THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

FIRST QUARTER 2026

*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

The year to March 2026 brought relatively stable growth, following the turbulence of 2023 and 2024. The non-agricultural GDP expanded by 1.7% over the year. Value added in manufacturing shrank, however, largely due to weaknesses in the auto industry.

In the first quarter of 2026, the non-agricultural GDP expanded by 1.7%, boosting value added per person. (Graph 1) Agriculture reportedly grew 7% in the same period, reflecting the volatility in its official growth rates since 2015.

The relatively strong growth in the GDP resulted from four quarters of steady expansion, suggesting that the economy stabilised to some extent following the swings of 2023 and 2024, brought on in large part by loadshedding. A number of observers, from the IMF to Moody's, forecast more consistent growth for South Africa over the next few years.

The surge in petroleum prices due to the US/Israeli attack on Iran may, however, affect that forecast, although the data do not yet permit a full analysis. Petroleum is South Africa's largest single import, so the upswing in prices poses a significant threat. Prices jumped over 50% when the war started in February, but only fed into import costs from April 2026. In that month, the share of petroleum in South Africa's total goods imports climbed from 16% to 26%, reflecting both a 28% jump in the unit price of refined petroleum and a decline in the share of crude oil. (Graph 2)

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

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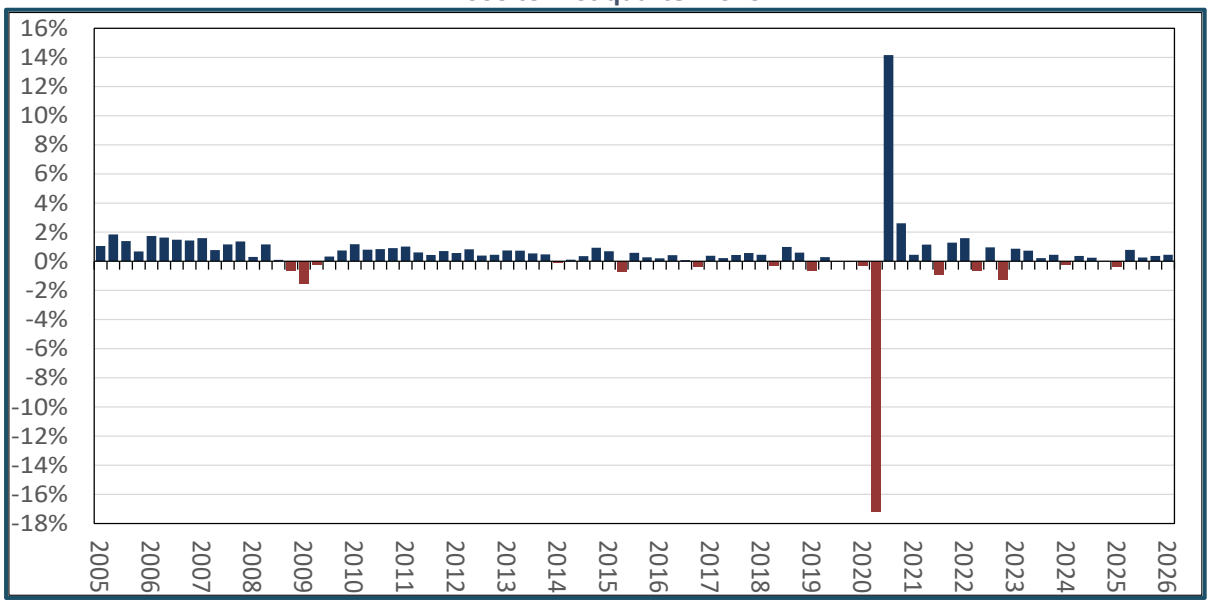
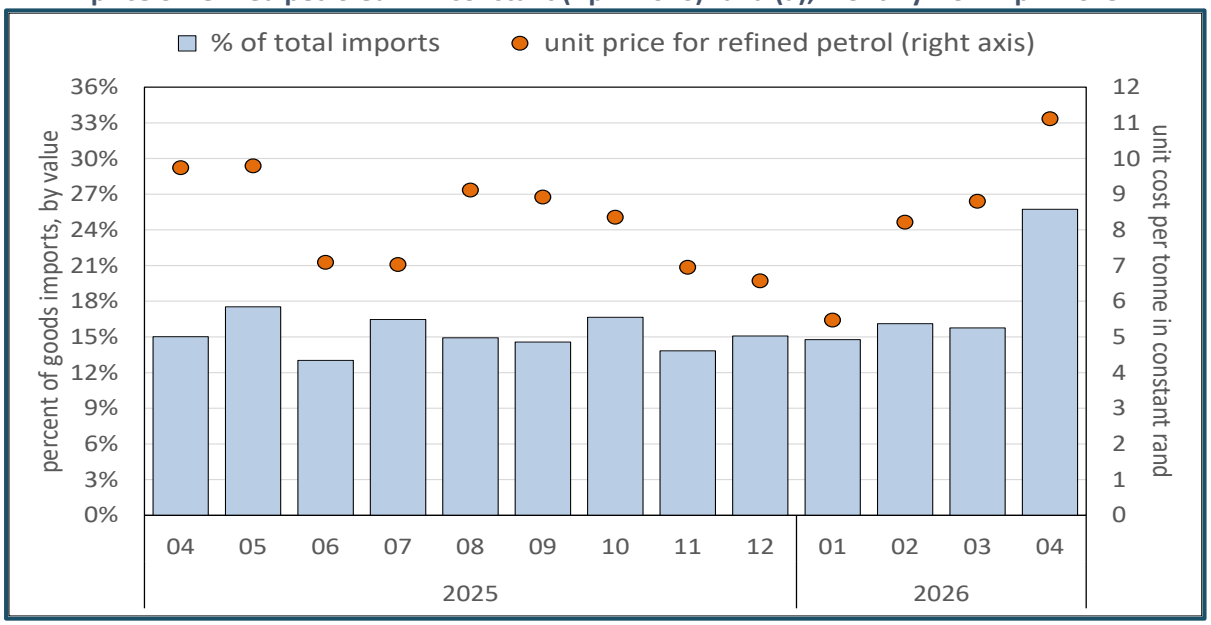
Graph 1. Quarterly change in non-agricultural GDP, seasonally adjusted, 2000 to first quarter 2026



Source: Calculated from Statistics South Africa. Gross Domestic Product (GDP), 1st Quarter 2026. GDP P0441 – 2026Q1. Excel spreadsheet. Downloaded from www.statssa.gov.za in June 2026.

Graph 2. Crude and refined petroleum imports as a percentage of total goods imports and unit price of refined petroleum in constant (April 2026) rand (a), monthly from April 2025



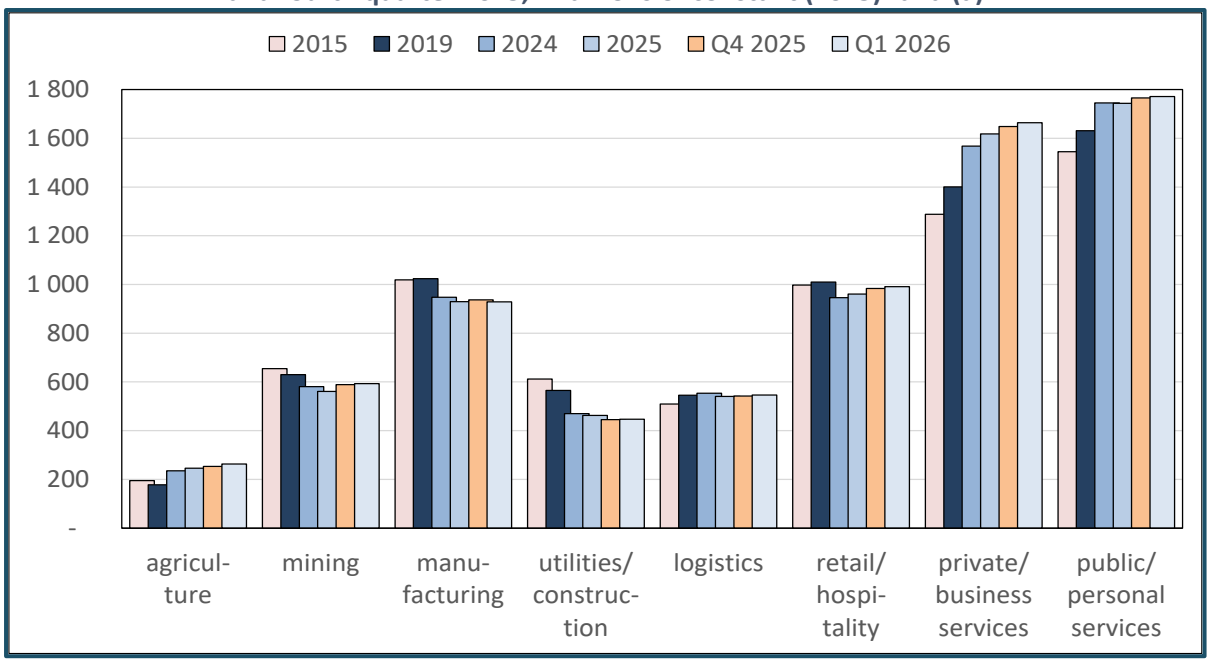
Note: (a) Reflated with CPI rebased to April 2026. *Source*: Calculated from Quantec. EasyData. Interactive dataset. RSA Trade 8-digit series. Accessed at www.quantec.co.za in June 2026.

The South African economy is unusually dependent on long-distance freight for both domestic and international transactions, so higher fuel prices significantly boost costs for goods producers. They are also likely to encourage a shift away from diesel generators and petrol-fuelled cars. That said, Sasol should see higher profits on its coal-based liquid fuels for the foreseeable future.

GDP growth was driven by expansion in retail and services, especially business services, and commodity production. Manufacturing value added shrank by 1% in the year to the first quarter 2026, with most of the decline in the first quarter of the year. Construction and utilities contracted some

3% for the year. Nearly 75% of GDP growth in the past four quarters came from retail, hospitality and services, although these sectors contributed only 60% of the GDP in the first quarter of 2026.

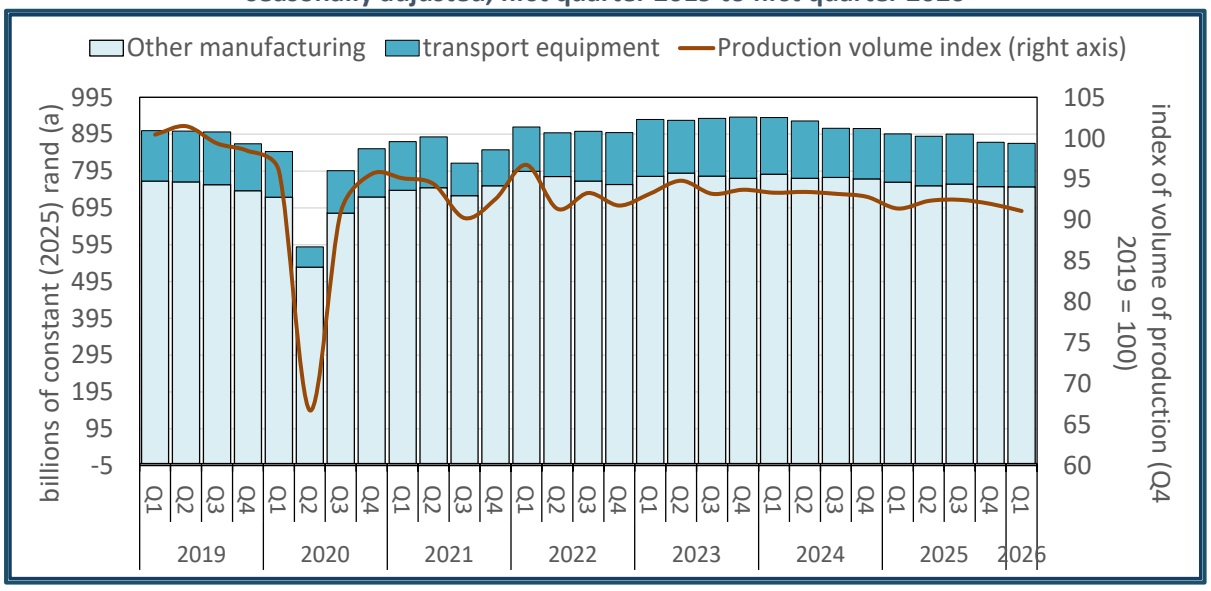
Graph 3. Value added by sector, first quarter 2015 and 2019 to 2026, and fourth quarter 2025, in billions of constant (2025) rand (a)



Note: (a) Reflated with implicit deflator per sector. *Source*: Calculated from Statistics South Africa. Gross Domestic Product (GDP), 1stst quarter. GDP P0441 – 2026Q1. Excel spreadsheet. Downloaded from www.statssa.gov.za in June 2026.

Total manufacturing sales dropped below 2019 levels, wiping out the recovery from the 2020 COVID-19 pandemic downturn. From the first quarter of 2024 to the first quarter of 2026, manufacturing sales shrank 7% in constant rand terms (Graph 4)

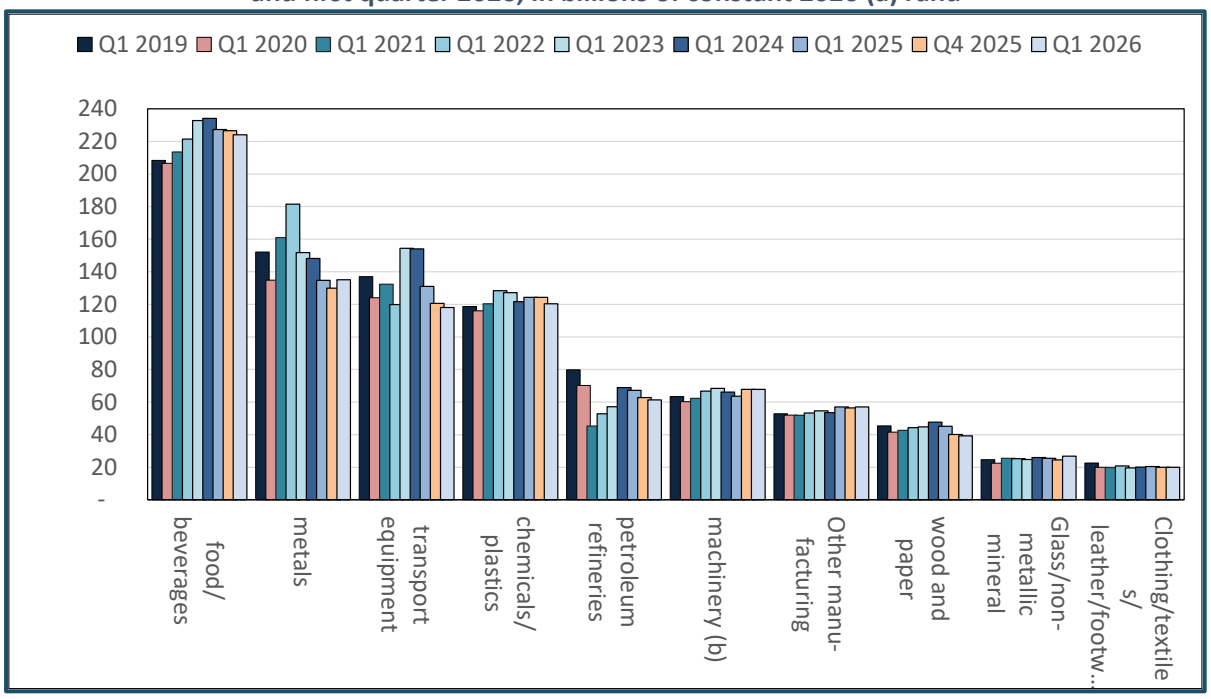
Graph 4. Quarterly manufacturing sales in billions of constant 2026 rand (a) and volume index, seasonally adjusted, first quarter 2019 to first quarter 2026



Note: (a) Seasonally adjusted. Sales in billions of constant rand reflated using CPI rebased to Q1 2026. 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 June 2026.

The auto industry accounted for around half of the fall in total manufacturing sales, with petrochemicals and wood and paper responsible for most of the rest. Of the major industries, only machinery saw substantial growth, at 7% in the year to the first quarter of 2026. (Graph 5)

Graph 5. Sales by manufacturing industry, first quarter 2019 to 2025, fourth quarter 2025 and first quarter 2026, in billions of constant 2026 (a) rand

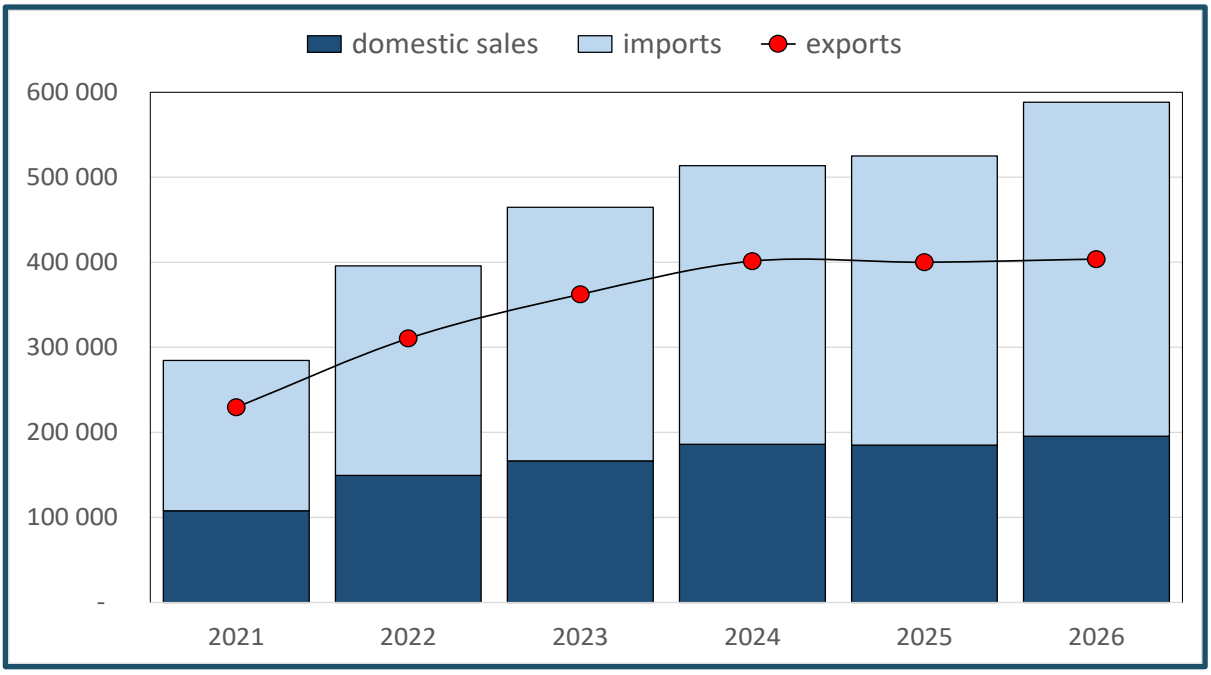


Notes: (a) Values are seasonally adjusted. Reflated using CPI rebased to Q1 2026. (b) Includes electrical machinery. *Source:* Calculated from Statistics South Africa. Manufacturing Production and Sales. Excel spreadsheet. Downloaded from www.statssa.gov.za in June 2026.

The sharp fall in auto sales underscores the industry's role in the recent decline in manufacturing. In the year to the first quarter of 2026, auto sales fell almost 10% in constant rand. The fall reflected rapid growth in imports combined with much slower growth in exports. In the year to March from 2024 to 2026, imports of cars and bakkies, by volume, climbed some 20%, while domestic sales by local producers increased only 5% and exports by a mere 1%. (Graph 6)

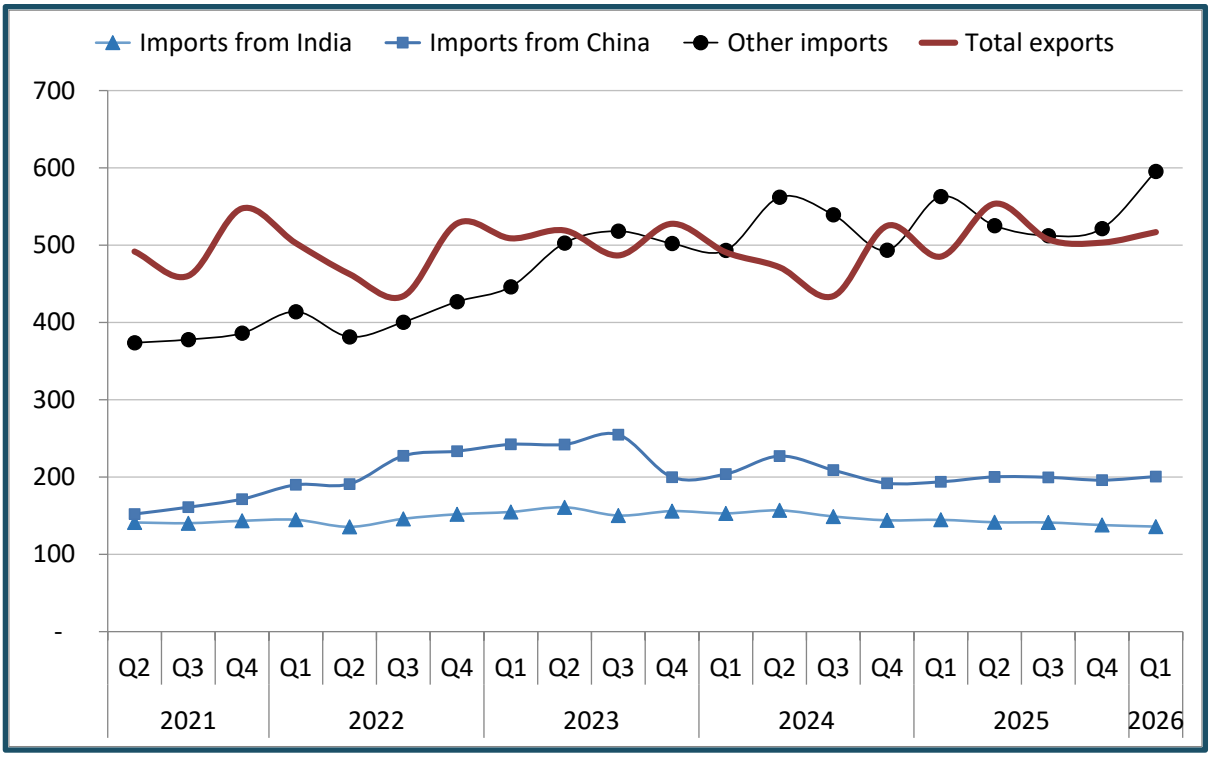
The import surge was driven by affordable Chinese cars, including electric vehicles. Chinese car sales in South Africa quadrupled over the four years to March 2026 in volume terms, while imports from other countries were virtually flat. As a result, the share of Chinese cars in total car imports expanded from just under 10% in the first quarter of 2022 to around 30% in 2026. India stabilised at around half of the total, while other countries' market share fell from 36% to 16%. By value, however, Chinese cars only accounted for 26% of the total, and India for 33%. The unit cost of Chinese and Indian cars was less than half as high as the South African product, mostly because local manufacturers focus on higher end models. (Graph 7) As a result, the average cost of an imported Indian car equated to five months of income for the top 20% of South African households; the average Chinese model, 10 months; and the average South African export, over two years.

Graph 6. Domestic sales and exports by domestic auto producers and imports, number of cars and bakkies, year to March 2021 to 2026



Source: Calculated from NAAMSA. Industry vehicle sales for relevant months. Accessed at www.naamsa.net in June 2026.

Graph 7. Unit value of imported cars by origin and for South African exports, in thousands of constant (2026) rand, quarterly from second quarter 2021 to first quarter 2026



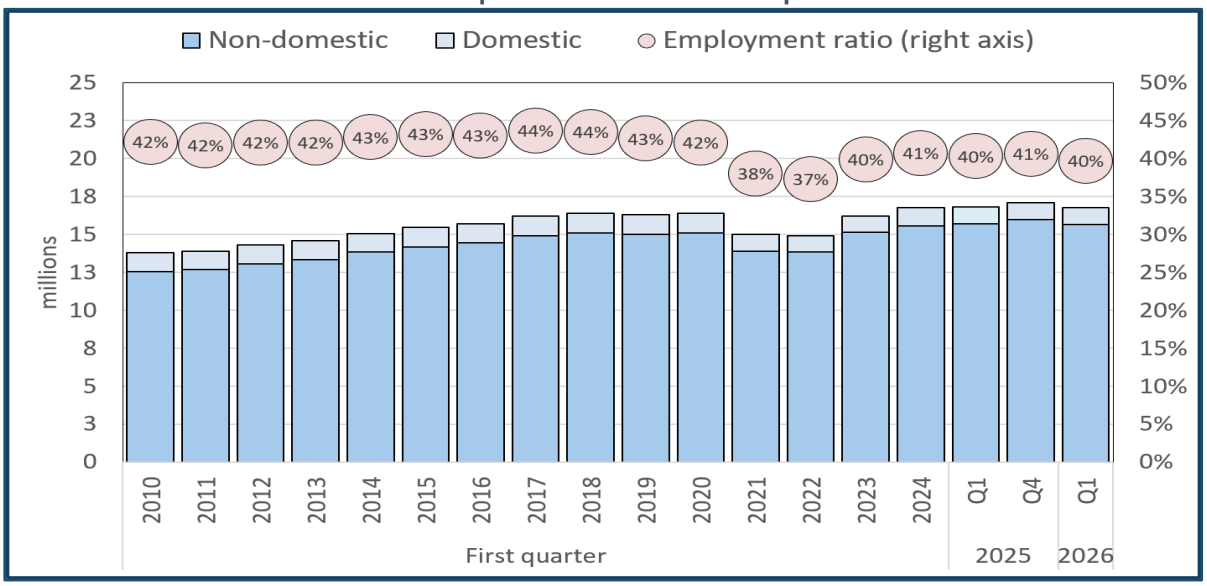
*Notes: (*a) Reflated using CPI rebased to Q1 2026. *Source*: Calculated from International Trade Centre. Trade Map. Accessed at www.trademap.org in June 2026.

Employment

Despite the growth in the GDP, a slight decline in employment was reported for the year to the first quarter of 2026. The fall reversed the fairly steady recovery from the pandemic downturn in 2020/21. It pushed the share of adults with employment back below 40%, wiping out the net job gains of the previous two years. Manufacturing reported the sharpest job losses.

Employment shed 33 000 jobs net in the year to the first quarter of 2026, for a 0.2% decline. That was the first reversal to the partial recovery from the pandemic downturn, which saw the loss of over a million jobs (8% of the total) from 2020 to 2021. It resulted in a significant decline in the share of adults with employment, from 40.3% in the first quarter of 2025 to 39.7% a year later, mostly due to population growth (Graph 8). In 2019, some 43% of adults were employed. For comparison, the international average is around 60%.

Graph 8. Employment numbers and the employment ratio (a), first quarter 2010 to 2025 and for the fourth quarter of 2025 and first quarter of 2026

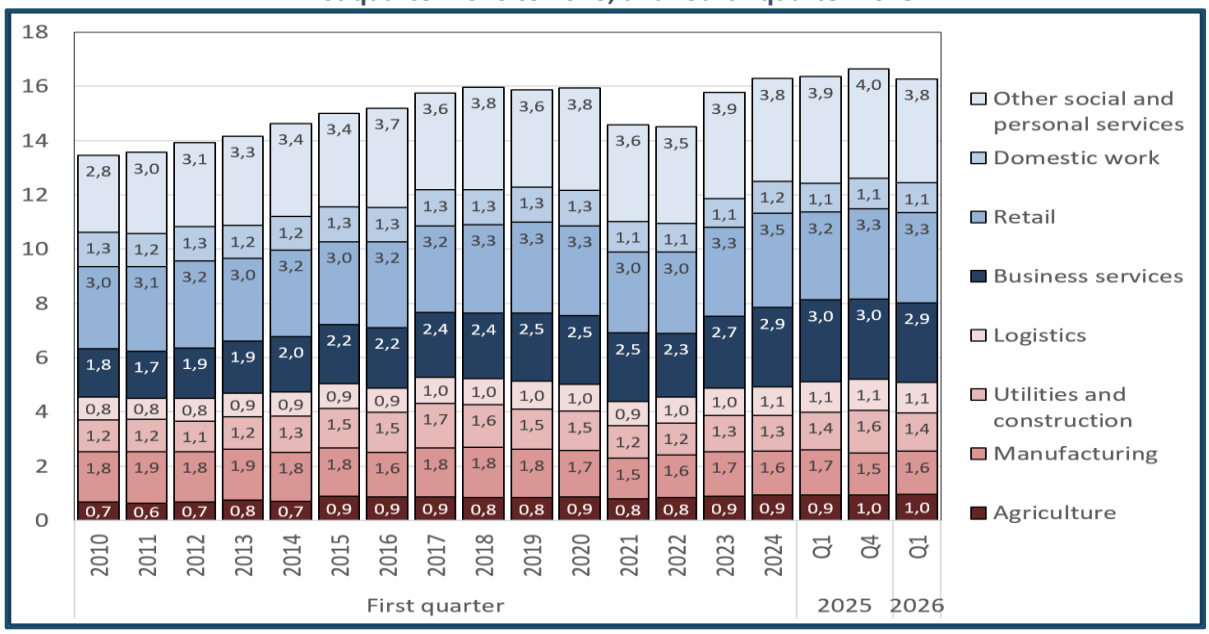


Note: (a) The employment ratio equals the number employed as a percentage of the total working-age population. *Source:* Statistics South Africa. Quarterly Labour Force Survey. QLFS Trends 2008-2026 Q1. Excel spreadsheet. Downloaded from www.statssa.gov.za in May 2026.

The Quarterly Labour Force Survey changed its definition of informal employment in the third quarter of 2025. As a result, it is not possible to compare growth in formal and informal work over the past year. Using the new definition, the share of informal employment in total employment came to 21% in the first quarter of 2026. Most informal entrepreneurs do not have any employees, so less than half of people in the sector were wage workers, compared to nine out of ten in the rest of the economy. As a result, only 11% of waged workers were in the informal sector, compared to nearly 70% of business owners (that is, employers and self-employed people).

By sector, manufacturing experienced the sharpest job losses, reported at 90 000 positions or some 5% of the total. Despite the reported growth in value added in the social and personal services, the Quarterly Labour Force Survey found this industry also lost 90 000 jobs, equal to 2% of their total employment. Similarly, business services shed 70 000 positions (also 2%). These losses were offset by the gain of 90 000 positions in retail, with smaller increases in agriculture, utilities and construction, and domestic work (Graph 9).

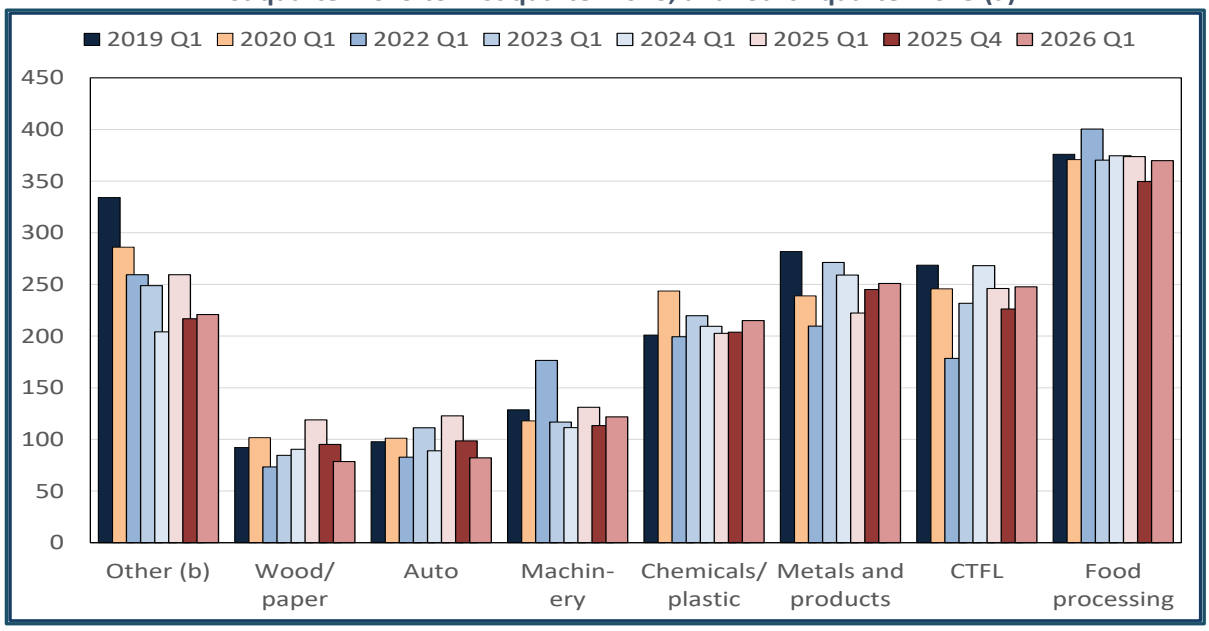
Graph 9. Employment by sector (excluding mining), in millions, first quarter 2010 to 2026, and fourth quarter 2025



Source: Statistics South Africa. Quarterly Labour Force Survey (QLFS). QLFS Trends 2008-2026 Q1. Excel spreadsheet. Downloaded from www.statssa.gov.za in May 2026.

Within manufacturing, the job losses reported by the QLFS were primarily in auto and the wood and paper value chain. The survey found that these two industries each lost a third of their employment in the year to the first quarter of 2026. In contrast, the employer survey on employment, the Quarterly Employment Statistics (QES), recorded only a 3% decline for each of these industries in the year to the fourth quarter of 2025. The QES is published a quarter behind the QLFS, so it does not provide figures for the first quarter of 2026.

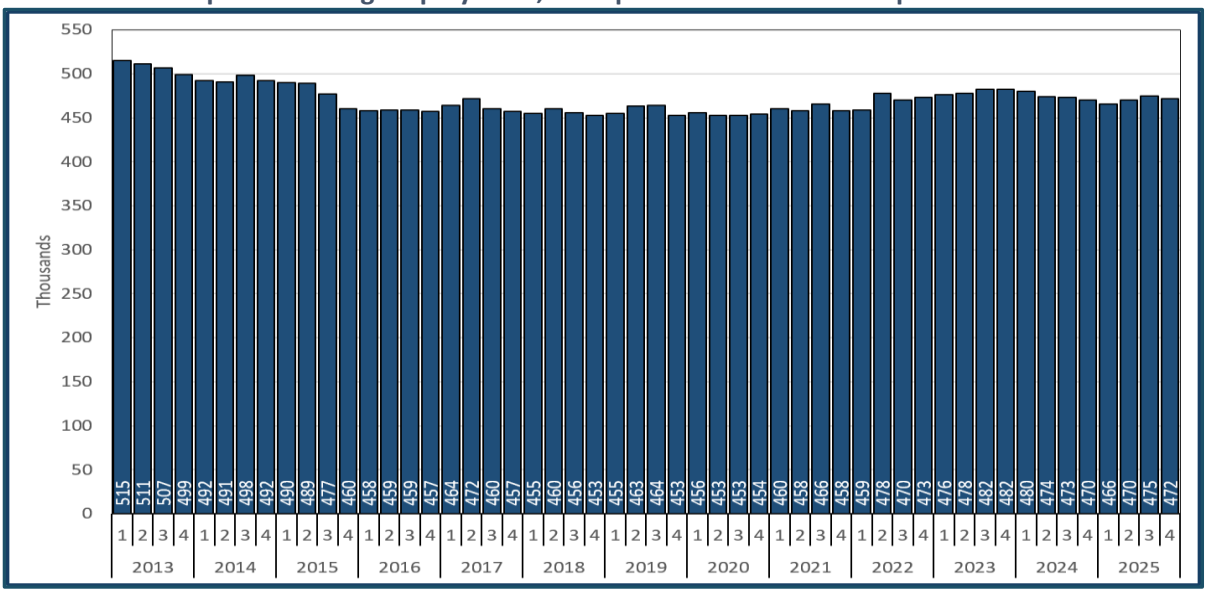
Graph 10. Employment by manufacturing industry, in thousands, first quarter 2019 to first quarter 2026, and fourth quarter 2025 (a)



Note: (a) Excludes 2021 because of the very low response rate in the first quarter of that year. *(b)* Includes publishing and printing; glass and non-metallic minerals; furniture; and other. *Source:* Statistics South Africa Quarterly Labour Force Survey. Q4 2019 to Q1 2026. Electronic dataset. Downloaded www.isibaloweb.statssa.gov.za in June 2026.

Statistics South Africa recommends the QES, rather than the QLFS, for data on mining employment. The QES found that mining employment increased marginally in the year to the fourth quarter of 2025, adding 2000 jobs (a 0.4% increase). That said, mining shed jobs in the fourth quarter of 2025 reversing growth through the rest of 2025. Mining employment is still well below its peak in 2012, at the end of the international commodity price boom of the 2010s.

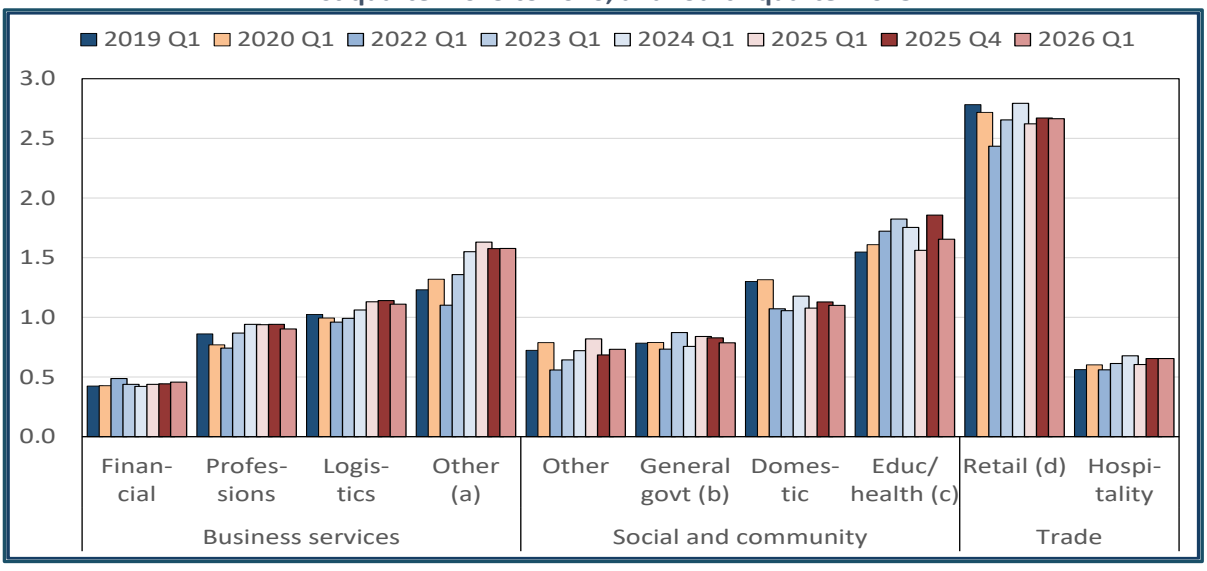
Graph 11. Mining employment, first quarter 2010 to fourth quarter 2025



Source: Statistics South Africa. Quarterly Employment Statistics. Detailed breakdown. Fourth Quarter 2025. Excel spreadsheet. Downloaded from www.statssa.gov.za in May 2026.

In the tertiary sector, education and health services gained 92 000 positions in the year to the first quarter of 2026 (Graph 12). Hospitality and retail each added over 40 000 jobs in the same period. Domestic work and financial services also saw modest gains. Other service industries shed jobs. The main losses were in cleaning and private security (the bulk of the "other business services" category), with a net decline of almost 90 000.

Graph 12. Employment in services industries, in millions, first quarter 2019 to 2026, and fourth quarter 2025



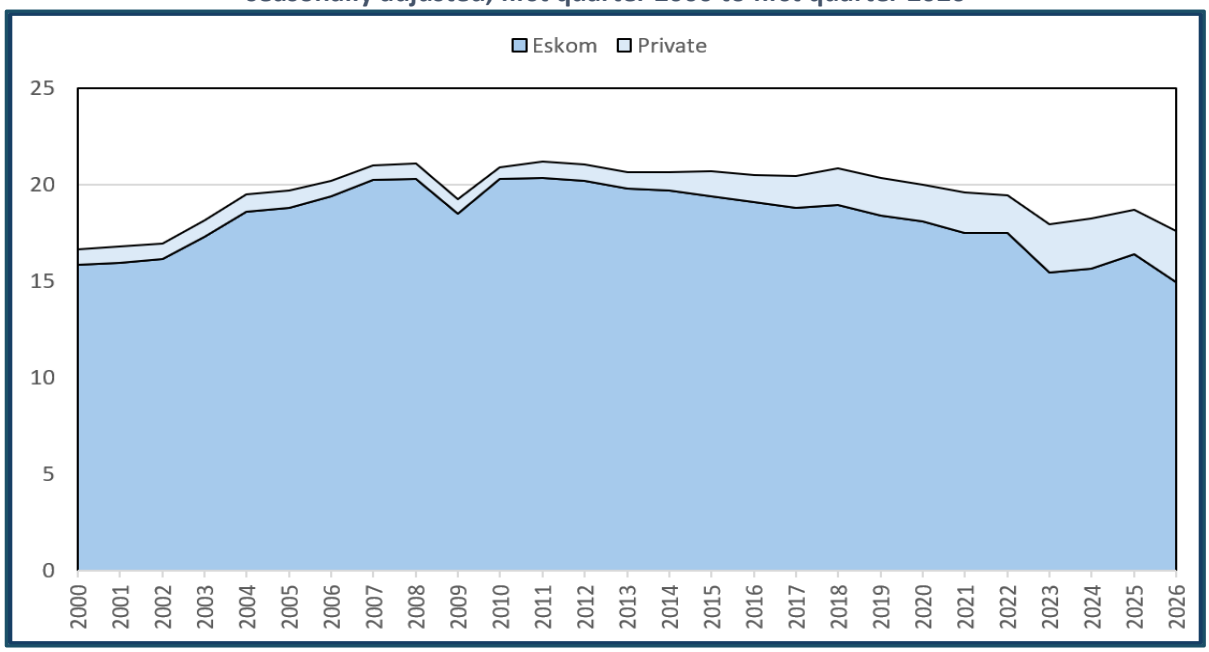
Notes: (a) Mostly cleaning and private security. (b*)* Includes public security services. (c) Reported figures do not match administrative sources on numbers. (d) Includes motor services. *Source*: Stats SA. Quarterly Labour Force Survey. Q1 2019 to Q1 2026. Electronic dataset. Downloaded ww.isibaloweb.statssa.gov.za May 2026.

Infrastructure

Eskom sales declined by about a tenth in the year to the first quarter of 2026, while private power generation surged by a sixth. The decline in Eskom sales largely reflects the response of user, particularly the energy intensive metals refineries, to its escalating tariffs. Road and rail payload remained flat in the year to the first quarter of 2026, but transit through the ports soared.

Eskom's sales of electricity continued to decline at the start of 2026 (Graph 13). Eskom's sales shrank some 9% in the year to the first quarter of 2026, while sales of privately produced electricity surged by 17%. The decline in Eskom's sales commencing in 2025 is partly due to the downsizing and shutting down of energy-intensive ferroalloys refineries. Private generation continues to grow and challenge Eskom's dominance of the grid.

Graph 13. Quarterly sales of grid electricity by Eskom and private suppliers, seasonally adjusted, first quarter 2000 to first quarter 2026



Source: Statistics South Africa. Electricity generated and available for distribution. Excel table from 2000. Series on electricity generation. Downloaded from www.statssa.gov.za in May 2026.

Much new capacity is off-grid, which means figures for national sales understate the extent of private generation. In mid-2026, some 20GW of off-grid generation capacity was registered with the National Energy Regulator of South Africa (NERSA), with 68% being solar and 27% wind.[1] Renewables generate power intermittently, making it difficult to indicate the actual generation. Conservative estimates place it at around three gigawatt hours, or around a sixth of annual sales.

Eskom's concern about declining sales was underscored by its engagement with NERSA to reduce tariffs to the energy-intensive ferrochrome industry. As discussed in the fourth-quarter REB, the ferrochrome smelters effectively shut down over the course of the past year largely due to Eskom's soaring tariffs. Eskom argued that it had to provide an effective subsidy or risk a significant loss of sales, which in turn would lead to even higher price escalations for its other customers. In response,

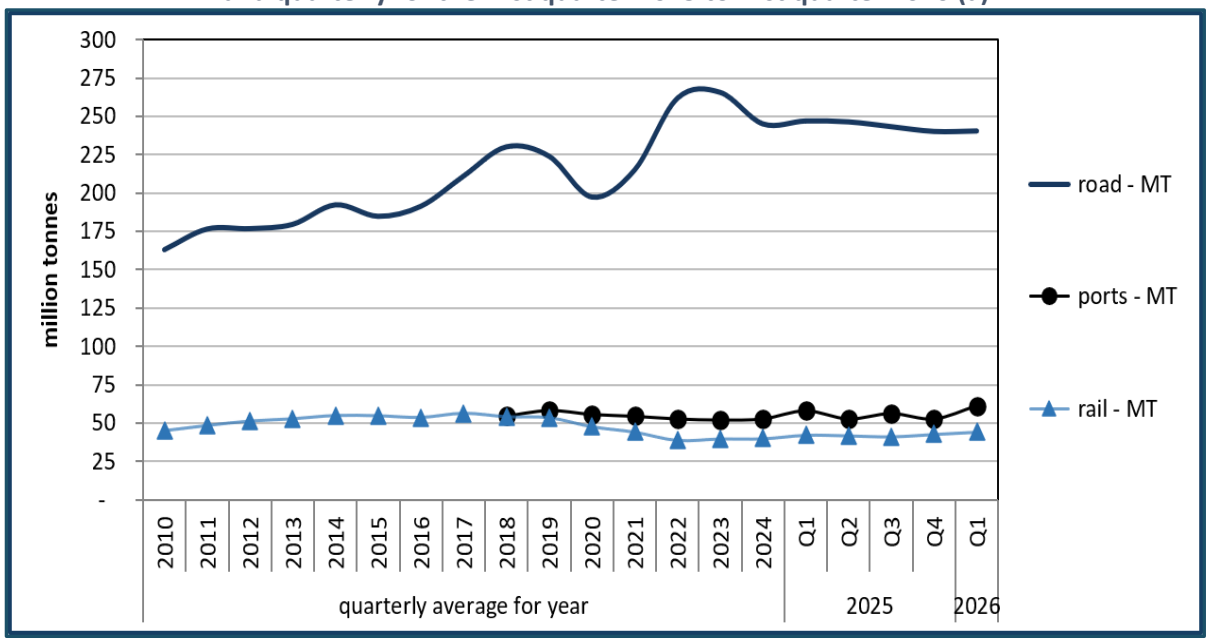
[1] SAPVIA. NERSA Registered Plants Dashboard. Accessed at https://sapvia.co.za/nersa-registered-plants-dashboard/ in May 2026.

in January 2026 NERSA approved a 12-month tariff of 88 cents per kilowatt hour – around half of the average for all customers – for the ferrochrome smelters. In May, NERSA approved a further cut, to 60 cents per kilowatt hour, or a third of the average tariff, for the ferrochrome companies, lasting for three to five years.

TIPS's Green Economy Bulletin, forthcoming in June 2026, provides more detail on the profound shifts in electricity generation and the implications for the economy.

Rail grew 5% in the year to the first quarter of 2026, amounting to 44 million tonnes. Rail mostly carries bulk commodities, especially mining products, for export. It added a million tonnes from the previous quarter. In contrast, road freight continued to decline, falling by 3% in the year to the first quarter of 2026, carrying 240 million tonnes. Road payload remained unchanged from the previous quarter. Port volumes surged by 6% in the year to the first quarter of 2026, mostly due to a 16% jump in the first quarter of 2026.

Graph 14. Road, rail, and ports payloads (in million tonnes), quarterly average for 2010 to 2024 and quarterly for the first quarter 2025 to first quarter 2026 (a)



Note: (a) Figures for rail and road freight are seasonally adjusted; port figures are actuals. *Source:* Statistics South Africa. Land Transport Survey. Excel spreadsheet. Downloaded from www.statssa.gov.za in May 2026. For ports, Transnet National Ports Authority. Port Statistics. Webpage. Accessed at https://www.transnet.net/SubsiteRender.aspx?id=24332214 in May 2026.

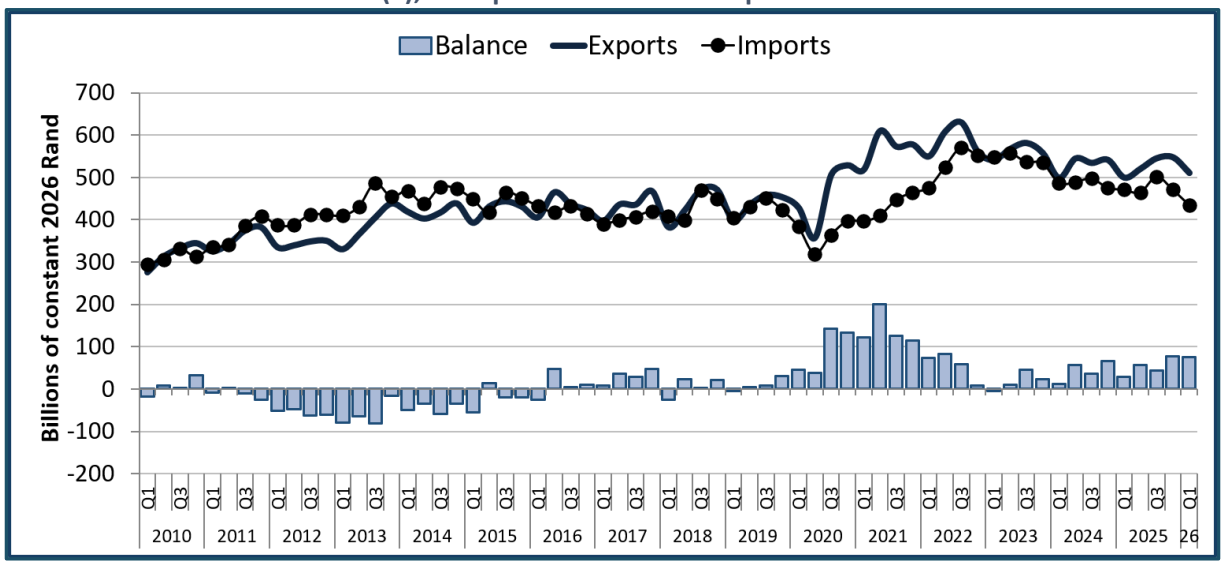
International trade

South Africa recorded its twelfth straight surplus in goods trade in the first quarter of 2026. In rand terms, exports surged while imports declined year-on-year, despite the stronger exchange rate. Agricultural and manufacturing exports, however, fell, while the value of mining exports increased, mostly due to higher prices for gold and platinum. The increased price of oil due to the US/Israeli attack on Iran only occurred in the second quarter of the year.

The surplus in goods trade declined from R76.6 billion in the fourth quarter of 2025 to R76.2 billion in the first quarter of 2026 (Graph 15). South Africa ran a trade surplus for all but two of the 29 quarters from early 2019 to the first quarter of 2026, reversing the deficits typical of the previous decade. South

Africa typically runs a trade surplus in periods of slow growth. In the past quarter, the surplus was boosted by high gold and platinum prices.

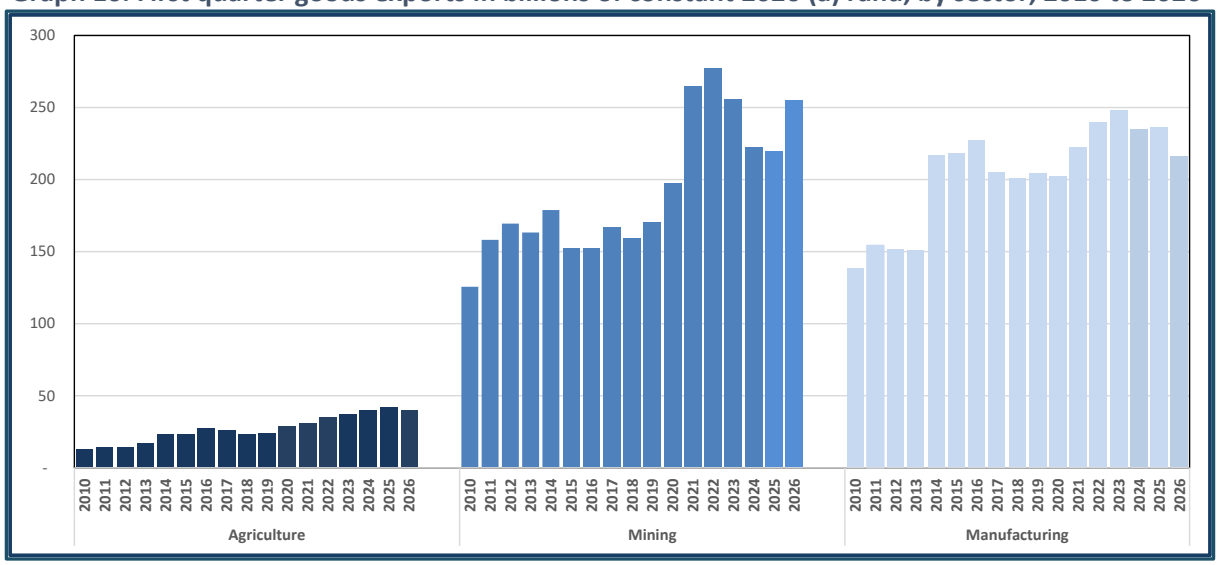
Graph 15. Quarterly goods exports, imports and balance of trade in billions of constant 2026 rand (a), first quarter 2010 to first quarter 2026



Note: (a) Reflated with CPI, rebased to the first quarter of 2026. Source: Calculated from monthly data kindly provided by the South African Revenue Service.

In the year to the first quarter of 2026, mining exports surged in real terms, while agricultural and manufacturing exports declined (Graph 16). Mining exports climbed by 16% in the year to the first quarter of 2026, reaching R255 billion. Manufacturing exports, however, shrank by 8% in the same period, falling back to R216 billion. Agricultural exports also shrank, dropping by 5% to R40 billion.

Graph 16. First quarter goods exports in billions of constant 2026 (a) rand, by sector, 2010 to 2026

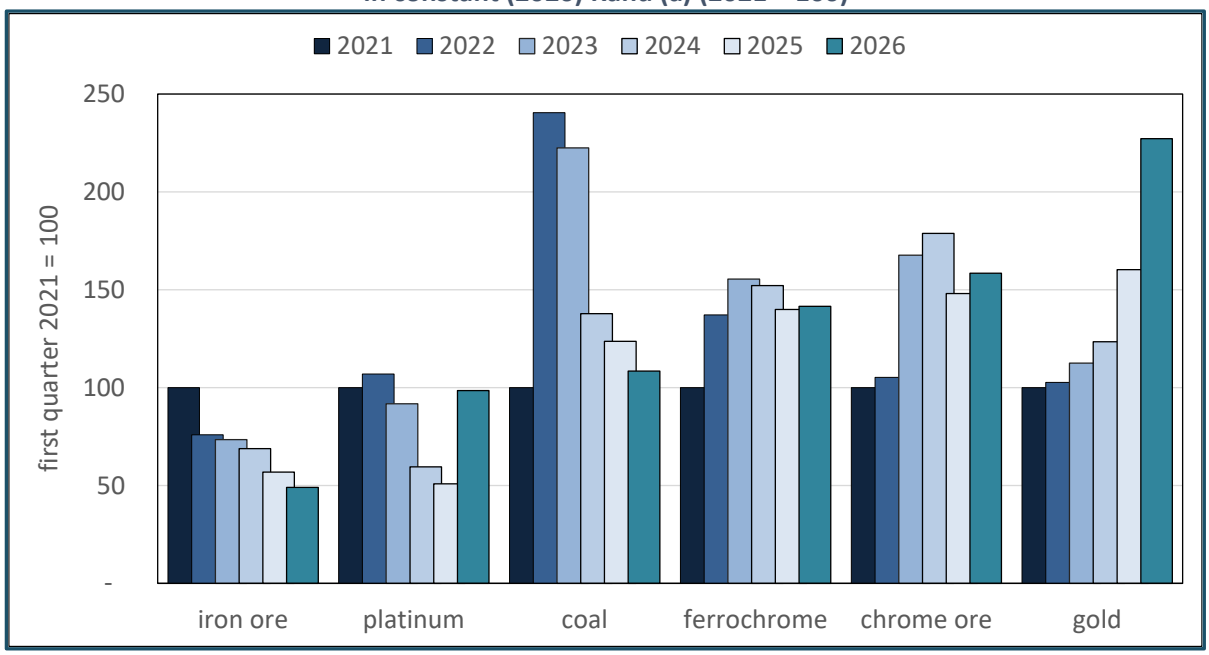


Note: (a) Reflated with CPI, rebased to the first quarter of 2026. Source: Calculated from monthly data kindly provided by the South African Revenue Service

Increased international prices for gold and platinum accounted for most of the growth in mining sales. The value of gold exports jumped some two-fifths in the year to the first quarter of 2026, and was around 250% higher than at the start of 2024. Since then, gold prices have dropped by over 5%, but

they remain at historic highs. Platinum prices were around half their 2022 peak in 2023 and 2024, but doubled by the first quarter of 2026. (Graph 17)

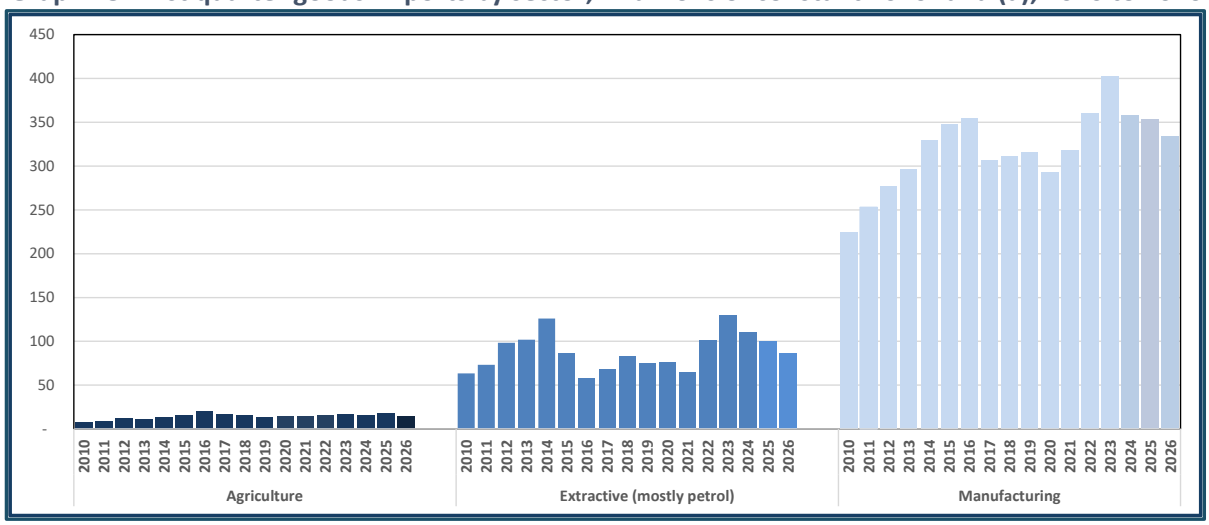
Graph 17. Indices of first quarter unit export prices for South African mineral exports in constant (2026) Rand (a) (2021 = 100)



Note: Reflated with CPI, rebased to the first quarter of 2026. *Source:* Calculated from Quantec. EasyData. National trade series at HS-8 level. Accessed at www.easydata.co.za in June 2026.

Goods imports across all sectors fell in the year to the first quarter of 2026 (Graph 18). Manufacturing imports declined for the third consecutive year, falling 5% in the year to the first quarter of 2026. Extractive imports, mostly petroleum, were falling in the years leading up to the first quarter of 2026 due to a combination of slow economic growth and stagnant global price. As noted, that trend has reversed sharply since the war in Iran led to an increase of around 50% in world oil prices. Imports of agricultural products declined by one-fifth in the year to the first quarter of 2026, amounting to R14 billion.

Graph 18. First quarter goods imports by sector, in billions of constant 2026 rand (a), 2010 to 2026



Note: (a) Reflated with CPI, rebased to the first quarter of 2026. Source: Calculated from monthly data kindly provided by the South African Revenue Service.

Table 1 shows the change in exports and imports by the manufacturing industry. Virtually every industry experienced a decline in the year to March 2026 in constant rand terms, due in part to the stronger exchange rate. In US dollars, most industries saw some growth in the value of exports. In dollars, transport equipment climbed 1%, with a similar increase in the number of vehicles exported. In constant rand terms, however, the industry's export revenues dropped 9%. Metal exports shrank some 15% in rand terms, mostly due to the fall in ferrochrome production over the year. The new agreement on electricity tariffs for the ferrochrome smelters should reverse the decline over the coming months, however, as discussed in the section on infrastructure. Machinery and wood both increased exports by around a fifth in US dollar terms, which translated into modest rand gains. On the import side, most manufacturing industries saw substantial increases in US dollar terms, reflecting the economic recovery over the past year.

Table 1. Trade by manufacturing subsector

	VALUE (BILLIONS)		% CHANGE FROM Q1 2025		CHANGE IN BILLIONS	
INDUSTRY	USD	Rand	USD	Rand	USD	Rand
EXPORTS						
Food and beverages	1.31	21.49	13%	-3%	0.15	-0.77
Clothing and footwear	0.45	7.40	6%	-9%	0.03	-0.75
Wood products	0.20	3.25	20%	3%	0.03	0.08
Paper and publishing	0.39	6.40	-2%	-16%	-0.01	-1.20
Chemicals, rubber, plastic	2.17	35.58	11%	-5%	0.22	-1.78
Glass and non-metallic mineral products	0.11	1.83	-2%	-16%	-0.00	-0.35
Metals and metal products	2.51	40.93	0%	-15%	0.00	-7.01
Machinery and appliances	2.38	38.86	21%	4%	0.41	1.32
Transport equipment	3.45	56.40	1%	-13%	0.03	-8.76
IMPORTS						
Food and beverages	1.03	16.95	3%	-12%	0.03	-2.24
Clothing and footwear	1.29	21.09	6%	-9%	0.08	-2.13
Wood products	0.12	1.99	23%	5%	0.02	0.10
Paper and publishing	0.35	5.71	14%	-3%	0.04	-0.15
Chemicals, rubber, plastic	3.83	62.70	6%	-9%	0.22	-6.40
Glass and non-metallic mineral products	0.21	3.44	-1%	-15%	-0.00	-0.63
Metals and metal products	1.44	23.48	14%	-3%	0.18	-0.60
Machinery and appliances	6.93	113.29	11%	-5%	0.66	-6.43
Transport equipment	4.83	79.10	17%	0%	0.69	-0.11

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

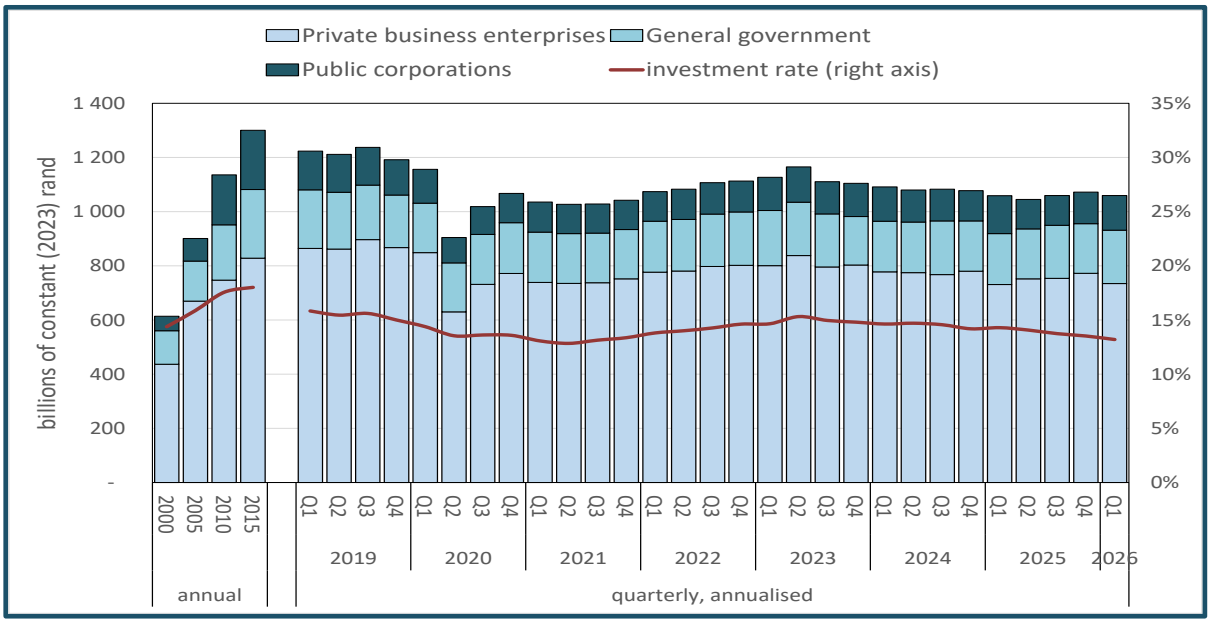
Investment and profitability

Total investment dropped 1.2% for the quarter in seasonally adjusted terms, mostly due to a sharp turnaround in private investment. As a result, the investment rate dropped to 13.2% of the GDP, the lowest rate since 2021 at the tail end of the pandemic. Data for the return on assets are available only through the fourth quarter of 2025, when they showed some improvement.

Private fixed capital formation fell 5% in constant rand terms in the first quarter of 2026, reversing the steady growth seen through 2025. Nonetheless, in the first quarter of 2026 it was still 0.5% higher than a year earlier. In contrast, investment by both general government and the state owned

companies climbed around 8% in the quarter. These trends meant total investment fell by 1.1% in the first quarter of 2026. The share of gross fixed capital investment in the GDP – the investment rate - dropped from 13.5% to 13.2% for the quarter, down from a post-pandemic high of 15% two years ago. (Graph 19)

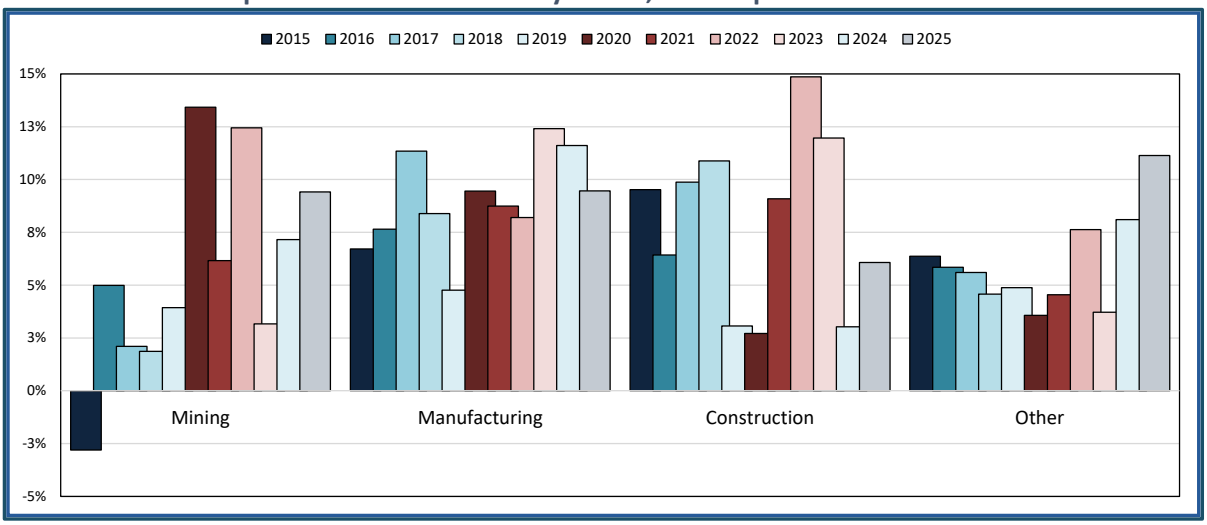
Graph 19. Investment by type of investor in constant 2025 rand and the investment rate (a), every five years from 2000 to 2015 and quarterly from 2020 to the first quarter of 2026



Note: (a) Figures for investment are reflated with implicit deflator rebased to first quarter 2026. 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 – 2026Q1. Excel spreadsheet. Downloaded from www.statssa.gov.za in June 2026.

Figures for business returns on assets are only available through the fourth quarter of 2025. Manufacturing profits dropped from 12% in the fourth quarter of 2024 to 9% a year later. In contrast, mining returns increased by two percentage points, from 7% in the fourth quarter 2024 to 9% in the fourth quarter 2025, presumably due to the gold and platinum price spike over the year. Profitability in construction, which is notably volatile, nearly doubled, rising by three points to 6%. (Graph 20)

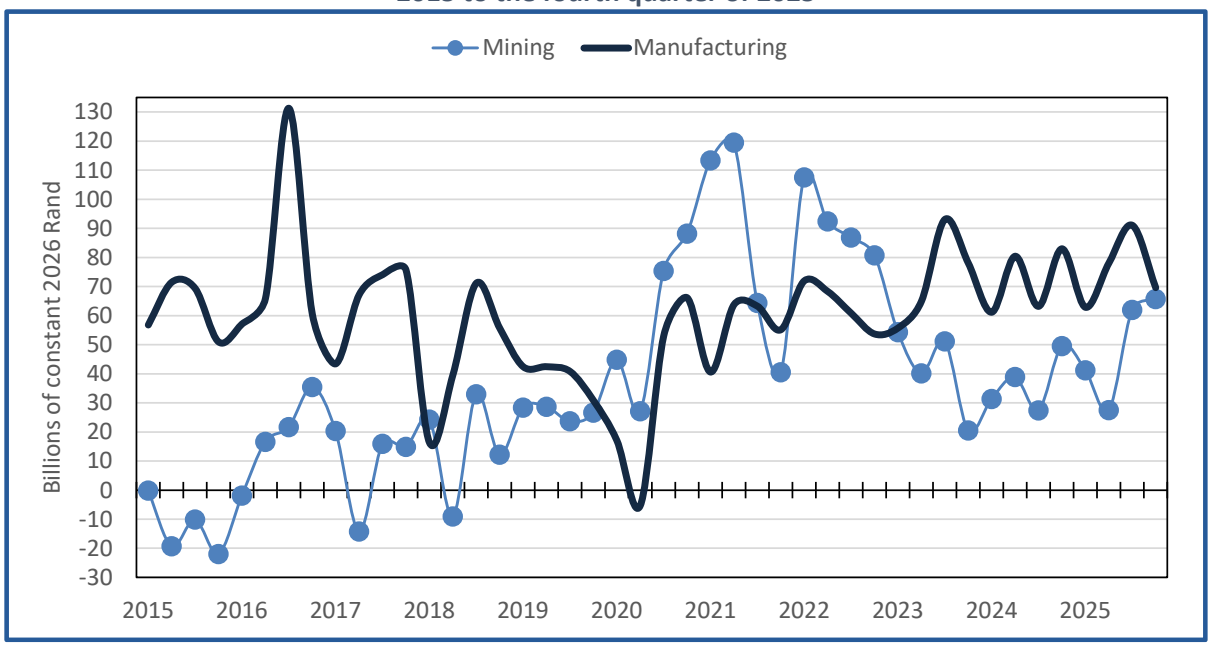
Graph 20. Return on assets by sector, fourth quarter 2015 to 2025.



Source: Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in May 2026.

In constant rand terms, mining profits slightly edged up by R4 billion in the fourth quarter from the previous quarter, compared with manufacturing profits, which declined by R21 billion in the same period (Graph 21). Mining profits jumped by one-third in the year to the first quarter of 2026, while manufacturing profits declined by 16% over this period.

Graph 21. Quarterly profits in manufacturing and mining in billions of constant 2024 rand (a), 2015 to the fourth quarter of 2025



Note: (a) Reflated with CPI rebased to fourth quarter 2025. Source: Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in May 2026.

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects quarterly, using published information. This quarter, the Tracker recorded 50 announcements. The investment value amounts to R111.7 billion, recorded from 47 projects. All but 11 of the new projects were announced at the sixth South African Investment Conference (SAIC). The Tracker also updated twelve previously captured projects.

Overall, manufacturing dominated in both value and number of projects, valued at R52.1 billion in 27 announcements. It was followed by services and electricity, at R15.6 billion and R13.8 billion respectively, and mining at R12.1 billion. A collective commitment by members of the French Chamber of Commerce in South Africa contributed R20 billion across various industries. France is the largest contributor to the announced investment value, totalling R21.5 billion, followed by India (R17.3 billion) and Japan (R11.6 billion).

New and existing projects

Projects identified through Tracker monitoring amounted to R5.7 billion. Most of the value came from Lyra Energy's R4 billion planned solar facility (Table 2). In services, Africa Global Logistics will develop and manage a multi-purpose terminal for bulk dry agriculture good and other compatible cargo, investing R800 million under a concession agreement with Transnet. Manufacturing investment includes San Miguel's R490 million lemon processing plant. Limpopo garnered the highest investment value, at R4 billion, while Norway is the largest contributing country.

Table 2. FDI projects captured in the first quarter of 2026

INVESTOR COMPANY	COUNTRY OF ORIGIN	ANNOUNCED VALUE (R BNS)	LOCATION	PROJECT SUMMARY
Electricity: R4 billion				
Lyra Energy (Scatec/ Standard Bank/ Stanlib)	Norway/South Africa	4	Limpopo	Developing a 255 MW solar power facility
Eco Wave Power and Africa Great Future Development	Sweden/UK	n.a.	Eastern Cape	Potential 8.3 MW wave energy power station
Logistics: R1.07 billion				
Africa Global Logistics	France	0.8	KwaZulu-Natal	Preferred bidder for the development and management of a multipurpose terminal
Energex	UAE	0.3	KwaZulu-Natal	Proposed bitumen storage and import facility, including distribution terminal
Teraco	US	n.a.	Western Cape	Expanding the CT1 data centre
Manufacturing: R706 million				
San Miguel Global	Argentina	0.5	Eastern Cape	Established a lemon-processing facility
BASF	Germany	0.1	KwaZulu-Natal	New laboratory and expanded dispersions production capacity
Kinetiko Energy/Afro Energy/ FFS Refiners	Australia/ SA	0.1	Mpumalanga	Proposed pilot liquid natural gas (LNG) plant
Lucchini South Africa and Wabtec SA	US	0.05	Gauteng	CNC machining system for railway wheel production
Sew-Eurodrive	Germany	n.a.	Eastern Cape	Expanded assembly, service and repair centre
Maftech - Maf Roda Agrobotics /Maintech	France/SA	n.a.	Western Cape	JV expansion and upgrade of packing equipment plant

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

By type, greenfield projects make up the highest announced value and number of projects.

Table 3. Value of projects by investment stage and type, first quarter of 2026, in billions of rand

	STAGE		ANNOUNCED	FEASIBILITY	IMPLEMENTATION	COMPLETE	TOTAL VALUE	NUMBER
Investment type		Greenfield	0.3	0	4	0.5	4.8	5
		Brownfield	0.8	-	0	-	0.8	2
		Upgrade	-	-	-	0.1	0.1	2
		Expansion	-	-	0	0	0	2
Total value			1.1	0	4	0.6	5.8	
Number			3	1	3	4		11

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

Projects announced at the 2026 SAIC

The SAIC process aims to demonstrate South Africa's value as an investment destination by encouraging companies to highlight their current and proposed plans. In 2026, the sixth SAIC saw local and international private companies announce 81 projects worth R415 billion (Table 4). Over 40

foreign firms announced current and future projects valued at R108 billion. In some cases business associations like the National Association of Automotive Component and Allied Manufacturers (NAACAM) and countries like Japan and France combined a number of companies' plans in their announcements.

Table 4. FDI projects announced at the 2026 SAIC

INVESTOR COMPANY	COUNTRY OF ORIGIN	ANNOUNCED VALUE (R BNS)	LOCATION
Manufacturing: R57.1 billion			
UPL	India	17	KwaZulu-Natal
Toyota	Japan	10.4	KwaZulu-Natal
NAACAM	Multiple source markets	5.8	Multiple provinces
SAB	Belgium	4	Multiple provinces
South32	Australia	3.9	Multiple provinces
Rheinmetall Denel	Germany	2.5	Multiple provinces
Sailun	China	2	Multiple provinces
Not reported	Japan	1.2	KwaZulu-Natal
Anatrica	Turkiye	0.9	Multiple provinces
Haleon	UK	0.8	Western Cape
Ardagh	Ireland	0.5	Western Cape
Chery	China	0.5	Multiple provinces
Nestle	Switzerland	0.4	KwaZulu-Natal
Aberdare	China	0.2	Multiple provinces
M-Tec	South Korea	0.2	Gauteng
Pelliconi	Italy	0.2	Gauteng
Safran	France	0.2	KwaZulu-Natal
Shaurya Steel (PV)/Force Steels	India	0.2	Gauteng
WEG	Brazil	0.2	Gauteng
Siemens	Germany	0.1	Gauteng
Tinna Mbodla Rubber	India	0.1	Gauteng
BASF	Germany	Not reported	KwaZulu-Natal
Multiple: R20.4 billion			
Members of the French Chamber of Commerce in South Africa	France	20.4	Multiple provinces
Services: R14.5 billion			
Cassava	UK	3.6	Multiple provinces
Vivo Energy / Engen	UK / Netherlands	1.9	KwaZulu-Natal
Naspers / Prosus	South Africa / Netherlands	1.5	Multiple provinces
DP World	UAE	1.3	Multiple provinces
Uber	US	1.2	Multiple provinces
Equinix	US	0.9	Multiple provinces
Hilton	US	0.6	Multiple provinces
MSC	Switzerland	0.5	Eastern Cape
Energex	UAE / Singapore	0.3	Multiple provinces
amplify 5	UK	0.2	Gauteng / Western Cape
DHL	Germany	0.2	Gauteng
Teleperformance	France	0.1	Multiple provinces
Sutherland Global	US	0.1	Multiple provinces
Utilities: R9.8 billion			
Enel Green Power	Italy	9.8	Eastern Cape

INVESTOR COMPANY	COUNTRY OF ORIGIN	ANNOUNCED VALUE (R BNS)	LOCATION
Mining: R12.1 billion			
Ivanplats	Canada / SA	6.4	Limpopo
Green Minerals and Metals	China	5.7	Northern Cape

Source: Adapted from the 2026 South African Investment Conference announcements.

Updates

Envusa's 240 megawatt (MW) Mooi Plaats solar photovoltaic (PV) plant commented operations in the first quarter of 2026. It forms part of the Koruson 2 cluster, which also consists of the 140MW Umsobomvu and 140MW Hartebeeshook wind facilities, which are nearing completion. The Koruson 1 cluster developed by EDF Renewables under the Renewable Energy Independent Power Programme (REIPPPP) Bid Window 5 also reached commercial operation. Other REIPPPP projects completed are the Grootfontein and Graspan solar plants, with a capacity of 75MW each, developed by Engie. In services, Sew-Eurodrive's repair, services and training facility has been open since October 2025.

Table 5 summarises the reported progress on existing projects. The Zululand Energy Terminal for Liquid Natural Gas (LNG) has undertaken a procurement process for service providers, among others, but the final investment decision has been pushed back to 2028. Renergen, which was developing the Virginia gas project, was acquired by US-based ASP Isotopes. Phase 1 of the project was already underway, and the new owners plan to complete this stage of development and progress to Phase 2 of the LNG and helium project. The Indian auto company Chery has reached an agreement to acquire Nissan's Rosslyn plant, which the company plans to recommission. Meanwhile, Stellantis has put plans for its assembly plant on hold while it reviews its strategy.

Table 5. Projects updated in the first quarter of 2026

PROJECT	COMPANY	ANNOUNCED VALUE (R BNS)	INDUSTRY	PROGRESS UPDATE
Complete/ Operational				
Koruson 2 solar cluster	Envusa: Anglo American and EDF renewable energy business	15	Utilities	Mooi Plaats solar PV farm in commercial operation; Umsobovmu and Hartebeeshook wind farms expected mid- 2026.
REIPPPP BW5: Koruson 1 wind power cluster	EDF Renewables	11	Utilities	Wind farm operational
REIPPPP BW5: Grootspruit solar PV	ENGIE	~1.4	Utilities	Reached commercial operation
REIPPPP BW5: Graspan Solar PV	ENGIE	~1.4	Utilities	Reached commercial operation
Sew-Eurodrive service, repair & training centre	Sew-Eurodrive	0.384	Services	Facility fully operational
Liebherr customer service facility	Liebherr Africa	n.a.	Services	Concluded facility upgrades
Construction/ implementation				
Viginia gas project	ASP Isotopes/ Renergen	20	Mining	ASP Isotopes plans to invest R1 billion to complete Phase 1 and US$1.16 billion (R26 billion) into Phase 2

PROJECT	COMPANY	ANNOUNCED VALUE (R BNS)	INDUSTRY	PROGRESS UPDATE
Soufflet malting facility	Soufflet Malt	2	Mfg	Started construction of malting facility
Liebherr Competence and Distribution Centre	Liebherr Africa	n.a.	Services	Construction underway
Project-preparation				
Zululand Energy Terminal	Vopak Terminal Durban and Transnet Pipelines	16	Services	Procurement process progressing, however, FID delayed to early 2028
Announced				
Chery Local Assembly Plant	Chery	0.5	Mfg	Acquiring Nissan Rosslyn assembly plant with plans to invest in recommissioning it, pending regulatory approval
Uncertain, suspended or cancelled				
Stellantis assembly plant	Stellantis	3	Mfg	Plant development on hold during review of business strategy for the facility

Source: TIPS FDI Tracker database.

Briefing Note 1: The implications of the energy transition for auto mechanics

Dylan Kirsten. This briefing note draws on an auto value chain research paper for the Sector Jobs Resilience Plans.

South Africa's transition to electric cars is expected to reshape employment within the auto maintenance and repair industries. Although the transition is likely to be gradual, it will alter the nature of repair work, skills demand, and business viability for auto mechanics, particularly within the informal economy.

In the second quarter of 2025, 220 000 people were employed as auto mechanics, with employment evenly split between the formal and informal sectors. They accounted for around a fifth of employment across the value chain. Formal employment, however, declined from 132 000 workers in 2010 to 110 000 workers in the second quarter of 2025, while informal employment doubled over the same period. The COVID-19 pandemic accelerated this trend, with many displaced workers moving into informal own-account repair activities. Black men account for the largest share of mechanics.

The transition toward electric vehicles will reshape rather than eliminate auto repair work. Battery Electric Vehicles (BEVs) require less servicing than Internal Combustion Engine (ICE) vehicles because they contain fewer components and mechanical systems. Demand for ICE vehicle repairs is therefore expected to decline gradually over time. Electric vehicles also require different kinds of maintenance, including battery management, diagnostics, electronics, software integration, suspension systems, and high-voltage servicing.

Informal mechanics operating in township and rural communities are likely to face the greatest adjustment pressures because they often lack access to advanced diagnostic tools, accredited training, finance, and specialised equipment. Without targeted interventions, the transition may widen the gap between formal dealership servicing and informal repair services.

Many informal mechanics possess extensive practical experience but lack formal certification. Only around half of mechanics have matric, compared to three out of five employed adults across the economy. In this context, expanding recognition of prior learning (RPL) programmes become particularly important in assisting mechanics to maintain employment during the energy transition. Future training is expected to focus increasingly on diagnostics, electronics, battery systems, software applications, and high-voltage safety procedures. Stronger coordination between the Department of Higher Education and Training, the Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA), Original Equipment Manufacturers (OEMs), Technical and Vocational Education and Training (TVET) colleges, and industry associations will be necessary to scale training capacity and improve alignment between industry demand and training provision. Support for small and informal enterprises will also become increasingly important. Improved and tailored access to finance, tools, diagnostic equipment, and business development support could strengthen the ability of township-based repair businesses to participate in evolving auto value chains.

Briefing Note 2: Climate-smart technology and small farmers

Gillian Chigumira. This briefing note draws from a paper on the agricultural value chain for the Sector Jobs Resilience Plans.

Climate change has intensified vulnerabilities within the agricultural sector, with increasing frequency and severity of climate-related events such as floods and droughts. For livestock and poultry, temperatures intensify heat stress, increase disease spread, and contribute to higher mortality rates. Prolonged droughts further reduce the availability of grazing land and increase reliance on costly alternative feed sources. In crop and horticultural production, droughts, erratic rainfall, and pest outbreaks contribute to losses, yield declines, and reduced productivity.

In this context, rural households that have food gardens are vulnerable to food insecurity. Small-scale farmers who produce mainly for sale risk income loss and reduced capacity to reinvest. By province, vulnerabilities are most pronounced in areas with the highest concentrations of small-scale farmers and agricultural households, particularly KwaZulu-Natal, Limpopo, and the Eastern Cape.

Climate-smart agricultural practices play a critical role in mitigating, promoting adaptation and strengthening resilience to climate change. Improving diffusion, access, and adoption of technology, innovation, and knowledge may help reduce vulnerabilities. These technologies include the adoption of drought and disease resistant crops and livestock; soil conservation measures to improve resilience against floods; smart irrigation systems; and use of enhanced forecasting and decision-making apps. In South Africa, however, access to these technologies is heavily skewed towards large-scale farmers, with smaller, less formal producers often effectively excluded (CesTII, 2024; Truter et al., 2025; DEFF, 2019; Mollel et al., 2025; Blignaut et al., 2025[2]). Large-scale farmers have greater access to industry

[2] CesTII. 2024. *Modernising South Africa's agricultural sector through innovation. Results from the South African Agricultural Business Innovation Survey, 2019-2021*. Human Sciences Research Council: Cape Town.

Truter, K., Glas, H., Delport, M., Meyer, F., and Swanepoel, P. 2025. 'Adoption of precision agriculture practices in South African field crop production systems: A national survey.' Stellenbosch University, Bureau for Food and Agricultural Policy. *South African Journal of Plant and Soil 2025, 42(1–3):* 13–23

DEFF. 2019. *Actionable guidelines for the implementation of climate-smart agriculture in South Africa. Volume 3: Enabling Environments*. A report compiled for the Department of Environment, Forestry and Fisheries, South Africa.

Mollel, M., Quiroz, L., Varley, C., Firestine, A., McLoughlin, M., Kafunah, J., Kharkar, S., O'Farrell, J., Ndlovu, N., Johnston, A., McKeown, P., Brychkova, G., Murray, U., Leiva, S and Spillane, C. 2025. 'Digital technologies to accelerate the impact of climate-smart agriculture by next-generation farmers in Africa.' *Front. Sustain. Food Syst. 9:1462328*

Blignaut, N., Smith, H., Blignaut, J., Erasmus, L., Herold, K. and Maluleke, M. 2025. *The State of climate smart regenerative agriculture in South Africa*. Pretoria: ASSET Research.

networks, government support programmes, and financial resources. In contrast, small-scale farmers typically have less access to information as well as limited investment funds and access to formal credit to pay for new production systems.

The available information indicates that both the private and public sectors have played a role in advancing access to climate-smart technologies. The type of technologies supported ranges from low to advanced, with strong emphasis on biotechnology to improve drought tolerance and disease resistance. Uptake is promoted through physical and digital platforms, including on-farm demonstrations led by extension officers and experimental plots. Examples include metrological apps, aquaculture diagnostic kits for climate-related fish diseases, alternative feed innovations such as the Black Soldier Fly "Flyboy," and DNA fingerprinting initiatives to strengthen resilience among small-scale timber growers. The public sector also partners with NGOs, universities, and the private sector.

Business and industry organisations promote a range of low to medium-level practices, including multi-species cover crops, netting, and use of trench bed systems. More advanced technologies include the provision of disease-free planting material, AI-enabled water and fertiliser efficiency monitoring applications, drone technology, and post-harvest innovations such as ethylene-absorption packaging to delay ripening. Methods of diffusion include farmer-led experimentation, participatory trials, demonstration days, and training academies for farmers and extension officers. In addition, the use of digital channels, including e-extension services and technical e-resources.

Academic and civil society organisations have supported the diffusion of both low and medium-level technologies and innovations, including multi-cropping, mulching, permaculture, hydro-tunnels, shade nets, and drought-tolerant crops such as cassava, sorghum, jugo beans and millet. Higher-level technological support includes the provision of drought and disease-resistant livestock breeds and crops. Use of Geographic Information Systems and drone mapping for farm planning and disease monitoring. The Biosecurity and Information Hub (academia public-private initiative) supports the efficient capture, analysis, and visualisation of data on the spread of agricultural pests and diseases, including in previously hard-to-reach areas. The platforms also connect producers to disease diagnostic clinics for technical support. Technology diffusion combines research-based and community-oriented approaches, including the use of farms as test beds, demonstration gardens, and workshops.

Institutional constraints on the diffusion of climate-smart technologies include declining numbers of extension officers, with the current farmer-to-extension officer ratio of 1:1400 remaining far below the recommended ratio of 1:250. Infrastructure limitations, such as inadequate on-farm equipment, ageing water infrastructure, unreliable connectivity, and limited cell-tower coverage, further restrict technology uptake, particularly in rural areas. Financial and affordability barriers also remain significant, as many technologies, including drones and DNA testing, have high up-front costs. Knowledge and skills gaps further limit effective utilisation. At the farm level, technologies are often insufficiently tailored to smallholder contexts, while difficult terrain and spatial identification challenges constrain implementation. In addition, climate change and biosecurity risks complicate livestock management, including vaccination scheduling and disease treatment planning.

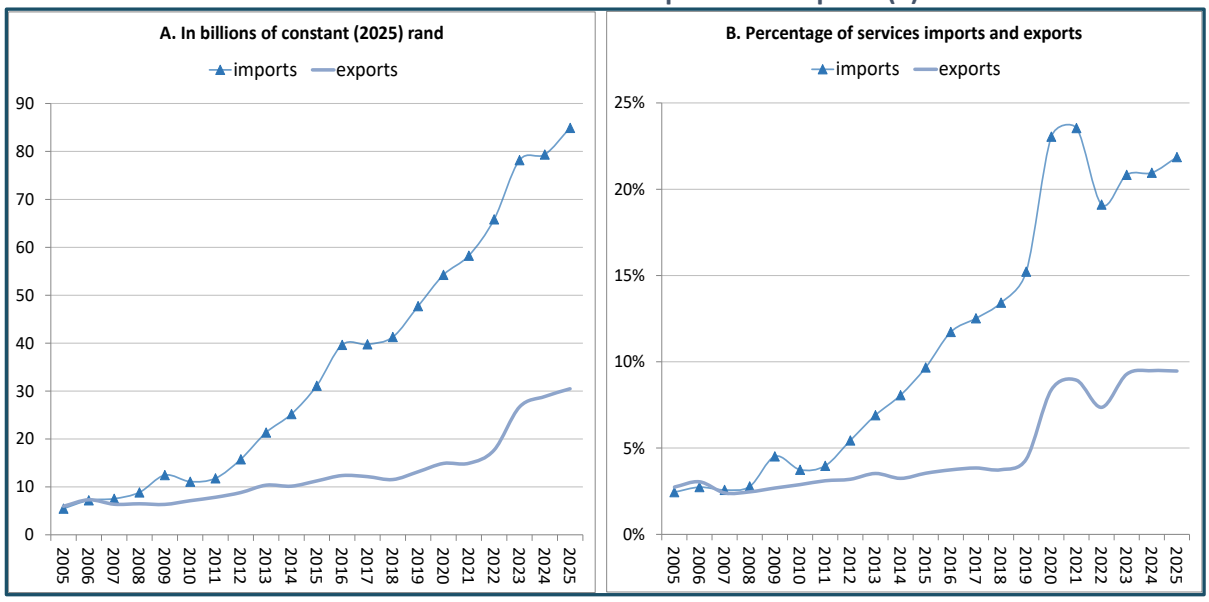
Briefing Note 3: Trade in telecommunications

Kealeboga Baikgaki. This briefing note draws on a forthcoming policy brief on telecommunications and the economy.

Over the last two decades, South Africa has experienced significant growth in trade in telecommunications services and the associated equipment, with a consistently high trade deficit. This note summarises some key trends.

In 2025, imports of information and telecommunications services were worth R85 billion, up from around R5 billion in 2005 (Graph 22). Exports of telecommunications and information services also climbed in constant rand terms, reaching R30 billion in 2025. These services grew significantly as a share of South Africa's total services trade. They were boosted in particular by the COVID-19 pandemic. Before 2019, they accounted for less than 5% of total services exports, but increased to approximately 9% in 2020/21. Imports of telecommunications and information services also accelerated during the pandemic, and continued to grow rapidly thereafter.

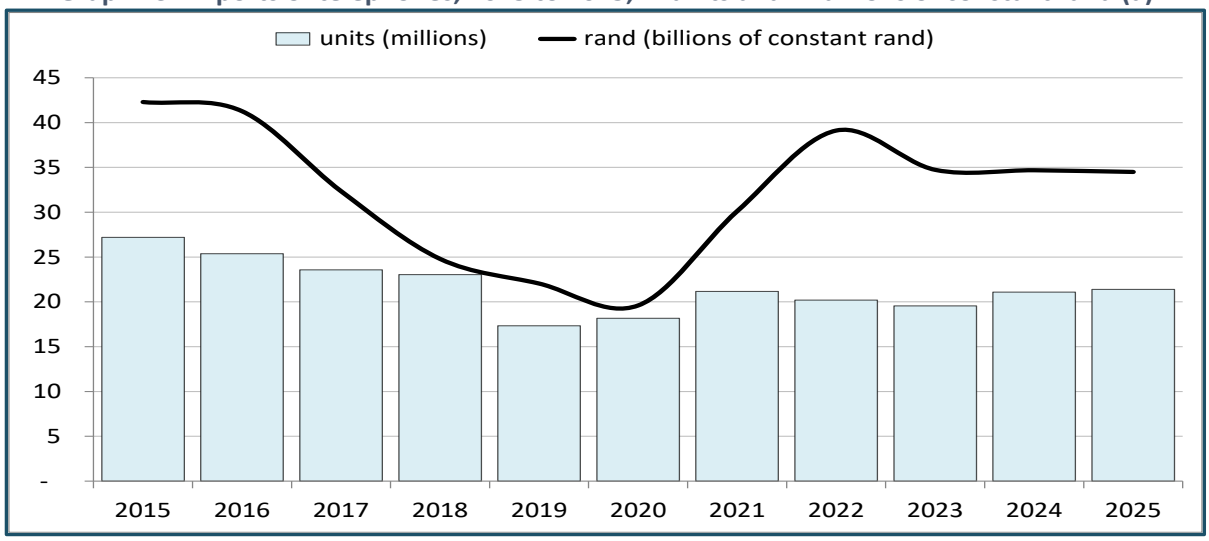
Graph 22. Imports and exports of ICT services, 2005 to 2025, and as a percentage of all South African services imports and exports (a)



Source: Calculated from the South African Reserve Bank. Online Statistical Query facility. *Notes*: (a) ICT services comprise telecommunications, computer and data services. Figures in billions of rand calculated using CPI rebased to 2025. Since deflation for telecommunications equipment has outstripped CPI, actual growth in volume terms is faster than shown. Downloaded from resbank.co.za in April 2026.

From 2020 to 2025, South Africa imported 20 million telephones annually at a cost of R35 billion each year (Graph 23). That was somewhat lower than before the pandemic. Telephone imports accounted for 3% to 4% of total imports from 2007 to 2025, not much less than cars.

Graph 23. Imports of telephones, 2015 to 2025, in units and in billions of constant rand (a)



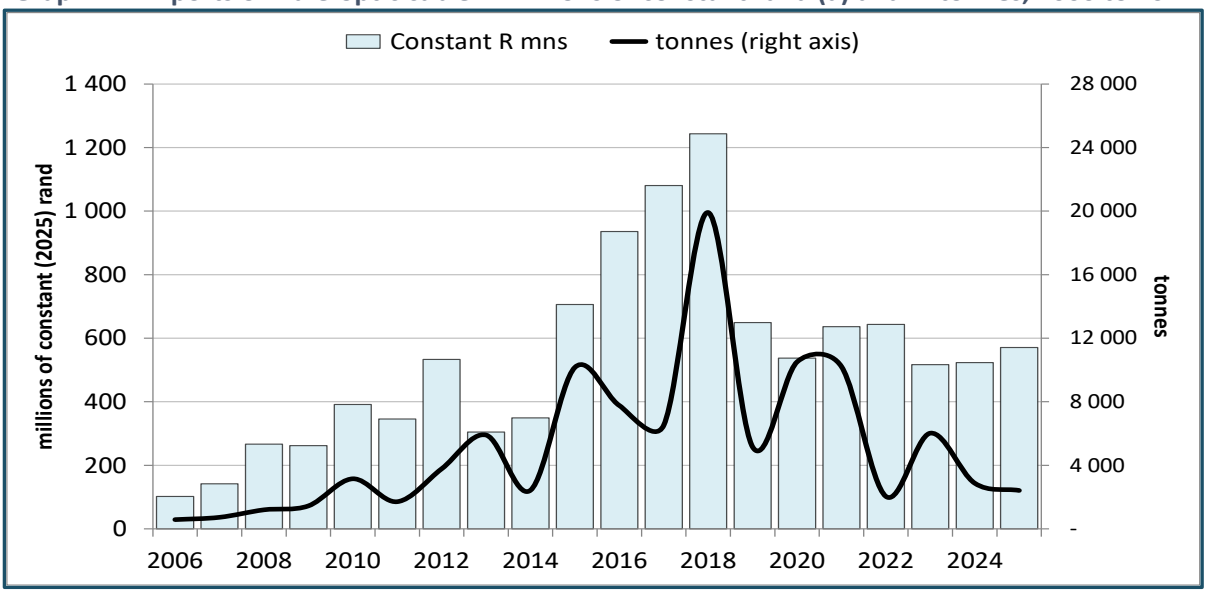
Source: Calculated from International Trade Centre Trade Map. Downloaded from trademap.org in April 2026. *Notes*: (a) Reflated with CPI rebased to 2025.

South Africa's cellphone exports, which are mostly re-exports, declined from approximately R7 billion annually in the mid-2010s to R5.4 billion per year between 2023 and 2025. Foreign sales were likely higher than reported because purchases made by non-residents within South Africa were probably not fully captured in official trade statistics. During the COVID-19 pandemic in 2020, domestic cellphone sales fell by 16% compared to 2021, likely due to reduced regional travel and weaker household incomes.

South Africa has a few small local cellphone assemblers, which depends heavily on imported inputs. Achieving internationally competitive production is challenging because the industry requires large economies of scale, estimated at around five million units annually. Globally, the cellphone market is dominated by large manufacturers, particularly in China, with companies such as Apple and Samsung each selling more than 200 million devices annually, while other Chinese companies sell more than 100 million phones.

Imports of fibre-optic cable increased sharply in the late 2010s (Graph 24) as broadband infrastructure expanded, but declined after 2021 to approximately R550 million annually between 2022 and 2025. Import volumes followed a similar trend, rising from just over 3000 tonnes annually in the early 2010s to more than 10 000 tonnes between 2015 and 2021, before falling back to approximately 3300 tonnes a year. Despite this decline, South Africa's fibre-optic cable imports have remained strong relative to other upper-middle-income countries. The country's share in global fibre-optic imports increased from less than 0.2% in the early 2010s to 0.5% between 2022 and 2025.

Graph 24. Imports of fibre-optic cable in millions of constant rand (a) and in tonnes, 2006 to 2024



Source: Calculated from International Trade Centre Trade Map. Downloaded from trademap.org in April 2026.
Note: (a) Reflated with CPI rebased to 2025.