quarter. Sales in the rest of manufacturing fell 2% in real terms over the past two years, with a 0.6% recovery in the third quarter of 2025.

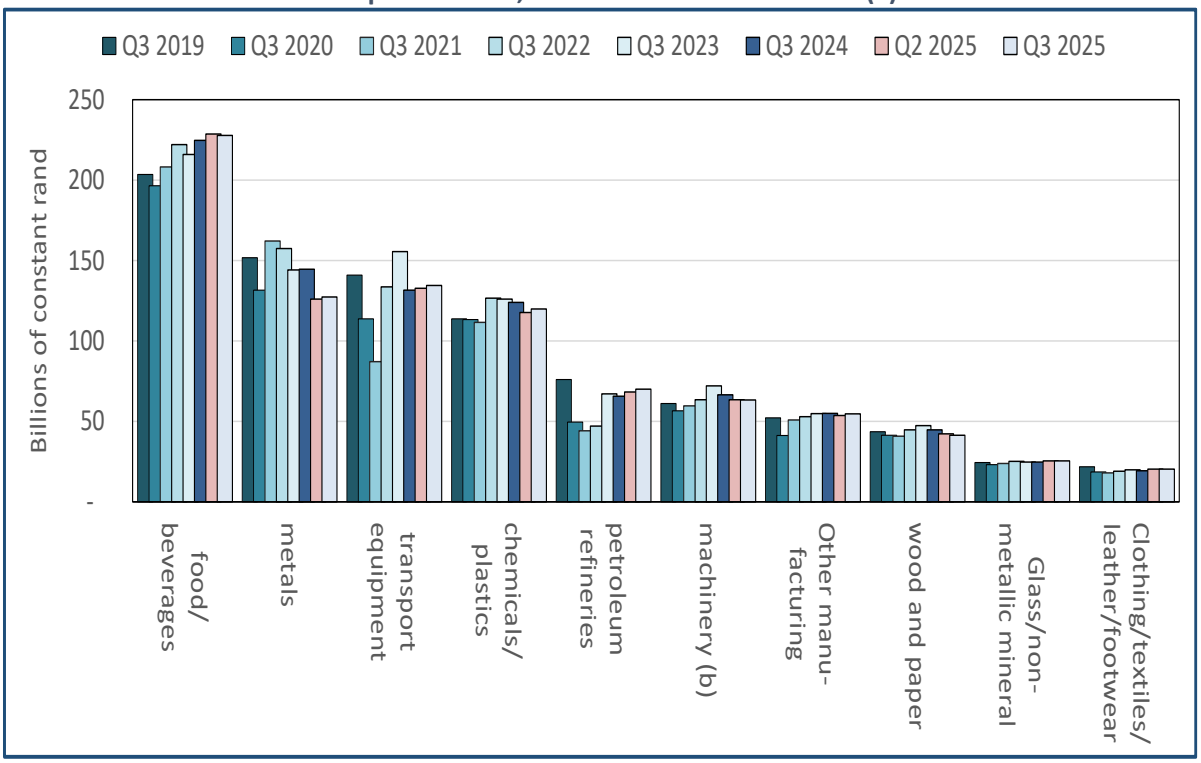
Graph 4. Quarterly manufacturing sales in billions of constant 2025 rand (a) and volume index, seasonally adjusted, first quarter 2019 to third quarter 2025



Note: (a) Seasonally adjusted. Sales in billions of constant rand reflated using CPI rebased to Q3 2025. Monthly data summed for sales and averaged for index. *Source:* Calculated from Statistics South Africa. Manufacturing Production and Sales. Excel Spreadsheet. Downloaded from www.statssa.gov.za in November 2025.

Falling sales of basic metals, mostly ferrochrome and crude steel, have been a drag on the sector since 2021. In constant rand, the industry has seen a 20% fall in revenue from the third quarter of 2021, with a 12% drop in the year to the third quarter of 2025 alone. (The crisis in ferrochrome is discussed in greater detail in the section on trade.) Sales of machinery and chemicals fell by over 3% in the past year. Most of the rest of manufacturing eked out modest gains in the same period. (Graph 5)

Graph 5. Sales by manufacturing industry, third quarter 2019 to 2024, and second quarter, and third quarter 2025, in billions of constant 2025 (a) rand



Notes: (a) Values are seasonally adjusted. Reflated using CPI rebased to Q3 2025. *(b)* Includes electrical machinery. Source: Calculated from Statistics South Africa. Manufacturing Production and Sales. Excel Spreadsheet. Downloaded from www.statssa.gov.za in November 2025

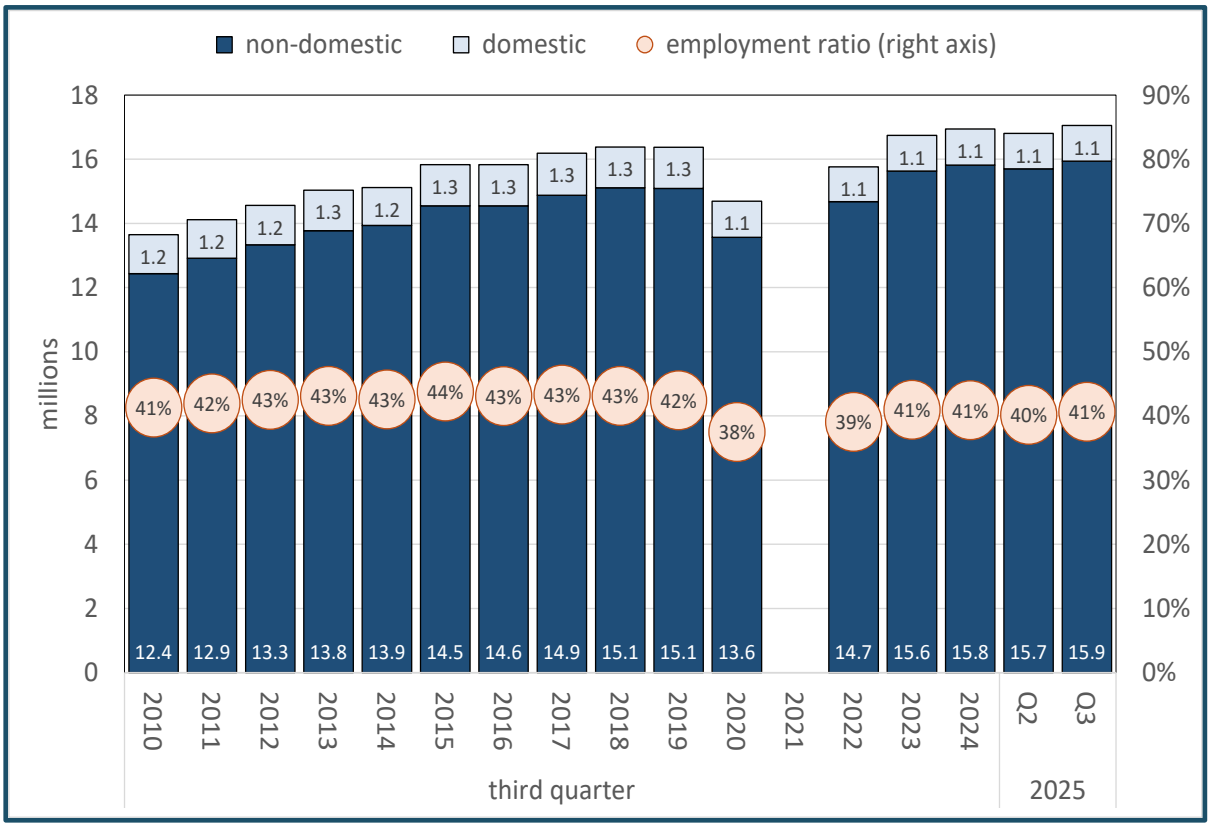
Employment

In the year to the third quarter of 2025, employment grew by 109 000 jobs, or 0.6%. While total employment has risen 4.2% since the 2020 COVID-19 pandemic, it has lagged behind the working-aged population. Methodological changes in the Quarterly Labour Force Survey this quarter have been accompanied by delayed publication of some details, however.

Employment expanded by 109 000 jobs in the year to the third quarter of 2025. Employment data is not seasonally adjusted, so quarterly trends are not reliable. The growth in employment, at 0.6% over the year to the third quarter, was around half the increase in the working-aged population. As a result, the share of all adults with employment dropped slightly to 40.7% (Graph 6). A similar picture emerged for jobs growth since the pandemic.

South Africa now has around 680 000 more jobs than in 2019, for growth of 4.2%. Employment has, however, plateaued over the past three years. Moreover, the population has climbed by 8% since 2019. As a result, the share of adults with employment fell from 42.4% in the third quarter of 2019 to 40.7% six years later. For comparison, internationally the share of working-aged adults with employment hovers around 60%.

Graph 6. Employment numbers and the employment ratio (a), third quarter 2010 to 2024 and for the second quarter and third quarter of 2025

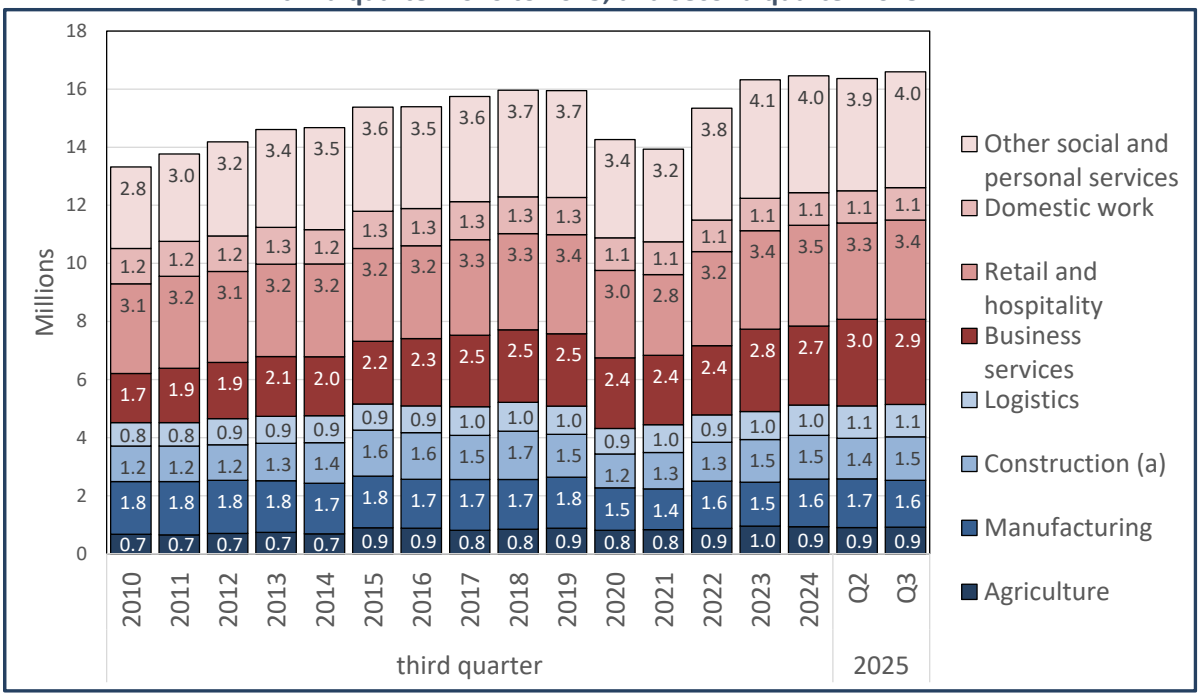


Note: (a) The employment ratio equals the number employed as a percentage of the total working-age population. *Source:* Statistics South Africa. Quarterly Labour Force Survey (QLFS). QLFS Trends 2008-2025 Q3. Excel spreadsheet. Downloaded at statssa.gov.za in November 2025.

Only business services and logistics created any employment in the year to the third quarter of 2025, with job losses reported in every other sector. (Graph 7). Business services added 214 000 positions and logistics 66 000. But retail and hospitality dropped 45 000 and community and personal services 33 000. Manufacturing shed 15 000 jobs over the year.

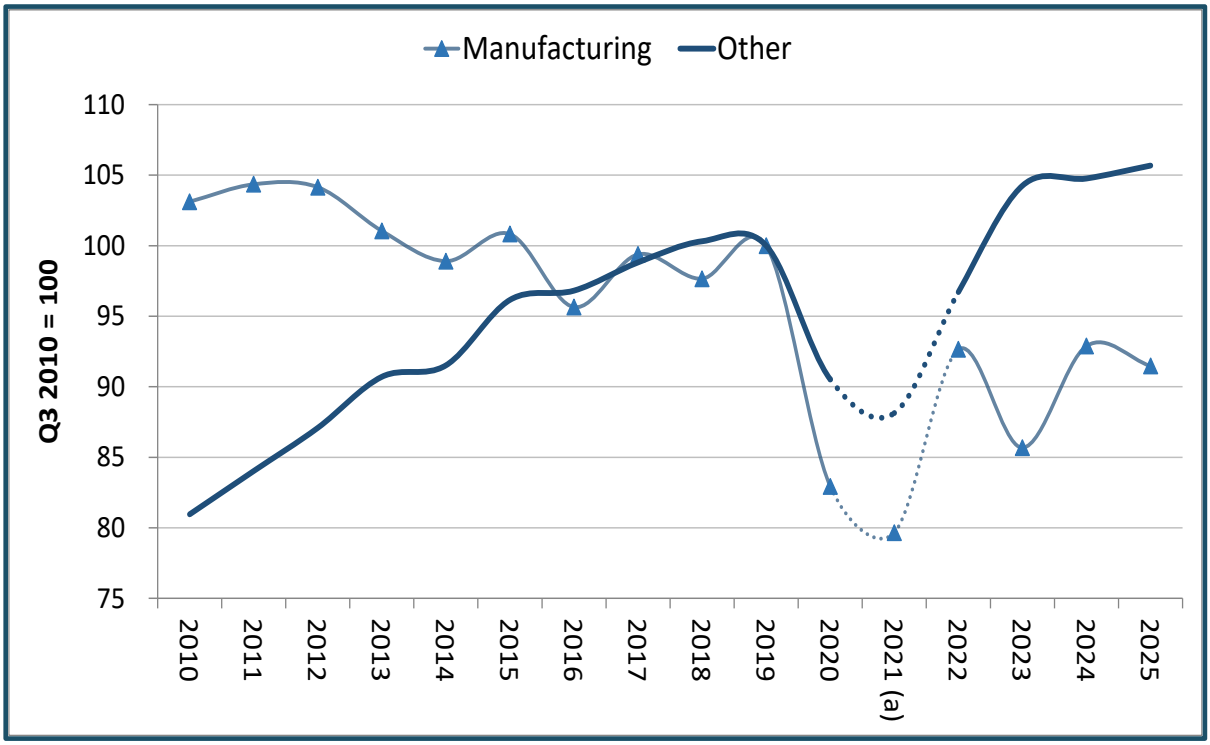
Employment trends in manufacturing continue to lag the rest of the economy. Through the 2010s, manufacturing gradually shed jobs, largely because the metals value chain, especially downstream metal products and machinery, never fully recovered from a steep downturn during the global financial crisis. Since the pandemic crisis, the recovery in manufacturing jobs has fallen behind the rest of the economy. (Graph 8)

Graph 7. Employment by sector (excluding mining), in millions, third quarter 2010 to 2025, and second quarter 2025



Source: Statistics South Africa. Quarterly Labour Force Survey (QLFS). QLFS Trends 2008-2025 Q3. Excel spreadsheet. Downloaded at statssa.gov.za in November 2025.

Graph 8. Indices of employment in manufacturing and in the rest of the economy, third quarter, 2010 to 2025 (2010 = 100)



Note: The QLFS for 2021 had very low response rates. For this reason, the figures for the third quarter of 2021 are not reliable. *Source:* Calculated from Statistics South Africa. Quarterly Labour Force Survey. QLFS Trends 2008-2025 Q3. Excel spreadsheet. Downloaded at statssa.gov.za in November 2025.

The changing definition of informal employment and industry-level data

In the third quarter of 2025, the adoption of a new definition for "informal employment" in the Quarterly Labour Force Survey effectively reallocated around 400 000 workers from formal to informal employment. The new definition means that the figures for the quarter are not comparable to earlier findings. It results in a 15% increase in reported informal employment over the previous quarter, and a 3% fall in formal employment. As a result, the reported share of informal workers in the third quarter of 2025 is 23% of total employment, compared to 21% under the definition used in the second quarter.

In addition, the publication of the database for the third quarter has been delayed by over a month. As a result, it is not yet possible to recreate the previous definition of informality or to analyse changes in employment by industry within manufacturing and services.

The new definition of "informal employment" includes workers that do not have a private pension or, where that information is not available, do not get paid leave and other basic benefits (presumably payment into the Unemployment Insurance Fund and other legal requirements). The aim is to identify workers in precarious conditions even if their employer is a formal company. This definition aligns with the latest prescripts from the International Labour Organization.

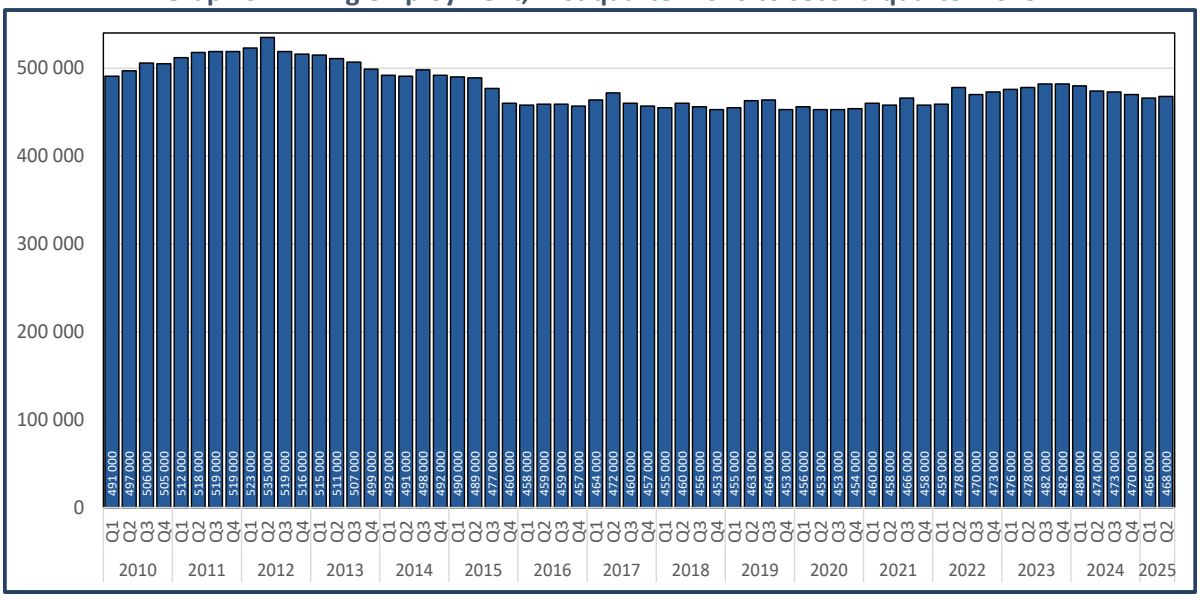
Unfortunately, the focus on precarity of individual workers is more aligned to European realities than to the economics of the global South. There are two main dimensions to the disjuncture.

First, in South Africa, as in most of the world, the informal sector differs qualitatively from core formal businesses in their access to assets and technology; reliance on self-employment and unpaid family labour; the nature of products and their ability to compete on export markets; access to financial, retail and other support systems; and incomes. These systemic differences reflect the effective marginalisation of informal enterprises from the core economy, which is much more integrated into global value chain. In contrast, in Europe the informal economy is often identified more narrowly with unregistered and often semi-legal or illegal activities and consequently relatively precarious employment relationships.

Second, using private pension contributions as the key marker of informal work does not make much sense in South Africa. Most old-age support here comes from the state pension, which is not financed through a dedicated tax or fund. Because it is provided out of the general fiscus, its benefits cannot be tracked to payments by individual workers. In the second quarter of 2025, only 44% of all waged workers said they had a private pension fund. In 2024, according to the General Household Survey, of households where the "head" was 65 or older, only 13% relied primarily on a private pension, while over 60% depended on social grants. Given these realities, it is not clear how pension payments can be used effectively to understand "informality". In practice, the figure given by Statistics South Africa for informal employment under the new definition is far below the share of workers who do not have a separate pension fund. Until the database is published, however, it is impossible to understand just how Statistics South Africa arrived at its figure.

Statistics South Africa recommends the Quarterly Employment Survey, which surveys formal business, for mining employment, due to the difficulty of including mining settlements in the national household survey. The Quarterly Employment Survey is, however, published one quarter behind the Labour Force Survey. It found that the mines had shed 6000 jobs over the year to the second quarter of 2025, although there was small recovery in the second quarter alone (Graph 9).

Graph 9. Mining employment, first quarter 2010 to second quarter 2025



Source: Statistics South Africa. Quarterly Employment Statistics. Detailed breakdown. Second Quarter 2025. Excel spreadsheet. Downloaded at statssa.gov.za in November 2025.

Infrastructure

Both electricity and freight transport stagnated in the year to the third quarter of 2025. Eskom saw a 4% decline in output, although it remained 4% higher than in the third quarter of 2023. Private generation for the national grid was essentially the same as a year earlier.

Over the year to the third quarter of 2025, Eskom lost half of the substantial gains it made in 2024. In the preceding year, it increased its output by 8%. In the year to the third quarter 2025, it dropped back by 4%. As a result, while output in the third quarter of 2025 was still 4% higher than it was in the same quarter in 2023, it was close to 20% lower than at its third quarter peak in 2007. The combination of soaring tariffs combined with loadshedding and other restrictions on electricity use have led to slower but also less electricity growth, with greater efficiency in electricity use, the downsizing of energy-intensive production lines, and some migration away from the national grid.

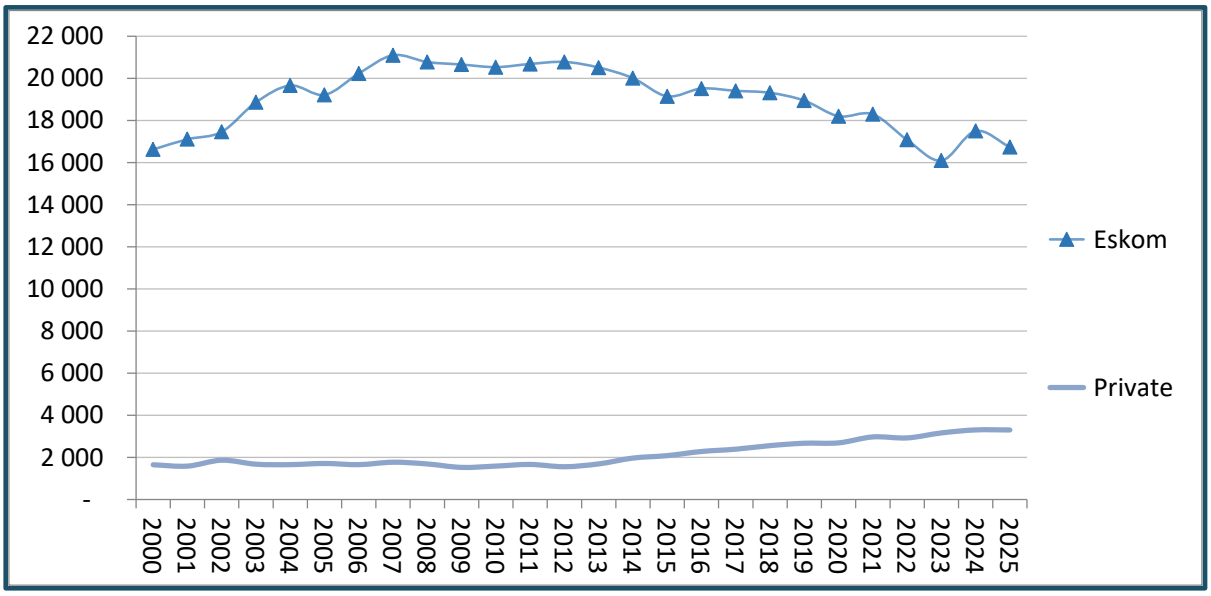
Private generation for the national grid dipped sharply at the start of 2025, but had almost recovered in the third quarter. The decline in the first quarter resulted largely from disagreements with Eskom around payment for new transmission lines. Still, in the third quarter of 2025, private generation was some 86% higher than in 2007. (Graph 10) The private contribution to grid electricity increased from under 10% before 2015 to 17% in the third quarter of 2025.

Investment in off-grid capacity was expected to accelerate in 2025, according to projections by the National Energy Regulator of South Africa (NERSA). Based on registrations in the second and third quarters of 2025, it expected total registered off-grid capacity to increase by 5.5 gigawatts in 2025, for a total of 16 gigawatts. Most off-grid capacity is solar, however, which means its actual generation is around a quarter of its installed capacity. NERSA expected a total of around 450 new projects in 2025, at an average cost of R275 million, up from under R200 million apiece for a similar number in 2024.

While both rail and freight transport grew only slowly, the shift from rail to road persisted. Rail freight increased by 0.9% for the year, and road freight by 1.4%. That left rail freight 25% below its 2014 peak, following a gradual decline over the past decade. Road freight has been more volatile, especially following the 2020 COVID-19 pandemic. In the third quarter of 2025, it was almost 10% higher than in 2019, before the pandemic. Freight through the ports has recovered to pre-pandemic levels.

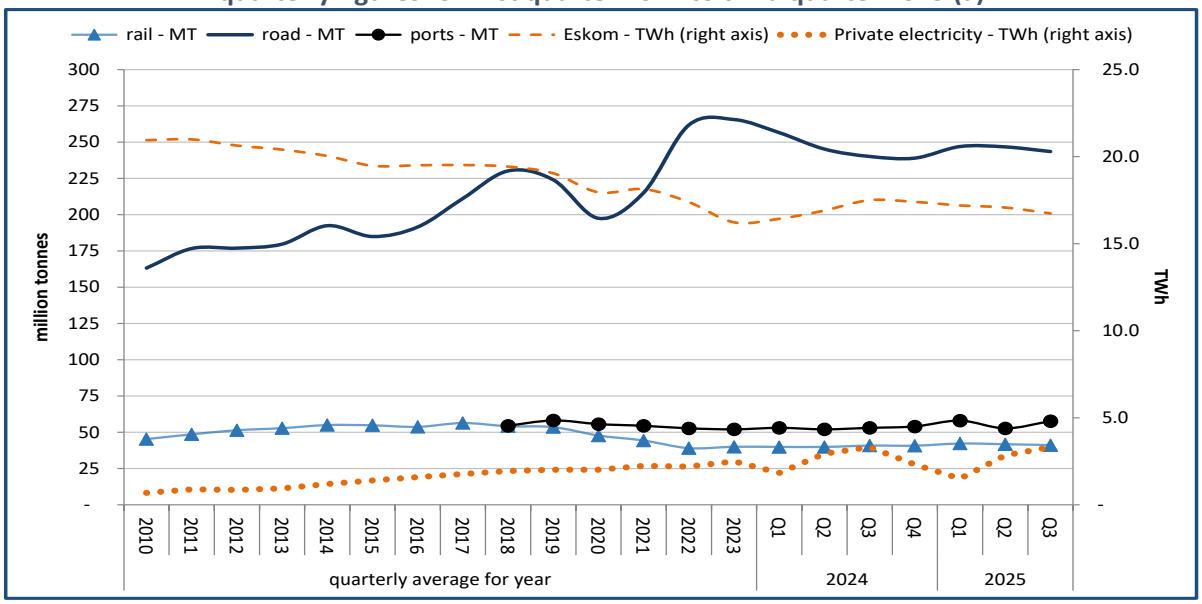
Graph 11 summarises trends in electricity and freight services.

Graph 10. Monthly average electricity generation by Eskom and other suppliers, in GWh, third quarter, 2000 to 2025



Source: Calculated from Statistics South Africa. Electricity generated and available for distribution. Excel spreadsheet. Accessed at www.statssa.gov.za in November 2025

Graph 11. Road, rail, and ports payloads (in million tonnes) and Eskom and other grid suppliers' electricity produced (in TWh), 2010 to 2023, quarterly average for year from 2010 to 2023 and quarterly figures for first quarter 2024 to third quarter 2025 (a)



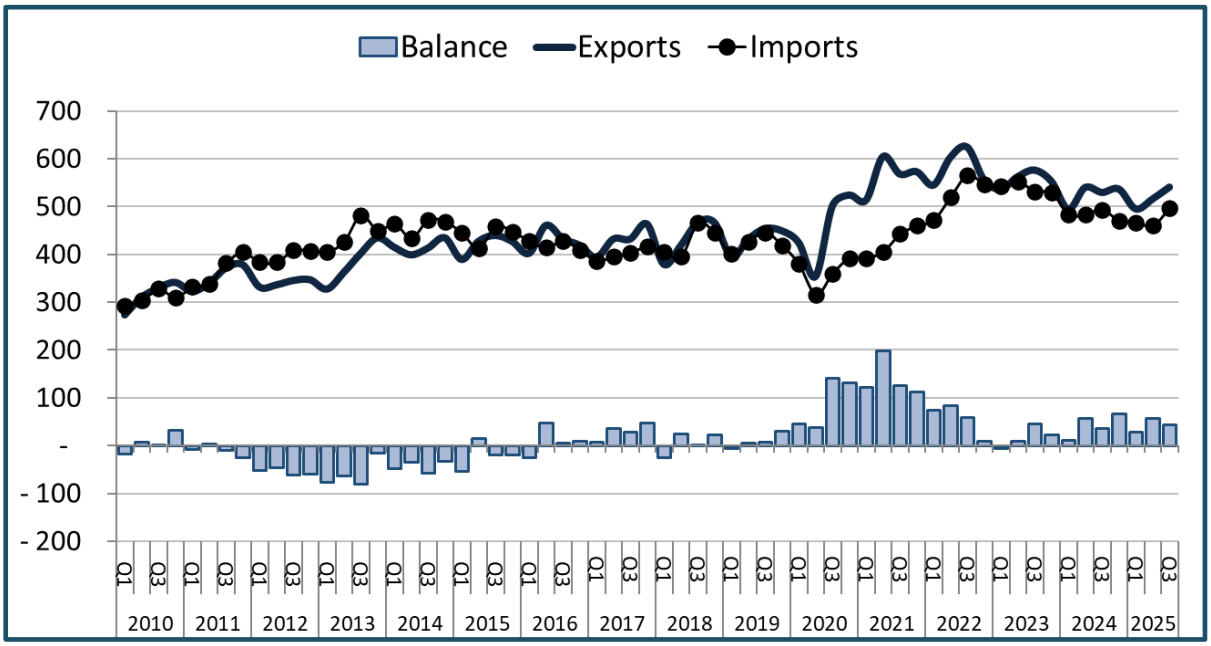
Note: (a) Figures for rail and road freight are seasonally adjusted; electricity and ports figures are actuals.
Source: Statistics South Africa. Electricity generated and available for distribution. Excel spreadsheet accessed at www.statssa.gov.za in November 2025; and Land Transport Survey. Excel spreadsheet.
For ports, Transnet National Ports Authority. Port Statistics. Webpage. Accessed at https://www.transnet.net/SubsiteRender.aspx?id=24332214 in October 2025.

International trade

Both exports and imports rose modestly year-on-year, by 2% and 1% respectively. Quarterly growth was stronger, with exports up 5% and imports 8%. The imposition of high tariffs by the US from early September did not visibly affect South African exports in the quarter. Ferrochrome exports, however crashed, falling from a quarterly average of R20 billion in 2023 to R5 billion in the third quarter of 2025.

South Africa recorded a trade surplus in the third quarter of 2025 for the tenth consecutive quarter, with a 2% rise in exports and 1% in imports in constant rand (deflated by CPI). Both imports and exports had dipped in the second quarter, but in the third quarter exports climbed 5% and imports 8%. (Graph 12) In constant rand, the value of trade has declined since 2022, mostly because international mining prices have fallen off their peaks, although they remain high in historic terms.

Graph 12. Quarterly goods exports, imports and balance of trade in billions of constant 2025 rand (a), first quarter 2010 to third quarter 2025



Note: Reflated with CPI, rebased to the third quarter of 2025. *Source*: Calculated from monthly data kindly provided by the South African Revenue Service.

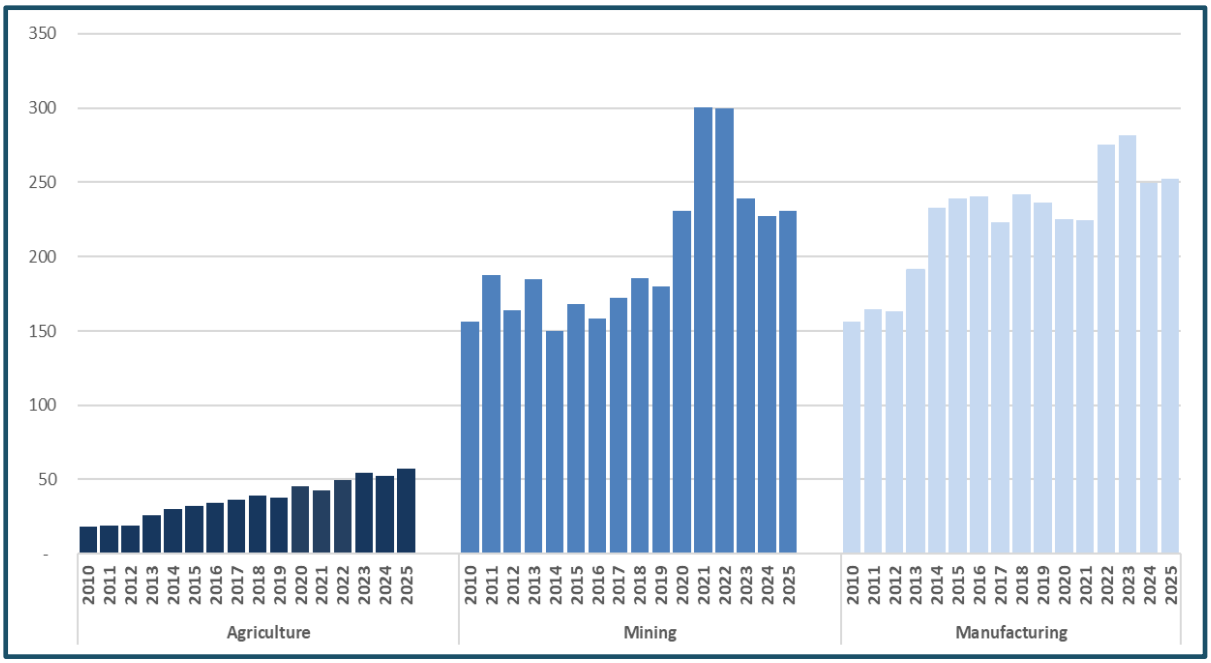
As Graph 13 shows, mining alone accounted for half of the growth in exports since 2019. The remaining increase was split nearly evenly between agriculture and manufacturing. Most of the expansion in manufactured exports came from the auto industry, but it was largely matched by a jump in car imports.

Overall, exports have maintained South Africa's disproportionate dependence on commodity exports. Excluding China, which barely sells commodities abroad, ores and energy account for around 40% of goods exports by other upper-middle-income countries, with most of the rest from manufacturing. For South Africa, unprocessed mining products contribute well over 50% of exports, dominated by iron ore, platinum, coal, gold and more recently chromium.

Unit export prices for South Africa's main exports have fluctuated dramatically over the past five years. All of the commodities except gold are now selling at less than their 2022 and 2023 peaks. Still, most remain above pre-pandemic levels. The exceptions are iron ore, steel and manganese. Gold saw a 31% price increase in the past year. Media reports trace the bump to central bank purchases as countries reduce US dollar holdings due to the US's erratic economic policies this year. Gold now accounts for only around 8% of South Africa's total exports, however. In the mid-1990s, it contributed

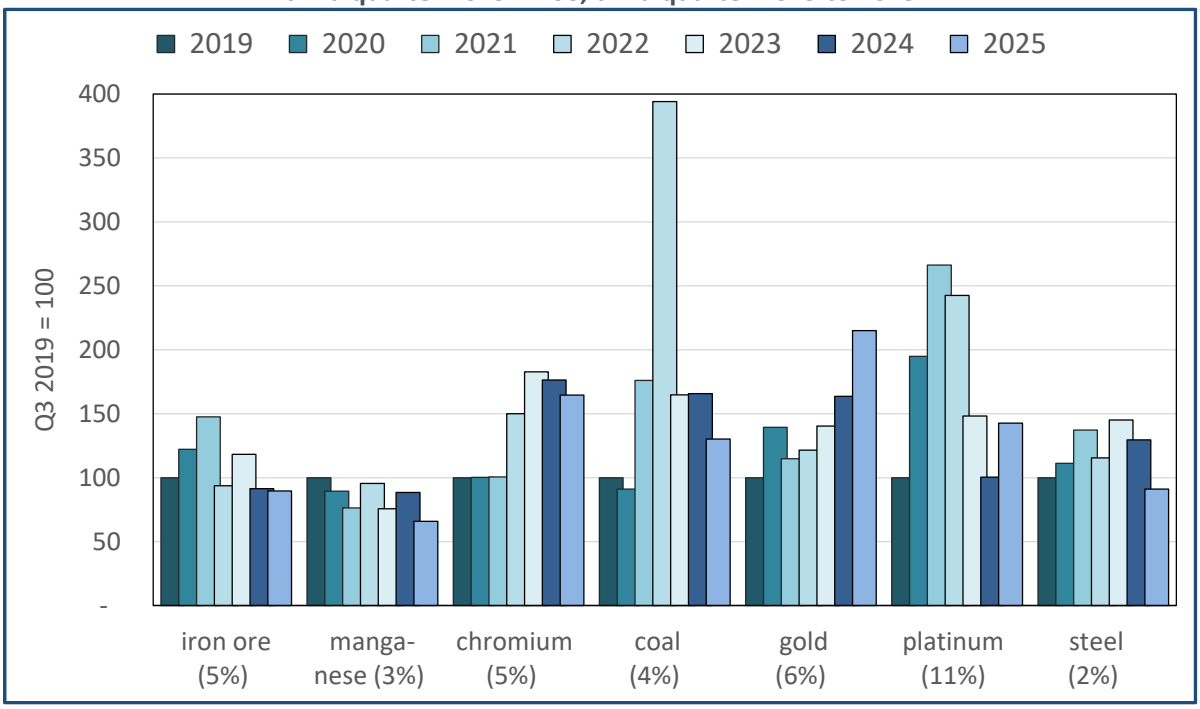
around 20%, but most mines have been exhausted. The world platinum price jumped 42% in the year to the third quarter, but that was off a post-pandemic low. (Graph 14)

Graph 13. Third quarter goods exports in billions of constant 2025 (a) rand, by sector, 2010 to 2025



Note: (a) Reflated with CPI, rebased to the third quarter of 2025. *Source*: Calculated from monthly data kindly provided by the South African Revenue Service.

Graph 14. Indices of unit export prices for South African mineral exports in constant rand (a), third quarter 2019 = 100, third quarter 2019 to 2025

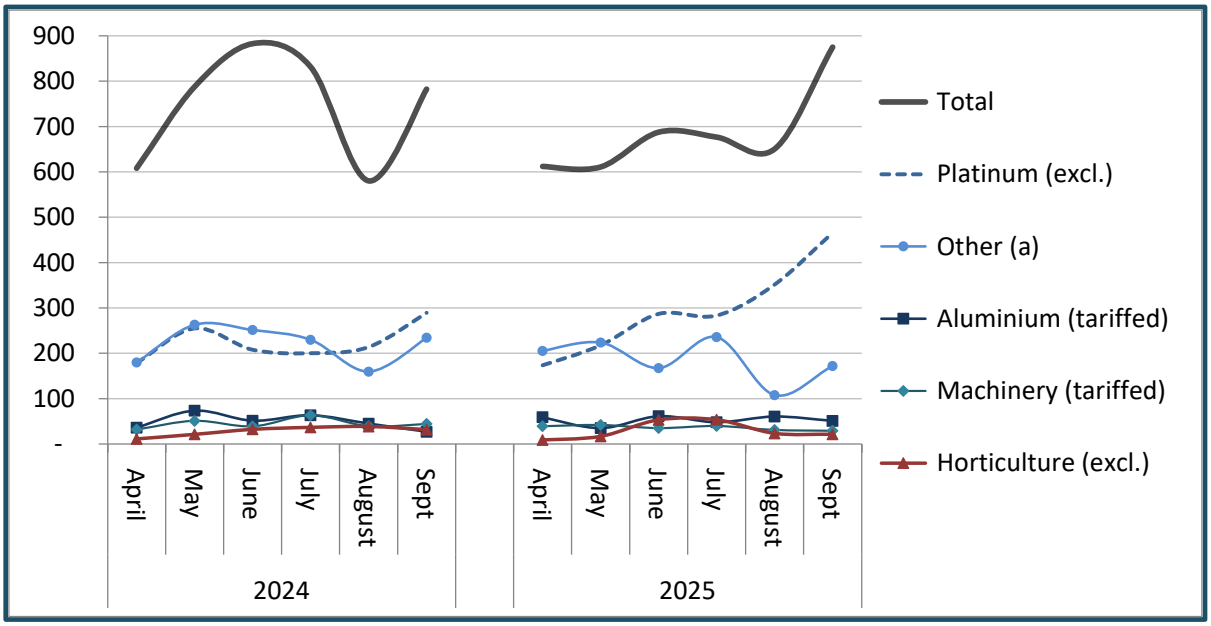


Note: (a) Reflated with CPI. Figures in parentheses represent the share in total export revenues. *Source:* Calculated from Quantec. EasyData. National trade series at HS-8 level. Accessed at www.easydata.co.za in November 2025.

At the start of August, the US imposed 30% tariffs on South Africa. It added additional tariffs for all countries on steel and the steel content in other manufactures; aluminium; and auto. The new tariffs exempt virtually all unprocessed minerals and, from August 2025, most tropical fruits, including citrus.

Despite the new tariffs, South African exports to the US increased in September. As a result, they returned to 8% of all South African exports in that month, up from 7% in July and August. In US dollar terms, exports in the third quarter of 2025 were 11% higher than a year earlier. The most important direct export to the US remains platinum, which is exempt from tariffs. It accounted for half of all South African exports to the US in the third quarter of 2025. The third quarter also saw a jump in international platinum prices, as noted above. More surprisingly, auto exports to the US also rose in September, although in current US dollars they remained 10% below September 2024 levels. Most other products also saw an uptick in September, although machinery, a major South African export, remained depressed. (Graph 15)

Graph 15. Major South African exports to the US, April to September, 2024 and 2025, in current US dollars



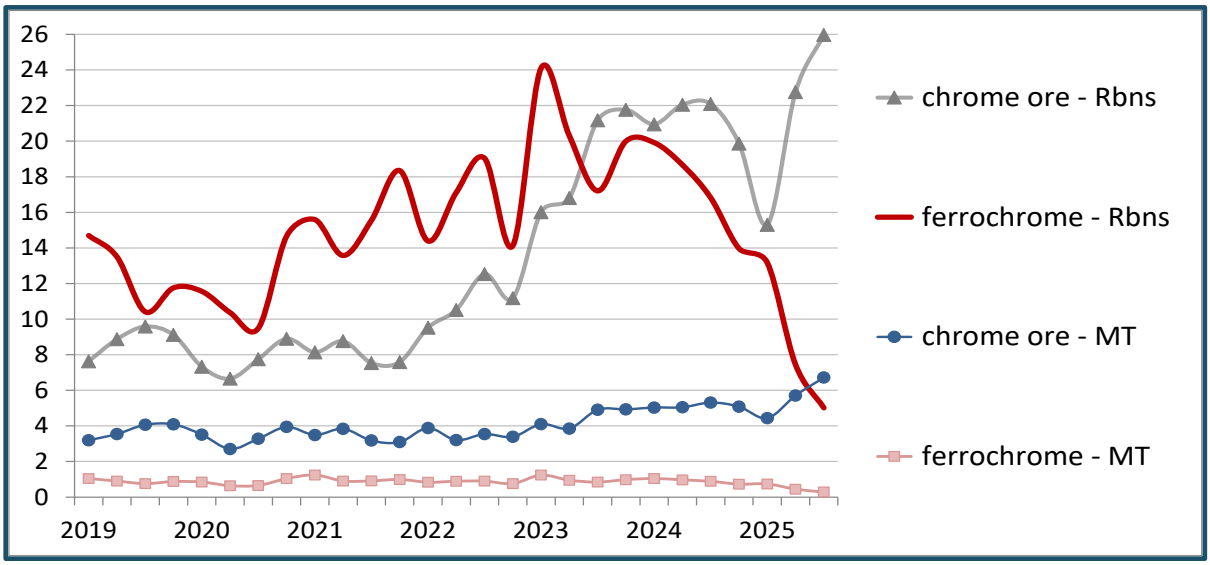
Note: (a) Excludes ferrochrome, which declined worldwide as discussed below. *Source*: Calculated from Quantec. EasyData. *National trade series at HS-8 level. Accessed at www.easydata.co.za in November 2025. Translated into current US dollars using exchange rates published by the South African Reserve Bank.*

South Africa's worldwide exports of ferrochrome crashed by 70% in the year to the third quarter of 2025. In constant 2025 terms, ferrochrome exports fell almost R20 billion from their peak at the start of 2023, earning just R5 billion in the third quarter of 2025. In volume terms, they shrank from around a million tonnes a quarter before 2024 to just 300 000 tonnes in the third quarter of 2025. (Graph 16)

The crisis in ferrochrome exports resulted primarily from sharp increases in electricity and chrome ore prices over the past five years. Electricity is the largest single input cost in ferrochrome production. The cost of electricity for the energy-intensive smelters has risen almost 50% in real terms since 2019. In addition, although South Africa has abundant reserves of chrome ore, local smelters pay the world price. That means that the rents from the mines go to the mine owners rather than securing South Africa's comparative advantage in ferrochrome.

The net result of these trends has been a shift away from the beneficiated product, ferrochrome, toward exports of unprocessed ores. In volume terms, exports of chrome ore climbed 26% in the year to the third quarter of 2025. Since mid-2021, they have almost tripled in constant rand terms. The share of ferrochrome in total exports shrank from 3.2% in the third quarter of 2022 to 1% three years later. In the same period, the share of chrome ore climbed from 2.1% to 5%.

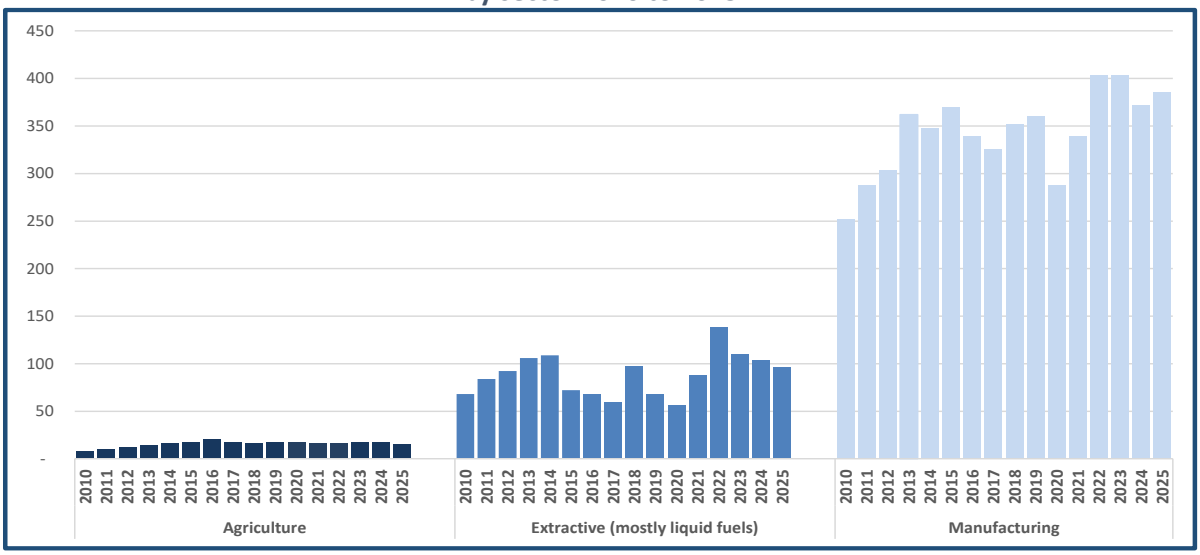
Graph 16. Quarterly exports of chrome ore and ferrochrome in billions of constant (2025) rand (a) and in thousands of tonnes, first quarter 2019 to third quarter 2025



Notes: (a) Deflated with CPI. *Source:* Calculated from Quantec. EasyData. National trade series at HS-8 level. Accessed at www.easydata.co.za in November 2025.

Higher goods imports resulted from a 4% jump in foreign purchases of manufactures, mostly auto. In contrast, agricultural imports fell some 15% in the year to the third quarter of 2025, while imports of mineral products, almost entirely petroleum, declined 7%. Crude oil prices have fallen around 40% from their 2022 peak, and are now back to pre-pandemic levels.

Graph 17. Third quarter goods imports, in billions of constant 2025 (a) rand, by sector 2010 to 2025



Note: (a) Reflated with CPI, rebased to the third quarter of 2025. *Source:* Calculated from monthly data kindly provided by the South African Revenue Service.

Table 1 provides more detail on exports and imports by manufacturing industries. As noted, auto exports accounted for most of the change in both imports and exports. Increased auto exports were offset by a similarly large fall in metal exports, which plummeted by 26% in the year to the third quarter of 2025. The fall was due almost exclusively to the steep drop in ferro-chrome exports.

Table 1: Trade by manufacturing subsector

INDUSTRY	VALUE (BILLIONS)		% CHANGE FROM Q3 2024		CHANGE IN BILLIONS	
	USD	RAND	USD	RAND	USD	RAND
EXPORTS						
Food and beverages	1.47	26.03	9%	3%	0.12	0.78
Clothing and footwear	0.44	7.82	5%	-1%	0.02	-0.05
Wood products	0.19	3.37	36%	29%	0.05	0.76
Paper and publishing	0.46	8.16	-7%	-12%	-0.03	-1.12
Chemicals, rubber, plastic	2.26	39.90	10%	4%	0.21	1.63
Glass and non-metallic mineral products	0.12	2.09	2%	-3%	0.00	-0.07
Metals and metal products	2.21	38.97	-22%	-26%	-0.63	-14.00
Machinery and appliances	2.30	40.65	1%	-5%	0.02	-2.03
Transport equipment	4.48	78.99	32%	25%	1.07	15.58
IMPORTS						
Food and beverages	1.12	19.83	7%	1%	0.07	0.22
Clothing and footwear	1.44	25.50	2%	-3%	0.03	-0.90
Wood products	0.11	2.00	6%	1%	0.01	0.01
Paper and publishing	0.36	6.30	-1%	-7%	-0.01	-0.45
Chemicals, rubber, plastic	4.37	77.07	5%	0%	0.22	-0.21
Glass and non-metallic mineral products	0.25	4.37	4%	-1%	0.01	-0.06
Metals and metal products	1.37	24.14	-1%	-6%	-0.02	-1.68
Machinery and appliances	7.11	125.56	7%	1%	0.45	1.13
Transport equipment	5.17	91.34	26%	20%	1.08	14.95

Source: Calculated from monthly data kindly provided by the South African Revenue Service.

Investment and profitability

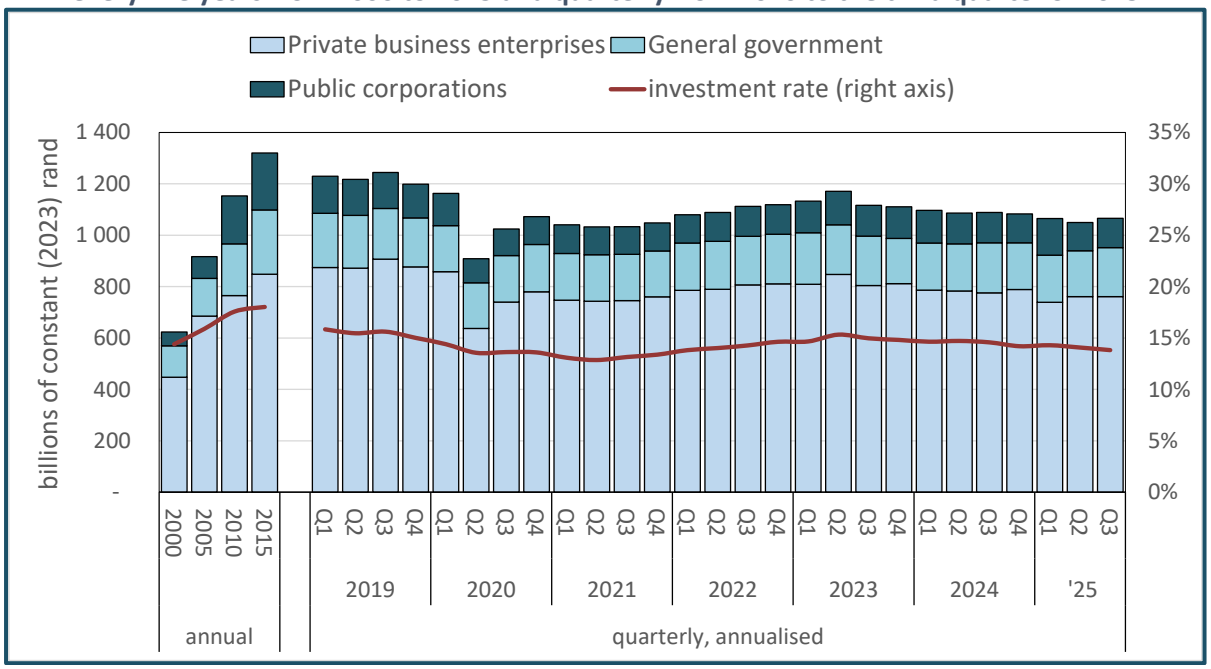
Gross fixed capital formation recovered some 5.4% in the third quarter of 2025, mostly due to a jump in public sector investment. The increase reversed a decline that had begun in mid-2023, at the height of the loadshedding crisis. Still, private investment was almost flat, and the investment rate continued to decline. Profitability increased across the economy outside of mining.

Investment by the general government jumped 6.6% in the third quarter of 2025. For state-owned companies, it climbed 3.5%. In contrast, private investment rose only 0.1%. While the recovery stemmed the decline in investment that began in mid-2023, it did not reverse it. Investment overall was still 2.4% lower than at its peak in 2023; private investment was down by 5.3%, state-owned companies by 4.7%, and government by 1%. Investment remains well below pre-pandemic levels.

The share of the GDP used for gross fixed capital investment – the investment rate – fell below 14% for the first time since the first quarter of 2022. Its post-pandemic high was around 15% in mid-2023 – well below the rate of 20% to 25% normally considered necessary for sustained growth. (Graph 18)

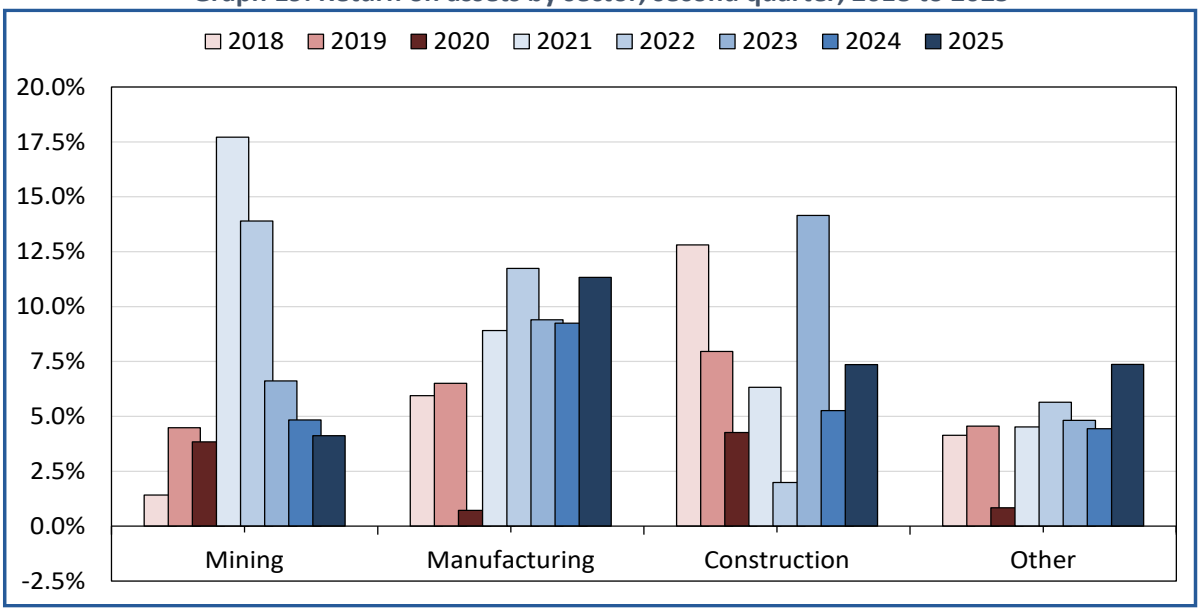
Graph 19 shows returns on assets through the second quarter of 2025, the latest available information. Outside of mining, the rate of return increased for every sector over the year. Figures for mining mostly reflect changing world prices. While significantly down from their 2022 peak, they remain far higher than in the 2010s. Profitability in construction has been extraordinarily volatile, but except for the 2023 spike has generally been depressed since the 2020 pandemic downturn.

Graph 18. Investment by type of investor in constant 2025 rand and the investment rate (a), every five years from 2000 to 2015 and quarterly from 2020 to the third quarter of 2025



Note: (a) Figures for investment are reflated with implicit deflator rebased to second quarter 2025. 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 – 2025Q2. Excel spreadsheet.

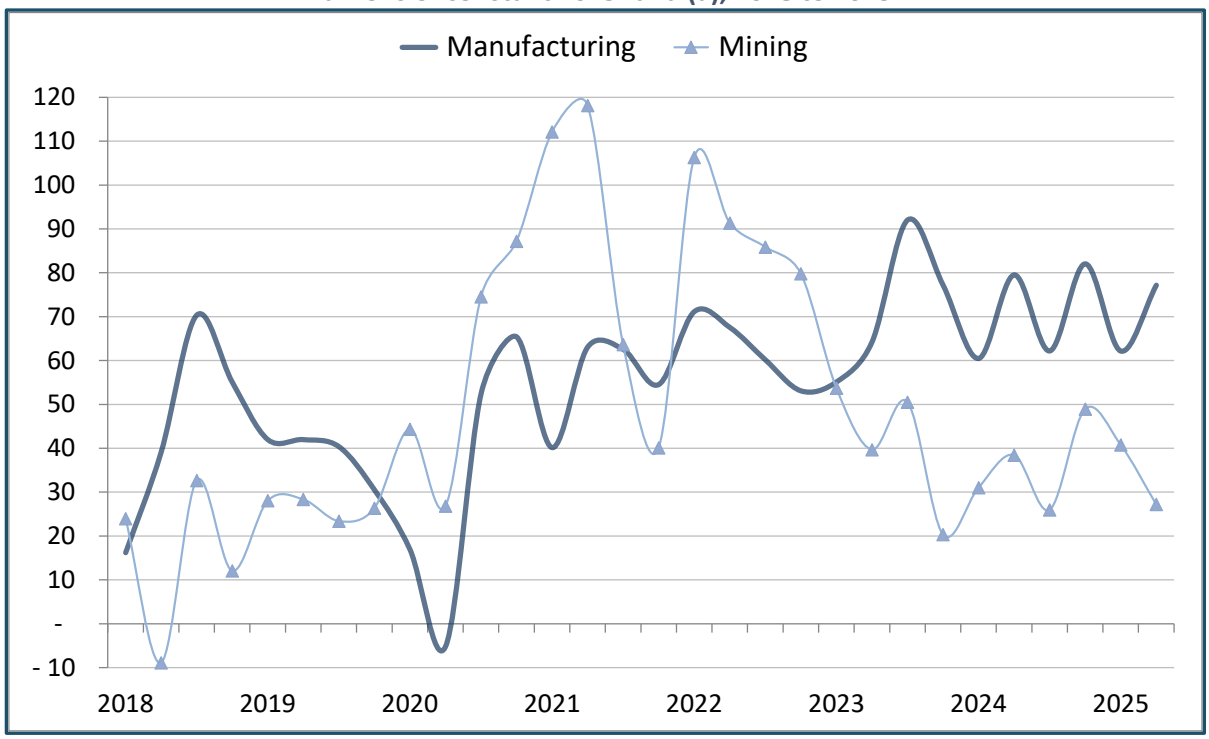
Graph 19. Return on assets by sector, second quarter, 2018 to 2025



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

Profits in mining are much more volatile than in manufacturing. In constant rand, mining earnings fell to R27 billion, down 33% from the first quarter of 2025 and over R90 billion below their 2021 peak. In contrast, manufacturing profits climbed by 24% from the first to second quarter of 2026, increasing from R62 billion to R77 billion over the same period. They have seen a secular increase since the pandemic recovery, despite substantial quarterly fluctuations. (Graph 20)

Graph 20. Second quarter profits in manufacturing and mining in billions of constant 2025 rand (a), 2018 to 2025



Note: (a) Reflated with CPI rebased to second quarter 2025. *Source:* Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in November 2025.

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects on a quarterly basis, using published information. In the third quarter of 2025 it recorded 20 projects. Eleven of these reported an investment value for a total of R55.8 billion, but much of the proposed spending will take place outside of South Africa. In addition, 15 projects announced earlier were updated.

New project announcements

Table 2 lists investments announced in the third quarter of 2025. It is dominated by Meta Platform's planned R20 billion subsea cable, named Project Waterworth. It is not clear, however, how much of the total will be in South Africa as the entire cable network will span five continents. The project will increase the total number of undersea cables from South Africa to 11. In addition, Visa plans R1 billion in new datacentres.

In energy, new preferred bidders under Bid Window 7 of the Renewable Energy Independent Power Producer Programme (REIPPPP) include Scatec's Kroonstad solar photovoltaic (PV) cluster valued at R13 billion. The Norwegian development finance institution Norfund announced an investment of R1.4 billion to establish Anthem, a new South African renewable energy company. In mining, Menar will investment R3.9 billion in the Bekezela Colliery. Manufacturing includes a R10 million water meter production facility completed by the Chinese Hexing Group.

Several of the largest announced projects are for multi-year and multi-country programmes. In addition to Project Waterworth, Cassava Technologies' plans to improve access to AI functionality in Africa currently foresees expenditure of around R3 billon on data centres in South Africa in 2025. The total project will invest R14 billion, with facilities in Egypt, Nigeria, Kenya and Morocco as well as South Africa.

Table 2. FDI projects captured in the third quarter of 2025

INVESTOR COMPANY	COUNTRY OF ORIGIN	ANNOUNCED VALUE IN R BNS	LOCATION	PROJECT SUMMARY
Services: R35 billion (worldwide)				
Meta Platforms	US	20 (worldwide)	Not reported	Subsea cable connecting five continents, with landing in South Africa
Cassava Technologies	UK	Approx. 3 (14 total for continent)	Multiple locations	Multi-model AI access hubs in five African countries
Visa	US	1	Gauteng	Launched first South Africa data centre
Chery South Africa	China	Not Reported	Not reported	Potential research and development centre
Walmart	US	Not Reported	Not reported	Establishing Walmart branded stores
Suzuki Auto South Africa	Japan	Not Reported	Gauteng	Building headquarters and warehouse
Liebherr	Switzerland	Not Reported	KwaZulu-Natal	Competence and distribution facility including training and innovation hub
Liebherr	Switzerland	Not Reported	Western Cape	Refurbishing customer service facility
Utilities: R14.5 billion				
Scatec	Norway	13	Free State	Three solar PV power plants, total capacity 846 MW
Climate Investment Fund/KLP Norfund Invest	Norway	1.4	Western Cape	Direct investment in new South African renewable energy developer, Anthem
Mercedes-Benz South Africa	Germany	0.1	Eastern Cape	14.6 megawatt-peak (MWp) roof top solar installation
Pan African Resources	UK/South Africa	Not Reported	Gauteng	Plan to develop solar power facility
Palabora Mining Company/ Mzansi Energy Consortium	China/South Africa	Not Reported	Limpopo	Hybrid solar system including 132 MWp solar PV, 360MW BESS and 132 kilovolt transmission line
Mining: R5.9 million				
Menar/Canyon Coal	Luxembourg	3.9	Gauteng	Opencast coal mine development
Pan African Resources	UK/South Africa	1.9	Gauteng	New standalone processing plant
Pan African Resources	UK/South Africa	0.1	Gauteng	Tailings treatment plant expansion
Manufacturing: R375 million				
Coca-Cola Beverages Africa	US/South Africa	0.4	Gauteng	Expanded bottling production capacity
Hexing Group	China	0.01	Gauteng	Ultrasonic water meter manufacturing facility
Chery South Africa	China	Not Reported	Not reported	Exploring possibility of establishing an assembly plant
Volvo Trucks South Africa	Sweden	Not Reported	KwaZulu-Natal	Facility upgrades to assemble Euro 6 FH trucks

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

Greenfield projects make up the highest announced value and number of projects, but again much will of the announced value will be located outside of South Africa. Chery is conducting feasibility studies for a potential assembly plant. It has not yet indicated the type of investment it is considering, indicated by the "not reported" in the table.

Table 3. Value of projects by investment stage and type, third quarter of 2025, in billions of rand

	Stage	Announced	Feasibility	Project preparation	Implementation	Complete	Total value	Number
Investment type	Greenfield	34.4	1.9	3.9	0	1	**41.2**	**12**
	Upgrade	0	-	-	14	0.5	**14.5**	**5**
	Expansion	-	-	-	0.1	-	**0.1**	**2**
	Not reported	-	0	-	-	-	**0**	**1**
Total value		**34.4**	**1.9**	**3.9**	**14.1**	**1.5**		
Number		**6**	**3**	**2**	**4**	**5**		

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

Updates

In automotives, Ford commenced construction of the new Ranger Plug-in Hybrid Electric Vehicle (PHEV) following a R15.8 billion upgrade of the firm's Silverton manufacturing plant. Mahindra launched a plant to assemble the semi-knock-down (SKD) Pik Up model range. Other projects completed in the quarter are listed in Table 4.

Table 4. Project updated in the second quarter of 2025.

COMPANY	PROJECT	ANNOUNCED VALUE (R BNS)	INDUSTRY	PROGRESS UPDATE
Complete/Operational				
Ford	Ford Ranger Hybrid	5.2	Manufacturing	Commenced production of Ranger PHEV
Teraco	Teraco JB4 data centre expansion	4.4	Services	Datacentre expansion complete
Huaxin Cement/ Natal Portland	Simuma expansion project	1.2	Manufacturing	Kiln upgrades concluded
Teraco	Teraco JB5 datacentre	1.1	Services	Datacentre completed
Mahindra	Mahindra Pik Up assembly plant	0.1	Manufacturing	Launched SKD Pik Up model assembly plant
Maxion Wheels	Maxion Wheels renewable energy project	Not reported	Utilities	Launched solar power farm. Phase 2 roof top scheduled for completion in 2026.
Mainstream Renewable Power	Sasol/Air Liquide renewable energy project: Damlaagte	Not reported	Utilities	97.5 MW solar power commenced operations

COMPANY	PROJECT	ANNOUNCED VALUE (R BNS)	INDUSTRY	PROGRESS UPDATE
Ford	Ford Ranger Hybrid	5.2	Manufacturing	Commenced production of Ranger PHEV
YOA Cable	YOA fibre optic manufacturing plant	0.2	Manufacturing	Launched expanded manufacturing hub
Construction/Implementation				
EDF Renewables/ Mulilo/ Pele Green and GIBB-Crede	BESIPPPP: Oasis Mookodi	7	Utilities	Launched Construction
Theta Gold Mines	TGME gold project	1.4	Mining	Commencing earthworks and civil engineering works
Project preparation/plans				
Hive Hydrogen South Africa	Green ammonia export plant – Carissa Wind Energy Facility	30	Utilities	154 turbine wind energy facility completed environmental impact assessment
Pan African Resources	Evander Mines Elikhulu Solar PV expansion	Not reported	Utilities	Construction planned in 2026 for 20MW
Uncertain, suspended or cancelled				
Shell/ PetroSA/ Total Energies	West Coast Block 5/6/7 exploration	Not reported	Mining	Environmental authorisation overturned

Source: TIPS FDI Tracker database.

Briefing Note 1: Key findings from updates to the National Employment Vulnerability Assessment (NEVA)

Danae Govender, Michael Hector, Nokwanda Maseko, Muhammed Patel, Kate Rivett-Carnac

As proposed in the White Paper on Climate Change, the NEVAs for individual value chains identify how climate change and regulations to reduce emissions will affect workers and communities that depend on a value chain. TIPS has undertaken an update of the vulnerability assessment for five value chains that are particularly exposed to the climate crisis. The findings will inform updated Sector Jobs Resilience Plans that aim to improve resilience to the impacts of the climate crisis. The full NEVAs will be published on the TIPS website early in 2026.

Petroleum-based transport

The petroleum-based transport value chain accounts for around 11% of South Africa's total greenhouse gas emissions, compared to the international average of 16%. Efforts to reduce the value chain's emissions centre on transitioning to electric vehicles. The impact of the transition on South Africa will largely be influenced by decisions in its main export destination, the European Union (EU). Currently, the EU plans to ban imports of petrol-based vehicles by 2035. Its Carbon Border Adjustment Mechanism (CBAM) will take effect in 2026, which will effectively increase tariffs on cars produced in South Africa.

In 2024, the value chain contributed R546 billion in gross value added and R262 billion in export revenue. It employed almost 1.4 million people in production, sales, fuel retail, vehicle service, and land transport. More than two thirds of the workers were in maintenance and repairs plus land transport, including taxis. Their jobs are predominantly informal, with low wages and limited formal qualifications even for relatively skilled and experienced workers. They provide less protection through union membership, employment contracts and contribution to pension funds and unemployment insurance than other segments of the value chain and other industries.

The low level of protection makes transport and maintenance workers in the value chain more vulnerable to the impacts of a shift to electric vehicles. These kinds of cars have fewer moving parts, which reduces the need for regular services and repairs. By extension, workers in this field may find it harder to get work. For taxi operators and their workers, the implications are less clear. The technology for electric minibus taxis is still in its infancy. Experience with taxi recapitalisation in the past, however, suggests that most taxi owners cannot afford new vehicles without substantial assistance.

Coal

The coal NEVA covers mining, logistics, and Eskom and Sasol as the main refineries. These activities are geographically concentrated in Mpumalanga and Metsimaholo in the Free State, which incorporates Sasolburg. In the small number of municipalities included in the NEVA, coal accounts for between 37% and 51% of local value added.

The coal-dependent municipalities have relatively high incomes per person and above-average employment. But they also suffer from poverty, deep inequality, and often severe pollution. Coal production volumes have been broadly stable, but they are affected by falling demand from Eskom as its electricity sales decline; disruption on Transnet bulk coal export lines; and volatility in global coal prices. Still, employment in the value chain remains substantial, with roughly 98 000 coal miners plus 26 000 workers at Eskom and Sasol whose work is directly linked to coal.

The report identifies two main risk windows. The first is a period of gradual decline through 2036, when national electricity plans foresee rising emissions standards and the retirement of aging coal plants. Then, from 2037 to 2045, both domestic and global coal demand are expected to fall more steeply.

Workers in the coal value chain generally have relatively good wages, high unionisation and strong access to retirement and unemployment insurance funds, but limited formal qualifications. The communities that depend on coal include some secondary municipalities. Still, most faced constrained municipal revenues, capacity and infrastructure, with limited housing wealth. These factors mean that they will likely need significant support to diversify away from dependence on coal as it phases out over the coming 30 to 50 years.

Metals

The metals value chain has long been important to South Africa’s economy, dominating its exports and heavy manufacturing. In 2024, its value added equalled approximately 7% of the national total, while overseas sales amounted to US$47 billion, or 42% of total goods exports. It employed approximately 570 000 people, with around two thirds in mining and the remainder in manufacturing.

The metals value chain will be affected by a range of policy measures that target emissions, including sectoral targets and company carbon budgets, the carbon tax, the EU’s CBAM, and the global transition to electric vehicles. Because metals refining is typically electricity-intensive, especially for ferrochrome and aluminium, escalating Eskom tariffs also pose a threat.

Smelting operations face the greatest transition risks because of their energy intensity. By commodity, steel, ferroalloys, and aluminium are particularly exposed. The workers in smelting operations

generally have lower financial, human, and social capital than mineworkers. Still, on average they are better off than employees in the rest of the economy. Moreover, most live and work in metros or secondary cities, which should make it easier to find new economic opportunities in the case of an industry downturn.

Mining is less vulnerable than smelting to downsizing. The most obvious risk for the mines is on the demand side. Platinum metals risk demand losses with the shift to electric cars, as they do not require catalytic converters, a major source of demand for the industry.

Miners today earn substantially more than most other employees. Still, many mines are in relatively small mining towns, with limited alternative opportunities. In these areas, a mine closure can depress the entire local economy. While the miners themselves usually have significant protection thanks to unemployment insurance and retrenchment payouts, other local business owners and their workers could face difficult times.

Agriculture

Climate change threatens agricultural employees and smallholders through droughts and rising temperatures, which can lead to farm closures, consolidation, and layoffs. Seasonal workers risk cuts to their hours and incomes. Technological fixes like irrigation or shade netting may help, but shifting to the associated precision agriculture often requires higher skills. Moreover, these kinds of investment often prove too expensive for small farmers.

Commercial farmworkers face significant risks if the climate crisis leads to downsizing in agricultural employment. In 2024, farming employed 840 000 workers, with nearly 300 000 in the Western Cape. The sector is dominated by low-skilled elementary jobs, which account for 75% of farming positions, compared to 18% in other formal employment. Some 62% of farm workers have not completed matric. Median monthly earnings in 2023 came to R3400 for men and R2600 for women. Fewer than 10% of farm workers have formal savings. In terms of social capital, only 6% belong to a union, compared to 37% in the rest of the economy. Because full-time farmworkers typically live in tied housing, job loss often leads to homelessness.

In former labour-sending regions, climate change will directly affect household food security through water scarcity and extreme weather, leading to crop failure in family gardens. The principal risk here is reduced food access rather than the loss of livelihoods, as only a tiny fraction of households depend primarily on farming for incomes or food. Participation in gardening is particularly high in Limpopo (36%), Eastern Cape (32%) and Mpumalanga (32%). Over 90% of this production is in backyards and not on farmland, and only 3% of farming households see agriculture as their primary source of income. Still, about 23% of agriculturally dependent households in so-called “traditional” areas experienced food insufficiency in 2023, around twice as high as in the rest of the country.

Households that get part of their food from gardening are typically deeply vulnerable. Some 53% rely on social grants. The median monthly income in “traditional” areas is under R4000, compared to R7000 for households in urban areas. Women-headed families make up half of all households that depend on agriculture for food or income, and they tend to be worse off. Adaptive capacity is further constrained by poor infrastructure in “traditional” regions as well as limited disaster response strategies.

Tourism

In 2022, tourism accounted for more than 722 000 jobs across several industries and many municipalities. The more vulnerable of these jobs are in the accommodation and catering industries, which together supported about 250 000 jobs in 2022. A quarter of employees in these two industries were in the informal sector. These jobs provide particularly limited job and social protection, as reflected by low levels of unionisation, unemployment insurance and paid leave. In both

accommodation and food service, women employees outnumber men. Still, most employees have at least matric.

Climate events already affect tourism and have caused job losses. Cape Town and eThekwini have both experienced severe impacts from, respectively, droughts and floods. Smaller municipalities with significant natural attractions (for instance, national parks, coastlines, or mountain ranges) are often unusually reliant on tourism jobs. That makes them particularly vulnerable to degradation due to climate change. The most vulnerable are employees in informal accommodation and food and beverage services firms.

Briefing Note 2: The mining value chain and decarbonisation

Sakhile Ndlovu and Akhona Myataza

This brief draws on a forthcoming TIPS publication, *Decarbonising the mining value chain in South Africa: Technological options for a low-carbon future*.

The mining sector is a cornerstone of South Africa's economy, contributing 6% of GDP and directly providing about 473 400 jobs in 2024. However, it is highly energy and carbon-intensive, relying heavily on fossil fuels for power and processes.

Analysis of the mining sector's emissions profile shows significant variation across commodities and operations. Coal production from open-pit mining is particularly carbon-intensive, emitting over 74 million tonnes of CO_2 annually and driving substantial downstream emissions. Underground mines have lower rates of emissions, but still rely heavily on electricity for hoisting and ventilation. For example, Gold Fields' South Deep Mine consumes nearly 500 GWh per year, with electricity accounting for 93% of its total carbon footprint. Similarly, iron and steel production remains highly carbon-intensive, generating more than 6.3 million tonnes of CO_2 annually. Another major contributor is aluminium smelting. South Africa's largest smelter consumes about 10.3 TWh per year, making aluminium one of the economy's most energy-demanding value chains.

The South African economy has historically been shaped by the interconnections between mining, heavy industry, and cheap coal-fired electricity, which has been conceptualised as the Minerals Energy Complex. The country remains the 14th largest CO_2 emitter globally, with mining and electricity generation among the primary sources of emissions. Coal remains central to key economic activities, despite its role as a major driver of greenhouse gas emissions, extensive land degradation, and air and water pollution, which pose serious health risks to vulnerable communities.

TIPS's research highlighted that many mining companies have sought to transition to renewable energy solutions in order to ensure a more reliable and affordable electricity supply while reducing emissions. The shift is supported by regulatory reforms that now permit unlimited private off-grid generation capacity without licensing. Electrification of mining operations that now require liquid fuels, for instance diesel-powered fleets and pumps, is another decarbonisation pathway. However, other technology options have not been adopted at scale due to concerns over reliability, technological maturity and the high initial cost of investment.

Government policy is central to mining decarbonisation, both as an inhibitor and an enabler. South Africa's climate policy landscape has expanded significantly, including the carbon tax, the Climate Change Act No. 22 of 2024, mandatory emissions reporting, and sector-level carbon budgets. These initiatives increasingly require mines to reduce emissions or face rising financial penalties. Still, implementation gaps remain. Electricity market reforms, grid connections and complicated wheeling agreements directly affect mining companies' ability to install or procure renewable energy at scale.

Decarbonisation requires analysis of multiple pathways to assess the trade-offs, timing, costs, technology maturity and risks. The paper found that policy measures such as the relaxation of licensing

requirements and unbundling of Eskom signals government's commitment to transforming the energy sector and serve as incentives and encourage private support. However, stakeholders also point to inhibitors such as tariff increases, rising regulatory pressures, financing gaps and complex approvals processes. The impacts of decarbonisation technologies also differ according to company size, location and mineral type. Labour representatives emphasise that current decarbonisation roadmaps lack clear strategies to assist workers to transit into new kinds of work. Planning processes often fail to quantify potential job losses or really empower workers and their communities, despite the potential for substantial socio-economic disruption especially in coal-dependent regions.