

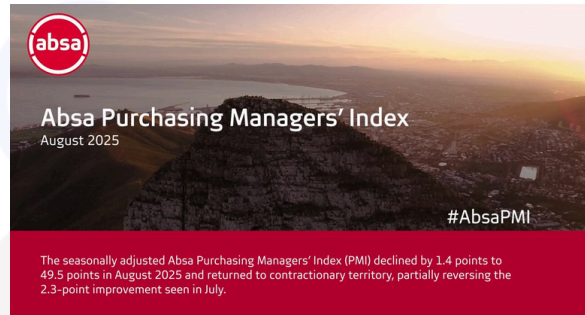
Weekly Political and Economic Highlights

05 September 2025

ECONOMIC UPDATES

Absa Purchasing Managers' Index (PMI)

- On 1 September, ABSA announced that the PMI dropped by 1.4 points in August to 49.5 points, marking a shift back to contractionary territory after entering expansion in Q3 reaching an average of 50.2, up from 45.4 in Q2;
- New sales orders declined, falling 8.5 points to 47.4, with July being the last time since October 2024 that the index was in expansionary terrain;
- Business Activity index fell 1.3 points to 45.8, remaining in contraction for a tenth consecutive month, as manufacturers continue to face intense competition from inexpensive imports;
- The Employment Index rose 5.2 points to 48.9 in August, remaining below the 50 threshold;
- Purchasing Price Index (PPI) slightly eased by 0.8 points, to 58.5, providing some relief in input costs;
- Supplier Deliveries index dropped to 53 in August, a drop of 3.5 points, and Crude oil prices remained relatively unchanged;
- ABSA believes that based off the index tracker, business conditions are set to improve over the next six months.



Companies Divesting from South Africa



- On 2 September, it was reported that ArcelorMittal South Africa (AMSA) is in talks with the Industrial Development Corporation (IDC) to sell its South African Unit;
- Holding a 8.2% stake in AMSA, the IDC is the company's second largest stakeholder;
- The talks follow AMSA indication that they could soon be facing large-scale job reductions in its long-steel operations, reports indicate job losses in the thousands roughly 4,000 or more. The firm reported large losses of nearly R1 billion in 2025 citing weak domestic demand and rising operating costs;
- AMSA will be added to a list of companies that are exiting the South African market for a variety of reasons;
- Rio Tinto, under a new CEO announced that it is placing Richards Bay Minerals in KwaZulu-Natal under strategic review. The new restructuring of the company sees it focusing on "core" assets and views RBM as a "non-core" asset;
- Mining company Glencore announced that it has entered formal consultation on retrenchments with the possibility of over 2000 direct and 17,000 indirect jobs being at risk. 10 of Glencore's 22 furnaces are already closed either permanently or temporarily and Lion Smelter is set for a potential 50% cut in capacity;
- These developments do not bode well for South Africa's investment case and may result in job losses in the face of an already high unemployment rate.

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GOVERNMENT UPDATES

SA Expands Agricultural Sector to New Markets

- On 2 September 2025, Deputy Minister of Forestry, Fisheries and the Environment, Narend Singh addressed the 80th anniversary of the Independence Day of Vietnam at an event held in Pretoria;
- Deputy Minister Singh used the occasion to speak about the South African agricultural sector expanding to new markets, including Asia and the Middle East;
- Singh said that South Africa was proactively diversifying its trade portfolio in response to global trade uncertainties, hence the significant inroads being made into new high growth markets;
- The Deputy Minister further argued that the expansion to new markets needs to be coupled with the accelerated implementation of the African Continental Free Trade Area (AfCFTA);
- The statement from the Deputy Minister comes at a time when the South African government has been making attempts to diversify its trade in light of the newly imposed U.S. tariffs and global trade uncertainty.
- The DFFE's position is an expansion of what the Minister of Agriculture John Steenhuisen had announced on 12 August 2025, that the department of Agriculture would be prioritising trade diversification and accelerating AfCFTA.



POLITICAL UPDATES

SACP Moves Ahead with Decision to Contest Elections



- On 1 September 2025, the South African Communist Party (SACP) announced that its decision to contest the 2026 local government elections, has now entered “implementation phase”;
- The SACP Secretary General, Solly Mapaila argued that had the African National Congress (ANC) agreed to the reconfiguration of the alliance, then the SACP would not have moved ahead with contesting next year's elections;
- Nevertheless, the SACP recommitted itself to the alliance and poured cold water on allegations that they may break away;
- ANC Secretary General Fikile Mbalula slammed the decision of the SACP as “disastrous” and a decision that will weaken the ANC;.
- Meanwhile, ANC national spokesperson Mahlengi Bhengu confirmed that the ANC would meet with the SACP to discuss the implications of their decision, including the issue of dual membership between the two parties.

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LEGISLATIVE/REGULATORY UPDATES

Virtual Colloquium on SA's G20 Presidency

- On 1 September, the Portfolio Committee on International Relations and Cooperation co-hosted a virtual colloquium with the Southern African Liaison Office (SALO) on the people's expectations for South Africa's G20 Presidency: A conversation with non-state actors;
- The colloquium discussed a number of issues including the need for greater inclusivity and representation of specific groups, such as people with disabilities, the LGBTQI+ community, and Indigenous peoples;
- Beyond broadening public participation, the non-state actors recognised the importance of addressing socio-economic issues such as gender-based violence, healthcare, and drug abuse, and have emphasised the need for collective action to address these challenges;
- The discussions further weighed in the role of different engagement groups, such as the B20, G20 Social Summit, L20, T20, W20, and Y20, in shaping policies and promoting sustainable development;
- The colloquium aimed to produce a concrete way forward which will be submitted to the Department of International Relations and Cooperation and subsequently to the Office of the Speaker;
- These recommendations will inform and shape the discussions and outcomes at the G20 summit in November.



AFRICA WATCH

The Africa Food Systems Forum 2025

- On 5 September, the Africa Food Systems Forum (AFSF) concluded in Dakar, Senegal, with over 6,000 delegates from 113 countries;
- The forum, themed "Africa's Youth Leading Collaboration, Innovation and Implementation of Agri-Food Systems Transformation," aimed to drive agricultural growth and development on the continent;
- Discussions at the forum focused on implementing the Maputo and Malabo Declarations, including the commitment made by African states to allocate at least 10% of GDP to agriculture;



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- Emphasis was placed on leveraging technology, investing in research, and strengthening intra-African trade to drive agriculture growth, with a focus on youth leadership;
- The forum aligned with the AU Kampala Declaration on the Comprehensive Africa Agriculture Development Programme (CAADP) for 2026-2035.

DRC and M23: Shaky Road to Peace



- On 1 September, the March 23 Movement (M23) held a press conference in Goma in North Kivu Province to reaffirm its commitment to pursue the peace process with the Democratic Republic of Congo (DRC);
- At the press conference, M23 accused the DRC government of not implementing prerequisites for the next round of peace talks;
- M23 stated that the DRC Armed Forces (FARDC) had flouted agreed-upon principles by failing to release 700 prisoners and conducting escalated operations in South Kivu, breaching the ceasefire;
- The DRC government and M23 have traded accusations of ceasefire violations. However, the M23 still expressed trust in the Qatari mediation;
- In contrast, DRC President Felix Tshisekedi has expressed scepticism about external mediation, stating that Congolese problems should be solved by Congolese themselves and that he will not endorse any dialogue outside the DRC.

INTERNATIONAL UPDATES

China's Military Parade

- On 3 September, President Xi Jinping hosted Russian President Vladimir Putin and North Korean leader Kim Jong Un, along with multiple other world leaders to celebrate the 80th anniversary of the victory in the Chinese People's War of Resistance against Japanese Aggression and the World Anti-Fascist War;
- The parade boasting a number of non-Western attendees from Vietnam, Malaysia, Maldives, Nepal, and Zimbabwe, among others underscored China's expanding network of diplomatic influence beyond the traditional Western sphere;



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- The parade which unveiled a wide array of cutting-edge military hardware, nuclear and hi-tech weaponry, signaled a powerful message of unity challenging Western dominance and the existing global order;
- The event can be seen as a strategic geopolitical statement, with Xi's speech framing it as a turning point in China's "great rejuvenation", noting that the country is not intimidated by bullies and positioning the nation as a rising superpower.

The Shanghai Cooperation Organisation Summit

- On 31 August, President Xi Jinping hosted the Shanghai Cooperation Organisation (SCO) summit in Tianjin, advocating for a new global security and economic framework that prioritises the Global South, placing this as a direct challenge to U.S. dominance;
- The summit held over a two-day period (31 August to 1 September) drew over 20 non-Western leaders, including Russian President Vladimir Putin and India Prime Minister Narendra Modi;
- The first day involved bilateral engagements between the leaders, laying the foundation for strategic alignment;
- At the "SCO Plus" meeting held on September 1, President Xi announced a new Global Governance Initiative (GGI), pointing towards China's intention to lead the development of a new international order. This is one of four of Xi's "global initiatives," adding to the Global Development Initiative, Global Security Initiative, and Global Civilization Initiative;.
- During the SCO plus, Xi announced the establishment of an SCO development bank, offering 2 billion yuan in aid, and 10 billion yuan in loans to SCO members, though not a substantial amount, it provides an alternative to US aid;
- China has positioned itself as a leader in efforts to shift the global South away from the dependence of the West.



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