

## **South Africa's Economy: Africa's Leading Economy** *by Pierre Vercueil — Updated Edition 2025–2026*

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Hello everyone and welcome to a new episode of EconoMag. Today, we take a closer look at South Africa, the most industrialized economy on the African continent — a country that combines exceptional natural wealth with deep social fragilities, in an increasingly uncertain global environment.

### **Africa's Leading Economy Facing Difficulties**

South Africa is the largest economy in Africa, with a GDP of around \$400 billion in 2024, ahead of Egypt, whose GDP stands at approximately \$383 billion.

It is also the only African country that is a member of both the BRICS and the G20, and by far the largest economy in Southern Africa, representing 61% of the region's GDP.

However, this leadership position masks a worrying reality. Real GDP growth reached only 0.6% in 2024, its worst performance since the post-Covid recession of 2020.

This near-stagnation confirms the slowdown of the post-pandemic recovery, as economic activity has increased by only 2.2% compared with its level at the beginning of 2020. Prospects remain moderate for 2025, with growth forecasts ranging between 0.8% (African Development Bank) and 1.4% (South African government).

### **Barriers to Growth: Energy and Logistics**

The main causes of this slowdown are well identified.

For years, the state-owned electricity company Eskom has been unable to meet demand with its aging power plants, leading to massive power outages — the well-known “load shedding” — which have severely disrupted industries and businesses.

Although the energy situation has improved since 2024 thanks to reforms in the sector, the country's industrial production system continues to suffer from persistent logistical bottlenecks, particularly in ports and rail networks, as well as a climate of high uncertainty.

### **A Diversified Economy, but Still Too Dependent on Mining**

South Africa's economy has many strengths: abundant natural resources, a strong manufacturing sector integrated into global value chains (representing 11.2% of GDP, notably through the automotive industry), a solid and sophisticated financial sector (accounting for 24.4% of GDP), and a growing tourism industry (around 8.8% of GDP).

Nevertheless, the economy remains relatively dependent on the mining industry, which still accounts for about 38.3% of exports.

The mining sector remains a strategic pillar. South Africa is the world's largest producer of platinum, accounting for around 75% of global production, and holds 65% of the world's chromium reserves.

The country also remains a major global producer of gold, platinum, chromium, and manganese. Several major mining projects are underway, including the Platreef project by Ivanhoe Mines, one of the largest undeveloped precious metal deposits in the world, which is expected to begin production in the fourth quarter of 2025, with a major expansion planned by 2027.

### Alarming Social Indicators

The weak economic growth has led to a rapid deterioration in living conditions.

The unemployment rate reached 32.9% in the first quarter of 2025, and exceeds 46% among young people.

Poverty levels are particularly high, with 63.4% of the population living on less than \$6.85 per day in 2024.

Inequality remains among the highest in the world, with a Gini coefficient of 0.63 in 2023. Crime, which is closely linked to these inequalities, places a heavy burden on the economy.

### BRICS+: A Symbolic but Strategic Role

South Africa remains the only African representative within the BRICS, a group that has undergone significant expansion in recent years.

Since January 2024, the BRICS have expanded to include Egypt, the United Arab Emirates, Ethiopia, and Iran, followed by Indonesia in early 2025, forming the BRICS+, which now includes ten members representing nearly half of the world's population.

Within this group, South Africa stands out for its specialization in mineral exports, but it occupies a relatively modest economic position compared with major powers such as China, India, and Brazil.

### Public Finances Under Pressure

Public debt reached 76.9% of GDP in the 2024–2025 fiscal year — more than three times its level in 2008 — and continues to increase.

The public deficit widened to 4.8% of GDP, and the country's fiscal trajectory remains fragile due to the pressure of social subsidies and the need to bail out loss-making state-owned enterprises.

### Conclusion

South Africa in 2025 is a country of striking contrasts: the leading industrial power in Africa, with strong institutions and a sophisticated financial system, yet whose economic growth struggles to exceed 1%, and where inequality and unemployment remain among the highest in the world.

GDP is expected to grow by 1.1% in 2025, 1.3% in 2026, and 1.5% in 2027, provided that the structural reforms underway in the energy, transport, and logistics sectors deliver tangible results.

South Africa undeniably has the potential to play a leading role on the African continent — but reforms must accelerate if that potential is to become reality.

Join us for the next episode of EconoMag!

Vocabulary:

**Economy** – Économie

**GDP (Gross Domestic Product)** – PIB (Produit Intérieur Brut)

**Industrialized** – Industrialisé

**Africa** – Afrique

**BRICS** – BRICS

**G20** – G20

**Growth** – Croissance

**Recession** – Récession

**Post-pandemic recovery** – Reprise post-pandémique

**Energy** – Énergie

**Eskom** – Eskom

**Load shedding** – Coupures de courant planifiées

**Logistics** – Logistique

**Manufacturing sector** – Secteur manufacturier

**Financial sector** – Secteur financier

**Tourism industry** – Industrie du tourisme

**Mining industry** – Secteur minier

**Platinum** – Platine

**Chromium** – Chrome

**Gold** – Or

**Manganese** – Manganèse

**Unemployment** – Chômage

**Poverty** – Pauvreté

**Inequality** – Inégalités

**Gini coefficient** – Coefficient de Gini

**Crime** – Criminalité

**Public debt** – Dette publique

**Fiscal deficit** – Déficit public

**State-owned enterprises** – Entreprises publiques

**Structural reforms** – Réformes structurelles