



# **Local Political and Economic Report July 2025**

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## Introduction

- South Africa in July 2025 continues to experience political complexity and economic fragility. While coalition governance under the Government of National Unity (GNU) has averted a constitutional crisis through last-minute compromises, most notably in the passage of the 2025/26 Appropriation Bill, the underlying political tensions remain volatile.
- Simultaneously, President Cyril Ramaphosa is navigating a mounting credibility crisis, fuelled by corruption scandals facing his allies in the ANC and the country's law enforcement agencies.
- Economically, the country is experiencing modest but uneven recovery. Structural weaknesses, such as stagnant fixed investment, and mounting trade headwinds, continue to constrain growth.
- On the international front, tensions with the United States have intensified with a bill proposing U.S. sanctions against South African government and ANC officials making its way through the U.S. law making process, coupled with the collapse of African Growth and Opportunity Act (AGOA) trade benefits under new tariff regimes, signal deteriorating bilateral relations with potentially far-reaching implications for trade, diplomacy, and domestic politics.
- Against this backdrop, South Africa faces heightened political risks and a demanding policy environment. Coalition stability, reform implementation, and international diplomacy will be critical determinants of whether the country can build momentum toward sustainable development or slide deeper into stagnation and fragmentation.

## POLITICAL DEVELOPMENTS

### Appropriation Bill 2025/2026 Passed



- The Appropriation Bill 2025/26, which authorises public spending across government departments was passed by parliament in July.
- The fate of the bill initially faced coalition discord due to resistance to a proposed value-added tax (VAT) increase and opposition to the Budget Vote of the now dismissed Nobuhle Nkabane of Higher Education and Training.
- In a move to gain the DA's support on the bill, President Ramaphosa on 22 July dismissed Minister Nkabane, ostensibly because of lying to Parliament – an outcome the DA had called for. The DA unsurprisingly claimed victory for her dismissal and its fight against corruption.
- Importantly, DA continued its broader critiques, including procedural objections to the fiscal framework, and signalled ongoing legal challenges regarding budget adoption processes.
- The DA framed its decision as defending constitutional integrity and coalition accountability, emphasising that leadership in a coalition required meaningful consultation and holding ministers accountable not symbolic gestures.

## Implications for the GNU

### Stability restored – for now

- The DA's 87 votes alone pushed the coalition beyond the 201-vote majority needed. With additional support from smaller partners (IFP, FF+, Rise Mzansi, Build One SA, ActionSA), the Appropriation Bill passed with 262 votes to 90.
- Without DA's support, ANC would have had to rely on non-coalition parties, like ActionSA, to secure the bill's passage.
- Stability within the GNU seems to have been restored for now. However, there are deeper policy tensions that remain unresolved.

### Structural coalition tensions

- ANC Secretary-General Fikile Mbalula publicly pressed the DA to decide whether it intends to stay in the GNU or not, after voting against its own budgets, signalling perceived limits to tolerance for dissent.
- Some coalition partners criticised the inconsistency in DA's approach, supporting certain departmental budgets but voting down others until conditions were met. This occurred slowly in a tight parliamentary calculus.
- The dismissal of Nkabane from Cabinet was a politically costly but necessary concession by Ramaphosa, preventing a broader coalition collapse and restoring investor confidence in fiscal continuity.



- Passing the budget averted a constitutional crisis. Departments can now continue paying salaries and delivering services. That pragmatic fix came through DA collaboration.
- The DA's decision to re-enter the GNU's budget process demonstrated its willingness to enforce accountability via coalition, but also risked internal contradictions: opposing ANC policy while facilitating its implementation via funding.
- Critics flagged that the deal may weaken DA's stance on broader transformation agenda, given concessions on fiscal reform beyond VAT. The DA could be seen as enabling ANC laxity if reform momentum stalls.
- That being said, the ANC and DA's joint action to support the 2025 Appropriation Bill reflects pragmatic coalition governance.
- DA's insistence on ministerial accountability - pressing for Nkabane's removal - was critical to enabling cross-party compromise.
- The episode demonstrates conditional coalition power: DA can check ANC excesses, but only under clear threat of withdrawal.
- For the GNU to remain credible, South Africa's largest political parties must make use of mechanisms for consultation such as the Clearing House Mechanism, transparency, and shared responsibility; not simply majoritarian dominance.

## Anti-corruption signals



- Another calculus by President Ramaphosa was his suspension of Police Minister Senzo Mchunu, following explosive allegations by the KwaZulu-Natal Police Commissioner Nhlanhla Mkwana, instituting of a judicial commission of inquiry into allegations regarding law enforcement agencies, as well as his suspension of South Gauteng Director of Public Prosecutions Andrew Chauke.
- These actions signal renewed commitments to accountability, although some political parties – such as MKP – are not convinced. Hence, the party has now written to the Speaker of the National Assembly to communicate its intention to table a motion of no confidence in Ramaphosa and requesting that the vote on the motion be held via a secret ballot. Furthermore, MKP president Jacob Zuma has made direct application to the Constitutional Court to challenge Ramaphosa's suspension of Mchunu and appointing an acting minister, Prof Firoz Cachalia, who is not a cabinet member. We return to this issue later in this report.

## Tensions in the DA

### Zille vs. Steenhuisen

- A growing internal rift in the DA sees Federal Council Chairperson Helen Zille's faction reportedly pushing to replace Federal Leader John Steenhuisen, possibly with Cape Town Mayor Geordin Hill-Lewis.
- Steenhuisen is criticised for his weak leadership within the GNU. Zille has not confirmed support for him, fuelling speculation of a leadership challenge.
- Zille is exploring a 2026 mayoral run in Johannesburg. Some Gauteng DA members warn this undermines local leadership and alienates diverse constituencies. This shift could reduce DA influence in national coalition negotiations. Her Mayoral bid may strengthen DA's governance credentials but risk internal disunity and backlash in Johannesburg.
- Furthermore, internal dynamics highlight a power struggle between formal power (Steenhuisen) and structural power (Zille).



### Emma Powell's resignation: foreign policy and coalition impact



- Emma Powell stepping down and replacement by Steenhuisen's former Chief of Staff, Ryan Smith, as DA's international relations spokesperson, signals some rift in the DA's approach to international relations. It has been stated that Powell stepped down amid allegations that she spread disinformation in the U.S. about white genocide in South Africa and due to alleged threats and political pressure.
- Interestingly, Andrew Whitfield, who was dismissed as Deputy Minister by Ramaphosa, was part of the DA delegation led by Powell to the US earlier in the year.
- Her departure weakens the DA's strong foreign policy stance and U.S. alignment. It also raises concerns over coherence in DA messaging, especially on diplomacy and authoritarian regimes.
- It signals a possible shift toward a more cautious or domestically focused DA posture in foreign policy debates. This development will likely reduce DA's leverage in demanding multiparty input on foreign policy.
- It may also strengthen ANC control over international affairs under the GNU framework.



## Ramaphosa under pressure



- MKP has filed a formal motion seeking a secret-ballot no-confidence vote against Ramaphosa. The motion cites economic mismanagement, rising crime, weak national security, and his controversial handling of allegations against Police Minister Senzo Mchunu - criticised as emblematic of broader decline in governance integrity.
- The party has also applied to the Constitutional Court challenging the constitutionality of:
  - the suspension (special leave) of Police Minister Senzo Mchunu,
  - the appointment of Professor Firoz Cachalia (a non-Cabinet academic) as acting minister, and
  - the establishment of a judicial commission of inquiry into allegations of institutional corruption and criminal infiltration.
- These actions come off the heels of explosive allegations by KwaZulu-Natal Police Commissioner Nhlanhla Mkhwanazi, accusing Mchunu of collusion with criminal syndicates, dismantling a task force investigating political killings, and obstructing justice.

## Political and Institutional Implications

### Ramaphosa's position

- The SAPS scandal presents a defining crisis for Ramaphosa's anti-corruption credibility. His decision to initiate a judicial inquiry and appoint a respected legal figure as acting minister (Cachalia) reflects intent but also exposes institutional vulnerability and executive overreach.
- Constitutional criticism revolves around whether the President exceeded executive powers by appointing an acting minister from outside Cabinet, potentially violating Sections 91 and 98.



### ANC cohesion and party politics

- The MK Party's pressure will test ANC unity, with ANC faction sympathetic to Zuma and MK mobilising public dissatisfaction.
- MKP's parliamentary manoeuvres could force uncomfortable alliances within the GNU, particularly with parties like DA or EFF.

### GNU stability

- The MK motion and court challenge intensify tensions within the ANC-DA coalition, already strained over governance reforms and corruption scandals. The DA had threatened to vote against ANC-proposed budgets if perceived that Ramaphosa fails to act decisively.

### Institutional integrity at stake

- Critics across the political spectrum - including EFF, DA, IFP, ActionSA- have voiced scepticism that the judicial commission will lead to tangible accountability, citing previous commissions (e.g., Zondo) that generated reports but few prosecutions.
- Ramaphosa has responded by releasing the *Progress Report on Implementation of Actions in the President's Response to the Recommendations of the State Capture Commission*, in which he says "...of the 60 actions identified in the Response Plan as follows: 29 (48%) complete or substantially complete with some further work ongoing, 14 (23%) on track, and 17 (29%) delayed or requiring attention".<sup>[1]</sup> This was done ostensibly to rebut the narrative that commissions of inquiry are a waste of time and taxpayers' money.

<sup>[1]</sup> [Progress Report on Implementation of Actions in the President's Response to the Recommendations of the State Capture Commission, July 2025. p.2.](#)

- The progress report also reveals that: "As of 31 March 2025, notable progress has been made in asset recovery efforts:
  - *Total amount recovered increased to R10.932 billion<sup>2</sup>, comprised of:*
    - *Special Investigating Unit (SIU) recoveries: R2.892 billion*
    - *Asset Forfeiture Unit (AFU) recoveries: R8.040 billion*
  - *Assets currently under restraint or preservation orders total R10.601 billion, comprised of:*
    - *SIU-related orders: R4.2 billion*
    - *AFU-related orders: R6.401 billion".<sup>[1]</sup>*

## Outlook and scenarios

- **Short-Term:** ConCourt case, which began on 30 July, will determine if Ramaphosa's actions stand constitutionally. Its ruling may either reinforce executive range or limit it.
- MKP's push for secret ballot vote in no-confidence motion against Ramaphosa will test coalition discipline and DA's alignment.
- **Medium-Term:** If the Madlanga commission functions swiftly and results in clear action (e.g., charges, suspensions), Ramaphosa may regain narrative control. Alternatively, prolonged or toothless processes could erode public trust further.
- **Long-Term:** If MKP galvanises public support, especially in KZN, and the ANC remains internally divided, its dominance may be further eroded ahead of the next leadership conference in 2027. For Ramaphosa, legal and political pressures could have implications for completing his second term by 2029 and weaken his ability to push through reforms. Conversely, effective crisis management may position him as a reformist within a fracturing ANC.

## Economic Freedom Fighters – 12th Anniversary celebrations



- On 26 July, the EFF held its 12th Anniversary rally in Khayelitsha, Cape Town, after relocating from flood-hit Mthatha. Branded as a "Festival of the Poor", the event attracted thousands, blending political messaging with cultural performance and community outreach.
- Khayelitsha was chosen to highlight spatial inequality under DA rule. Party leader Julius Malema called for voting out the DA, tackling youth unemployment, corruption, and reaffirmed EFF's radical policies on land redistribution and resource nationalisation.
- The rally reinforced EFF's identity as a grassroots, anti-establishment party, it demonstrated electoral reach in DA-dominated areas like the Western Cape, and highlighted Malema's alignment with anti-corruption forces in law enforcement, while emphasising ideological opposition to neoliberalism, IMF/World Bank debt, and inequality.
- However, the party faces the task of converting popular mobilisation into electoral gains.
- Internal unity remains a concern amid recent high-level defections (e.g. former Deputy President Floyd Shivambu, former National Chairperson Dali Mpofu and former MP Mzwanele Manyi – among others).
- There is also the question of credibility. Delivering tangible policy outcomes remains a key test of credibility for the EFF.
- While the EFF's anniversary rally demonstrated strong grassroots mobilisation and ideological clarity, reinforcing its role as a radical left alternative in South African politics, the party still has to navigate internal discipline, electoral strategy, and policy delivery to maintain momentum as the 2026 local elections approach.

## INTERNATIONAL RELATIONS

### U.S.–South Africa tensions rising

- Republican Congressman Ronny Jackson sponsored bill, formally titled the 'U.S.–South Africa Bilateral Relations Review Act of 2025' that could impose sanctions on SA government and ANC officials was approved by the U.S. House Foreign Affairs Committee.
- The proposed legislation reflects mounting frustration in Washington over South Africa's foreign policy positions, particularly its close ties with China and Russia, alleged support for Hamas, especially in the context of the Israel-Gaza conflict, participation in joint military exercises with Russia and China, as well as perceived proximity to the Islamic Republic of Iran.
- South Africa has maintained a non-aligned stance on global conflicts, but its actions, such as not outrightly condemning Russia's aggression against Ukraine, hosting Russian naval ships and deepening involvement in BRICS+ forums, have drawn criticism from U.S. lawmakers who see these moves as undermining Western efforts to isolate Russia over the war in Ukraine.
- Bilateral relations could deteriorate, especially if sanctions are implemented against government or ANC officials. Targeted officials could face a number of sanctions under the Global Magnitsky Act, including:
  - Travel bans to the U.S.
  - Asset freezes
  - Restrictions on financial transactions
- This could further polarise domestic politics in South Africa, and the ANC may use the move to rally nationalist sentiment and accuse Washington of neo-colonial interference.
- South Africa (the ANC – to be exact) views the bill as an infringement on the country's sovereignty. We have already seen Trump trying to influence domestic politics in Brazil. In a letter justifying the 50% tariff on Brazilian imports to the U.S, Trump directly tied the measure to former Brazilian President Jair Bolsonaro's current woes, which he called a "witch hunt".
- The bill, if made law, could also create a chill in cooperation on areas like trade, security, and public health.
- Other African countries may interpret the U.S. move as a warning about aligning with Russia or China - or as bullying, potentially fuelling anti-Western sentiment.
- South Africa's leadership role in the AU and BRICS+ means any fallout could reverberate beyond its borders, affecting how African states position themselves geopolitically. Shift in regional alliances, as South Africa doubles down on BRICS and Global South partnerships.



- Witnessing how the Trump administration has conducted itself thus far, it may not be far fetched that it pressures its Western allies to impose similar sanctions against ANC officials in particular. Whether that would succeed remains conjecture.
- The bill signals a hardening U.S. stance toward countries seen as deviating from Western-aligned policy, and South Africa is being cast as a test case. If passed, it could set a precedent for targeted sanctions based on foreign policy alignment, not just human rights or corruption.

## U.S.–South Africa tariffs conundrum



- Trump's April 2025 executive orders ("Liberation Day tariffs") imposed world-wide tariffs - 30% on general South African goods and 25% on vehicles - effective 1 August. Strategic mineral exports like PGMs are exempt.
- The tariffs have effectively nullified AGOA benefits, despite the program being valid until September 2025.

## Sectoral impacts

- Automotive exports to the U.S. formerly generating a 2023 surplus of ~\$1.34 billion - are now uncompetitive. GM and Naamsa warn this could jeopardise up to 100,000 jobs.
- Agriculture exports, especially citrus and wine (constituting ~6% of SA's exports to the U.S.), face sharp income loss. Up to 35,000 jobs risk being lost in Citrusdal and other rural areas.

## Government and industry responses

- Government has stated that imposing retaliatory tariffs is "counterproductive," opting instead for diplomacy and negotiating mutually beneficial bilateral trade arrangements.
- A strategic economic diversification plan was unveiled focusing on value-added production, regional trade expansion, and export market diversification via AfCFTA, EU, and Asia-Pacific markets.
- Agriculture Minister Steenhuisen emphasised proactive new trade protocols, including avocado exports to China and grapes to Vietnam and India.

## Structural strengths

- U.S. accounts for <10% of SA's exports; China, EU, and African markets dominate trade flows. SA exports higher-value goods (vehicles, minerals, agro-processing) with existing footholds in alternative markets.
- Furthermore, the country's domestic industrial base is less dependent on U.S. value chains than smaller AGOA economies

## Mitigation and opportunities

- South African automakers (BMW, Ford, VW, Toyota) already serve diverse markets and can adjust production strategies. The country's BRICS+ membership and AfCFTA participation may also offer trade and investment alternatives.
- A possibility of a diplomatic breakthrough with the U.S. may yield sector-specific exemptions or waivers.
- While the Trump tariffs present serious challenges across Africa, South Africa is comparatively insulated due to its diversified trade base, stronger institutions, and diplomatic leverage. The country is better positioned to pivot strategically, although targeted sectors will still face disruption.

## Liberation Movements Summit

- Held on 25–28 July 2025 in Kempton Park, hosted by the ANC, the Summit convened leaders from South Africa (ANC), Zimbabwe (ZANU-PF), Mozambique (FRELIMO), Namibia (SWAPO), Angola (MPLA), and Tanzania (CCM).
- The theme: *"Defending the Liberation Gains, Advancing Integrated Socio-Economic Development, Strengthening Solidarity for a Better Africa"*.
- The Summit intended both to reaffirm ideological solidarity and chart new strategies for organisational renewal, economic integration, and inclusive leadership aligned with Agenda 2063/AFCTA goals.
- ANC president Cyril Ramaphosa urged the continent to transition from raw-materials export to value-added processing, calling for cross-border infrastructure investments and economic integration.
- He also warned liberation movements of internal threats like corruption, factionalism, and alienation of youth; arguing for ideological clarity, youth mobilisation, and role for women in leadership.
- ANC's First Deputy Secretary-General Nomvula Mokonyane sharply condemned Western attempts to label liberation movements as "terrorist" groups, linking U.S. tariffs and diplomatic pressure to political interference and neo-colonial influence, and urging unified resistance.
- ZANU-PF president Emmerson Mnangagwa (Zimbabwe) outlined a rural- and youth-driven economic agenda, focusing on community agro-businesses, youth mining participation, borehole drilling, and food security initiatives - with projected GDP growth of around 6%.





## Strategic implications

### **Political renewal and youth dynamics**

- The Summit sought to reposition liberation movements as responsive, youth-engaged organisations. Faced with dwindling electoral support, all parties emphasised ideological renewal, female leadership, and digital activism to reconnect with younger citizens.

### **Economic sovereignty and regional industrialisation**

- Calls for pan-African value-addition, particularly in Africa's resource economies, signal a shift toward deeper industrial policy coordination - evident in Ramaphosa's emphasis on cross-border infrastructure and Mnangagwa's rural enterprise schemes.

### **Regional unity against external interference**

- The Summit Communiqué framed Western trade sanctions, diplomatic pressure, and sanctions threats as forms of economic coercion. Membership parties committed to resisting these through coordinated regional diplomacy and solidarity.

### **Linkages with broader geopolitical trends**



- The Summit echoed themes of South-South cooperation, aligned with the BRICS Summit's de-dollarisation agenda. It reinforced continental autonomy in economic policy and resource sovereignty, including efforts to build intra-African manufacturing and innovation platforms.
- Overall, the Liberation Movements Summit functioned not merely as a symbolic gathering but as a strategic moment of renewal and coalition-building. It represented a collective response to rising internal and external pressures; from decreasing youth loyalty to economic coercion from the U.S. The Summit's emphasis on industrial sovereignty, policy coordination, and youth-driven transformation aligns with continental trends towards AfCFTA integration, BRICS+-linked finance, and redefined diplomatic autonomy.

- However, realising this vision depends on translating Summit rhetoric into sustained policy and public mobilisation. If liberation movements can embed industrialisation strategies, inter-party coordination, and credible youth inclusion, they may regain relevance in a shifting geopolitical terrain. Otherwise, they risk becoming relics of past struggles rather than agents of future progress.

## UN Conference on Palestinian State Recognition: Implications for South Africa

- A high-level UN conference was held New York (28-29 July), co-chaired by France and Saudi Arabia, with the aim of mobilising international support for Palestinian state recognition and to revive a two-state solution amid escalating conflict in Gaza.
- French President Emmanuel Macron had earlier announced that his country would recognise Palestine as a state in September, becoming the first Western permanent UN Security Council member to do so, triggering diplomatic backlash from both Israel and the U.S.
- UK Prime Minister, Keir Starmer, like his Canadian counterpart, also announced that his country is preparing to recognise Palestinian statehood as soon as September unless Israel meets key conditions, including reaching a ceasefire and committing to a long-term peace process.
- Approximately 125 countries attended the conference; the U.S. and Israel boycotted, deeming it counterproductive and potentially prejudicial to negotiations. So far, out of the 193 UN member states, about 140 already recognise Palestine as a state. These include China, India and Russia, and European countries such as Cyprus, Ireland, Norway, Spain and Sweden.



### **Implications for South Africa's ICJ Case against Israel**



- South Africa instituted legal proceedings against Israel at the International Court of Justice (ICJ) in December 2023, alleging genocide and breaches of international humanitarian law in Gaza. The ICJ issued an advisory opinion in July 2024 affirming Israel's occupation was unlawful and ordered States not to assist Israel's actions.
- Recognition momentum bolstered by France and other countries lends political validation to South Africa's narrative of Palestinian sovereignty, reinforcing the legitimacy of its claims at the ICJ.

- The Hague Group, convened by South Africa and other Global South states, seeks collective enforcement of ICJ/ICC decisions - aligning with broader efforts to position the South African case within a growing legal solidarity movement.
- France's recognition sets a strong precedent for Western support stance and may embolden other G7 countries to reconsider their positions.
- This reinforces South Africa's framing of the ICJ case as defending international law, self-determination, and human rights, rather than partisan politics.
- The U.S. continues to reject South Africa's ICJ lawsuit as "meritless", viewing it as politically driven. American officials, including Secretary of State Blinken, have publicly voiced strong opposition.
- South Africa's alignment with French-led recognition efforts may further strain relations with the U.S., risking aid suspension, tariff measures, or reduced cooperation.
- Earlier in the year, U.S. sanctions legislation and executive actions sought to penalise South African officials over ICJ proceedings and recent land expropriation policies, raising fears of broader diplomatic fallout (as evident in the widely publicised confrontation of Ramaphosa during his visit to the White House in May, the contemplated sanctions against South African and ANC officials, as well as the review of U.S. – South Africa trade relations).
- The U.S. boycott of the conference and threats of diplomatic consequences for participating nations spotlight the limits of South–South solidarity against traditional Western influence.

## ECONOMIC UPDATES

### Modest growth amid structural constraints

- Real GDP growth in Q1 2025 was a mere 0.1%, driven primarily by a 15.8% surge in agriculture, while mining and manufacturing contracted. Fixed investment declined by 1.7%.
- Forecasts have been downgraded: National Treasury projects 1.4%, the Reserve Bank 1.2%, OECD expects 1.3%, Absa CIB forecasts just 1.0%, and IFM's 1.0% in 2025.

### Growth drivers and policy support

- Monetary policy remains accommodative, with the repo rate steady at 7.25%, and further cuts expected, starting with MPC's decision on 31 July.
- Programmes such as the Two-Pot pension reform have boosted household consumption somewhat; ongoing structural reforms (such as *Operation Vulindlela*) aim to address electricity, logistics, and digital infrastructure constraints.



### Energy and investment constraints



- Loadshedding, which undermined investor confidence in manufacturing and mining, seems to have eased somewhat – with the Energy Availability Factor (EAF) hovering at about 65% and a new target of 70% by the end of the current financial year having been set by the Electricity and Energy Minister.
- Companies are increasingly investing in private solar solutions to mitigate disruptions.
- Investor sentiment remains tepid due to bottlenecks in ports and rail, while weak fixed capital formation limits longer-term growth.

### Currency and fiscal pressures

- The rand weakened slightly in late July, trading at 17.75/USD, amid investor concerns over looming U.S. export tariffs and data uncertainties.
- Treasury is seeking US\$500 million in emergency forex funding post-budget uncertainty, with options including ESG bonds and institutional capital tapping.
- Public debt is expected to stabilise at 77.4% of GDP in 2025/26; however, fiscal consolidation and broadening the tax base remain key tasks, especially after the reversal of the planned VAT hike in April 2025.





## Economic and Political Risk Outlook

Risk Area	Description
<b>Growth Risk</b>	Global trade shocks (e.g. U.S. tariffs), domestic investment stagnation slowing growth to around 1.0–1.3%.
<b>Fiscal Vulnerability</b>	High debt, revenue shortfalls, and pressure on the narrow tax base.
<b>Political Instability</b>	Coalition fragility, corruption inquiries undermining investor and voter confidence.
<b>Energy Risk</b>	Persistent energy insecurity impacting employment, industrial output, and SME activity.
<b>Trade Disruption</b>	U.S. tariffs may hit citrus, wine, and agro-exports, affecting job-intensive rural sectors.
<b>Reform Uncertainty</b>	Infrastructure and SOE governance reforms critical yet slow, reducing investor trust.

## Summary of Key Indicators

- **GDP Growth:** ~0.1% in Q1; projected ~1.0-1.3% for 2025.
- **Unemployment:** ~32.5%, with youth unemployment above 45%.
- **Inflation:** ~2.8% in April; projected to rise toward 4–4.5% by year-end.
- **Public Debt:** Stabilising near 77% of GDP.
- **Investor Sentiment:** Weak, constrained by governance gaps, trade uncertainty, and energy woes.

## CONCLUSION

- South Africa in July 2025 stands at an economic and political inflection point: modest recovery is underway, supported by pension reforms, digital investment, and infrastructure loans. Yet growth remains fragile, business confidence low, and political volatility persistent. How successfully the country addresses electricity reform, global trade shocks, and coalition governance will determine whether structural reforms translate into sustainable growth or perpetuate stagnation.

**END**