THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

SECOND 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 GDP shrank in the second quarter of 2026. The downturn resulted in large part from the spike in global petroleum prices, which significantly increased the cost of imports while dampening global growth. Manufacturing alone shrank 3.1% in the year to the second quarter, making it a major drag on overall growth.

In the second quarter of 2026, the non-agricultural GDP contracted 0.2%, ending four quarters of growth. (Graph 1) Agricultural value added reportedly climbed 0.3%. In the year to the second quarter of 2026, the GDP as a whole grew 0.9%, compared to population growth of around 1.2%.

By sector, growth over the quarter in private and public services and in logistics was offset by a continued decline in manufacturing and construction plus a sharp fall in retail and hospitality, with a more modest drop in mining. (Graph 2) The decline in mining reflected the steep fall off in gold and platinum prices from their January highs, as discussed in the section on trade.

The slowdown in the second quarter resulted primarily from the extraordinary global spike in petrol and diesel prices following the US/Israeli attack on Iran. According to the GDP data by expenditure, if the higher oil price had not increased the cost of imports, the GDP would have grown 1% for the quarter. That is around twice the overall rate for 2025. These realities point to the importance of building economic resilience as geopolitical challenges evolve and multiply.

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

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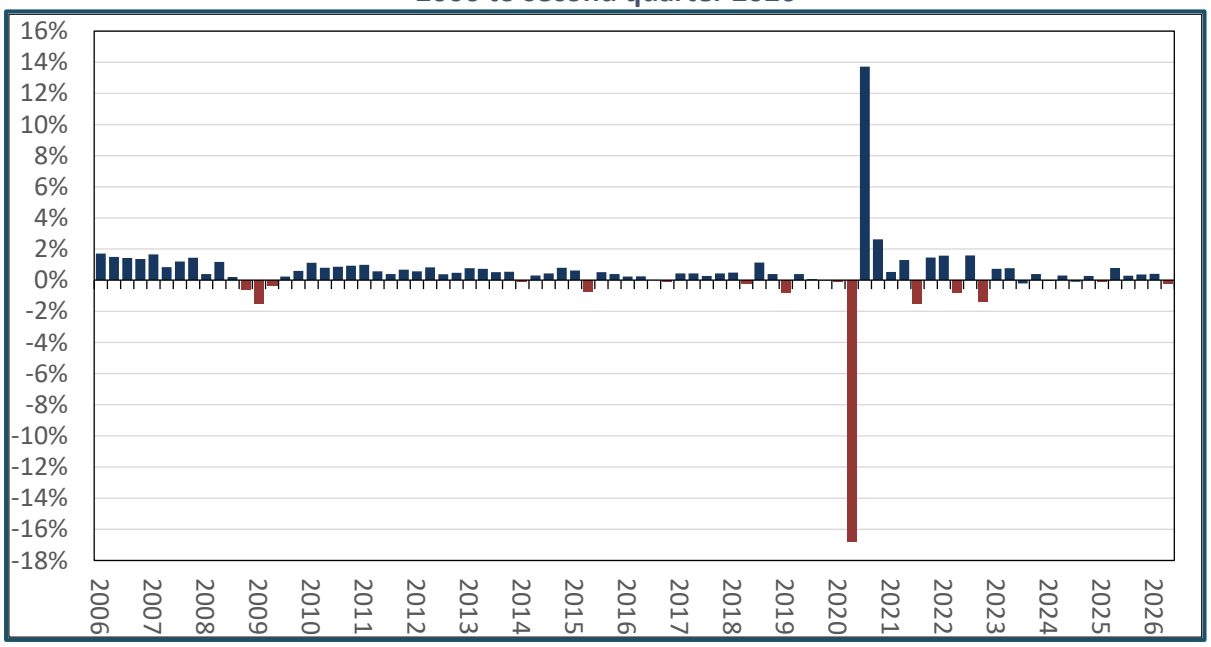
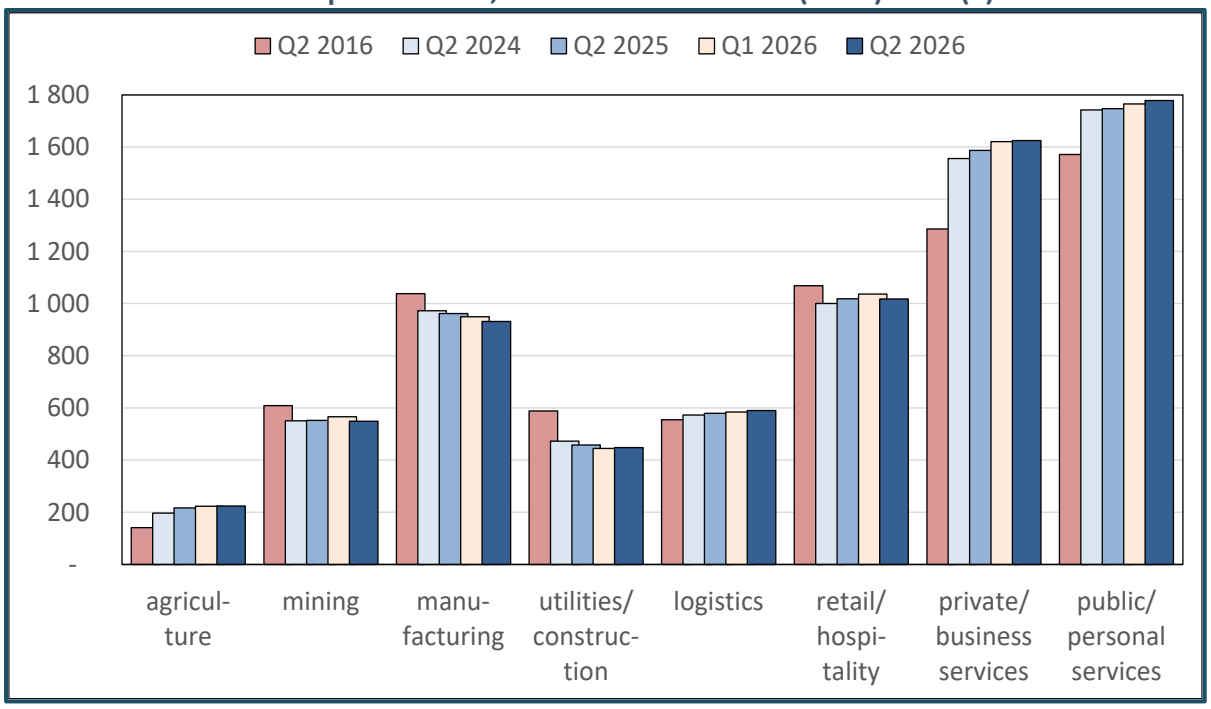
Graph 1. Quarterly change in non-agricultural GDP, seasonally adjusted, 2006 to second quarter 2026



Source: Calculated from Statistics South Africa. Gross Domestic Product (GDP), 2nd Quarter 2026. GDP P0441 – 2026Q2. Excel spreadsheet. Downloaded from www.statssa.gov.za in September 2026.

Graph 2. Value added by sector, second quarter 2016 and 2024 to 2025, and first and second quarter 2026, in billions of constant (2026) rand (a)

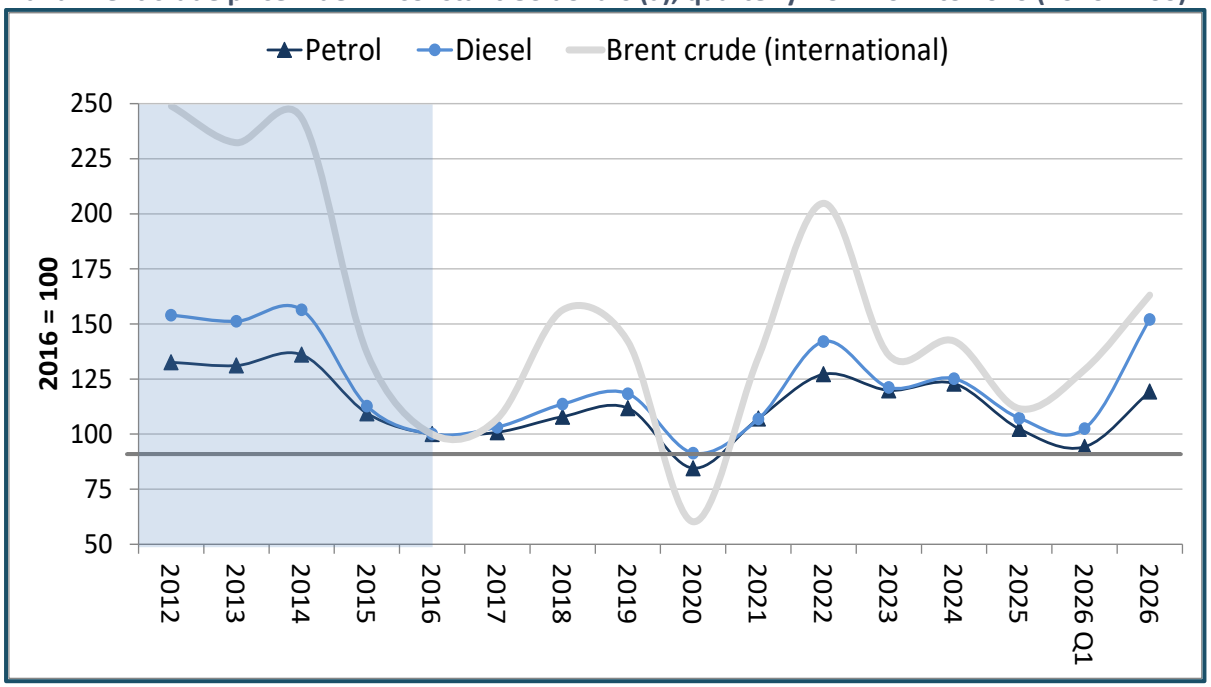


Note: (a) Reflated with implicit deflator per sector. *Source:* Calculated from Statistics South Africa. Gross Domestic Product (GDP), second quarter. GDP P0441 – 2026Q2. Excel spreadsheet. Downloaded from www.statssa.gov.za in September 2026.

As Graph 3 shows, the effects of global price changes were dampened by the regulated pricing system, combined with temporary reductions in the petrol levy in 2022, when the Russian invasion of Ukraine pushed up oil prices, and in March 2026. The fiscus gave up an estimated R12 billion (in 2026 rand) in 2022, and another R17 billion in the second quarter of 2026. Treasury ended the 2026 tax relief in July.

At that point, in constant rand, diesel prices had reached their highest level since the end of the global commodity boom in the early 2010s. Petrol prices were still lower than in 2022, when Russia invaded Ukraine. Given the stalemate in the Middle East, the return of the fuel levy will likely mean both businesses and consumers pay more for both diesel and petrol at least through the end of 2026.

Graph 3. Producer price index for petrol and diesel, deflated by the overall producer price index, and Brent crude price index in constant US dollars (a), quarterly from 2012 to 2026 (2016 = 100)

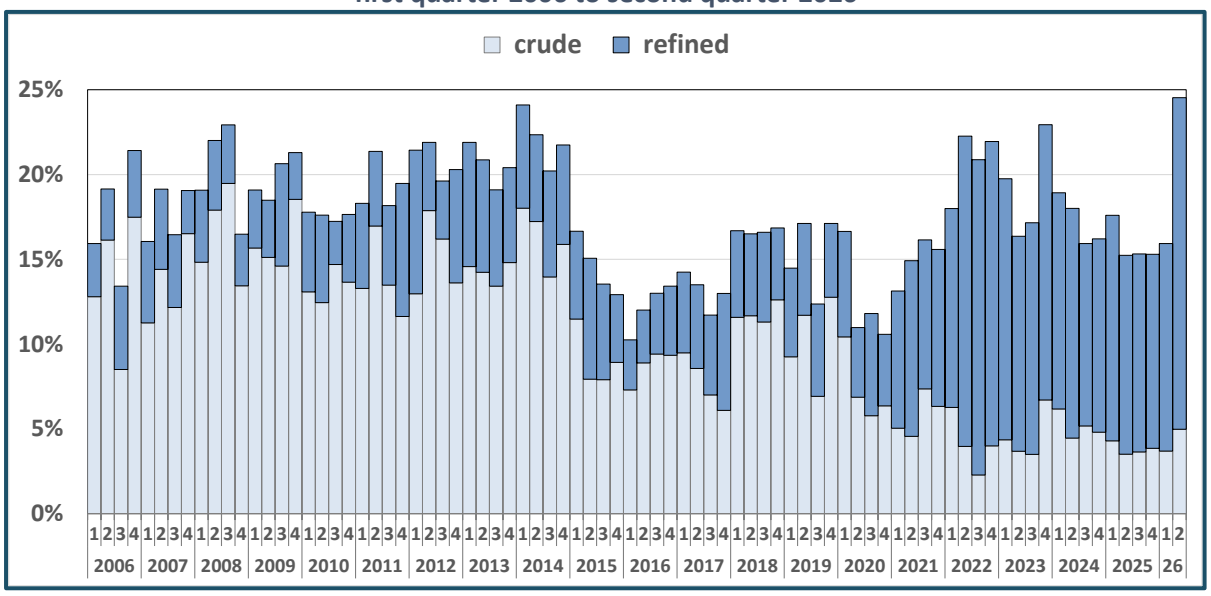


Note: (a) Deflated using the US CPI. *Source*: Domestic price indices calculated from Statistics South Africa. Producer Price Index. PPI New Series from 2013 (202607). Excel spreadsheet. P0142.1. July 2026; Brent crude price indices calculated from US Energy Information Agency. Europe Brent spot (Free on Board). Accessed in September 2026. Calculated using Claude AI.

The higher price of liquid fuels had a major impact on South African import costs. In the second quarter of 2026, liquid fuels accounted for 25% of imports, the largest share since 1994. In the previous 20 years, fuels averaged 17% of total imports. Volumes of liquid fuel imports were almost unchanged over the past 20 years, but the unit import price spiked a third in constant rand terms after the US began bombing Iran at the end of February 2026. In 2022, the Russian invasion of Ukraine led to a similar jump. (Graph 4)

The current crisis reflects increasing petrostate assertiveness over the past 15 years, facilitated by weakening global governance. These circumstances intensify the risk of continued reliance on imported liquid fuels. In this context, the sharp decline in domestic oil refining over the past decade means South Africa now pays for processing overseas. It also adds a new point of vulnerability to the supply chain. In the first quarter of 2026, 65% of South African refined oil imports came from Gulf countries. In the second quarter, the war in Iran pushed the figure below 20%.

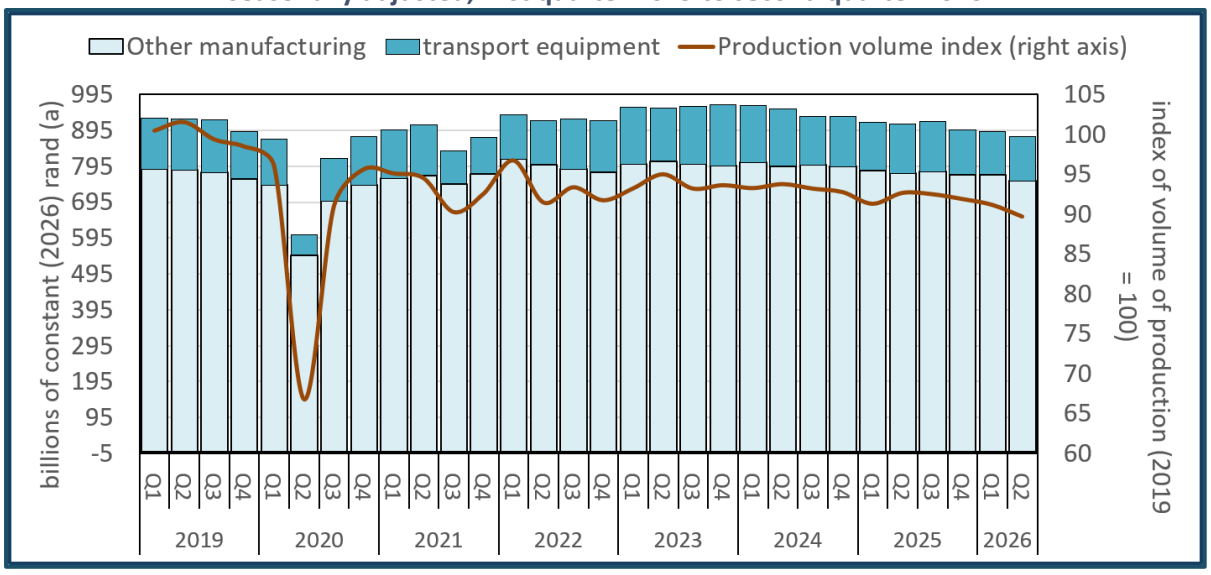
Graph 4. Quarterly share of crude and refined petroleum in South African imports, first quarter 2006 to second quarter 2026



Source: Calculated from Quantec. EasyData. International Trade Series. Interactive dataset. Accessed at www.quantec.co.za in September 2026.

The decline in manufacturing value added was mirrored by a 1.7% drop in sales for the sector in constant rand terms, continuing a decline that started in 2022. As of mid-2026, manufacturing sales were 5% off the second quarter of 2022. Auto bucked the trend for the quarter with sales growth of 1.9%, but that was still only 1% higher than four years earlier. The rest of manufacturing fell 2.3% for the quarter, and 5.7% from 2022. In volume terms, production declined more gradually, dropping 1.6% for the quarter and 1.9% from the second quarter of 2022. (Graph 5)

Graph 5. Quarterly manufacturing sales in billions of constant 2026 rand (a) and volume index, seasonally adjusted, first quarter 2019 to second quarter 2026

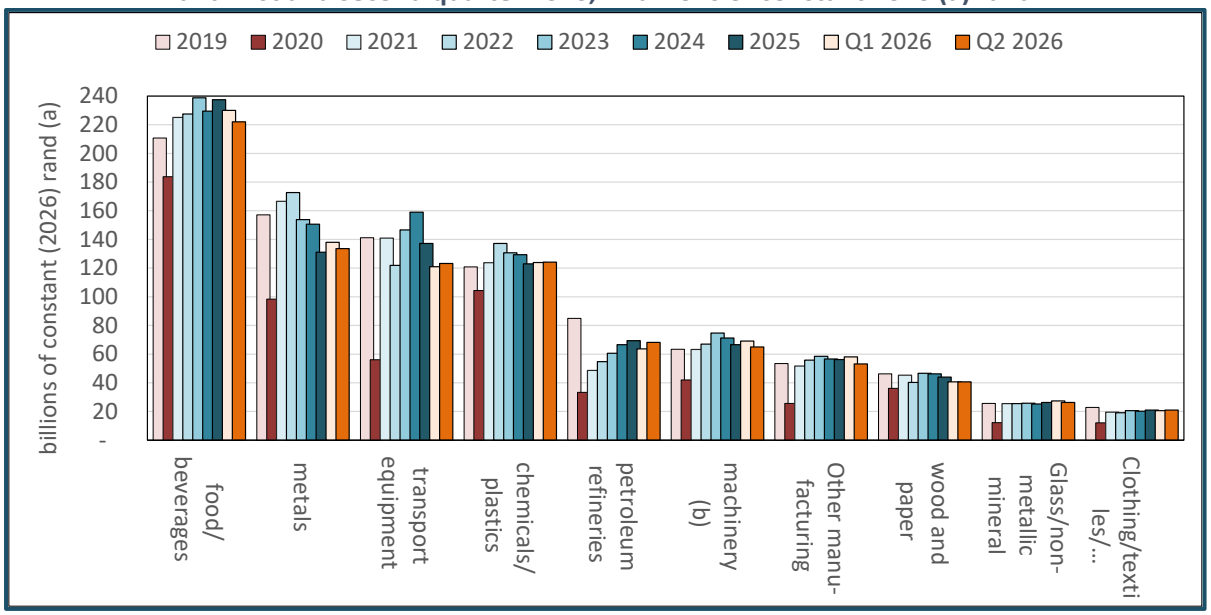


Note: (a) Seasonally adjusted. Sales in billions of constant rand reflated using CPI rebased to Q2 2026. Monthly data summed for sales and averaged for index. *Source:* Calculated from Statistics South Africa. Manufacturing Production and Sales. Excel Spreadsheet. Downloaded from www.statssa.gov.za in August 2026.

The impact of the slowdown varied significantly between the manufacturing industries. (Graph **6**) In constant rand terms, sales by petroleum refineries jumped 7%, mostly due to the sharp rise in global oil prices. Sales growth of between 0% and 1.9% emerged in transport equipment, clothing and

textiles, the chemicals value chain and wood and paper products. In contrast, food and beverages, the largest sector in terms of sales, dropped some 3.5%. Its sales are now 7% below their 2023 post-pandemic peak. Machinery sales shrank 6.0%; metals, 3.2%; and glass and non-metallic minerals, 4.1%.

Graph 6. Sales by manufacturing industry, second quarter of 2019 to 2025 and first and second quarter 2026, in billions of constant 2026 (a) rand



Notes: (a) Values are seasonally adjusted. Reflated using CPI rebased to Q2 2026. *(b)* Includes electrical machinery. *Source:* Calculated from Statistics South Africa. Manufacturing Production and Sales. Excel spreadsheet. Downloaded from www.statssa.gov.za in August 2026.

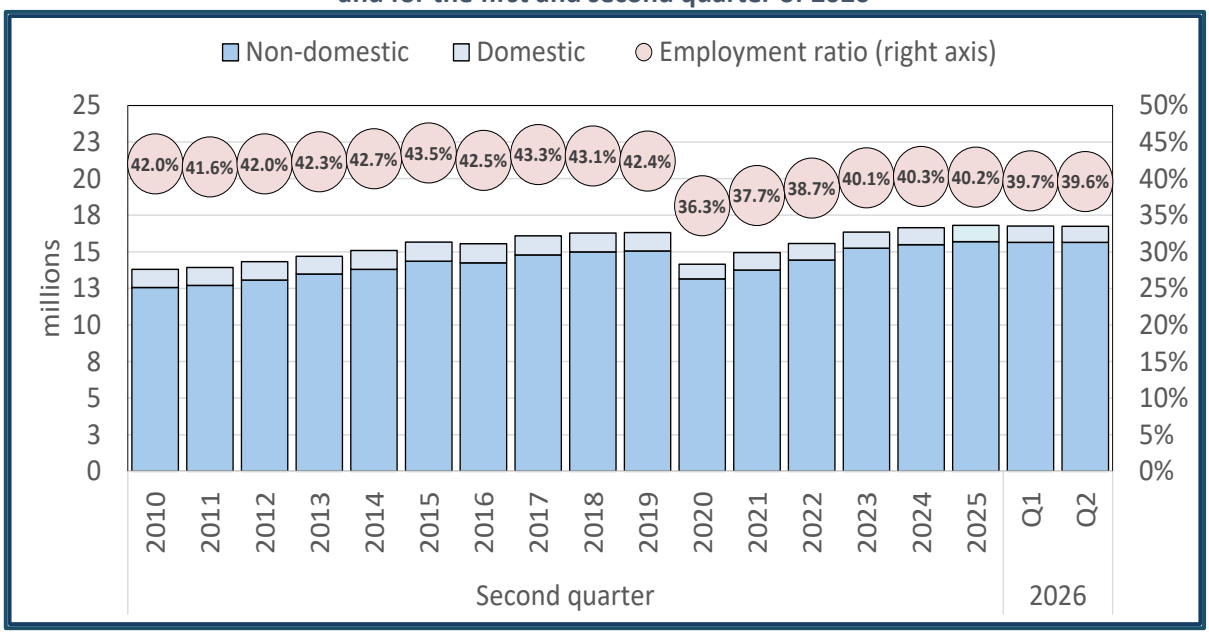
Employment

The economy lost almost 70 000 jobs in the year to the second quarter 2026. As a result, the share of adults with employment dropped to 39.6% in the second quarter of 2026, a level last seen in the COVID-19 downturn in 2020 and 2021. Employment declined over the year in manufacturing and agriculture, but increased in services and retail.

Employment figures are not seasonally adjusted, so quarter-on-quarter changes are often not meaningful. Total employment was broadly unchanged from the first to the second quarter of 2026, but down by 68 000 or 0.4% compared to a year earlier. As a result, the employment ratio dropped from 40.2% to 39.6%. As Graph 7 shows, that is almost as low as in the depths of the COVID-19 pandemic. In effect, it wiped out virtually all of the gains in the employment ratio since 1994, most of which occurred during the global commodity boom of the 2010s.

For the past 20 years employment growth closely tracked the GDP. If growth improves as expected in the next few years to at least equal population growth, the employment ratio should stabilise. It will not, however, significantly improve unless the economy undergoes a qualitative structural shift toward substantially expanded production of more labour-intensive goods and services.

Graph 7. Employment numbers and the employment ratio (a), second quarter 2010 to 2025 and for the first and second 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 Q2. Excel spreadsheet. Downloaded from www.statssa.gov.za in August 2026.

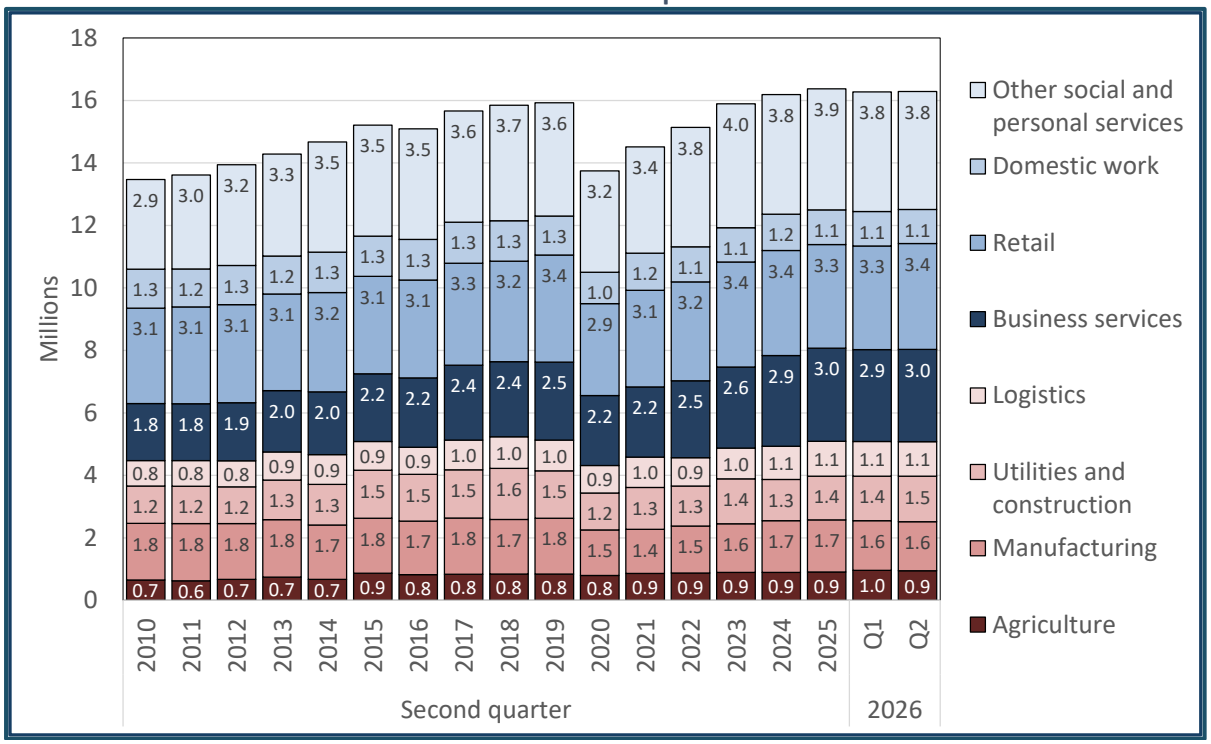
Statistics South Africa's Quarterly Labour Force Survey (QLFS) revised its definition of informal employment in the third quarter of 2025, meaning that changes in formal and informal employment cannot be directly compared over the past year. A reconstruction of the earlier series for the first and second quarter of 2026, based on the relevant variables in the recent surveys, suggests that the decline in employment was entirely in the informal sector, which is generally more volatile.[1]

In the year to the second quarter 2026, manufacturing reportedly lost 100 000 jobs, or 6% of the total. Excluding auto, the loss was 3.8%, mostly because food processing shed 40 000 jobs. The job losses continued a long-term secular decline in manufacturing employment, which shrank 13% from 2010 to 2026. As a result, manufacturing contributed just under 10% of employment in mid-2026, compared to 13% in 2010. (Graph 8)

Compared to the second quarter of 2025, the QLFS reported lower employment in auto, food processing, the chemicals value chain, and clothing and textiles. (Graph 9) For the rest of manufacturing, including wood and paper and metal products, the QLFS reported net job gains over the past year.

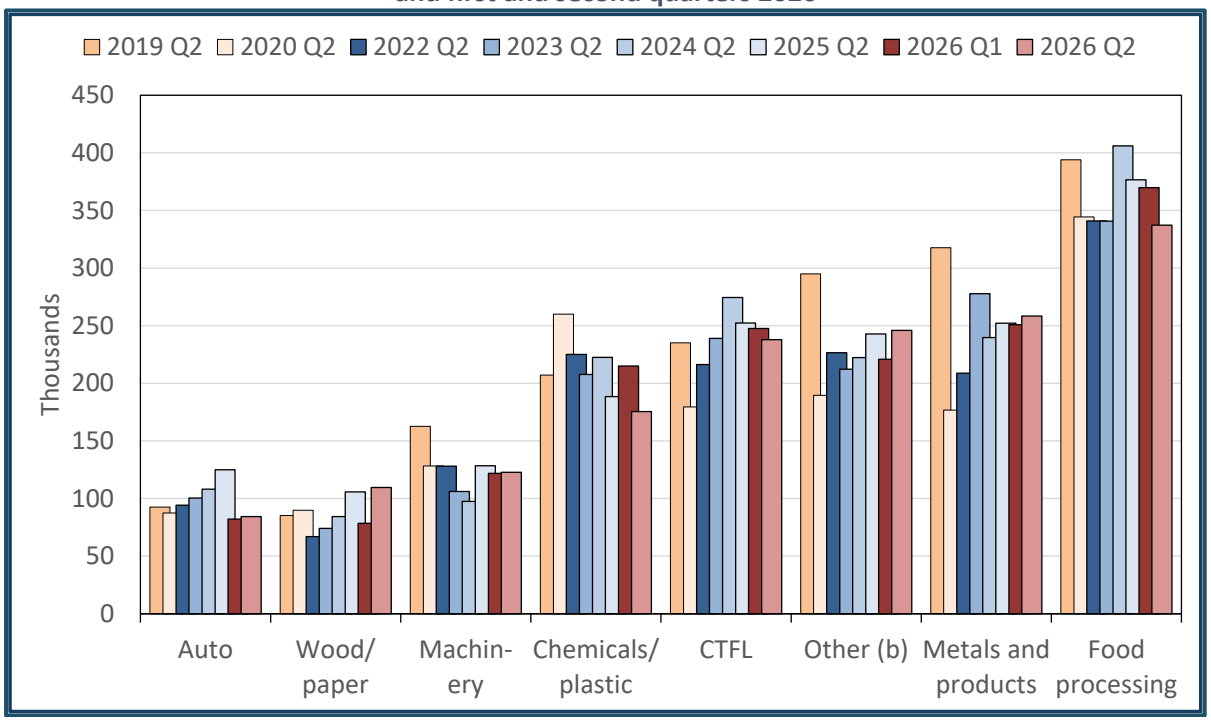
[1] The definition changed how the existing questions were interpreted, primarily to align the definition of "informal employment" with the European understanding of marginalised labour (that is, lacking a pension, health insurance and other benefits). The reconstruction used Claude AI to recalculate formal and informal employment in terms of the old definitions.

Graph 8. Employment by sector (excluding mining), in millions, first quarter 2010 to 2025, and first and second quarter 2026



Source: Statistics South Africa. Quarterly Labour Force Survey (QLFS). QLFS Trends 2008-2026 Q2. Excel spreadsheet. Downloaded from www.statssa.gov.za in August 2026.

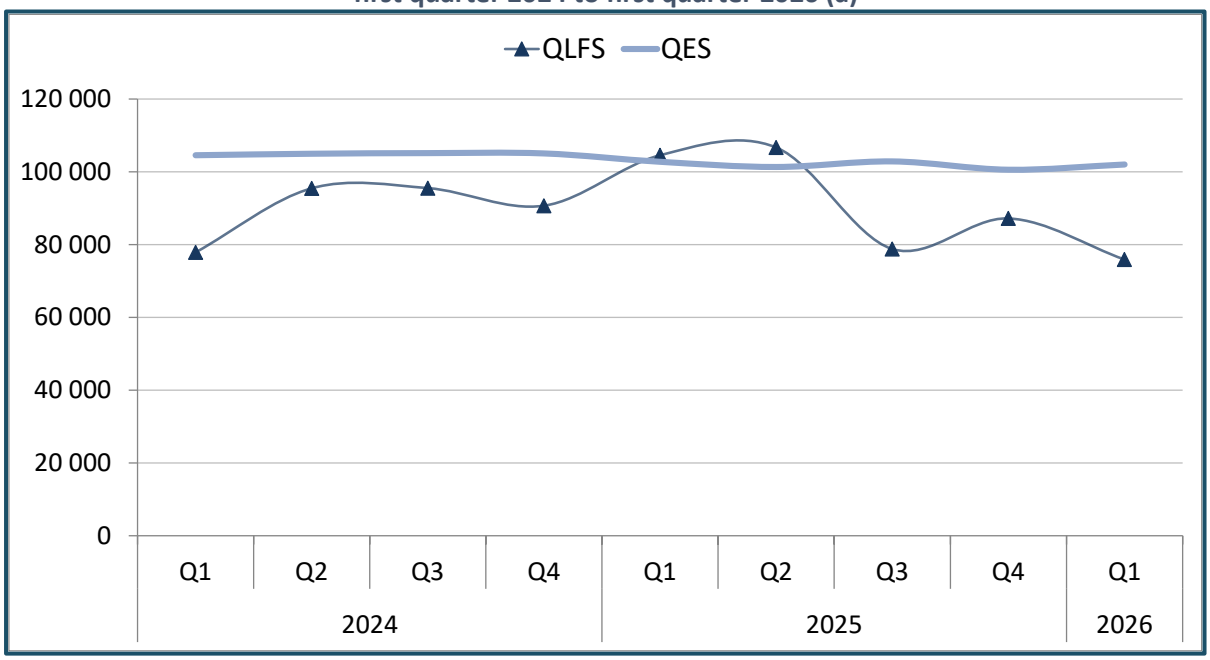
Graph 9. Employment by manufacturing industry, in thousands, second quarters of 2019 to 2025, and first and second quarters 2026



Note: (b) Includes publishing and printing; glass and non-metallic minerals; furniture; and other. *Source:* Statistics South Africa. Quarterly Labour Force Survey. Q4 2019 to Q2 2026. Electronic dataset. Downloaded from www.isibaloweb.statssa.gov.za in August 2026.

The downsizing in auto over the past year as reported by the QLFS seems to have been caused by a data problem. The QLFS reported a jump in employment figures in the first half of 2025, which is not reflected in other sources. This jump explains most of the reported drop through mid-2026. The Statistics South Africa employer survey, the Quarterly Employment Survey (QES), did not find either that auto employment climbed in 2025, nor that it fell significantly in early 2026. QES data are only available through the first quarter of 2026, however. Both the QES and the QLFS find a virtually identical 2.5% decline in auto employment from the first quarter of 2024 to the first quarter of 2026. (Graph 10)

Graph 10. Employment reported for auto manufacturing in the QES and the QLFS, first quarter 2024 to first quarter 2026 (a)

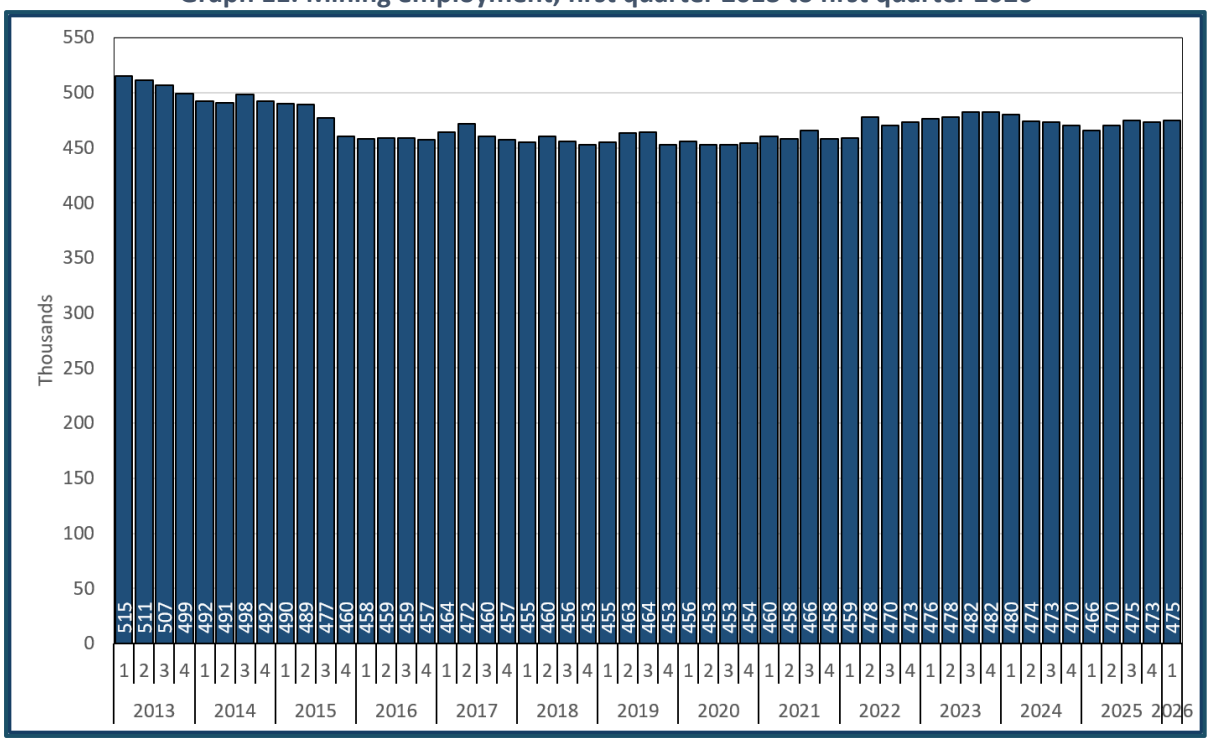


Notes: (a) The QLFS is a household survey. The sample of auto workers ranges from 68 (in 2026) to 103 (in Q1 2025). The QES surveys employers, but the sample size at industry level is not provided. *Source:* Calculated from Statistics South Africa. Quarterly Labour Force Survey databases for relevant quarters. Downloaded from www.isibaloweb.statssa.gov.za; and QES Details Breakdown 200909_202603. Downloaded from www.statssa.gov.za in September 2026. Data analysed using Claude AI.

Statistics South Africa recommends the QES for monitoring mining employment. It recorded 475 000 jobs in mining in the first quarter of 2026, unchanged from the fourth quarter of 2025 and 1.1% higher than in the first quarter of 2025. Mining employment remained essentially unchanged from 2022. (Graph 11)

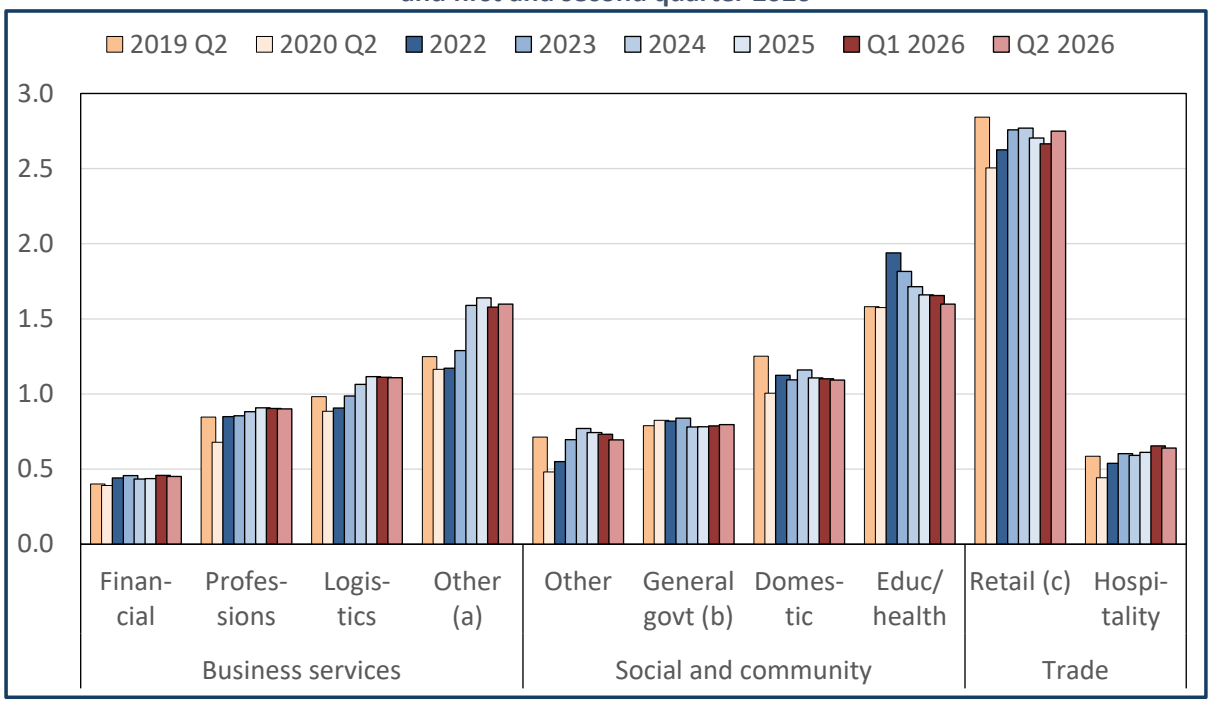
The public and private services together, including hospitality, lost 76 000 jobs in the year to the second quarter of 2026. Contract cleaning and security (the bulk of the "other" category) lost almost 90 000 jobs, while public and private health and education together shed 62 000. Retail gained 46 000 jobs. (Graph 12)

Graph 11. Mining employment, first quarter 2013 to first quarter 2026



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

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



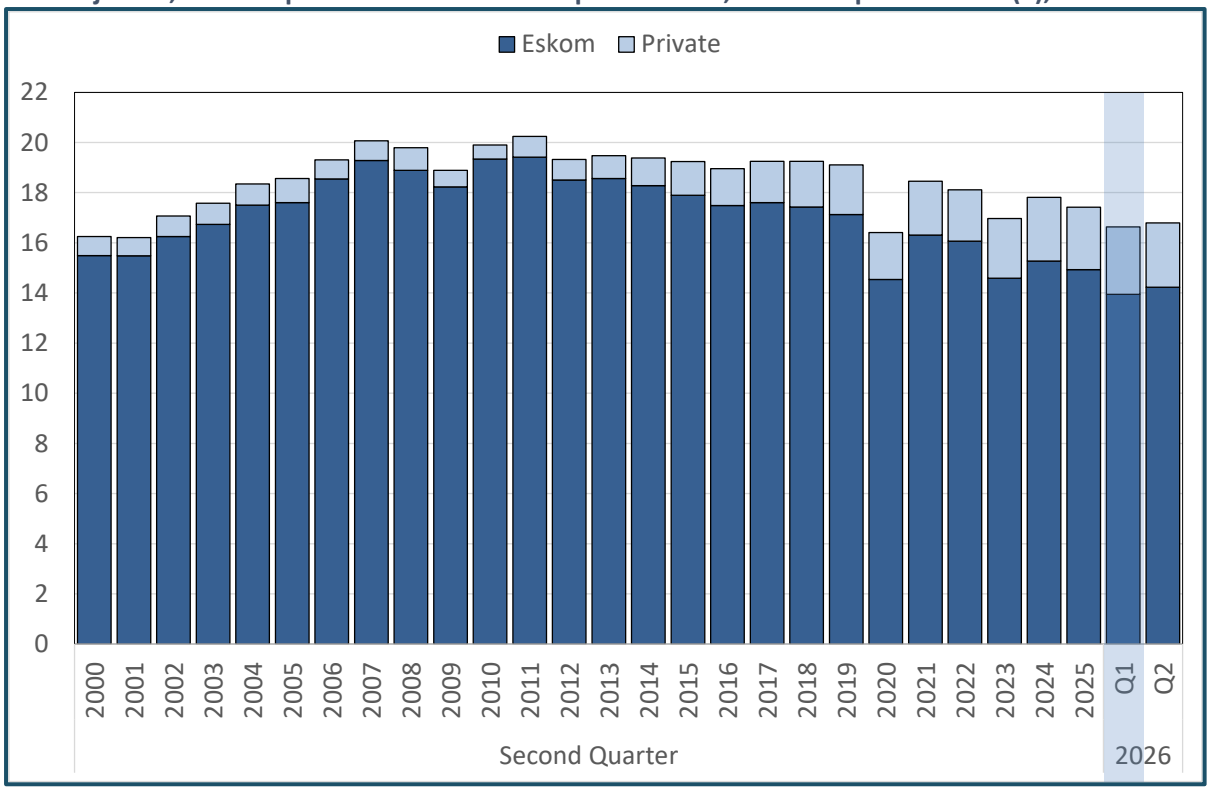
Notes: (a) Mostly cleaning and private security. *(b)* Includes public security services. *(c)* Includes motor services. *Source:* Statistics South Africa. Quarterly Labour Force Survey. Q1 2019 to Q2 2026. Electronic dataset. Downloaded from www.isibaloweb.statssa.gov.za in August 2026.

Infrastructure

Grid electricity sales declined over the year to the second quarter 2026, primarily due to a falling Eskom share. In response, Eskom adopted a new strategy of offering lower prices to energy-intensive industries, which would ultimately maintain its market dominance but heighten risks around reliance on its older coal-fuelled electricity plants. In freight, volumes shifted further towards road transport as rail and port tonnage declined.

Total grid electricity sales declined by 600 gigawatt hours (GWh), or 4%, in the second quarter of 2026 compared to a year earlier. The fall resulted from a 5% decrease in Eskom sales, down from 14.9 terawatt hours (TWh) in the first quarter to 14.2 TWh in the second quarter. In contrast, private suppliers increased sales through the grid by 3%, or around 73 GWh. Similarly, the decline in Eskom sales over the year to the second quarter 2026 more than offset the increase in private supply. Total grid electricity sales have fallen 15% from their 2008 peak, with Eskom down by 25% and private suppliers, mostly renewables, up over 180%. (Graph 13)

Graph 13. Average monthly sales of grid electricity by Eskom and private suppliers, seasonally adjusted, second quarter 2000 to second quarter 2026, and first quarter 2026 (a), in GWh

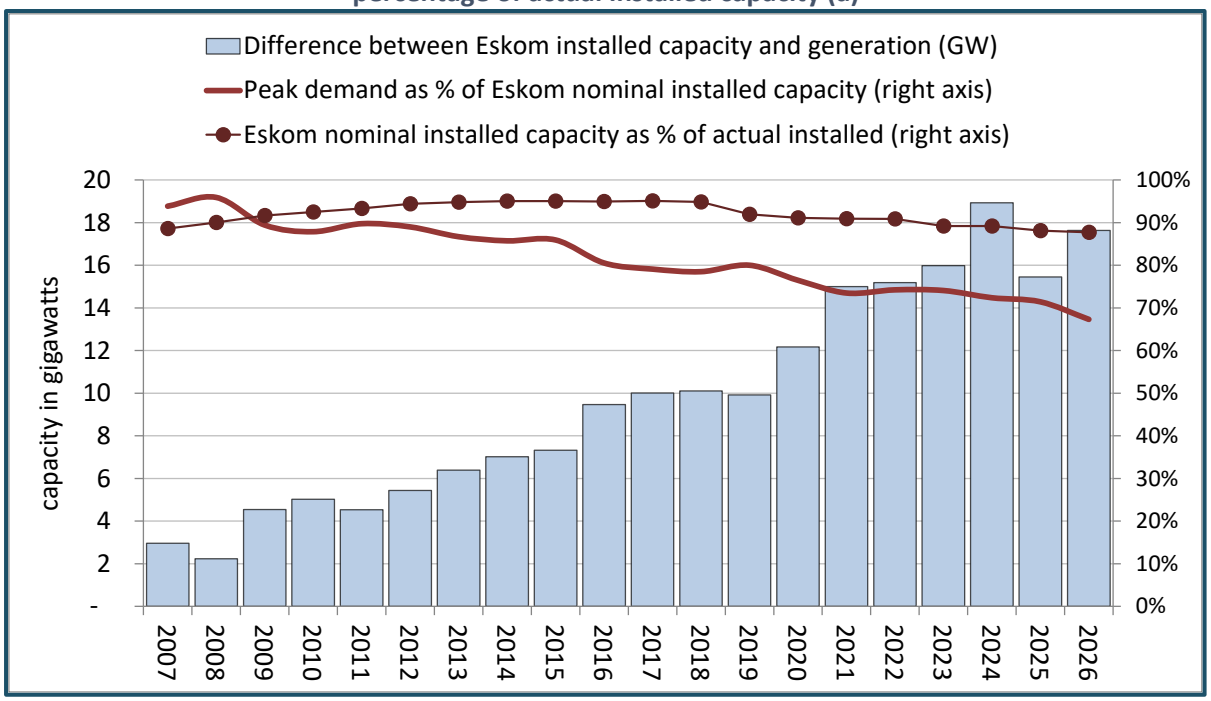


Notes: (a) Electricity available for distribution, that is generation less exports, plus imports, less consumption in generation and transmission. *Source:* Calculated from Statistics South Africa. Electricity generated and available for distribution. Excel table from 2000. Downloaded from www.statssa.gov.za in August 2026.

Eskom's 2026 Performance Report argues that the grid will have excess capacity of between two and three gigawatts (GW) in the year to March 2027. The surplus arises from falling sales combined with Eskom's improved generation performance since 2023. Eskom blames its shrinking sales primarily on unspecified challenges facing the energy-intensive metals refineries. In practice, a key factor was the impact of escalating tariffs for grid electricity. In constant rand terms, the average cost per kilowatt hour rose some 300% from 2008 to 2026. In addition, from the mid-2010s private, mostly renewable, generation expanded both on and off grid. On the supply side, Eskom's capacity recovered substantially in the past two years as Medupi and Kusile finally came almost fully on line (around a

decade later than originally planned) while its older plants improved their operations. As a result, the difference between Eskom's installed capacity and grid demand climbed from two gigawatts in 2008 to over 16 gigawatts in 2026. (Graph 14) This puts upward pressure on average tariffs thanks primarily to the cost of financing for Medupi and Kusile plus Eskom's guaranteed offtake agreements with coal suppliers. Under these long-term contracts, Eskom has to pay for a specified amount of coal whether or not it is needed to generate electricity.

Graph 14. The difference between Eskom installed capacity and generation in gigawatts, and peak demand as percentage of Eskom nominal installed capacity, and nominal installed capacity as percentage of actual installed capacity (a)



Notes: (a) Nominal installed capacity is the original installed capacity less factors that reduce actual ability to generate electricity, such as depreciation. *Source:* Calculated from Eskom. Integrated Report 2016 and Performance Report 2026. Technical statistics. Accessed at www.eskom.co.za in September 2026.

To increase its sales, Eskom plans to entice energy-intensive industries – especially metals refineries, data centres, and a Bitcoin mine – by selling them electricity at around a third of the average tariff for other users. The price charged energy-intensive users would be highly competitive internationally, while other consumers would remain at the norm for upper-middle-income countries. For Eskom, the expanded sales would cover the cost of its coal contracts, although they would not meet most other fixed costs. By extension, other customers would be relieved of paying for unneeded coal, reducing some of the upward pressure on tariffs.

If Eskom succeeds in attracting the new projects – in itself a risky proposition - the main consequences would be:

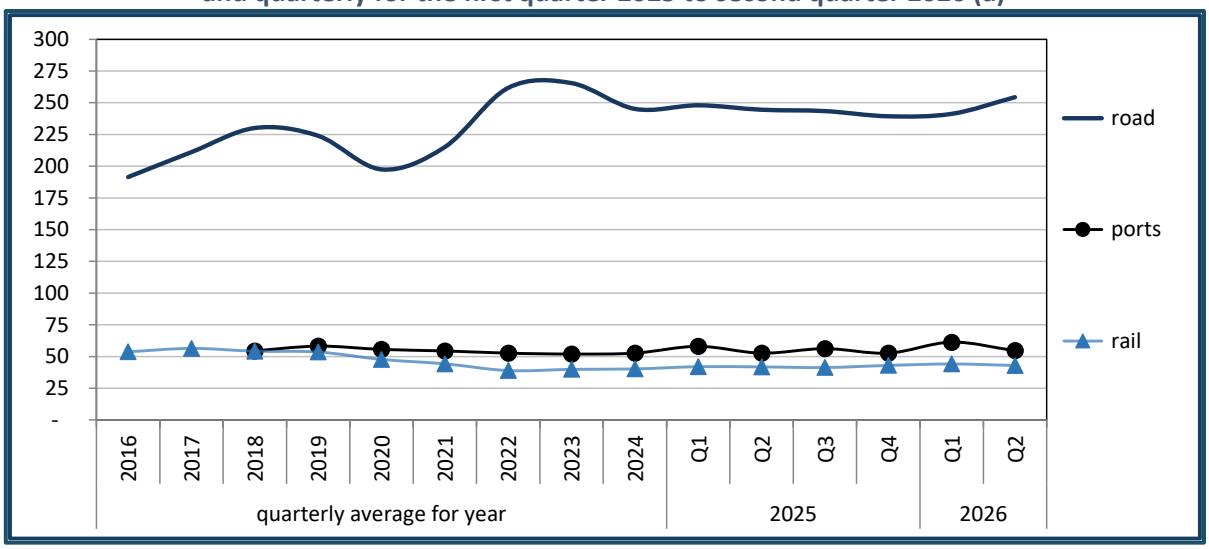
- An expansion in emissions-intensive industries, most of which create very few direct jobs or opportunities for small businesses, thanks to the highly competitive electricity tariff.
- A sharp increase in electricity sales to data centres and some bitcoin mining, ultimately equalling almost as much as sales to metals refineries. Globally, however, these investments depend on unproven demand and are often highly leveraged.
- Continued increases in tariffs for other customers, possibly with some deceleration in the rate of real increase from recent trends. Annual increases averaged 8% above CPI from 2019 to 2026.

- Financial relief for Eskom, which was profitable in its 2025 and 2026 financial years but made losses in every year from 2018 to 2024. Its market share would presumably stabilise as it enters into long-term contracts with large industrial and digital users.
- Either Eskom would have to keep its older coal plants in Mpumalanga open well past their current retirement dates, or it would need government assistance to pay for new capacity to replace them. Eskom contends that the older plants will remain viable if government exempts them from environmental standards (local pollution as well as carbon emissions). If the standards are ultimately enforced from 2030, as currently planned, the plants would have to close.
- In any case, if Eskom keeps its older plants open for much longer, the risk of breakdowns will increase.

These outcomes contrast with the "balanced" option in the 2025 Integrated Resource Plan for electricity. The plan foresaw a decline in Eskom's market share to around 55% in 2030 and just over 20% in 2042. The main reason was the expected closure of the older coal plants, reducing Eskom's capacity by around eight gigawatts by 2030 and a further 15 gigawatts by 2042.

Freight volumes shifted towards road transport in the second quarter of 2026. Rail freight declined slightly from 44 million tonnes in the first quarter of 2026 to 43 million tonnes in the second quarter. Road freight increased from 241 million to 254 million tonnes, a rise of 13 million tonnes (5.4%). The ports handled 55 million tonnes in the second quarter of 2026, down from 61 million in the first quarter. Compared with the second quarter of 2025, road freight was higher by nine million tonnes, while rail was relatively unchanged, and the ports were up by two million tonnes. (Graph 15)

Graph 15. Road, rail, and ports payloads in million tonnes, quarterly average for 2016 to 2024 and quarterly for the first quarter 2025 to second 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 August 2026. For ports, Transnet National Ports Authority. Port Statistics. Webpage. Accessed at https://www.transnet.net/SubsiteRender.aspx?id=24332214 in August 2026.

International trade

The trade surplus dropped sharply in the second quarter as oil prices surged. In exports, mining showed strong growth mostly thanks to higher gold and platinum sales. In contrast, manufacturing and agricultural exports declined.

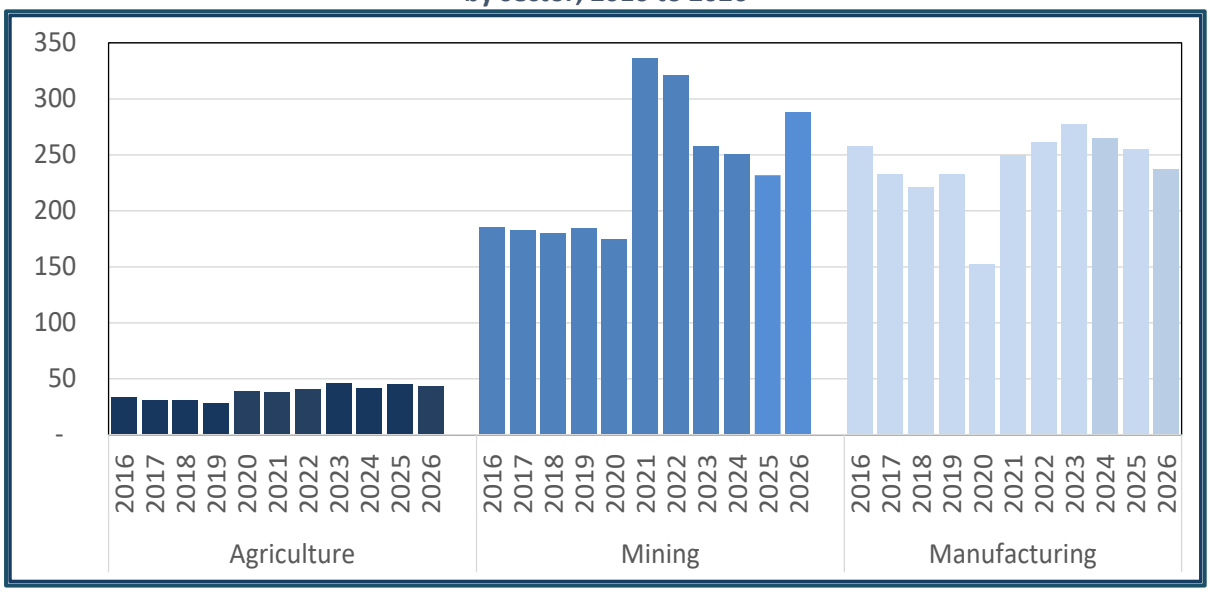
The trade balance narrowed sharply in the second quarter of 2026, falling to R36.6 billion from R78 billion in the previous quarter. The fall reflected a 20% (R87 billion) increase in the value of imports, almost exclusively due to higher oil prices. While exports climbed, they grew by only R46 billion, or 9%. For imports, the uptick in second-quarter imports more than offset the relatively steep drop from the third quarter of 2025 to the first quarter of 2026. (Graph 16)

Mining exports increased by 24% to R288 billion in the year to the second quarter of 2026, mostly because of higher prices for gold and platinum. In contrast, manufacturing exports fell R17 billion, or 6.7%, in constant rand terms. In mid-2026, manufactured exports were 14% lower than in 2023. Agriculture saw a slight decline over the past year. (Graph 17)

Graph 16. Quarterly goods exports, imports and balance of trade in billions of constant 2026 rand (a), first quarter 2016 to second quarter 2026

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

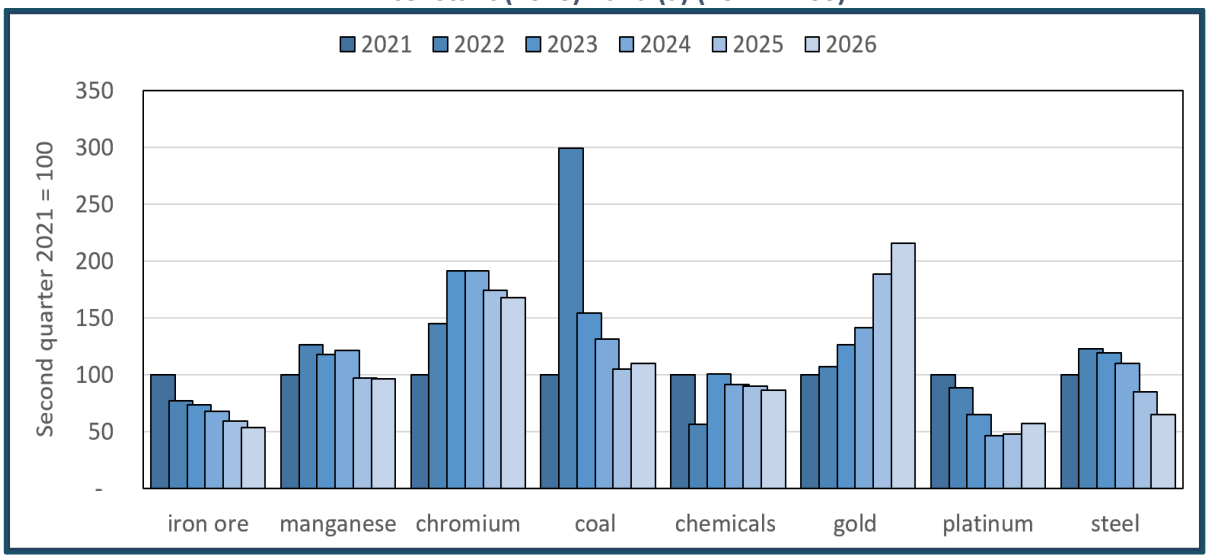
Graph 17. Second quarter goods exports in billions of constant 2026 (a) rand, by sector, 2016 to 2026



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

In US dollar terms, gold and platinum prices spiked in early 2026. Gold prices rose 71% from mid-June 2025 to January 2026, while the platinum price almost tripled. By mid-June 2026, both metals had lost most of these gains. Still, in constant rand the unit export price for South African gold was 14% higher than a year earlier, and platinum was 20% up. The volume of platinum sales also jumped around 45% compared to mid-2025, reportedly at least in part because of slower than expected adoption of fully electric vehicles internationally. The prices for South Africa's other major commodity exports were basically flat compared to mid-2025. (Graph 18)

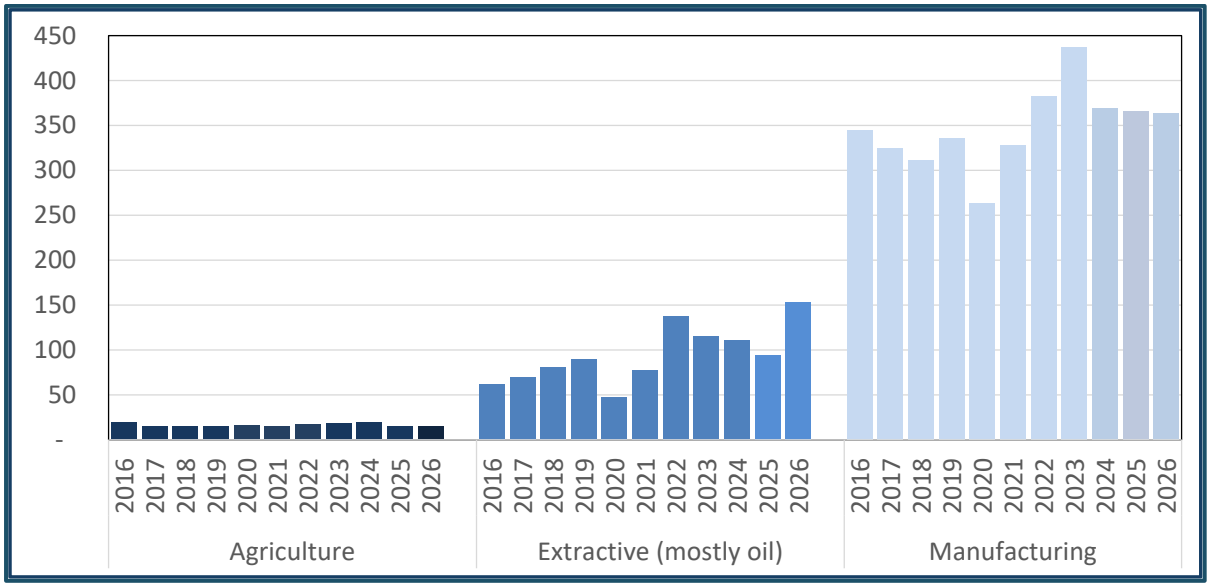
Graph 18. Indices of second quarter unit export prices for South African mineral exports in constant (2026) Rand (a) (2021 = 100)



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

In the year to the second quarter of 2026, mineral imports, almost entirely crude and refined petroleum, increased by R59 billion, or 63%, to R153 billion. In contrast, manufactured imports fell modestly, continuing a three-year trend. Agricultural imports, which are generally small, fell by R1 billion, or 6.3%, to R15 billion. (Graph 19)

Graph 19. Second quarter goods imports by sector, in billions of constant 2026 rand (a), 2016 to 2026



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

In the second quarter of 2026, manufacturing export values in rand terms declined across most subsectors compared with the first quarter of 2025. Gains in US dollar terms were offset by the stronger rand. The largest decline in rand terms was in transport equipment, at 14%, although exports were flat in US dollars. Only machinery and appliances recorded an increase in rand terms, rising by 1%. On the import side, rand values increased for chemicals, rubber and plastics, and machinery and appliances, by 2% each, while the remaining subsectors recorded declines.

Table 1. Trade by manufacturing subsector

Industry	Value (billions)		% Change from Q2 2025		Change in billions	
	US$	Rand	US$	Rand	US$	Rand
EXPORTS						
Food and beverages	1.48	24.42	10%	-5%	0.13	-1.40
Clothing and footwear	0.52	8.53	9%	-6%	0.04	-0.57
Wood products	0.20	3.35	13%	-2%	0.02	-0.07
Paper and publishing	0.42	6.94	-2%	-16%	-0.01	-1.29
Chemicals, rubber, plastic	2.36	38.84	15%	-1%	0.31	-0.26
Glass and non-metallic mineral products	0.12	1.93	5%	-10%	0.01	-0.21
Metals and metal products	2.51	41.36	11%	-5%	0.24	-2.01
Machinery and appliances	2.48	40.80	17%	1%	0.36	0.47
Transport equipment	4.06	66.82	0%	-14%	-0.00	-10.76
IMPORTS						
Food and beverages	1.10	18.08	7%	-7%	0.08	-1.44
Clothing and footwear	1.18	19.47	6%	-8%	0.07	-1.73
Wood products	0.11	1.86	14%	-1%	0.01	-0.03
Paper and publishing	0.35	5.83	10%	-5%	0.03	-0.31
Chemicals, rubber, plastic	4.33	71.29	18%	2%	0.67	1.42
Glass and non-metallic mineral products	0.24	3.91	9%	-6%	0.02	-0.24
Metals and metal products	1.46	24.02	9%	-6%	0.13	-1.41
Machinery and appliances	7.48	123.18	19%	2%	1.18	2.87
Transport equipment	5.43	89.49	15%	-1%	0.70	-0.81

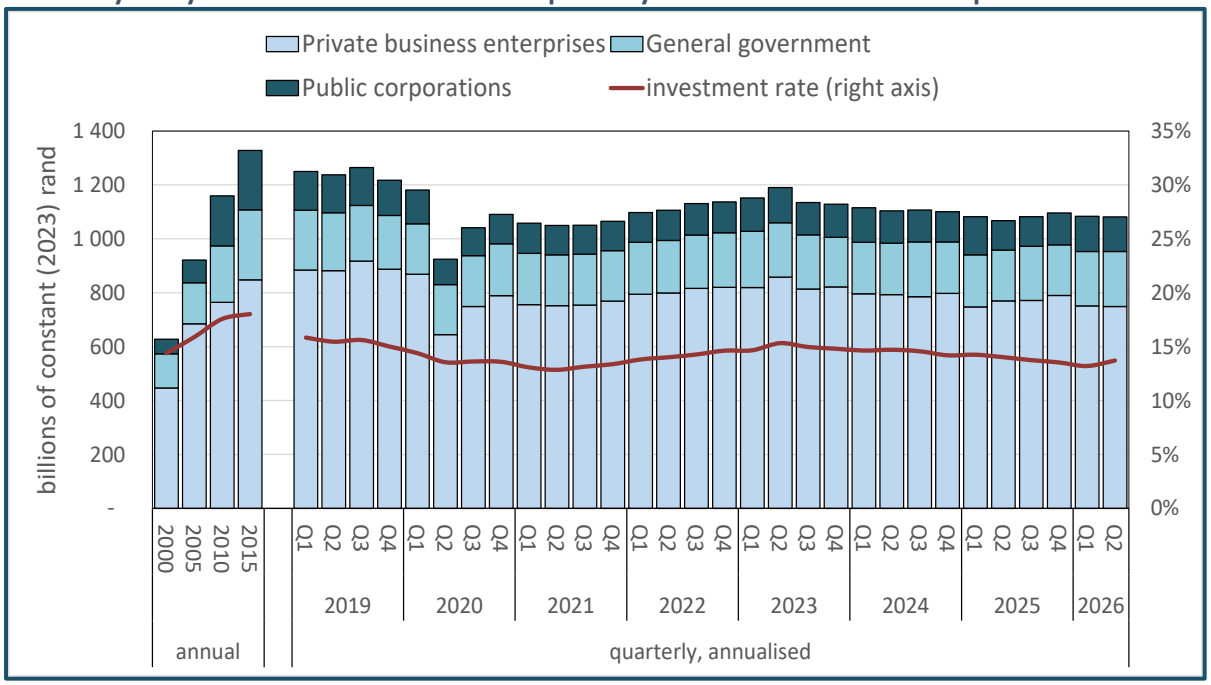
Source: Calculated from monthly data kindly provided by the South African Revenue Service.

Investment and profitability

Public sector investment essentially stabilised from mid-2023, but private investment has seen a secular decline. Over the quarter, both public and private investment fell 0.2%. Business profitability was mixed in the first quarter of 2026, with mining recording stronger returns and profits, while manufacturing experienced a marked deterioration.

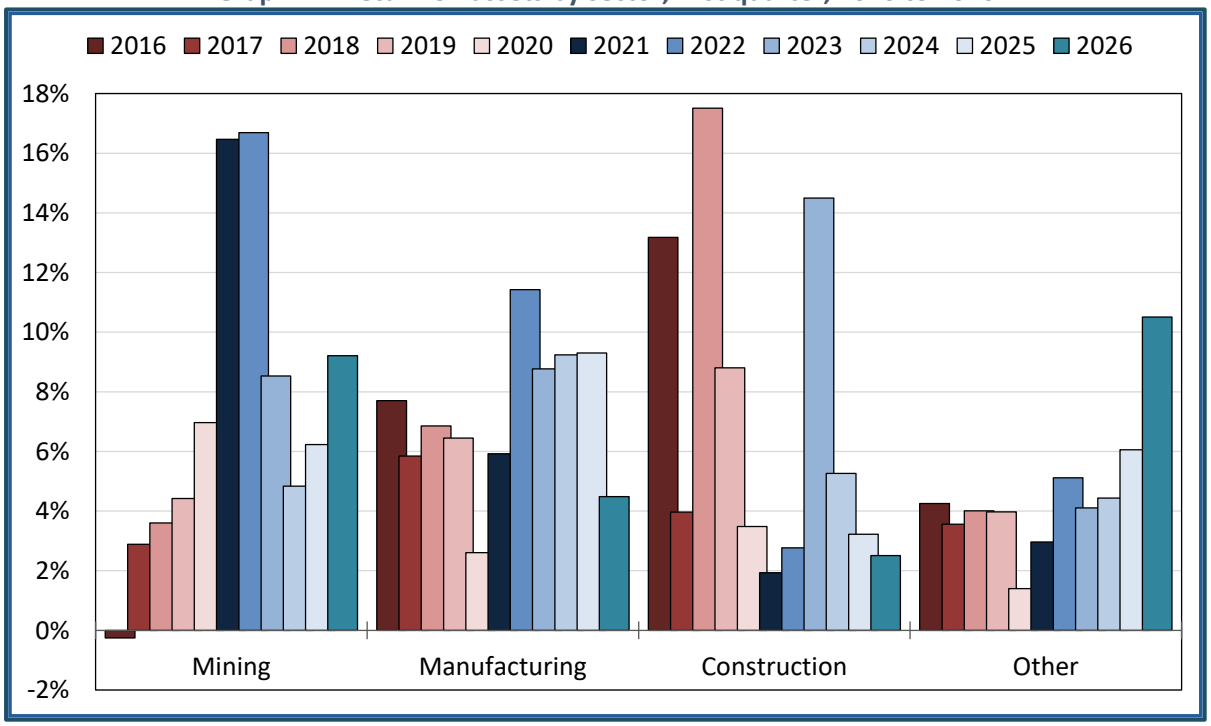
Total investment dropped 0.2% in constant rand terms over the quarter. It remains far lower than before the COVID-19 pandemic, and is 9% lower than the post-pandemic peak in mid-2023. Public investment shrank only marginally, but private investment fell some 12% from mid-2023 to mid-2026. Although total investment shrank, the investment rate climbed from 13.2% in the first quarter to 13.7% in the second quarter of 2026 because the GDP fell even faster. (Graph 20)

Graph 20. Investment by type of investor in constant 2025 rand and the investment rate (a), every five years from 2000 to 2015 and quarterly from 2019 to the second 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

Graph 21. Return on assets by sector, first quarter, 2016 to 2026

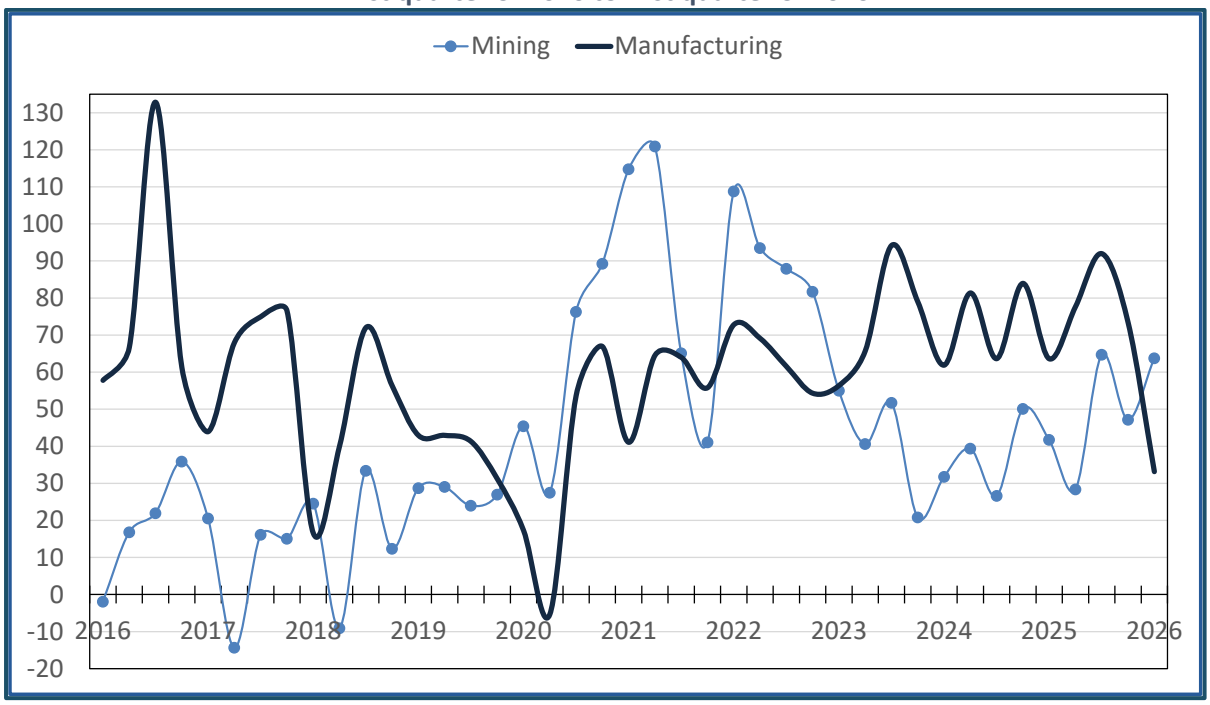


Source: Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in August 2026.

Returns on manufacturing and construction assets declined over 50% in the year to the first quarter of 2026, the latest available data. They climbed in other sectors, especially mining. In manufacturing, returns on assets dropped from 9% in the first quarter of 2025 to 4% a year later. In construction, the

figure dropped from 3.2% to 2.5%. In contrast, in mining it jumped from 6% to 9%, largely due to soaring revenues from gold and platinum. Public and private services plus retail increased from 6% to 11%. (Graph 21) In constant rand terms, manufacturing profits fell sharply in the first quarter of 2026, while mining profits increased. (Graph 22)

Graph 22. Quarterly profits in manufacturing and mining in billions of constant 2026 rand (a), first quarter of 2016 to first quarter of 2026



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

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects on a quarterly basis, using published information. It added 11 projects in the second quarter of 2026. Seven reported the expected investment value, for a total of R10.8 billion. New companies were announced in manufacturing, services and electricity. In addition, 12 projects announced earlier were updated.

New project announcements

In manufacturing, the largest announcement was for the R2.5 billion Chung Fung Metal steel mini mill, funded by Chinese investors. The company keeps a low profile, but the main partner appears to be Central Bridge Construction, which has projects across South Africa. The facility started production of long-steel products in January 2026. The plant, near Nigel in Gauteng, has capacity to produce 600 000 tonnes of long steel a year, at least in part for export. The grades of steel have not been published. In practice, South Africa has excess capacity for basic long steel, but an under-supply of the grades required for machinery and auto manufacturing.

Biovac's R2.1 billion expansion at its vaccine manufacturing facility is the second largest reported project. The South African government owns just under half of Biovac through the Department of Science and Innovation and its agencies, with the rest belonging to a South African pharmaceuticals holding company (Kahma/Inmunotek) plus a BEE trust. The project will be financed by a collective of multilateral development finance partners led by the European Investment Bank, and will take

advantage of production incentives for African companies offered by Gavi, the international vaccine alliance.

In logistics, the United Arab Emirates (UAE)-based African Rail Company plans to invest R2.8 billion in railway rolling stock. The company was among 11 rail operators granted access to South Africa's freight rail network under the rail reform programme.

Two solar renewable energy projects recorded for the quarter will be developed by Yellow Door Energy with the R2.7 billion Parsons Power Park. The projects sourced financing from more than 10 countries. The Eastern Cape hosts the solar park. Largely as a result, the province garnered the largest announced investment value for the quarter, at R3.2 billion for three projects.

Table 2. FDI projects announced in the second quarter of 2026

Investor	Country of origin	R bns	Province	Project
Manufacturing: R5.3 billion				
Chung Fung Metal	China	2.5	GT	Long steel mini mill started operations
Biovac	South Africa	2.1	WC	Expanding the vaccine manufacturing facility
Isuzu Motors South Africa	Japan	0.5	EC	Supplier tooling and capability development for the new D-Max model production
Isuzu Motors South Africa/Kanu Commercial Body Construction	Japan	0.03	EC	New automotive body fabrication facility (Kanu, wholly owned Isuzu subsidiary)
Coleus Packaging (Guala Closures)	Italy	0.2	GT	Machinery/equipment upgrades for crown closures and metal packaging
Logistics, services and retail: R2.8 billion				
African Rail Company	UAE	2.8	KZN	Rolling stock acquisition as part of process of opening Transnet lines to private operators
FUCHS Lubricants South Africa	Germany	n.a.	LP	New branch (Polokwane) supporting Limpopo industries
SDF Group (Same Deutz-Fahr)	Italy	n.a.	WC	Established a commercial subsidiary for distribution of agricultural machinery
MR.DIY	Malaysia	n.a.	Multiple	Rolling out DIY/home-improvement retail stores nationally
Utilities: R2.7 billion				
Yellow Door Energy / Raw Renewables / Natura Energy	UAE/ South Africa	2.7	EC	150 megawatt (MW) solar photovoltaic power plant (Parsons Power Park); Phase 1A under construction
Yellow Door Energy	UAE	n.a.	NW	49 MW peak solar power facility (Lion Thorn Solar Park)

Note: Numbers may not always sum to the exact total investment amounts due to rounding.
GT: Gauteng WC: Western Cape EC: Eastern Cape: KZN: KwaZulu-Natal: LP: Limpopo.
Source: TIPS FDI Tracker database.

By phase, greenfield projects make up the highest announced value (R8 billion), and account for six of the 11 projects identified. (Table 3)

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

	Project-preparation	Implementation	Complete	Total value	Number
Greenfield	2.8	2.7	2.5	**8**	**6**
Brownfield	-	2.1	0.03	**2.1**	**2**
Expansion	-	-	0.5	**0.5**	**2**
Upgrade	-	-	0.2	**0.2**	**1**
Total value	**2.8**	**4.8**	**3.2**	**10.8**	
Number	**2**	**3**	**6**		**11**

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

Updates

Twelve projects updated their status during the quarter. (Table 4) Most were renewable energy investments.

Enel Green Power started operations at the R9 billion 330 MW Impofu Wind Power Complex, which will supply electricity to Sasol and Air Liquide's Secunda operation. The Doornhoek solar facility developed by AMEA and DSV's integrated solar and battery energy storage system also started operations at three sites.

Construction started at the private R4.8 billion Zen and Bergriver wind facilities and Globeleq's R5.4 billion Red Sands battery storage programme. Both fall under the first bid window of the Department of Electricity and Energy's Battery Energy Storage Independent Power Producer Procurement Programme.

Mulilo advanced five of the projects included in the R14.9 billion investments it announced at the 2026 South African Investment Conference. They include financial closure for the Hartebeesfontein battery storage project; commercial closure for the Mercury battery project; and commercial closure for the Middlepunt solar project.

In manufacturing, the Toyota Tsusho and Ogihara parts production plant started operations. The facility will ramp up to full capacity by the end of 2026. In mining, Tharisa began implementing its planned transition to underground mining at its flagship operation in the North West province. The US company Meta announced that its undersea cable, Project Waterworth, will land in KwaZulu-Natal and the Western Cape.

Table 4. Projects updated in the second quarter of 2026

Owner	Project	R bns	Sector	Progress update
Complete/ Operational				
AMEA	Doornhoek solar (120 MW)	2.2	Utilities	Reached commercial operation
Toyota Tsusho / Ogihara	Toyota auto-parts manufacturing plant, Dube TradePort	1.2	Manufacturing	Construction complete; ramping to full operations by end of 2026
DSV	DSV solar and battery systems (three sites)	0.15	Utilities	Solar and Battery Energy Storage System installed
Enel Green Power	330 MW Impofu wind cluster: Sasol/Air	n.a.	Utilities	Reached commercial operation

Owner	Project	R bns	Sector	Progress update
	Liquide renewable energy project			
Construction/ implementation				
Tharisa	Tharisa underground platinum mine transition	9.4	Mining	Mine development commenced
Globeleq	Red Sands Battery Energy Storage System	5.4	Utilities	Under construction
Acciona Energía (51%)/Chariot Limited and H1 Capital JV (49%)	Zen and Bergriver wind farms (194 MW combined)	4.8	Utilities	Started construction; commissioning scheduled mid-2027
Netflix	Netflix television and film productions	0.9	Services	Several productions underway
Project-preparation				
Mulilo (all Independent Power Producer projects feeding the national grid)	Orkney solar North West) — 219 MWdc / 150 MWac contracted	14.8	Utilities	Financial closure reached; power purchase agreement (PPA) with Etana Energy
	380 MW Beaufort West solar		Utilities	Financial closure reached 20 Apr 2026; PPA with NOA
	150 MW Middlepunt solar		Utilities	Commercial closure (first under Bid Window 7 of the REIPPP)
	Hartebeesfontein Battery Energy Storage System		Utilities	Financial close achieved
	76 MW Mercury Battery Energy Storage System	1.4	Utilities	Commercial/financial close achieved
Announced				
Meta	Project Waterworth (subsea cable)	n.a.	Services	South African landing points confirmed — on in KZN and two in WC

Source: TIPS FDI Tracker database.

Briefing Note 1: Climate change and farm labour: the role of active labour market policies

Michael Hector. This briefing note draws on the agriculture value chain research paper for the Sector Jobs Resilience Plans.

Climate change is expected to intensify existing vulnerabilities among South Africa's farmworkers, a group already characterised by low wages, seasonal employment, weak access to social protection, relatively low formal education, and limited opportunities for formal training. Agriculture employed approximately 950 000 workers in mid-2026. Around 30% of agricultural employees were employed on a temporary basis, compared with 16% of workers in other formal sectors. Around 75% of farmworkers are employed in elementary occupations, compared with 18% of workers in the rest of the formal economy.

These characteristics make farmworkers particularly vulnerable to climate-related disruptions. More frequent droughts, floods and extreme heat events are likely to increase income volatility and result in farm closures and job losses. At the same time, climate adaptation measures, including mechanisation, automation and precision agriculture, are changing skills requirements and may reduce opportunities for less qualified workers.

Existing Active Labour Market Policies (ALMPs) provide important short-term support but are not designed to deal with climate-related labour market shocks in agriculture. The system is fragmented across multiple institutions and programmes, with no dedicated mechanism to ensure a coherent response to climate shocks, particularly in agriculture. Public employment programmes and employment services provide important short-term support for full-time workers, but often exclude seasonal employees. Moreover, the evidence suggests that they have limited long-term employment effects. Only about 25% of beneficiaries secure any form of employment within six months of leaving a programme, while approximately 8% enter wage employment one to two years later. In practice, these programmes function primarily as temporary income support rather than as instruments to help displaced workers find new livelihoods.

Given escalating climate-related shocks, South Africa needs to strengthen income stabilisation mechanisms for affected farmworkers. Government will therefore have to consider a climate responsive income support mechanism that can be activated following severe climatic events. As the COVID-19 Temporary Employer/Employee Relief Scheme showed, such a mechanism could provide temporary earnings support while enabling workers to remain attached to the labour market and participate in job-search, retraining or redeployment initiatives. Extending coverage to seasonal and temporary farmworkers should be a priority, given their heightened exposure to climate-related employment risks.

In addition, social protection has to be a central component of any climate-responsive ALMP framework. Climate change is likely to disproportionately affect workers with low formal qualifications, older workers, and those with limited mobility. These workers face particularly high barriers to transitioning into alternative employment. Social protection measures can complement labour-market interventions by providing targeted support to vulnerable groups and reducing the risk of long-term poverty.

Climate risk insurance mechanisms should also be considered to support agricultural production systems and help protect the livelihoods that depend on them. Because farmworker livelihoods are closely tied to the viability of farming operations, protecting workers will increasingly require supporting resilience at both household and farm level.

Certified skills development remains an important pillar of labour market adaptation but should be linked to realistic employment opportunities. Training interventions should prioritise climate-smart agriculture, sustainable production methods, agricultural technologies and agro-processing activities, where employment opportunities are more stable and less seasonal than primary agricultural production. Greater use of workplace-based training, vocational programmes and recognition of prior learning could improve labour market mobility. However, training alone cannot overcome weak labour demand. Programmes should therefore be designed around local economic opportunities and value-chain requirements, without limiting consideration to green energy and associated activities.

Worker protection measures will also become increasingly important as climate change reshapes agricultural production systems. Climate-related farm closures, consolidation and restructuring could leave some workers facing both unemployment and housing insecurity as accommodation is often linked to employment for permanent farmworkers. Existing farmworker support programmes should

therefore be strengthened to include employment-related assistance, relocation support where necessary, and improved monitoring of climate-related retrenchments. Better labour market information and reporting systems would also strengthen government's ability to identify vulnerable workers and target interventions more effectively.

Ultimately, ALMPs can only succeed in the context of economic diversification initiatives that create alternative employment opportunities. Climate-responsive labour market policies should prioritise protecting farmworkers' livelihoods through an integrated approach combining the development of new production opportunities with income support, employment guidance, social protection and skills development and recognition for the affected farmworkers. An integrated, adequately resourced approach will help reduce the risk that climate change will deepen inequality and vulnerability in rural communities.

Briefing Note 2: Using Social and Labour Plans to support a just transition in South Africa's mining value chains

Muhammed Patel. This briefing note draws from a paper on the coal value chain for the Sector Jobs Resilience Plans.

South Africa's transition to a lower carbon economy is likely to impact production technology choices, workers, households and mining-dependent municipalities. Social and Labour Plans (SLPs) are an existing regulatory mechanism that could help anticipate and manage these impacts. While the plans do not meet all the requirements for a just transition, they can support mine-linked worker development, community resilience and advance planning for downscaling. Further, SLPs can connect these measures to broader support systems for diversification, labour-market support and social protection.

Under the Mineral and Petroleum Resources Development Act No. 28 of 2002, an approved SLP is a requirement for obtaining mining rights. The original aim was to ensure mine owners prepare for the ultimate exhaustion of the ores and the consequent mine closure. The SLP must provide for human resource development; local economic development (aligned with Integrated Development Plans); management of downscaling and retrenchment; and financing for these commitments. Regulatory amendments introduced in 2020 strengthened requirements for meaningful consultation through publication, regular community meetings and five-year reviews.

These obligations align well with the requirements of the just transition. Human resource development can support reskilling, portable skills and redeployment. Future Forums and retrenchment planning can provide early warning and activate employment and income-support responses. Local economic development projects can contribute to regional diversification. Consultation, reporting and review can strengthen transparency, coordination and accountability.

In practice, the evidence indicates that SLP implementation is fragmented and largely compliance-driven. Often the programmes resemble corporate social investment programmes more than an integrated plan to manage the socio-economic risks of mining dependency. Community projects tend to be small, short-cycle and weakly connected to durable livelihoods. SLP reporting tends to concentrate on activities completed, rather than specific outcomes such as sustained employment, income or enterprise survival. Stakeholders often struggle to reconcile reported delivery with original commitments, budgets and beneficiaries. Consultation remains uneven, enforcement is inconsistent, and contractor, outsourced and non-unionised workers may be excluded from visible planning. To

date, SLPs have been poorly integrated with Sector Jobs Resilience Plans (SJRPs) and wider Just Energy Transition structures.

The role of SLPs differs between the coal and metals, although both value chains face proximal decarbonisation impacts.

In coal, the transition risk is concentrated geographically and subject to clearer time pressures. Coal mining employed about 100 000 workers in 2024, with approximately 86% located in Mpumalanga. Here, SLPs can support near-term workforce profiling, readiness planning and coordination of commitments in priority coal municipalities. That said, most transition decisions are controlled by downstream actors such as Eskom and Sasol, which are not required to develop SLPs.

In metals the most immediate transition risks also arise in energy-intensive downstream smelting and refining, rather than the mines themselves. As a result, SLPs have a smaller role to play. Mostly they can support efforts to strengthen the resilience of mining-dependent areas and monitor longer-term risks to mining. This is especially important in areas with limited alternatives, including Bojanala, Waterberg and Sekhukhune.

To strengthen their contribution to a just transition in mining, the SLPs could be reformed in four ways.

- A dedicated structure should maintain a consolidated register of SLP commitments, expenditure, beneficiaries, milestones and delivery status, with escalation channels into mineral-regulation compliance processes.
- Local economic development commitments should feed into coordinated municipal and regional diversification pipelines rather than operate as isolated SLP projects.
- Workforce data and Future Forums should trigger early profiling, counselling, training, job matching and social-protection referrals before retrenchments occur.
- Supplementary employer data should cover contractors and outsourced workers.

Ultimately, monitoring should shift from counting outputs to assessing whether interventions produce durable jobs, incomes and community resilience.