WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

Economic Highlights

Parks Tau on EVs in South Africa

- On 3 October, Minister of Trade, Industry and Competition (DTIC), Parks Tau warned in his keynote speech at the South African Auto Week that the country must quickly shift to New Energy Vehicles (NEVs), including Electric Vehicles (EVs), to stay competitive, as major export markets like the EU and UK plan to ban new fossil-fuel vehicle sales by 2035, potentially costing South Africa nearly half its vehicle exports;
- He stressed the auto sector's importance, noting it added 5.2% to GDP in 2024, supported about 500,000 jobs, and drove R268.8-billion in exports to 155 countries, while domestic NEV sales hit 15,611 units that year, with steady growth and over R12-billion in new investments;
- Government has updated the Automotive Production and Development Programme to include EVs and components, and will offer a 150% tax break starting in 2026 for investments in EV and hydrogen vehicle production, alongside skills training partnerships with universities;
- Tau announced the finalisation of the National Critical Minerals Strategy to secure supply chains, draw gigafactories, and create hubs for battery assembly, recycling, and research, leveraging South Africa's rich deposits of platinum, manganese, nickel, cobalt, and rare earths;
- He highlighted African growth opportunities via the African Continental Free Trade Area (AfCFTA), where exports to the continent reached R48.1billion in 2024 (up 12.4% from 2023), and called for an African Auto Pact to harmonise policies, build regional value chains, and foster battery manufacturing collaboration;
- These remarks align with and advance the 2023 EV White Paper's roadmap for building a local EV ecosystem through incentives, local production, and mineral beneficiation to create jobs and integrate into global clean energy transitions;
- Tau's statements signal stronger government commitment to the EV shift, likely spurring investments and job preservation in the auto industry while enhancing South Africa's role in African green manufacturing.

Purchasing Managers Index (PMI)

- On 3 October, the S&P Global South Africa PMI increased slightly to 50.2 in September from 50.1 in August, signaling a mild expansion in the private sector for the fifth consecutive month;
- The improvement was driven by increases in output, with the output index climbing to support overall growth in business activity;
- Export orders rose for the first time since March, boosted by stronger demand from African markets despite weaker U.S. orders;
- Business confidence for the 12-month outlook fell to the lowest level since July 2021, with less than a third of firms expecting output growth, citing economic and political uncertainty as well as a disrupted geopolitical landscape prompting some to reroute export channels;
- Senior Economist at S&P Global Market Intelligence, noted that softening price pressures could lead to declining CPI inflation and potential interest rate cuts in November, though businesses remain cautious about growth prospects.

Government Updates

DP Mashatile's Working Visit to Senegal

- On 7 October, Deputy President Paul Mashatile attended the 2nd Edition of the Invest in Senegal Forum in Dakar Senegal, at the invitation of Senegal's Prime Minister, Ousmane Sonko;
- The Invest in Senegal Forum is an investment forum focused on promoting trade and investment by connecting global business communities of Senegal, Africa and the world;
- During the visit, Mashatile held talks with Sonko, intended to strengthen bilateral, political, and economic relations;
- The focus of these discussions was expanding trade and investment, transforming economies of both countries, manufacturing, adding value to products and making both countries more competitive on the global stage;

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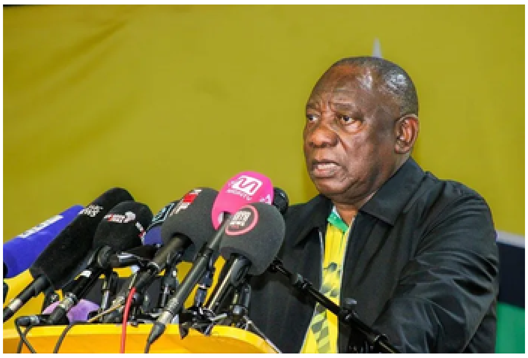
- This working visit to Senegal comes at a time where there has been an accelerated focus on intra-Africa trade and investment in light of global trade disruptions;
- This trip to Senegal follows Mashatile's recent international engagements, including the South Africa-France Investment Conference in May 2025, where he emphasised industrial growth and job creation;
- These activities show a pattern of proactive diplomacy from the South African government to open up new markets for South African goods and to boost trade volumes, especially in areas like mining, agriculture, and manufacturing.

Political Updates

ANC Unveils Economic Recovery Plan



- On 6 October, the African National Congress (ANC) concluded its special National Executive Committee (NEC) meeting where it outlined its 10-point plan for economic recovery;
- The plan was developed by the NEC in response to concerns over the current state of the economy;
- One of the ANC's top priority interventions is to accelerate the recovery of Transnet's logistics network, with a specific focus on getting freight rail fully operational;
- The party is also announced that government is exploring ways to rebuild the country's chrome and manganese industries to boost exports to the international market;
- The NEC also emphasised plans for accelerated trade diversification and strengthening South Africa's participation in the African Continental Free Trade Area (AfCFTA);
- Accelerated trade diversification has been evident over the last few months across several sectors, particularly in Agriculture, making South Africa less dependent on unreliable trade global trade partners.

BOSA, GOOD, and RISE Mzansi to Form a Joint Political Party

- On 5 October, leaders from Build One South Africa (BOSA), GOOD, and Rise Mzansi revealed plans to merge into a new political party, Unite for Change (Unite);
- The three leaders further announced that Unite will be registered with the Electoral Commission of South Africa (IEC) ahead of the 2026 local government elections, where the leaders will collectively choose and field candidates to contest in the local government elections;
- The leaders confirmed that the new party will feature a dual membership system, allowing individuals to belong to both their original parties and the new party;
- Although the formation of UNITE resembles the Multi-Party Charter in terms of a pre-election alliance, however unlike the Charter's loose pre-election alliance, Unite will be formally registered as a standalone party, with the founding parties absent from the ballot;
- It however remains unclear if BOSA, GOOD and Rise Mzansi will de-register themselves and collapse into Unite, or keep their parties operational, but without contesting the elections.

Legislative Highlights

Ad Hoc Committee to Investigate Allegations Made by (Lt Gen) Mkhwanazi

- On 7 October, the parliamentary ad hoc committee, established under National Assembly Rule 253, to investigate allegations raised by KwaZulu-Natal Provincial Commissioner, Lieutenant General. General. Nhlanhla Mkhwanazi began its public oral hearings in Parliament, with Mkhwanazi as the first witness;
- Mkhwanazi's testimony was delayed by a dispute over his statement's validity, as Member of Parliament (MP) Julius Malema insisted on an original affidavit to assert parliamentary autonomy over the parallel Madlanga Commission of Inquiry;

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- Mkhwanazi's evidence, revealed claims of syndicate sabotage of the Political Killings Task Team, and alleging leaks by MPs and journalists;
- A heated debate over Democratic Alliance's Kohler Bernard's recusal transpired due to her implication, underscoring concerns about procedural fairness;
- 09 October, Police Commissioner Fanie Masemola appeared before the committee and revealed that the Police Minister disbanded the PKTT over a letter from Mary de Haas;
- Constitutionally, the Ad Hoc Committee is empowered under Section 55(2) to oversee executive actions, summon witnesses, compel documents as enshrined in the Powers and Privileges Act, and propose legislation or sanctions to strengthen parliamentary oversight and public trust, with public hearings ensuring transparency;
- It contrasts the Madlanga Commission, appointed by President Ramaphosa under Section 84(2)(f), which is an executive-led inquiry with a broader systemic focus, empowered to investigate and recommend reforms to the President but lacking binding authority, relying on executive implementation;
- The committee's legislative focus and public accountability distinguish it from the commission, less time-bound role.

Notice of Proposed Export Controls on Chrome Ore

- On 3 October, the Department of Trade, Industry and Competition (DTIC), issued a gazette announcing a Cabinet decision to introduce export controls on chrome ore through permits issued by the International Trade Administration Commission of South Africa (ITAC), as authorised under Section 6(1)(d) of the International Trade Administration Act, 2002 (Act No. 71 of 2002);
- The notice outlines a strategic intervention to revitalise South Africa's declining chrome value chain, a critical component of the nation's mining and industrial sectors, which has been undermined by rising electricity costs, global market pressures, and unregulated raw ore exports that hinder local beneficiation;
- By requiring exporters to obtain ITAC-issued permits, the proposed measure aims to manage chrome ore exports strategically, ensuring more of this critical mineral is processed domestically to enhance the competitiveness of the chrome industry, create jobs, and support South Africa's industrialisation and mineral beneficiation strategy;
- To promote transparency and inclusivity, the notice invites stakeholders, including mining companies, ferrochrome producers, trade unions, and local communities, to submit written comments within four weeks, by 31 October 2025, to refine the policy;
- The proposed export controls reflect a targeted trade policy to retain greater economic value within South Africa, fostering sustainable growth in the chrome sector by prioritising local processing over raw ore exports.

Africa Watch

Kenya hosts the 24th COMESA Summit of Heads of State and Government

- On 9 October, the 24th COMESA Summit, hosted by Kenya at Nairobi's Kenyatta International Convention Centre, concluded with a focus on boosting intra-regional trade (currently at 14%), reducing barriers, and advancing digitalisation;
- Preceded by the COMESA Business Forum on 7 October 2025, and a Ministers of Foreign Affairs meeting on 8 October, the summit emphasised public-private dialogue to enhance trade under the theme "Leveraging Digitalisation to Deepen Regional Value Chains for Sustainable and Inclusive Growth";
- As Kenya took the 2025-2026 COMESA chairmanship from Burundi, President William Ruto positioned its capital city, Nairobi, as a hub for digital trade facilitation and deeper market access across the 21-member bloc;
- Kenya called for the harmonisation of trade rules, evoking the COMESA-EAC-SADC Tripartite Free Trade Area, the elimination of non-tariff barriers, and the integration, acceleration and enhancement of digital tools similar to the Electronic Certificate of Origin (e-CO) launched on 2 October 2025;
- As the fifth COMESA member to adopt this web-based system, Kenya replaces inefficient paper-based certification, reducing border delays, fraud, and costs, such as eliminating the $3 manual fee;

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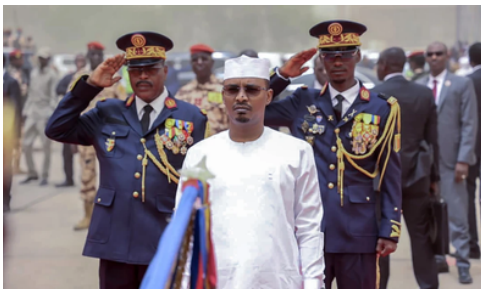
- This aligns with the COMESA Free Trade Area and AfCFTA, benefiting small and medium enterprises by enabling faster tariff preference claims;
- Overall, the Summit spoke on prioritising trade goals, including freer market access amongst COMESA member states and beyond, standardised regulations, and stronger value chains to shift from raw to processed exports;
- Despite challenges like infrastructure gaps and regulatory fragmentation, the summit emphasised digitalisation as a tool to foster a competitive, integrated COMESA market and drive sustainable economic growth. Concluding with the adoption of the 2025 COMESA Business Declaration, which operationalises inroads towards achieving heightened intra-Africa trade.

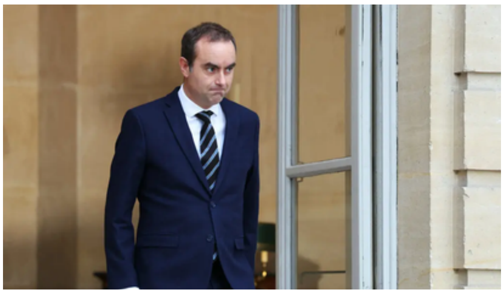
Chad Scraps Presidential Limit



- On 3 October, Chad's parliament swiftly passed a constitutional amendment allowing President Mahamat Idriss Deby to serve an unlimited number of terms, raising concerns among opposition groups about the entrenchment of authoritarian rule;
- The amendment, spearheaded by Deby's Patriotic Salvation Movement (MPS), extends the presidential term from five to seven years, renewable without restriction, and was approved by an overwhelming 236 out of 257 lawmakers, ten days ahead of schedule, demonstrating the ruling party's dominance in both legislative houses;
- Additionally, the changes prolong parliamentary terms and restore immunity for government officials, further consolidating power within the ruling elite;
- Albeit the amendment will take effect at the next presidential election, critics, including opposition leader Albert Pahimi Padacke, argue that it effectively grants Deby an immediate two-year extension, labelling the move as "unconstitutional and authoritarian";
- The vote faced resistance, with some opposition members, notably from the National Rally of Chadian Democrats, boycotting proceedings in protest;
- Deby, who assumed power as transitional leader in 2021 following his father's death and secured a contentious victory in the May 2024 election, now holds significantly strengthened authority;
- The implications of this amendment are profound: while supporters may view it as a stabilising measure to ensure continuity under Deby's leadership, opponents warn it undermines democratic principles, risks entrenching a single-leader system, and could exacerbate political tensions in a country already grappling with fragile governance and disputed electoral processes;
- The reinstatement of official immunity and extended parliamentary terms further insulate the ruling class, potentially stifling accountability and dissent, which could deepen public discontent and destabilise Chad's political landscape in the long term.

International Affairs

French Prime Minister Resigns



- On 6 October, French Prime Minister Sébastien Lecornu resigned just hours after unveiling his new cabinet, marking the shortest tenure of a Prime minister in French history, with Lecornu having served for less than a month;
- The resignation was triggered by intense political deadlock, with Lecornu facing pressure from a fragmented parliament after the July 2024 elections, where no party secured a majority, and President Emmanuel Macron's decision to appoint him despite opposition from rival parties;
- Due to a number of no confidence votes and opposition, France has cycled through multiple Prime Ministers since 2023;
- After his appointment, one of the key matters that Lecornu set to attend to was the 2026 Budget, which never materialised as opposing parties sought to have their agendas realised without compromise;
- Lecornu's shock resignation triggered a sharp drop in Paris stock exchange indices and weakened the euro, signaling investor panic over deepening political divides and eroding confidence in France's ability to stabilise its finances amid global uncertainties;
- The resignation and ongoing political crisis deepen France's economic challenges, shaking investor confidence, increasing borrowing costs, stalling critical financial reforms, and potentially slowing economic growth.

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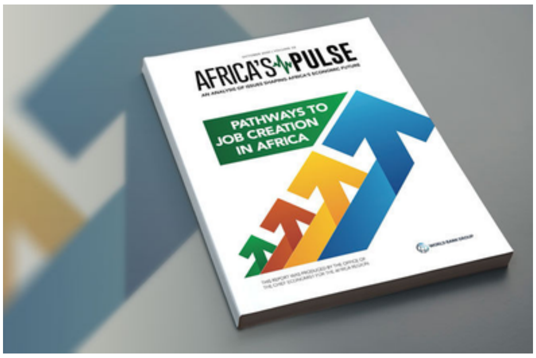
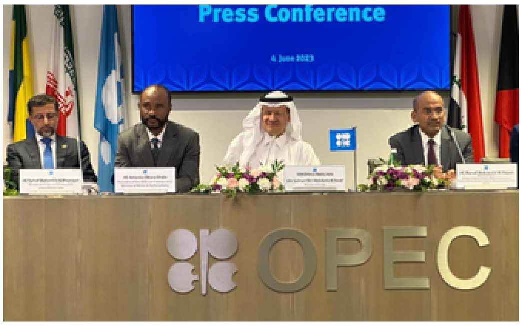
World Bank Africa's Pulse Report



- On 7 October, the World Bank released its latest Africa's Pulse report, increasing the economic growth forecast for Sub-Saharan Africa to 3.8% for 2025, from the previous 3.5% projection in 2024, with expectations for further increase to an average of 4.4% annually in 2026/27;
- The increase is largely driven by a significant drop in inflation, which peaked at 9.3% in 2022 but fell to 4.5% in 2024 and is projected to stabilise at 3.9-4.0% in 2025/26, enabling central banks to ease interest rates and boost private spending and investment;
- Growth projections were revised upward for 30 out of 47 regional economies, including Nigeria, Ethiopia, and Ivory Coast, supported by stabilising currencies and improved trade conditions;
- The report highlights resilient economic activity despite global uncertainties, with lower inflation fostering recovery in consumer confidence and business activity across the region;
- These positive outcomes signal a strengthening recovery for Sub-Saharan Africa, potentially easing poverty pressures and enhancing stability through job creation if leveraged properly. However, Sub-Saharan Africa still remains vulnerable to external risks like trade tensions and climate shocks, emphasising the need for targeted reforms to ensure inclusive and sustainable growth;
- On the other hand, the World Trade Organization (WTO) downgraded its global trade growth forecast to 0.5% for 2026, a decrease from the previously estimated 1.8%, pointing to weaker global demand and persistent geopolitical tensions such as the US tariffs;
- Global GDP is expected to decrease by 0.1% in 2026 to 2.6%, with all regions predicted to face weaker import growth in 2026, particularly North America, whereas Asia and Africa saw stronger export gains in 2025;
- The positive outcomes from the World Bank report signal a strengthening recovery for Sub-Saharan Africa, potentially easing poverty pressures and enhancing stability through job creation if leveraged properly, however, still remaining vulnerable to external risks like trade tensions. This vulnerability is emphasized by the global trade downgrade which could signal limited export opportunities fir Sub-Saharan African economies. The downgrade calls for the need to strengthen regional integration and export diversification to mitigate external vulnerabilities.

The Organisation of the Petroleum Exporting Countries (OPEC) Meeting



- On 5 October, OPEC+ countries, including Saudi Arabia and Russia, met virtually and agreed to modestly increase oil production by 137,000 barrels per day (bpd) starting in November 2025;
- Throughout the year, the group has already increased output targets by over 2.7 million bpd, approximately 2.5% of global demand, however, the actual increases have been uneven due to capacity constraints;
- The decision reflects divergent views from Russia and Saudi Arabia, with Russia pushing for the small increase to protect oil prices given its production constraints due to sanctions, while Saudi Arabia lobbied for a larger hike to regain market share more quickly using its spare capacity;
- OPEC+ reaffirmed its commitment to market stability through cautious, phased approach to restoring supply, while closely monitoring demand recovery and geopolitical risks;
- The group scheduled the next review meeting for 2 November and emphasised flexibility to adjust or reverse future hikes based on evolving market conditions;
- These outcomes provide a little boost to global oil supply, potentially easing prices for consumers and supporting economic activity in importing nations, but risk adding pressure on oil prices if demand weakens further, challenging OPEC+'s market share goals and revenue for producer countries.

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