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2024 Economic Report

South Africa

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Executive Summary

South Africa's gross domestic product (GDP) growth rate was 0,7% in 2023. While this is projected to increase to 0,8% in 2024, this rate of marginal economic growth is inadequate to address some of the major socio-economic challenges confronting South Africa, including high levels of unemployment (especially among youths), poverty and inequality.

South Africa has not been able to stimulate economic growth due to a lack of reliable energy supply, while bottlenecks in freight transportation and logistics have also constrained the economy. As these challenges are slowly being addressed, fluctuating global commodity prices and geo-political conflicts continue to pose their own set of challenges.

In addition, South Africa finds itself in a fiscal tight spot, with a projected negative budget balance of -6,2% and a debt-to-GDP ratio of 75% in 2024. These are only expected to stabilise around 2026. Thus, business, consumer and investor confidence in South Africa has remained depressed.

However, South Africa remains one of the most developed and industrialised economies on the continent. The economy remains resilient and private sector involvement in the economy is high. In addition, South Africa is well represented within global multi-lateral fora, including the G20 (President in 2025) and the BRICS (Chair in 2023). As such, South Africa remains a key strategic partner for Switzerland.

Moreover, with the introduction of the government of national unity in June 2024, South Africa entered a new historic moment. This governing arrangement, despite its imperfections, has the potential to drive progressive economic, political and social reforms, while having already resulted in a slight uptick in business, consumer and investor confidence. There is optimism that the government's early momentum will be maintained over the medium- to long-term.

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In 2023, South Africa's gross domestic product (GDP) growth rate was only 0,7%. This was significantly lower than in 2022 (1,9%), during which the economy reached the peak of its relatively strong recovery from the effects of the Covid-19 pandemic. Looking ahead, the International Monetary Fund (IMF) projects that South Africa's GDP growth rate will improve only marginally to 0,8% in 2024 and 1,5% in 2025[1]. Meanwhile, also according to the IMF, the GDP growth rate of the Sub-Saharan Africa region was 3,6% in 2023. This is projected to increase to 3,8% in 2024 and 4,2% in 2025[1]. The region's prospects are improving as the effects of weather shocks subside, while supply chain challenges gradually improve. At the same time, the global economy is expected to continue growing steadily at a relatively low, yet stable, rate of 3,2% and 3,3% in 2024 and 2025 respectively[1].

As such, South Africa's economic growth will likely continue to lag behind both the regional and global standard. This, as South Africa continues to be confronted with domestic energy supply constraints, freight transportation and logistics bottlenecks, as well as a high level of unemployment, which in 2023 averaged at 33,1% and is expected to tick back up to 33,7% in 2024[2]. Of particular concern is South Africa's high level of youth unemployment which, according to Statistics South Africa (StatsSA), is close to 45%.

Concurrently, geo-political conflicts, including the ongoing conflicts between Russia-Ukraine and Israel-Palestine, the latter being one in which South Africa is heavily engaged at the International Court of Justice (ICJ), present a challenge to South Africa's economic prospects. This especially, in the case of the Israel-Palestine matter, if one considers possible economic counter measures directed towards South Africa by the US administration, given the US' ties with Israel.

This, while South Africa has failed to capitalise on positive fluctuations in global commodity prices, especially for gold, coal and manganese, due to a port crisis which resulted in severe congestion or altogether avoidance of South African ports. Thus, as a result of these various challenges and failures, business, consumer and investor confidence in South Africa has been chronically depressed.

However, the South African Reserve Bank (SARB) has implemented a successful restrictive monetary policy in an effort to return headline inflation back to within the SARB's target range of 3-6%. In particular, headline inflation is projected to fall to 4,7% in 2024[2], from 5,9% in 2023 and 6,9% in 2022 respectively. As a result of this overall downward trend, the SARB decided to cut interests rates by a cumulative 50 basis points in September and November 2024. Thus, the repo-rate was lowered from 8,25% to 7,75%, resulting in a concomitant lowering of the prime lending rate from 11,75% to 11,25% as well.

Meanwhile, on the fiscal front, South Africa continues to face challenges which impede its ability to stimulate economic growth. In particular, South Africa's budget balance worsened from -4% in 2022 to -5,9% in 2023[2]. This number is expected to increase further to -6,2% in 2024[2]. Moreover, following the tabling of the Medium-Term Budget Policy Statement (MTBPS) at the end of October 2024, the National Treasury (NT) revised its tax revenue collection forecast for the 2024 down by CHF 1,1 billion. Thus, the NT expects tax revenue to remain suppressed and under pressure. At the same time, the NT's expenditure projections for 2024 were revised upwards by CHF 687,4 million. Thus, the NT expects consolidated government expenditure to continue increasing from CHF 117,8 billion in 2024/25 to CHF 137,5 billion in 2027/28.

Nevertheless, government's long-term tax policy strategy remains humble and focused on broadening the tax base while improving tax compliance and administrative efficiency. In combination, this approach is intended to raise revenue in a sustainable manner, over the

[1] https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025?cid=ca-com-compd-pubs_belt

[2] https://www.imf.org/en/Publications/WEO/weo-database/2024/October/weo-report?c=199,&s=NGDP_RPCH,NGDP,NGDPD,NGDPDPC,PCPIPCH,LUR,GGR_NGDP,GGX_NGDP,GGSB_NPGDP,GGXWDG_NGDP,BCA_NGDPD,&sy=2023&ey=2026&ssm=0&scsm=1&scc=0&ssd=1&ssc=0&sic=0&sort=country&ds=.&br=1

long-term, while limiting tax rate increases where possible. At the same time, two long-term tax policy reforms have been developed and pushed through in 2024.

The new two-pot retirement system, which gives retirement fund investors access to a portion of their retirement savings before retirement, came into effect on 1 September 2024. This resulted in around CHF 2 billion worth of withdrawals by December. The second tax policy reform concerns international corporate taxes. In December 2024, President Cyril Ramaphosa signed into law the Global Minimum Tax Act and the Global Minimum Tax Administration Act. This legislated the introduction of global minimum tax rules, modelled around the Organization for Economic Cooperation and Development (OECD's) anti-base erosion and profit-shifting framework, which is expected to increase the South African Revenue Service's (SARS) corporate tax collections by CHF 380 million in 2026.

This gain will be partially offset by the initial cost of providing tax incentives for local electric vehicles (EV) production. To encourage the production of EV's in South Africa, a tax allowance will be made available for new investments from 1 March 2026. Producers will be able to claim 150% of their qualifying investment spending on production capacity for electric and hydrogen-powered vehicles in the first year of investment. However, at the same time, the previously implemented rooftop solar PV tax incentive for households has not been renewed.

Finally, debt servicing costs, equivalent to close to 20% of total consolidated government revenue, remain the largest expenditure line item on the government's balance sheet. In terms of the gross debt-to-GDP ratio, this came in at 73,4% in 2023 and is expected to increase to 75% in 2024[2]. Meanwhile, the government has tapped the SARB's Gold and Foreign Exchange Contingency Reserve Account (GFECRA). This, after the NT reached an agreement with the SARB granting the NT permission to draw down around CHF 7 billion from the GFECRA over the next three years to be used towards stabilizing national debt.

2 PRIORITY SECTORS & OPPORTUNITIES FOR SWISS COMPANIES

2.1. Sectoral Developments

The finance, real estate and business services sector remains the biggest contributor to GDP (23,9%), followed by the personal services sector (16%) and the trade, catering and accommodation sector (11,5%)[3]. Between 2018 and 2023, the finance, real estate and business services sector grew its contribution to GDP by 2,1%[3], while the personal services sector also returned noteworthy growth. On the other hand, the contributions to GDP of the trade, catering and accommodation sector (down 0,8%), the manufacturing sector (down 0,9%), the mining sector (down 0,5%) and the construction sector (down 0,8%) all declined over the same period[3].

Meanwhile, in terms of contribution to employment, the community and social services sector remains the highest contributor to employment, while the contribution of the finance sector has grown by around 2% since 2018. On the opposite end, manufacturing's contribution to employment has decreased by 1,7% over the same period, likely due to the effects of persistent inconsistent energy supply and logistical constraints that have negatively impacted businesses.

Further, the contribution to employment of the construction sector declined by 1,1% over the same period, indicative of a lack of investment in infrastructure development. Finally, private household employment has declined by 1,3% over the same period, due to a decline in local purchasing power as a result of the high cost of living, growing personal debt and high inflation.

Agriculture contributed approximately 2,5% to South Africa's GDP in 2023. Despite its relatively small share of total GDP, agriculture remains an important sector in South Africa, especially in rural areas, as it serves as a major source of employment and foreign exchange earnings.

[3] https://www.statssa.gov.za/publications/P0441/P04414thQuarter2023.pdf

In particular, agriculture contributed 5,5% to South Africa's total employment in 2023, reflecting its significant role in the livelihoods of many South Africans.

With respect to Tourism, close to 8,5 million tourists visited South Africa in 2023, which represents an increase of 48,9% from close to 5,7 million visitors in 2022. Yet, 2023 tourist arrivals were 17,1% less than in 2019, in which over 10 million tourists visited South Africa. Swiss nationals continue to make up a significant portion of tourist travellers to South Africa. In 2023, the number of Swiss tourists who visited South Africa stood at 42,654. In support of this, the Swiss holiday airline company, Edelweiss, currently still operates non-stop flights between Zurich and Cape Town.

Meanwhile, total mining production was 0,4% lower in 2023 compared with 2022. The 0,4% decrease in annual mining production followed a decrease of 7,2% in 2022 and an increase of 12,7% in 2021. As such, the volume of mining production has been declining since 2021, but at a declining rate. At the same time, total mineral sales were 10,3% lower in 2023 compared with 2022. The 10,3% decrease in total mineral sales followed increases of 3,1% in 2022 and 39,8% in 2021. Ultimately, PMG's, coal and gold remain South Africa's largest mining production and sales commodities[4].

Moreover, in 2023, total manufacturing production increased by 0,4% compared with 2022. The volume of manufacturing production has remained somewhat stable, since the latest increase in 2021. Meanwhile, total manufacturing sales have been declining since 2021, indicative of a decline in value of South Africa's manufactured products. Ultimately, the category of petroleum, chemical, rubber and plastic products, followed by food and beverage products and basic iron, steel, non-ferrous metal, metal and machinery products remain South Africa's largest manufacturing production and sales categories.

However, South Africa's largest steel producer, ArcelorMittal, recently announced that it would be closing two of its long-steel production facilities in Newcastle and Vereeniging, due to an influx of cheap imports from overseas markets, a lack of domestic demand, the high cost of production and sales as a result of skyrocketing energy prices and domestic supply chain constraints, as well as counter-productive industrial policies. Long steel is a critical input for mining equipment production, manufacturing and construction. This loss of local steel production will lead to a decline in South Africa's industrialisation and its manufacturing capabilities.

Meanwhile, the government is paying renewed attention to the freight transportation and logistics sector. To address Transnet's monopoly of rail and port infrastructure, which have been the subject of severe operational inefficiencies resulting in massive delays at some of the country's ports and a significant reduction of rail freight volumes, the Department of Transport (DoT) has been working on enabling open access to the rail network by third-party (private) operators.

However, initial network access tariff proposals contained in the DoT's draft Rail Network Statement, which stands in complementarity to Transnet's 2023 Turnaround Plan, were deemed wholly unacceptable by private operators. Subsequently, a revised network statement has been published by the DoT, which details a tariff structure that is reflective of the need to balance both the needs of Transnet and private operators alike and has, thus, been welcomed by the private sector as a transformative moment in the country's rail reform journey.

Finally, the government is committed to implementing comprehensive water sector reforms. Reforms are being considered for both bulk and municipal water systems. These reforms include the establishment of a Water Partnership Office within the Development Bank of Southern Africa (DBSA) to assist municipalities with project pipeline development and

[4] For a comprehensive overview of South Africa's mining sector, please refer to this Swiss Business Hub report.

private finance mobilization (supported by SECO), the re-instatement of sector standards reporting, the establishment of a National Water Resource Infrastructure Agency and an independent water economic regulator, as well as enhancements to water pricing and service standards.

2.2. Opportunities for Swiss Companies

Market access and sustainable value chains in key sectors, like mining and agriculture, are becoming crucial topics in South Africa, particularly in light of the EU's Corporate Sustainability Reporting Directive (CSRD) and the EU Deforestation Regulation. These regulations emphasize the need for transparent and sustainable practices throughout global supply chains.

As such, energy, water, waste management, transportation and mining have become key sectors. Through innovative formats developed by the Swiss Business Hub (SBH), such as the Sustainable Mining Roundtable (SRM), SBH aims to position Swiss sustainable innovation at the forefront of discussions around the development of sustainable value chains.

South Africa has significant growth potential in energy and transport, especially since government policy has shifted towards renewable energy. The potential for renewable energy spans across industries and both the public and private sector. This is emblematic of the potential for widespread adoption. To help illustrate this point, one of the country's largest healthcare providers, Mediclinic, installed solar PV panels at 28 of its sites across the country. The company is now preparing to launch a national project to deploy microgrids that integrate battery systems and on-site renewable energy sources. This initiative aims to provide tailored solutions for its hospitals, addressing the challenges posed by South Africa's unstable grid.

The emergence of green hydrogen technologies is also particularly promising, with two large-scale projects planned for the border region with Namibia. Despite several challenges, such as a need for increased investment and development of a supportive regulatory framework, South Africa's Cleantech sector has enormous potential.

Moreover, South Africa's Fintech ecosystem is home to a dynamic mix of advanced digital banking and innovative payment systems. South Africa is pioneering novel payment solutions aimed at meeting the remittance needs of the Southern African Development Community (SADC). The emergence of Mobile Network Operators (MNOs) in the financial sector is particularly noteworthy. MNO's not only improve financial inclusion through mobile money services, but also collaborate with traditional financial institutions. This creates opportunities for partnerships in the ICT sector, leveraging South African software capabilities alongside Swiss expertise in software engineering.

Finally, against the backdrop of South Africa's ambitious new National Health Insurance (NHI), there is an urgent need for innovative healthcare solutions, cultivated through public-private partnerships. This presents a unique opportunity for Swiss MedTech companies to showcase their technologies tailored for low-resource settings, aligning with South Africa's vision for inclusive and accessible healthcare.

3 FOREIGN ECONOMIC POLICY

3.1. South Africa's Economic Policies & Priorities

Strong relations with BRICS countries remain a priority for South Africa. In this regard, South Africa is also seen to be championing greater linkages between the BRICS economies (which collectively account for over 37% of global GDP) and African countries. As such, South Africa's continued exploration of economic opportunities through the BRICS grouping may result in opportunities for Switzerland. In re-affirming its commitment to the BRICS grouping, South Africa attended the 16th annual BRICS Summit in Kazan, Russia, in October 2024.

Concurrently, South Africa has been working on its economic relations with the US, the UK and the European Union (EU). South Africa has pushed hard for the renewal and modernization of the US' African Growth and Opportunities Act (AGOA). As such, at the 20th AGOA Forum held in Johannesburg in November 2023, President Cyril Ramaphosa emphasised the mutually beneficial nature of AGOA. He added that South Africa was committed to working with the US and African partners to renew AGOA beyond 2025, to deepen trade relations, advance regional integration, as well as realise Africa's immense economic potential.

Yet still, some members of Congress questioned whether South Africa should remain eligible for AGOA, as well as whether South Africa should continue to be viewed as an ally. This, due to fears that South Africa is growing increasingly close to Russia, China and Iran. Hence, US lawmakers sought to review bilateral relations between the two countries in April 2024. However, in December 2024, it was revealed that South Africa will retain its AGOA eligibility in 2025, following the conclusion of the US' annual review of eligible and ineligible nations, which resulted in no changes to eligibility, but also that the review of bilateral relations was dropped from a key annual defence policy Bill signed by outgoing US President Joe Biden.

Ultimately, despite a certain level of tension in the relationship, both are committed to productive relations. This has been highlighted by the visit of a delegation of government and business representatives, led by the Minister of Trade, Industry and Competition (dtic), Parks Tau, to the US in July 2024, as well as by the re-appointment of Ibrahim Rasool as South Africa's Ambassador to Washington. Meanwhile, across the transatlantic, Deputy President Paul Mashatile similarly led a high-level delegation to the UK in September 2024. The UK responded in kind with a visit by UK Foreign Secretary, David Lammy, to South Africa in November 2024, where a new UK-South Africa Growth Plan was discussed.

Finally, South Africa has officially taken over the Presidency of the G20 in 2025 under the theme Solidarity, Equality and Sustainability. Its focus will be on fostering inclusive economic growth, industrialisation, employment and reduced inequality; ensuring food security; and leveraging artificial intelligence, data governance and innovation for sustainable development. Its priorities will also focus around strengthening economic resilience, ensuring debt sustainability and mobilizing funds for the just energy transition. Additionally, South Africa will seek to review the work of the G20 over the past 20 years. To date, South Africa has hosted the first Sherpa meeting, Joint Sherpa and Finance and Central Bank Deputies meeting, as well as Finance and Central Bank Deputies meeting in Johannesburg between 9-12 December 2024.

3.2. Outlook for Switzerland

South Africa continues to pursue regional integration through multilateral groupings and institutions such as the Southern African Development Community (SADC) and the Southern African Customs Union (SACU). Regarding the latter, Switzerland continues to engage with fellow European Free Trade Agreement (EFTA) states Iceland, Lichtenstein and Norway, as well as SACU, pertaining a mutually beneficial free trade agreement (FTA).

Regional economic integration via the African Continental Free Trade Agreement (AfCFTA) remains a priority for South Africa. Thus, in January 2024, together with the AfCFTA Secretariat, South Africa hosted the 13th AfCFTA Council of Ministers meeting in Durban. On the sidelines of the event, President Cyril Ramaphosa presided over the official launch of South Africa's first shipment of exports under the AfCFTA. With it, South Africa became the first Southern African Customs Union (SACU) member to practically realise the benefits of the AfCFTA. It is hoped that the AfCFTA will serve as a tool for generating meaningful trade on the continent. Successful implementation of the AfCFTA is expected to lead to diversification of exports, increased productive capacity, acceleration of growth, increased investment, increased employment opportunities and incomes and, most importantly, broadened economic inclusion.

4 FOREIGN TRADE

4.1 Developments & General Outlook

Between 2022 and 2023, South Africa's total exports, measured in USD value terms increased by 2,4%. Meanwhile, over the same period, total imports increased by 8,6%. This resulted in a widening deficit of South Africa's overall trade balance and an increase in its total trade volume. Further, according to the South African Revenue Service (SARS), Switzerland was the 30th largest importer of traded goods from South Africa in 2023, measured in USD value terms. This was equivalent to a 0,5% share of South Africa's total exports in 2023. Moreover, Switzerland was the 35th largest exporter of traded goods to South Africa over the same period. This was equivalent to a 0,6% share of South Africa's total imports in 2023. As such, in both respects, Switzerland's ranking and market share in comparison to other South African trade partners has not changes significantly.

Furthermore, according to SARS, China (11,7% share of total), Germany (8,6% share of total) and the United States (US) (8,1% share of total) were the largest importers of traded goods from South Africa in 2023. Meanwhile, China (20,9% share of total), Germany (8,2% share of total) and India (7,2% share of total) were the largest exporters of traded goods to South Africa over the same period. While China dominated its list of trade partners, the regional spread of South Africa's trade appears to be heathy as it maintains healthy trade relations with countries in Asia, Europe and North America. However, South Africa will have identified room for improvement in terms of trade with its continental peers.

4.2 Bilateral Trade

Bilateral trade between Switzerland and South Africa remains relatively consistent and stable, due to inherent complementarities and ongoing good relations between the two countries. However, according to the Federal Office for Customs and Border Security (FOCBS), exports of Swiss traded goods to South Africa declined by 8.8% between 2022 and 2023, while Swiss imports of South African traded goods increased by 1,8% over the same period. The overall bilateral trade balance between Switzerland and South Africa remains in Switzerland's favour with regards to traded goods exclusive of gold bars and other precious metals, currencies, precious stones and gems, as well as works of art and antiques.

Meanwhile, the total trade volume of traded goods between Switzerland and South Africa, measured in CHF value terms, decreased by 5% in 2023 relative to the previous year and, further, fell below pre-Covid-19 levels. However, the total trade volume of traded goods between the two countries remains relatively high at over CHF 900 million per annum[5] in both 2022 and 2023.

4.3. Bilateral Trade in Goods

In value terms, Switzerland's five main export product categories with South Africa remained unchanged in 2023. Only marginal decreases were observed for chemical and pharmaceutical products; precision instruments, watches and jewellery; as well as agricultural, forestry and fishery products. Meanwhile, a more substantial decrease was observed in relation to machinery, appliances and electronics, while an increase was observed in relation to metals.

On the other hand, Switzerland's five main import product categories with South Africa changed slightly in 2023. Imports of precision instruments, watches and jewellery decreased markedly and, therefore, fell off the list, while machinery, appliances and electronics entered the list in third position at around 1% of total imports. Automobile imports increased markedly, while agricultural, forestry and fishery products were down. Chemical and pharmaceutical product imports, as well as metals imports, remained relatively stable.

[5] Exclusive of gold bars and other precious metals, currencies, precious stones and gems, works of art and antiques (i.e., Total 1)

5 DIRECT INVESTMENTS

5.1. Developments & General Outlook

South Africa's total FDI stock fell 36% from USD 172 billion in 2022 to USD 110 billion in 2023. The top three countries invested in SA in 2023 were the UK (around USD 27 billion), the Netherlands (around USD 20 billion) and Belgium (around USD 13 billion). These were also the main investing countries in 2022, although the investment stock of the Netherlands and UK decreased dramatically, while that of Belgium increased slightly. Although Switzerland's investment stock in South Africa decreased slightly, from around USD 1,9 billion in 2022 to around USD 1,7 billion in 2023, Switzerland moved up one position from 11th to 10th.

This is illustrative of a relative decline in South Africa's investment appeal, largely due to persistent challenges with energy supply. While some progress has been made under the new management of Eskom and the private sector's strong push toward solar energy adoption, the constrained grid and limited transmission capacity remain critical barriers to further growth. In addition, transport and logistics bottlenecks exacerbate the situation, while policy uncertainty, including industrial and procurement policy uncertainty, have been a concern.

Moreover, ahead of the elections in May 2024, concerns revolved around political stability and the hold of crime and corruption over government. However, since the introduction of the new government of national unity, investor sentiments have improved slightly, although one will have to wait and see whether this will be sustained.

Finally, in January 2025, South Africa participated at the World Economic Forum (WEF) in Davos, Switzerland. The South African delegation was led by President Ramaphosa and included several government ministers, such as the Minister of Finance, Enoch Godongwana, the Minister of Energy and Electricity, Kgosietsho Ramokgopa and the Minister of Trade, Industry and Competition, Parks Tau, as well as leaders from civil society and business. The event was seen as an opportunity to profile South Africa's G20 presidency, as well as contribute South Africa's voice to global discussions, position the country as a competitive business and investment destination (by highlighting its efforts towards inclusive technological innovation and sustainable economic growth), and a committed partner in global governance.

5.2. Bilateral Investments

While no new investments or mergers and acquisitions have been announced, the Swiss headquartered global mining and commodity trading giant Glencore has expressed its desire to exploit potential opportunities for new acquisitions in relation to what are called 'energy transition commodities' in South Africa. In addition, the Ferroalloy division of Glencore and its South African joint venture partner, Merafe Resources, have signed a 20-year power purchase agreement worth CHF 105 million with Pele Green Energy (PGE) to supply renewable energy to their ferrochrome production facilities. The Sonvanger Solar PV plant, located in the Free State province, will generate up to 100 MW of solar energy and reduce Co^2 emissions by an estimated 1.82 million tons annually.

Vivo Energy and Engen merged to form one of Africa's largest energy distribution companies, boasting a network of over 3,900 service stations and more than two billion litres of storage capacity across 27 African countries. As part of the merger, Petronas will divest its 74% stake in Engen to Vivo Energy. The transaction is subject to regulatory approvals and the satisfaction of conditions precedent. Vivo Energy, owned by global commodities trader Vitol, has pledged an initial CHF 484 million in investments in its South African operations post-merger. Over the next five years, the company plans to allocate a further CHF 484 million towards green energy initiatives, infrastructure development and operational upgrades. Additionally, the agreement stipulates that Engen will continue to procure fuel from Glencore's Astron refinery in Cape Town for 15 years, and from Sasol's refineries for 10 years.

In the aviation sector, Swiss International Airlines, operating under the umbrella of the Lufthansa Group in South Africa, recently indicated that Switzerland and South Africa established an agreement under which Swiss and South African airlines will have the opportunity to secure additional timeslots for flights in and out of international airports in both countries. While this does not constitute a direct capital investment, it does demonstrate that both countries share a mutual recognition of the opportunities that are present for aviation sector players in both countries.

In the banking sector, UBS has indicated its desire to re-vamp and re-establish its profile in South Africa and the Southern African region more broadly, under the auspices of a new asset base diversification strategy currently under consideration. This may or may not result in direct capital investments in South Africa in 2025 and beyond.

Finally, the Swiss family-owned leader in filtration solutions, HIFI FILTER, successfully acquired the South African company Filvent Holdings. This strategic acquisition by the Swiss firm marks its first foray onto the African continent. The acquisition, supported by the Swiss Business Hub Southern and Eastern Africa, serves to expand the company's global footprint, unlocking new opportunities in the fast-growing Southern African market.

6 ECONOMIC & TOURISM PROMOTION

6.1. Swiss Foreign Economic Promotion Instruments

SECO Bilateral Economic Cooperation Programme

Through the State Secretariat for Economic Affairs (SECO), Switzerland ranks as one of South Africa's largest bilateral development partners, with a portfolio spanning more than 30 projects in the field of economic development cooperation. The current country cooperation strategy (2021-2024), with a financial envelope of approximately CHF 55 million, seeks to expand Swiss-South African economic development cooperation in order to foster a competitive and sustainable economy, thereby addressing several key impediments to economic growth and job creation. The new country cooperation strategy (2025-2028) will be a continuation of the previous strategy with an increased focus on building a sustainable, competitive and inclusive urban economy.

In 2024, progress towards promoting a viable and resource-efficient private sector has been notable. Key achievements include the introduction of new e-waste legislation and the launch of the "WEEE are SA" web portal. Moreover, Phase II of the Global Eco-Industrial Parks Program (GEIPP) progressed through the onboarding of new industrial parks, as well as stakeholder engagements. In addition, the Design of Greater Efficiency Programme resulted in 284 professionals being trained in green building design and certification. This is aligned to South Africa's national priorities and has been supported by an Employment and Labour Market Analysis, as well as a National Skills Survey, to address skills gaps in sustainability.

Further, the intellectual property (IP) environment has improved thanks to the rollout of an IP and anti-piracy related social media influencer campaign. Moreover, a rollout plan for the Financial Inclusion Policy Paper has been set for 2025. Additionally, ten small-, medium- and micro-enterprises (SMME) in the BioTrade sector received technical assistance support, while there has been progress with essential oil testing laboratory accreditations, whereby one lab has achieved full accreditation and another achieved method-specific accreditation.

Furthermore, significant reforms have been implemented, especially in the energy sector, which have advanced the objective of fostering favourable economic conditions to attract business and investment. SECO's partnership with the dtic and the Presidency have given rise to 44 renewable energy projects, adding 775MW to the grid. Meanwhile, major cities streamlined electricity connection processes. At the same time, the Corporation for Deposit Insurance (CODI), launched in April 2024, has enhanced depositor protection and financial stability.

Finally, improvements in public financial management have impacted 1,8 million residents in 591 townships. Meanwhile, urban infrastructure development efforts progressed, particularly in water and sanitation, delivering bankable projects and financing opportunities with prospects for Swiss companies. Thus, SECO's portfolio has expanded to provide project preparation support for key municipal water and sanitation projects, while strategic support is being provided for establishing a credit guarantee facility that will unlock private sector financing for large scale infrastructure projects. Finally, more attention has been paid towards building municipal capacities to deal with climate change related risks.

Swiss Import Promotion Programme (SIPPO)

The SECO funded programme, SIPPO, completed year three of phase two of its work programme, which commenced in July 2021 and will end in December 2025. Preparations for phase three are well underway, while Country Strategies for phase three will be completed during the first quarter of 2025. SIPPO continues to build on its achievements and interventions, aimed at driving impact and scale, by supporting five strategic business support organisations (BSO) with developing their institutional capacities and export promotion services.

SIPPO's annual Country Coordination Committee (CCC) meeting, attended by the Head of SIPPO, Clément Graf, the head of SECO in South Africa, Daniel Lauchenauer, SwissContact, partner BSOs and other stakeholders, also took place in Pretoria this year. The CCC provided a platform to exchange on the strategic direction for SIPPO and on the planned export promotion interventions for 2025.

In line with SIPPO's overarching theme of sustainability, training workshops were conducted on Human Rights Due Diligence with partner BSO's in order to equip them to convey information on compliance to their exporting companies. Finally, SIPPO contributed to strengthening synergies between SECO funded projects in South Africa by contributing to a SECO implementing partners networking event. Together with its "sister projects" in the BioTrade sector, SIPPO showcased and developed strong synergies between projects.

Swiss Business Hub (SBH)

The SBH forms part of the Embassy of Switzerland in Pretoria, where it leverages local activities and offers services relating to Swiss Export and Investment Promotion. The SBH is a key contributor of knowledge within Team Switzerland under the framework of its Large Infrastructure Mandate (LIP). Under this framework, the SBH's geographical reach extends into the entire Sub-Saharan African region. In total, 171 Swiss companies received support from the SBH in 2024, by way of export consulting services or on the basis of a mandate.

In 2024, the SBH continued to expand its initiatives in South Africa, showcasing Swiss innovation and strengthening economic ties. The SBH successfully organized the inaugural Sustainable Mining Roundtable (SMR) in Johannesburg, which emphasized Swiss expertise in sustainable practices, ESG-driven technology and infrastructure within the mining sector. Planning for additional SMRs during key events, like the 2025 Mining Indaba, is well underway.

Moreover, the SBH engaged with EPCs and project sponsors to identify early-stage opportunities for Swiss companies. A market report on South Africa was produced alongside sectoral reports on South Africa's energy and mining sectors. Additionally, SBH played a pivotal role in promoting Swiss innovation through sector-specific platforms. At Africa Health 2024 in Cape Town, Swiss companies presented advanced MedTech solutions under the Swiss Pavilion. This effort underscored Switzerland's mission to support Swiss businesses in accessing and expanding their presence in Africa, fostering long-term partnerships and sustainable growth.

Complementing its project identification and market intelligence efforts, the SBH actively explores key conferences and trade fairs, pro-actively promoting opportunities for Swiss companies across Southern and Eastern Africa. As part of these initiatives, the SBH participated in the Enlit Africa, Africa Energy Indaba, DEVAC Infrastructure Conference, IFAT Africa Conference, and numerous other key gatherings across the region.

Solidifying its role as a bridge for Swiss-African partnerships, the SBH, in partnership with the Transport Education Training Authority (TETA) and the Gordon Institute of Business Science (GIBS), organized a delegation visit to Switzerland. The program focused on integrated transport systems, sustainable infrastructure and smart city solutions. Key Swiss stakeholders, including SBB, Stadler Rail and Zürich Airport showcased Switzerland's cutting-edge capabilities, fostering collaboration with South African counterparts.

Science, Technology and Innovation

The Science and Technology Office (STO) is increasing Switzerland's visibility within the South African national innovation ecosystem. Several instruments have been developed and now underpin Switzerland's collaboration with South Africa in the area of science and technology. These include facilitating symposiums, roundtables, conferences, exhibitions and innovation challenges, arranging exchanges of scientific delegations, as well as collaboration on applied research. Moreover, a clear sign of South Africa's interest to collaborate with Switzerland has come in the form of a visit undertaken by a delegation of the Parliamentary Portfolio Committee for Education, Science and Innovation to Switzerland.

The South African Department of Science and Innovation (DSI) is the primary ministry with which the State Secretary of Education Research and Innovation (SERI) has been collaborating. The DSI sees Switzerland as one of South Africa's flagship bilateral collaboration partners in the area of science and technology. As such, the DSI regularly approaches Switzerland to propose bilateral collaboration initiatives.

In addition, STO's efforts aimed at enhancing collaboration between Switzerland and South Africa, towards establishing a robust blockchain ecosystem, have yielded positive results. This has led to the development of various bilateral instruments and initiatives which further enhance collaboration between Switzerland and South Africa. Ultimately, collaboration between Switzerland and South Africa is also thriving in the areas of artificial intelligence (AI) and clean technology.

While considerable progress has been made, challenges in relation to facilitating market access for innovative Swiss start-ups remain. Despite these challenges, some successes in terms of market access for Swiss innovators have been realised. In this regard, the Swiss-South Africa Joint Research Programme (SSAJRP) serves to promote science collaboration between Swiss and South African scientists and entrepreneurs. Finally, it is also noteworthy that a Lead Agency Agreement between the Swiss National Science Foundation (SNSF) and the South African National Research Foundation (NRF) was agreed in 2023.

The Swiss Chamber of Commerce Southern Africa – South Africa Chapter (SCSA-SAC)

The SCSA-SAC remains present and active in South Africa. Their activities include facilitating connections between people and entities across industries and sectors, providing information and support to individuals and businesses seeking to do business in South Africa, as well as arranging events and engagements to bring Swiss individuals and companies together under one roof with key individuals and entities in South Africa. At present, over 75 Swiss companies are listed as members of the SCSA-SAC, contributing with around 50,000 employment opportunities.

6.2. South Africa's Interest in Switzerland

The niche private banking and wealth management group known as Investec has identified Switzerland as a key growth market for its clients in South Africa and elsewhere to grow their wealth. Thus, Switzerland has formed an integral part of the group's international strategy, which has thus far proven successful. According to the group, Switzerland's investment appeal is robust due to Switzerland's policy of neutrality, perceived to be beneficial for stability, as well as Switzerland's clarity of tax regulations.

This is a view supported by South Africa's richest man, Johann Rupert, given his substantial investments in Switzerland, through Richemont, a Switzerland-based luxury goods holding company he founded in 1988. The various subsidiaries of Richemont produce and sell luxury jewellery, watches, leather goods, pens, firearms, clothing, and accessories. Meanwhile, the controlling group of the Hirslanden Group of medical facilities, the Mediclinic Group, also falls within Rupert's stable.

Further, many wealthy South Africans find Switzerland an appealing holiday and living destination. However, for the majority of South Africans, Switzerland remains a destination out of reach, given the cost-of-living crisis in South Africa and the weakness of the South African Rand in comparison to the Swiss Franc.

ANNEX 1 – South Africa Economic Structure

Economic Structure of South Africa

Distribution of GDP*	**2018**	**2023**
Finance, real estate and business services	21,8%	23,9%
Personal services	14,7%	16,0%
Trade, catering and accommodation	12,3%	11,5%
Manufacturing	12,3%	11,4%
Transport, storage and communication	8,3%	8,2%
General government services	7,9%	8,1%
Mining	4,9%	4,4%
Agriculture, forestry and fisheries	2,5%	2,5%
Construction	3,2%	2,4%
Electricity, gas and water	2,4%	2,1%

Distribution of employment**	**2018**	**2023**
Community and social services	21,9%	23,4%
Trade	20,1%	20,1%
Finance	15,8%	17,7%
Manufacturing	10,7%	9,0%
Construction	9,0%	7,9%
Private Households	8,1%	6,8%
Transport	5,8%	6,1%
Agriculture	5,1%	5,5%
Mining	2,7%	2,7%
Utilities	0,8%	0,7%
Other	0,1%	0,1%

*Source: Statistics South Africa (StatsSA), Gross Domestic Product (GDP), 4th Quarter 2023.
https://www.statssa.gov.za/publications/P0441/P04414thQuarter2023.pdf

**Source: Statistics South Africa (StatsSA), Quarterly Labour Force Survey (QLFS), 4th Quarter 2018.
https://www.statssa.gov.za/publications/P0211/P02114thQuarter2018.pdf

Source: Statistics South Africa (StatsSA), Quarterly Labour Force Survey (QLFS), 4th Quarter 2023.
https://www.statssa.gov.za/publications/P0211/P02114thQuarter2023.pdf

ANNEX 2 – South Africa Main Economic Data

South Africa's Main Economic Data

Indicator	**2022**	**2023**	**2024** *(forecast)*
GDP (USD bn)*	406,8	380,6	403,1
GDP per capita (USD)*	6,629.4	6,111.8	6,377.1
Growth rate (% of GDP)*	1,9	0,7	0,8**
Inflation rate (%)*	6,9	5,9	4,7
Unemployment rate (%)*	33,5	33,1	33,7
Fiscal balance (% of GDP)*	-4,0	-5,9	-6,2
Current account balance (% of GDP)*	-0,5	-1,6	-1,7
Total external debt (% of GDP)*	70,8	73,4	75,0

Source: International Monetary Fund (IMF), World Economic Outlook (WEO) Report, October 2024.

https://www.imf.org/en/Publications/WEO/weo-database/2024/October/weo-report?c=199,&s=NGDP_RPCH,NGDP,NGDPD,NGDPDPC,PCPIPCH,LUR,GGR_NGDP,GGX_NGDP,GGSB_NPGDP,GGXWDG_NGDP,BCA_NGDPD,&sy=2023&ey=2026&ssm=0&scsm=1&scc=0&ssd=1&ssc=0&sic=0&sort=country&ds=.&br=1

**Source: International Monetary Fund (IMF), World Economic Outlook (WEO) Report Update, January 2025.

https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025?cid=ca-com-compd-pubs_belt

ANNEX 3 – South Africa Trade Partners

Trade Partners of South Africa, Exports*   Year: 2023

Rank	Country	Exports (USD)**	Share (%)
1	China	12’271’423’876	11.65
2	Germany	9’045’875’384	8.58
3	United States	8’524’605’507	8.09
4	Mozambique	6’205’867’177	5.89
5	Japan	5’836’825’064	5.54
6	United Kingdom	5’535’678’630	5.25
7	India	4’833’691’171	4.59
8	Netherlands	4’237’094’647	4.02
9	Botswana	4’143’689’418	3.93
10	Belgium	3’968’377’068	3.77
30	Switzerland	510’213’619	0.48
	Total	105’371’198’937	100

Trade Partners of South Africa, Imports*   Year: 2023

Rank	Country	Imports (USD)**	Share (%)
1	China	21’920’385’415	20.91
2	Germany	8’585’360’457	8.19
3	India	7’502’878’310	7.16
4	United States	7’494’275’684	7.15
5	United Arab Emirates	3’996’167’960	3.81
6	Thailand	3’492’396’274	3.33
7	Saudi Arabia	3’145’288’579	3.00
8	Japan	2’707’728’283	2.58
9	Oman	2’520’830’871	2.40
10	Italy	2’418’800’016	2.31
35	Switzerland	614’723’689	0.59
	Total	104’848’930’562	100

*Inclusive of all physical goods, which consist of raw materials as well as intermediate and final goods.

**Currency conversion based on average 2023 exchange rate of 1 USD = 18,459 ZAR.

Source(s): South African Revenue Service (SARS), Cumulative Bilateral Trade Statistics by Country 2023. Accessed 12 December, 2024. https://www.sars.gov.za/customs-and-excise/trade-statistics/reports/

ANNEX 4 – Bilateral Trade

Bilateral Trade between Switzerland and South Africa*

	Export (CHF million)	***Change*** *(%)***	**Import** (CHF million)	***Change*** *(%)***	**Balance** (CHF million)	**Volume** (CHF million)
2019	672'176	-9	277'858	-7,6	394'317	950'034
2020	490'623	-27	231'572	-16,7	259'050	722'196
2021	565'067	15,2	249'745	7,8	315'321	814'812
2022	611'557	8,2	345'839	38,5	265'718	957'396
2023	557'438	-8,8	352'109	1,8	205'329	909'547

Exports	**2022** (% of total)	**2023** (% of total)
1. Chemical and Pharmaceutical products	10,1	10,0
2. Precision instruments, watches and jewellery	5,1	5,0
3. Machinery, appliances and Electronics	4,8	3,9
4. Agricultural and forestry products, fisheries	4,5	4,3
5. Metals	1,5	1,8

Imports	**2022** (% of total)	**2023** (% of total)
1. Automobiles	13,3	16,6
2. Precision instruments, watches and jewellery	5,1	0,3
3. Agricultural and forestry products, fisheries	4,9	4,5
4. Metals	0,7	0,6
5. Chemical and Pharmaceutical Products	0,6	0,7

*Exclusive of gold bars and other precious metals, currencies, precious stones and gems, works of art and antiques

**Change (%) from the previous year

Source: Federal Office for Customs and Border Security (FOCBS), Swiss-Impex. Accessed 12 December 2024. https://www.gate.ezv.admin.ch/swissimpex/

ANNEX 5 – South Africa, Main Investing Countries

Main Investing Countries in South Africa **Year: 2023**

Rank	**Country**	**Direct investment** (USD millions)	**Share** (%)
1	United Kingdom	26’631	24.24
2	The Netherlands	19’656	17.89
3	Belgium	13’208	12.02
4	United States	8’932	8.13
5	Germany	8’197	7.46
6	China	5’660	5.15
7	Luxembourg	3’666	3.34
8	Japan	3’155	2.87
9	Australia	2’482	2.26
10	Switzerland	1’866	1.70
	Total	**109’884**	**100**

Source(s): International Monetary Fund (IMF), Coordinated Direct Investment Survey (CDIS). Accessed 11 December 2024. https://data.imf.org/?sk=40313609-f037-48c1-84b1-e1f1ce54d6d5&sid=1390030341854