



The information contained in this sheet has been compiled by [Jaume Portell](#), a journalist specializing in economics and international relations, in an activity 85% co-financed by ERDF funds within the framework of the [AfricanTech](#) project (1/MAC/1/1.3/0088) under the INTERREG VI D MAC 2021-2027 initiative.

SOUTH AFRICA

Macroeconomic framework:

South Africa's GDP increased by 1.9% in 2022, and this growth slowed down until 2023, to a 0.9% according to the African Economic Outlook from 2024. This report mentions the bottleneck in the road traffic and the ongoing scarcity of electrical power as the main explanations to the stagnation of the South African economy. With 377 781 millions of dollars in GDP, it is the second greatest economy in the continent, but it is positioned way behind its GDP from 2001, when it reached the 458 000 million dollars.

Debt and currency:

Since the fall of the apartheid in 1994, South Africa's government has been caught in a quandary. The first option was to maintain high interest rates to attract foreign capital and avoid the exodus of the main companies in the country -some of them, mining companies with dual listing in Johannesburg's and London's stock markets. The second one was to maintain low interest rates to stimulate economy -risking the departure of capitals with the consequent downfall of the currency. In the 90's, the South African central bank had interest rates that exceeded the two digits, and, to this date, it follows politics of high interest rates to protect its currency, with a lowering of the rates whenever there is a recession -always ensuring to position them back up, in fear of capital flight.

In international markets, payments of South African debt are consciously high, and the country usually goes into debt with attractive interest rates for worldwide investors. Between 2012 and 2031, South Africa will be paying almost 10 000 million dollars in debt interests per year. According to the UNCTAD, in 2023, the external debt service represented almost one-fifth of the government's incomes. The main creditors are bondholders (79%), followed by far by China (4%) and the World Bank (3%). Besides these politics, the rand, South African coin, has lost strength since 2011: it has gone from 6 rands per dollar to 18 rands per dollar nowadays.

Imports and exports:

In 2023, South Africa sold more wares (154 000 million dollars) than what was bought (103 000 million dollars), according to the MIT Complexity Index. The current-account balance of the country depends mainly upon the pricing of raw materials for sale, and on the flow -the inflow or outflow- of capital. After the Russian invasion of Ukraine in 2022, the prices of coal, iron, gold or palladium rose considerably, causing rising prices in South African exports. The main manufactured products in the country are cars, often produced in company plants such as Volkswagen, Mercedes, Nissan, Hyundai and BMW.

Since 2012, South Africa has been slightly modifying the destinations for its exports: Asia -with China and India as the main destinations- has gained importance among other countries in the African continent. The USA is still one of its main destinations, now behind China. Gasoline represents more than a 15% of the imports, its main points of origin are the United Arab Emirates and India. Machinery and parts to manufacture cars are the more requested products, together with fertilisers and drugs. South Africa bought more than 1600 million dollars in wares from Spain in 2023, according to Comtrade, with a prominent role of cars and their parts.

Energy and electricity:

Coal is the key resource in the understanding of South Africa's power and electrical system. It provides a 70% of the energy and a 80% of the electrical power, it is one of the countries with the highest consumption levels in the continent. With 5 millions of TJ (Terajoules), South Africa is the second African country with the highest level of production. The energy transition is a challenge for South African economy, which has promised their associates total decarbonisation while, at the same time, attempts to satisfy the needs of its residents and local industry. Eskom -the national South African company of electricity- has had problems to make the existent manufacturing plants work for years, they need to be repaired. The high level of indebtedness limits its manoeuvrability, and South African people pay for the lack of electricity with blackouts that can reach the 16 hours per day. The production of electricity in 2023, of 228 TWh, was lower than in 2007.

Defence:

The annual expense in defence materials added up to 2958 million dollars in 2023, according to the SIPRI, a Sweden institute specialised in the trade of this kind of products. This number represents a 2.21% of the government expense. The main provider for South Africa since 2000 has been Germany.

Demography:

South Africa, which already was one of the most industrialised countries in the continent in 1990, had less than a 50% of the population living in rural areas in that year. More than three decades after, this percentage is now a 31%. Between 1990 and 2022, the country has gone from 39.8 millions of inhabitants to 60.4

millions. Life expectancy stays stagnant during this period of time: from 63 years old in 1990 to 61 years old nowadays. An HIV epidemic from mid 2000 dropped life expectancy to 54 years old; since then, the country has regained what was lost, but it is still below the numbers from 1990. Half of the population is less than 30 years old.

Technological innovation:

South Africa is one of the African countries in which internet use is more generalised among the population: three-fourths of the South Africans used it in 2022, a number that represented a remarkable increase compared to 2010. Then, only one in every four South Africans accessed the Internet. An 81% of the population had access to a mobile phone according to the ICT Development Index from 2023.