

AFRICA RISK CONSULTING

South Africa Monthly Briefing February 2025

South Africa Summary 28 February 2025

United States (US) President Donald Trump (2025- present) accuses the South African government of persecuting white Afrikaans communities and orders a suspension of all aid to South Africa. President Cyril Ramaphosa (2018- present) delivers the State of the Nation Address, during which he makes veiled references to the US's policy shift, but the majority of the speech focuses on domestic issues such as infrastructure developments. Finance minister Enoch Godongwana is forced to postpone his annual budget speech after he fails to secure a consensus within the Government of National Unity (GNU) for his planned tax increases. The Financial Action Task Force (FATF) notes South Africa's progress in addressing its outstanding issues.

Tensions with the United States endanger aid and trade agreements

South Africa, once again, found itself as a central figure in global politics after the **United States (US)** President **Donald Trump** (2025- present) accused the South African government of persecuting white Afrikaans communities. Trump first raised this issue on 2 February in social media posts claiming that the South African government was committing a “*massive human rights violation*”.¹ These comments were evidently made in response to President **Cyril Ramaphosa** (2018- present) signing the new **Expropriation Bill** into law (see *ARC Briefing South Africa Jan 2025*).

The US president is known for making verbose statements on social media, often with very little follow-through. In fact, in 2018, Trump falsely alleged on social media that the “*South African Government is now seizing land from white farmers.*”² However, little action followed this statement, nor did the claimed “*investigation*” by the **US State Department** into these seizures ever take place.³ However, it soon became apparent that Trump’s 2 February social media post marked a change in US policy towards South Africa when US secretary of state **Marco Rubio** announced on 5 February that he would boycott the **G20** foreign ministers in **Johannesburg** on 20 and 21 February.⁴

Trump subsequently formally adopted this confrontational position to South Africa on 7 February, when he signed an executive order suspending aid and assistance to South Africa and claiming that the US would “*promote the resettlement of Afrikaner refugees*”.⁵ This executive order also provided an important insight into the US administration’s policy shift towards South Africa as it cited South Africa’s genocide case against **Israel** before the **International Court of Justice (ICJ)** and its relations with **Iran** as other motivations for these punitive measures.

This threat to suspend aid marks a significant victory for the Afrikaner nationalist group **AfriForum**, which has been lobbying Trump and his allies in the US for several years. AfriForum is vehemently opposed to the government’s land and economic transformation and has been a key promotor of the white genocide myth in South Africa. This false claim has long had traction with White conservative nationalists in the US who comprise some of Trump’s most avid supporters. It should be noted that AfriForum’s successful lobbying effort to undermine South Africa’s standing with the US will likely harm those it claims to represent. White South African farmers are among the largest beneficiaries of

¹ AP, 3 Feb 2025

² NPR, 23 Aug 2025

³ NPR, 23 Aug 2025

⁴ Daily Maverick, 6 Feb 2025

⁵ White House, 7 Feb 2025

favourable trade relations with the US, especially under the **African Growth and Opportunity Act (AGOA)** programme, from which South Africa is now in danger of being excluded.

However, the strength of the US's anti-South Africa turn is also in large motivated by South Africa's ICJ case against Israel. It is likely not a coincidence that Trump's executive order was issued shortly after he met with Israeli prime minister **Benjamin Netanyahu** (2022- present) on 4 February.⁶ This was underscored by the fact that the statement included Israeli talking points which raised that South Africa has accused Israel of genocide and not **Hamas**, which ignores the fact that as a non-state militant group, Hamas cannot be tried before the ICJ. Furthermore, the **International Criminal Court (ICC)** has charged Hamas's leaders with war crimes.

It should be stressed that Trump's threat to suspend aid and assistance to South Africa was a largely meaningless one given that he had already ordered a three-month suspension on all US foreign aid on 21 January.⁷ It is highly unlikely that the US government will resume dispensing official development assistance (ODA) after this period, especially given the ongoing efforts to dismantle the **US Agency for International Development (USAID)**.⁸ Accordingly, South Africa was already set to lose nearly \$440m in ODA it receives from the US every year.⁹ On 26 February, UASID also issued a notice to all **US President's Emergency Plan for AIDS Relief (PEPFAR)** funded HIV organisations, notifying them that funding had been terminated.

The larger concern will be whether the US government elects to take more punitive actions against South Africa, such as imposing trade tariffs on South African goods or excluding South Africa from AGOA. Such actions would cause substantial economic damage, especially to key industries that drive employment, such as agriculture and automotive manufacturing. AGOA benefits are estimated to be worth R60 billion (\$3.25 billion) to South Africa's economy every year.¹⁰

Similarly, South Africa's energy minister, **Kgosientsho Ramokgopa**, has raised concerns that the US could withdraw the funding it pledged to South Africa to finance its just energy transition.¹¹ Such an action is possible as it would both be punitive towards South Africa and would be in line with the Trump administration's ideological opposition to acknowledging climate change or supporting renewable energy.

Trump has already displayed a preference towards threatening and imposing trade tariffs, therefore, if tensions with South Africa worsen, there is a strong possibility he may seek to impose such punitive measures. The possibility that the US may exclude South Africa from AGOA or impose tariffs will potentially suppress investor interest in the country.

President delivers the State of the Nation Address

Trump's initial social media condemnation of South Africa's expropriation bill and Rubio's public boycott of G20 events forced Ramaphosa to address this matter in his annual **State of the Nation Address (SONA)** on 6 February. Ramaphosa made a veiled reference to this external pressure in his opening preamble when he stated:

*"We are witnessing the rise of nationalism and protectionism, the pursuit of narrow interests and the decline of common cause. This is the world that we, as a developing economy, must now navigate. But we are not daunted. We will not be deterred. We are a resilient people. We will not be bullied."*¹²

⁶ ENCA, 4 Feb 2025

⁷ AP, 21 Jan 2025

⁸ NPR, 26 Feb 2025

⁹ US State Department, 27 Feb 2025

¹⁰ Business Day, 19 Feb 2025

¹¹ Daily Maverick, 25 Feb 2025

¹² EWN, 6 Feb 2025

Ramaphosa also announced that he would send delegations to key global leaders and trading partners to explain South Africa's policies under the guise of promoting the G20 agenda. This was also a clear response to the US's shift in its South Africa policy.

However, Ramaphosa did not dwell on US-South African relations during his speech and, as per usual, the SONA focussed on domestic policy and economic issues. Arguably, the hallmark announcement in Ramaphosa's SONA was his declaration that the government would spend R940 billion (\$50.97 billion) in infrastructure over the next three years. This would include R375 billion (\$20.33 billion) by state-owned companies.¹³ Ramaphosa did not explain how the government would finance the majority of this infrastructure drive but hinted that the state would seek private investment.

Other key highlights of the 2025 SONA included:

- Plans to establish a R100 billion (\$5.42 billion) transformation fund to support black-owned and small business enterprises;
- Plans to develop a new white paper to reform local government;
- A pledge to continue to pursue major reforms at state-owned companies, including establishing a dedicated **State-Owned Enterprise (SOE) Reform Unit**;
- Plans for the development of a competitive electricity market; and
- The announcement that the government has cleared over 90% of the visa application backlog and would soon launch an Electronic Travel Authorisation system to enable digital visa applications.¹⁴

Yet, the most significant factor about this year's SONA was that it was the first since the formation of the **Government of National Unit (GNU)** ruling coalition. As such, Ramaphosa touted the achievements of ministers. It is likely that this motivated the more practical nature of this year's SONA - Ramaphosa did not include his usual rhetoric about smart cities and high-speed trains but instead provided a much more grounded address focused on achievable and measurable goals for the government.

Finance minister fails to deliver budget speech amid cabinet discord

Although these goals may be achievable, concerns remain over the government's ability to finance them. These concerns have intensified after finance minister **Enoch Godongwana** failed to deliver the annual budget speech as scheduled on 19 February. Godongwana was forced to cancel at the last minute after it became clear that he did not have sufficient support in **Parliament** to pass the budget.¹⁵ The finance minister had to withdraw the budget as failing to pass the budget would have had serious ramifications for South Africa's economy and trust in the government.

At the centre of this development was a lack of consensus within the GNU on Godongwana's planned tax hikes, especially his plan to increase value-added tax (VAT) by two percentage points to 17%. This move was opposed by the **Democratic Alliance (DA)**, the **Patriotic Alliance (PA)**, and even by some **African National Congress (ANC)** members in the cabinet. However, the matter came to a head when DA leader (and agriculture minister) **John Steenhuisen** informed Ramaphosa on 19 February that the DA would not support the budget.

The DA had repeatedly told Godongwana and Ramaphosa that it would support not any VAT increase but it appears as if Godongwana did not take this warning seriously. This was compounded by the fact that Godongwana did not share the final budget with the cabinet until the morning of the speech. Godongwana claimed that this is the **National Treasury's** standard practice due to market sensitivity. However, it is a thoughtless policy in a coalition government that needs to secure a consensus on major pieces of legislation, especially as Ramaphosa has not generated goodwill among his coalition partners in recent months by signing major bills into law without consulting the rest of the GNU.

¹³ EWN, 6 Feb 2025

¹⁴ EWN, 6 Feb 2025

¹⁵ M&G, 27 Feb 2025

This incident is illustrative of the ANC's difficulty in adapting to coalition governance. Historically, the president and finance minister were able to force disgruntled cabinet ministers and party members to accept the budget as is. The ANC also used to have a large enough majority that it could afford some protest votes within its own ranks. However, it is now more important to ensure that the cabinet has reached a consensus on key issues before approaching Parliament. In fact, the market will react far more negatively to a failure to pass legislation than it would leaks and rumours of the cabinet's internal debates.

The budget speech has been delayed to 12 March and will most likely see Godongwana table a budget backed by cabinet as a whole. His first revised budget was rejected as unworkable due to his planned expenditure cuts and tax increases.¹⁶ However, more meetings and consultations are planned ahead of the upcoming 12 March address.

South Africa faces severe budget constraints, and Godongwana faces a tough challenge in drawing up a budget that is acceptable to cabinet. While the current situation could have been avoided had he approached the cabinet for consensus ahead of the budget address, it has underscored the strength of the GNU coalition. It sent a strong message to Ramaphosa that the other GNU members have power within the coalition and are willing to exercise it. Furthermore, the GNU member parties were unified in their support of delaying the budget and the need for the cabinet to discuss the matter.

South Africa makes progress but remains grey-listed

The government's delay in producing a cabinet-backed budget may alarm some investors and observers, but they will have welcomed the global **Financial Action Task Force's (FATF)** latest update on South Africa's efforts to be removed from the FATF's 'grey list'. On 21 February, the FATF upgraded four of South Africa's six outstanding action items to be taken off the grey list.¹⁷ The remaining two items pertain to investigating and prosecuting money laundering and terror-financing activities.

These two points have been among South Africa's weakest and is, in part, due to the **National Prosecuting Authority's (NPA)** lack of skills and capacity to investigate and prosecute complex financial crimes. This is compounded by South Africa's slow justice system, which can take years for a trial to conclude. However, in positive development, on 11 February, the **Gauteng** high court in Johannesburg issued the country's first asset freezing order in a terrorism investigation.¹⁸ This followed a **Financial Intelligence Centre (FIC)** request, which is investigating two men for suspected terrorist financing. This is a small but significant step to proving to the FATF that the country's Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT) regulations are being enforced.

The FATF's update will disappoint the National Treasury, which had hoped to be delisted at the FATF's February plenary. However, South Africa is well-placed to be removed from the grey list at the organisation's next plenary in October.

Planner

22-23 Nov 2025 **Johannesburg (South Africa) G20 Leaders' Summit**

Chronology

27 Feb 2025 **Pretoria (South Africa) News24**. German ambassador to South Africa, **Andreas Peschke**, comments that Germany is concerned about the elevated tensions between South Africa and the **United States (US)**;

¹⁶ News24, 25 Feb 2025

¹⁷ National Treasury, 21 Feb 2025

¹⁸ News24, 11 Feb 2025

26 Feb 2025 **Pretoria (South Africa)** *Daily Maverick*. The last remains of the 14 South African soldiers who were killed in combat in the **Democratic Republic of Congo (DRC)** are repatriated;

26 Feb 2025 **Cape Town (South Africa)** *DA*. The opposition **Democratic Alliance (DA)** refers deputy president **Paul Mashatile** and transport minister **Barbara Creecy** to the Public Protector alleging they exercised undue influence in the appointment of **John Lamola** as the new CEO of **South African Airways (SAA)**;

26 Feb 2025 **Pretoria (South Africa)** *Tech Central*. The National Treasury approves R150m (\$8.14m) in funding to relieve the **South African Post Office** from “*immediate financial pressure*”;

25 Feb 2025 **New York (United States)** *M&G*. South Africa supports a **United Nations (UN) General Assembly (UNGA)** resolution calling for the end of the war in **Ukraine** and denouncing **Russia** for starting the conflict;

25 Feb 2025 **Johannesburg (South Africa)** *EWN*. The **National Prosecuting Authority (NPA)** provisionally withdraws corruption charges against former Johannesburg mayor **Kabelo Gwamanda**;

25 Feb 2025 **Cape Town (South Africa)** *Reuters*. The **G20** finance ministers’ meeting takes place in Cape Town with US Treasury Secretary **Scott Bessent** not attending in line with the US government’s boycott of the G20 meetings;

23 Feb 2025 **Johannesburg (South Africa)** *Moneyweb*. State-owned power utility **Eskom** implements Stage 6 loadshedding due to multiple generating units tripping;

21 Feb 2025 **Johannesburg (South Africa)** *News24*. The **G20** foreign ministers’ meeting takes place in Johannesburg;

11 Feb 2025 **Cape Town (South Africa)** *EWN*. The opposition **Vryheidsfront Plus (VF Plus)** and **African Christian Democratic Party (ACDP)** political parties call for a judicial inquiry into the recent deaths of South African soldiers in the **Democratic Republic of Congo (DRC)**;

10 Feb 2025 **Johannesburg (South Africa)** *News24*. Former opposition **Economic Freedom Fighters (EFF)** spokesperson and founding member **Mbuyiseni Ndlozi** confirms that he had resigned from the party after falling out with EFF leader **Julius Malema**;

10 Feb 2025 **Cape Town (South Africa)** *News24*. International relations minister **Ronald Lamola** rejects calls for South Africa to withdraw troops from the **Democratic Republic of Congo (DRC)**, claiming it would be disorderly and potentially more dangerous than a surrender;

5 Feb 2025 **Pietermaritzburg (South Africa)** *News24*. **French** arms company **Thales** petitions the **KwaZulu-Natal (KZN)** high court in **Pietermaritzburg** to drop corruption charges against it relating to the 1999 arms deal scandal due to unreasonable delays;

5 Feb 2025 **Johannesburg (South Africa)** *Reuters*. The **S&P Global South Africa Purchasing Managers' Index (PMI)** falls to 47.4 in January from 49.9 in December, indicating worsening sentiment in the manufacturing sector;

4 Feb 2025 **Pretoria (South Africa)** *News24*. The Presidency dismisses claims made by **Rwandan** President **Paul Kagame** that South Africa’s military deployment in the eastern **Democratic Republic of Congo (DRC)** is motivated by President **Cyril Ramaphosa**’s mining interests;

30 Jan 2025 **Johannesburg (South Africa)** *Moneyweb*. The **South African Reserve Bank (SARB)** (central bank) **Monetary Policy Committee (MPC)** cut the repo rate by 25 basis points from 7.75% to 7.5%.

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