

South Africa Poised for Economic Growth with 3.5% Annual Target

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South Africa is on the cusp of significant economic growth, with current reforms poised to propel the nation towards a 3.5% annual growth rate by 2029. This optimistic forecast was presented by Sikhulekile (Khule) Duma, Director of the South Africa Presidency Project Management Office, during his keynote address at the McCloskey twentieth annual Southern African Coal Conference.

Duma, citing independent modeling by the Bureau for Economic Research, highlighted that the initial phase of economic reforms is projected to significantly boost real GDP growth by 1.5% above the current 2% baseline. This positive trajectory is primarily driven by a projected 4% increase in fixed investment by 2029.

A key factor in this anticipated growth is the strong collaborative effort between the government and the business sector. Regular progress reports are submitted to President Cyril Ramaphosa, enabling a joint strategic oversight committee to effectively assess progress, address challenges, and identify new opportunities across critical sectors such as energy, logistics, and crime reduction.

This collaborative approach is expected to yield significant improvements in export performance. With enhanced energy availability and improved access to ports and railways, exports are projected to achieve a near-5% growth rate by 2029. Under this reform scenario, real GDP is projected to reach R399.6-billion by 2029, representing a substantial 7.7% increase. Concurrently, investment is anticipated to surge by 22.3% to reach R196.7-billion.

Duma emphasized the crucial role of infrastructure development in driving this economic growth. Collaborative efforts between Transnet, the government, the National Logistics Crisis Committee, and

industry stakeholders are driving significant improvements to the national infrastructure network. This includes a multi-year public-private partnership to upgrade the Richards Bay coal line in KwaZulu-Natal, following an independent technical assessment conducted in 2024.

Duma underscored the importance of private sector involvement, stating, “The involvement of the private sector in rail and ports is the biggest reform we’ve seen in 100 years.” This increased private sector participation is crucial for accelerating infrastructure development and unlocking new economic opportunities.

Furthermore, the launch of the National Energy Crisis Committee 2.0 (NECOM 2.0) signifies a renewed focus on bolstering the national electricity grid and implementing critical market reforms. NECOM 2.0 prioritizes key objectives such as enhancing the availability of existing electricity supply, attracting private sector investment in generation capacity, expediting the procurement of new power generation facilities, and promoting rooftop solar installations. These initiatives aim to fundamentally transform the electricity sector and ensure long-term energy security.

In conclusion, South Africa is poised for significant economic growth driven by a comprehensive program of economic reforms, strategic infrastructure development, and strong public-private partnerships. By addressing critical challenges and fostering a conducive environment for investment and innovation, South Africa can unlock its full economic potential and create a more prosperous future for its citizens.