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WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

ECONOMIC UPDATES

NERSA APPROVES REVISED TARIFF



- On 8 February, the National Energy Regulator of South Africa (Nersa) approved revised higher electricity tariff increases for Eskom following a recalculation of allowable revenue, granting an additional R54.7 billion (approximately \$3.4 billion) to the utility over the coming years;
 - The decision stemmed from errors in Nersa's original Multi-Year Price Determination (MYPD4) calculations announced in January 2025, which underestimated Eskom's costs and regulatory asset base, leading to a revenue shortfall;
 - Nersa conducted a public participation process starting late December 2025 and, after reviewing comments, confirmed the same R54.7 billion additional revenue figure, previously agreed to in a July 2025 settlement with Eskom;
 - As a result, average electricity tariffs will rise by 8.76% effective from 1 April 2026 for direct Eskom customers and 1 July for municipal ones, and rise to 8.83% from April 2027, replacing the originally approved lower increases of 5.36% and 6.19% respectively;
- The approval has drawn sharp criticism from opposition parties like the DA and EFF, who described it as a "rubber-stamping" of a flawed prior deal, a betrayal of consumers and burdensome amid economic pressures. However, Nersa stated the phased approach balances Eskom's financial sustainability with customer affordability;
- The approved increase is expected to support Eskom's revenue recovery and operational stability, though it highlights ongoing structural challenges within South Africa's electricity sector and the need for long-term reform.

SA-CHINA SIGN TRADE DEAL

- On 6 February 2026, South African Minister of Trade, Industry and Competition (DTIC) Parks Tau and his Chinese counterpart, Minister of Commerce Wang Wentao, signed the Framework Agreement on Economic Partnership for Shared Prosperity during the 9th meeting of the China-South Africa Joint Economic and Trade Commission in Beijing;
 - The landmark framework agreement paves the way for South Africa to enjoy zero-tariff treatment on 100% of tariff lines for its exports to China, consistent with World Trade Organisation (WTO) rules, marking South Africa as the 33rd African country to sign such an arrangement with China;
 - This follows China's June 2025 announcement to extend zero-tariff treatment across 100% of tariff lines to 53 African countries maintaining diplomatic relations with China, aimed at boosting African exports and providing greater market access, particularly for least developed countries;
- The agreement encompasses cooperation in trade, investment, new energy, and multilateral frameworks, with both sides committing to expand bilateral trade volumes, including enhanced exports of South African agricultural products such as citrus, rooibos tea, and other high-value goods, as well as manufactured items;
- Minister Tau emphasised that the deal will enhance trade with China, increase South African exports, and support the rebuilding of industrial capacity, while creating opportunities for South African businesses to access the Chinese market in sectors like mining, agriculture, automotive, renewable energy, and technology;
- The framework will be followed by negotiations and conclusion of an "Early Harvest Agreement" by the end of March 2026, which will operationalise the duty-free access for South African exports and facilitate greater Chinese investment into South Africa;
- Minister Wang Wentao highlighted China's commitment to countering unilateralism and protectionism by strengthening coordination with South Africa in multilateral bodies such as the WTO and BRICS, to uphold the rules-based multilateral trading system;
- Next steps focus on implementation, including investments in South African industrialisation, alignment of standards and regulations to ease market access, and exploring opportunities for South African companies to establish a presence in China, while safeguards will be negotiated to protect sensitive domestic sectors;
- This development comes amid South Africa's efforts to diversify trade partnerships and deepen economic ties with China, amid global trade challenges including recent U.S tariffs on South African imports, underscoring a strategic pivot toward enhanced bilateral and multilateral cooperation for shared prosperity.





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SOUTH AFRICA'S GLOBAL AGRICULTURAL EXPORT RECORD



- On 9 February, the Agricultural Business Chamber of South Africa (Agbiz) announced that South Africa's agricultural exports reached a record high of \$15.1 billion in 2025, marking a 10% year-on-year increase from 2024 and extending seven consecutive years of export growth;
- The milestone was driven by higher export volumes and improved commodity prices across key categories, including strong performances in maize, citrus fruits, table grapes, and wine, with momentum continuing into the final quarter of 2025;
- Despite the record, exports to the United States slumped significantly in the second half of the year due to US-imposed tariffs of up to 30%;
- The overall resilience stemmed from diversification, with the rest of Africa absorbing the largest share of around 53% in Q4), followed by Asia, Europe, and the Middle East, compensating for the US downturn and reinforcing agriculture's role as a consistent economic bright spot amid global trade uncertainties and tensions;
- Additionally, On 05 February, Agriculture Minister John Steenhuisen announced the South Korea has approved market access to South Africa for fresh table grapes, marking a significant boost for South African agricultural exports and the table grape industry;
- The record export performance reinforces agriculture's role as a key contributor to South Africa's trade balance, rural employment, and foreign exchange earnings.

GOVERNMENT UPDATES

SA WITHDRAWS TROOPS FROM MONUSCO

- On 8 February 2026, South Africa announced its decision to withdraw its troop contribution to the United Nations Organisation Stabilisation Mission in the Democratic Republic of Congo (MONUSCO);
- According to the Presidency, the withdrawal is driven by the need to consolidate and realign resources within the South African National Defence Force (SANDF), marking the end of 27 years of continuous South African support to UN peacekeeping efforts in the DRC;
- MONUSCO, established by the UN Security Council in 1999 to support the Lusaka Ceasefire Agreement, has evolved over time to focus on protecting civilians, humanitarian personnel, and human rights defenders under threat of violence, while assisting the DRC government in stabilisation and peace consolidation; it is distinct from the now-terminated Southern African Development Community Mission in the DRC (SAMIDRC);
- South Africa currently contributes over 700 soldiers to MONUSCO, ranking among the top troop-contributing nations;
- South Africa has stated that the withdrawal will be phased and coordinated jointly with the UN to ensure an orderly, safe transition, with completion expected before the end of 2026;
- This decision follows significant challenges, including the deaths of at least 13-14 SANDF soldiers in clashes with M23 rebels in eastern DRC in January 2025 (primarily under the separate SAMIDRC framework, though some MONUSCO incidents occurred), which sparked widespread backlash and criticism;
- Despite the withdrawal from MONUSCO, the South African government has reaffirmed its commitment to maintaining close bilateral relations with the DRC and providing ongoing support to multilateral peace efforts led by the Southern African Development Community (SADC), the African Union (AU), and the United Nations to achieve lasting stability in the region;
- The move signals a strategic shift in South Africa's defence priorities amid resource constraints, but it has drawn mixed reactions, including praise from groups like M23 for acknowledging perceived mission failures, while underscoring the broader difficulties of sustained peacekeeping in a volatile conflict zone.



RAMAPHOSA DELIVERS THE SONA

- On 12 February 2026, President Cyril Ramaphosa delivered the State of the Nation Address (SONA) at Cape Town City Hall, reflecting on progress made since 2025 under the Government of National Unity (GNU), commemorating key historical milestones, and outlining priorities for inclusive growth, security, service delivery, and governance reform;
- The President highlighted significant macroeconomic gains, including South Africa's full removal from the FATF grey list through anti-corruption and institutional rebuilding, alongside four quarters of GDP growth, budget surpluses, improved credit ratings, declining interest rates, record-low inflation, and strong JSE performance, creating a more stable and attractive environment for business investment and expansion;
- Building on this renewed economic confidence, Ramaphosa emphasised that Operation Vulindlela has achieved the complete end of load shedding, restored passenger rail services, enhanced ports and rail efficiency, and introduced competition in energy, water, and logistics, directly reducing operational costs and disruptions for businesses across sectors;



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- The President further announced a massive R1 trillion public investment pipeline over three years in roads, rail, ports, dams, renewables, and sanitation (including R156 billion allocated), leveraging PPPs, the Infrastructure Fund, bonds, and concessions to attract private capital and unlock growth in construction and logistics, while stressing fiscal sustainability and anti-corruption safeguards;
- To ensure these infrastructure gains translate into reliable daily services, Ramaphosa escalated accountability measures for municipal failures, including the Water Services Amendment Bill to enable license withdrawals and interventions for underperforming providers, a President-chaired National Water Crisis Committee, R54 billion in performance-tied incentives for metros, and charges against 56 entities and managers for violations, aiming to deliver consistent water and supply for water-intensive industries;
- In parallel, the President declared organised crime the paramount threat to democracy, the economy, and society, launching intensified efforts with technology, intelligence consolidation, multidisciplinary teams, and a new national illicit economy disruption programme using AI and data tools to target high-risk sectors like tobacco, fuel, alcohol, and counterfeits, thereby protecting legitimate businesses from extortion, smuggling, and economic leakage;
- The President announced SANDF support for police operations in Western Cape and Gauteng hotspots to combat gang violence and illegal mining (zama zamas), building on prior interventions to provide short-term relief for affected communities and businesses in retail and logistics, though noting the need to address underlying socioeconomic drivers for long-term sustainability;
- Complementing these security measures, reforms in policing and justice were outlined, including re-vetting of senior officers, full implementation of the Madlanga Commission recommendations, finalisation of a permanent independent anti-corruption body, and advancement of the Whistle-Blower Bill with enhanced protections, all aimed at fostering greater transparency, ethical governance, and legal predictability for business operations;
- Extending the focus on ethical institutions, Ramaphosa committed to export ramp-up in agriculture through new markets, blended finance, and protective tariffs for vulnerable sectors like steel and automotive, alongside mineral beneficiation to add local value and safeguard jobs amid global trade uncertainties;
- This 2026 SONA demonstrated a clear progression from 2025's foundational pledges to measurable stabilisations (grey list exit, no load shedding, economic indicators), signalling enhanced predictability and opportunities for businesses through PPPs, reforms, and trade focus, while the persistent emphasis on enforcement reflects both confidence in recent gains and recognition that delivery gaps, particularly in municipalities and job creation, continue to undermine public trust and long-term inclusive growth.
- [Read more on our in depth analysis of the SONA.](#)

POLITICAL UPDATES

PARTIES REACT TO PRESIDENT RAMAPHOSA'S 2026 SONA

- On 12 February 2026, President Cyril Ramaphosa delivered the State of the Nation Address (SONA) at Cape Town City Hall, outlining priorities including economic growth, crime-fighting measures such as SANDF deployment to assist police in combating gang violence and illegal mining in the Western Cape and Gauteng, and broader governance reforms under the Government of National Unity (GNU);
- Political parties represented in Parliament expressed mixed reactions, with opposition parties largely criticising the address for lacking new substance or delivery mechanisms, while GNU-aligned parties offered more positive assessments;
- uMkhonto weSizwe (MK) Party strongly criticised the speech, with MP Mzwanele Manyi describing it as a "complete waste of time" and a "state of nothingness address," arguing that it merely repeated previous commitments without any tangible results or evidence of progress over Ramaphosa's tenure;
- Economic Freedom Fighters' (EFF) leader Julius Malema welcomed the announcement of SANDF deployment to support police operations against gangsterism in townships, viewing it as a necessary intervention and confirmation that the South African Police Service (SAPS) has "dismally failed" in its duties; however, he dismissed much of the address as recycled rhetoric and an electioneering tactic ahead of upcoming polls;
- Rise Mzansi leader Songezo Zibi described the SONA as delivering "no surprises," emphasising that past big promises have often lacked budgetary support or follow-through; he stressed the need for "urgency, care and accountability" in implementation to turn commitments into real outcomes;
- In contrast, parties within the GNU reacted positively with DA leader John Steenhuisen calling the speech "solid" and a departure from previous addresses, praising its focus on identifying problems and outlining necessary actions, while urging swift implementation and a drive toward economic growth;
- Other GNU partners and figures, such as ANC Treasurer-General Gwen Ramokgopa, described the address as "inspiring," and Patriotic Alliance leader Gayton McKenzie hailed it as one of Ramaphosa's best, noting that it addressed key public concerns comprehensively;
- These divergent responses reflect broader political divides, with opposition voices highlighting gaps between promises and delivery amid ongoing challenges like crime, unemployment, and infrastructure, while GNU supporters see the address as evidence of renewed momentum and practical focus following coalition formation.





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LEGISLATIVE/REGULATORY UPDATES

DEVELOPMENTS ON THE CLIMATE CHANGE ACT



- On 6 February, the Department of Forestry, Fisheries, and the Environment (DFFE) published the issuance of pollution prevention and mitigation plans under the Climate Change Act in conjunction with the National Environmental Management: Air Quality Act;
 - These plans are directed at designated entities or sectors, notably the energy sector, mining, industrial manufacturing and inter alia agricultural processing, who are all required to address air pollutants, greenhouse gas emissions, or related environmental impacts by complying with prescribed standards to curb climate-altering emissions and improve air quality as part of South Africa's evolving climate response framework;
 - The Climate Change Act, assented to in 2024 and aimed at facilitating a just transition to a low-carbon, climate-resilient economy, integrates mechanisms like carbon budgets, mitigation planning, and the transition from earlier pollution prevention requirements to align with national and international commitments on adaptation and emission reduction;
- DFFE's issuance reflects South Africa's ongoing implementation of the Climate Change Act in early 2026 by way of active regulatory enforcement to drive emission reductions and pollution controls. It highlights the integration of air quality management with broader climate mitigation strategies to support sustainable development and compliance obligations.

INCREASED CONDITIONAL DISASTER FUNDING TO PROVINCES AND MUNICIPALITIES

- On 6 February, the National Treasury, through the Minister of Finance Enoch Godongwana, issued a notice in the regulation gazette drawing sections 6(4), 7(4), and 8(4) of the Division of Revenue Act;
- The Minister announced an increase in conditional allocations to provinces and municipalities that were severely struck by natural disasters to support the recovery and rehabilitation of infrastructure damaged by disasters that were officially classified in March 2025;
- The schedule details the allocations of an aggregate R955, 955 in the national total for the 2025/26 fiscal year, with the largest portions directed to
 - KwaZulu-Natal (R393,800 total across various municipalities and districts),
 - Limpopo (R407,155),
 - Mpumalanga (R90,000),
 - North West (R65,000),
- Key conditions attached to these funds include restricting their use exclusively to repairing infrastructure damaged in the March 2025-classified disasters, limiting expenditure to projects verified and approved in the National Disaster Management Centre's post-disaster assessment reports, requiring full spending by the end of the 2025/26 financial year, and ensuring compliance with the relevant grant frameworks and reporting obligations outlined in the Act;
- This allocation reflects the ongoing administrative and financial response to earlier severe weather events, including heavy rainfall, flooding, or related environmental impacts from around February 2025 that prompted disaster classifications, accentuating the significant economic burden of natural disasters on South African infrastructure and the importance of targeted intergovernmental funding to aid timely recovery in affected provinces and local municipalities.



AFRICA WATCH

ETHIOPIA DEMANDS ERITREAN TROOPS WITHDRAWAL

- On 7 February, Ethiopian Foreign Minister Gedion Timothewos sent a letter to his Eritrean counterpart, Osman Saleh Mohammed, accusing Eritrean forces of occupying parts of Ethiopian territory along their shared border for an extended period;
- He described these actions, along with alleged joint military manoeuvres between Eritrean troops and rebel groups in Ethiopia's northwestern border areas, as outright aggression rather than mere provocations;
- Ethiopia further claimed that Eritrea was actively supporting and providing material assistance to armed groups fighting against federal forces, while preparing for potential escalation and war;
- Thus Timothewos demanded the immediate withdrawal of Eritrean troops and an end to all collaboration with rebels, while emphasising that Ethiopia remained open to good-faith dialogue and negotiations on mutual interests, including maritime issues and access to the Red Sea via Eritrea's port of Assab, if Eritrea respected Ethiopian territorial integrity;



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- Eritrea swiftly rejected these allegations as patently fabricated, false, and astonishing in their motivation, objectives, substance, and tone, viewing them as part of a prolonged hostile campaign by Addis Ababa;
- Asmara's information ministry stated that Eritrea had no interest in engaging in acrimonious exchanges to worsen the situation;
- The accusations come within the context of longstanding mutual distrust: Ethiopia has also accused Eritrea of collaborating with rebels opposing the 2022 Tigray peace deal, while Eritrea counters that Ethiopia seeks to seize its port at Assab to gain sea access as a landlocked nation;
- Relations between the two former allies, once united during the 2020-2022 Tigray conflict after signing a 2018 peace deal following their 1998-2000 war, have deteriorated sharply since Eritrea was excluded from the Tigray agreement;
- Recent developments include Ethiopian Prime Minister Abiy Ahmed publicly alleging Eritrean troops committed massacres in Aksum during the Tigray war, claims previously denied by Asmara, further fuelling the cycle of blame and counteraccusations;
- These fresh allegations, however, heighten the risk of direct military confrontation between Addis Ababa and Asmara, potentially destabilising the Horn of Africa further by unravelling the fragile Tigray peace, reviving cross-border proxy conflicts, and inviting greater external interference in an already volatile region, especially if no means for active pacific engagement are pursued by both administrations.

BURKINA FASO'S PARLIAMENT APPROVES POLITICAL PARTY BAN

- On 9 February, Burkina Faso's transitional parliament unanimously approved a bill that bans all political parties, with no opposition from any lawmakers;
- This legislation repeals the existing charter governing political parties as well as the laws regulating their electoral campaigns, financing, and the status of the political opposition;
- The move builds on restrictions that began in 2022, when the military seized power and initially suspended political party activities;
- Junta leader Captain Ibrahim Traoré, who has faced criticism for suppressing dissent, is widely viewed as using this step to further tighten his grip on power;
- Traoré came to power through a 2022 coup that ousted the previous junta head, Paul-Henri Sandaogo Damiba, who himself had taken control just nine months earlier;
- Although Traoré had initially pledged to restore civilian rule by 1 July 2024, the junta extended its governance for another five years shortly before that deadline;
- The decision follows an earlier announcement in late January 2026 by Interior Minister Emile Zerbo, who argued that the multiparty system had caused numerous abuses, fostered divisions among citizens rather than promoting national unity, and weakened the social fabric;
- All assets of the dissolved parties, previously numbering over 100 registered ones, with 15 represented in parliament after the 2020 elections, will be transferred to the state;
- The transitional legislature's approval effectively rubber-stamps the regime's determination to overhaul and eliminate multiparty politics in the country, creating a military state.



AFRICA'S MINING INDABA



- On 9 February, the Investing in African Mining Indaba 2026 kicked off in Cape Town under the theme *Stronger Together: Progress Through Partnerships*;
- Africa's premier mining event brought together government representatives, investors, executives, and community leaders to tackle challenges, unlock opportunities, and drive sustainable growth in the mining sector;
- In his opening address, South Africa's Minister of Mineral and Petroleum Resources, Gwede Mantashe urged African nations to unite in defending their mineral sovereignty against intensifying global competition for critical resources;
- Without coordination, he warned, the continent faces a destructive "race to the bottom" with investors;
- He shed light on South Africa's new Critical Minerals Strategy, which is now in implementation to boost industrialisation, value addition, and a predictable investment environment;



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- At the Indaba, Democratic Republic of Congo's (DRC) Mines Minister Louis Watum Kabamba stated that the DRC is pivoting from raw exports to local processing, regional integration, and flagship projects like the Greater Eastern Iron Ore Project (MIFOR) to enhance logistics along the Lobito Corridor;
- Zambia's President Hakainde Hichilema delivered a keynote speech, highlighting how regulatory certainty, strong institutions, transparency, and advanced technology have revived Zambia's mining sector, attracting billions in investment, and enabling public services, namely free education for 2.3 million children, all fuelled by booming copper demand;
- The Mining Indaba's overarching message was Africa's vast mineral wealth can fuel inclusive, continent-wide prosperity but only through smart partnerships, shared sovereignty (pooling efforts and acting collectively to protect and benefit from their mineral wealth), and on-continent value creation.

INTERNATIONAL AFFAIRS UPDATES

US-IRAN RENEGOTIATIONS



- On February 6, the United States and Iran resumed indirect negotiations over Iran's nuclear program, with talks held in Oman, mediated by Omani officials;
- The discussions aimed at reaching a new nuclear peace agreement or resolution to the dispute, building on but distinct from the expired 2015 Joint Comprehensive Plan of Action (JCPOA), which the US withdrew from in 2018 under Trump, amid heightened regional tensions;
- The negotiations have been described by both sides as a good and a constructive start, addressing core issues like uranium enrichment limits, Iran's stockpile, and potential prohibitions on weaponisation, though major differences persist, such as US demands to cap or relocate uranium enrichment and Iran's insistence on retaining domestic enrichment rights;
- US President Donald Trump called the round "very good," with plans for follow-up meetings early the next week, while warning of repercussions if no deal is reached, and Iranian officials criticized excessive US demands and external sabotage attempts;
- The outcome of these negotiations could influence broader geopolitical alignments and global economic conditions, particularly in energy-dependent markets.

END