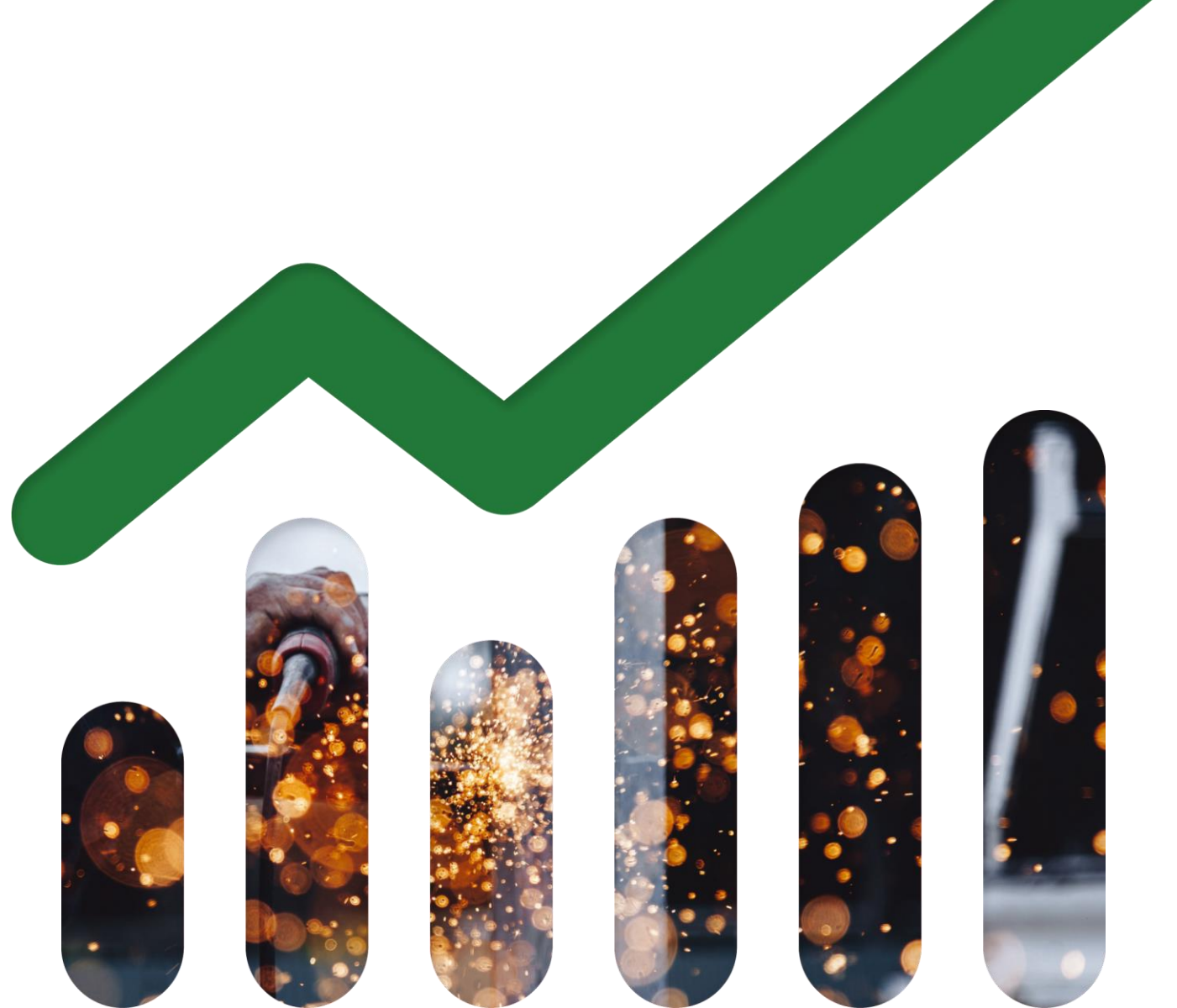




**National Economic
Development and
Labour Council**

Economic and Employment Trends in South Africa

July 2025 | Issue 28





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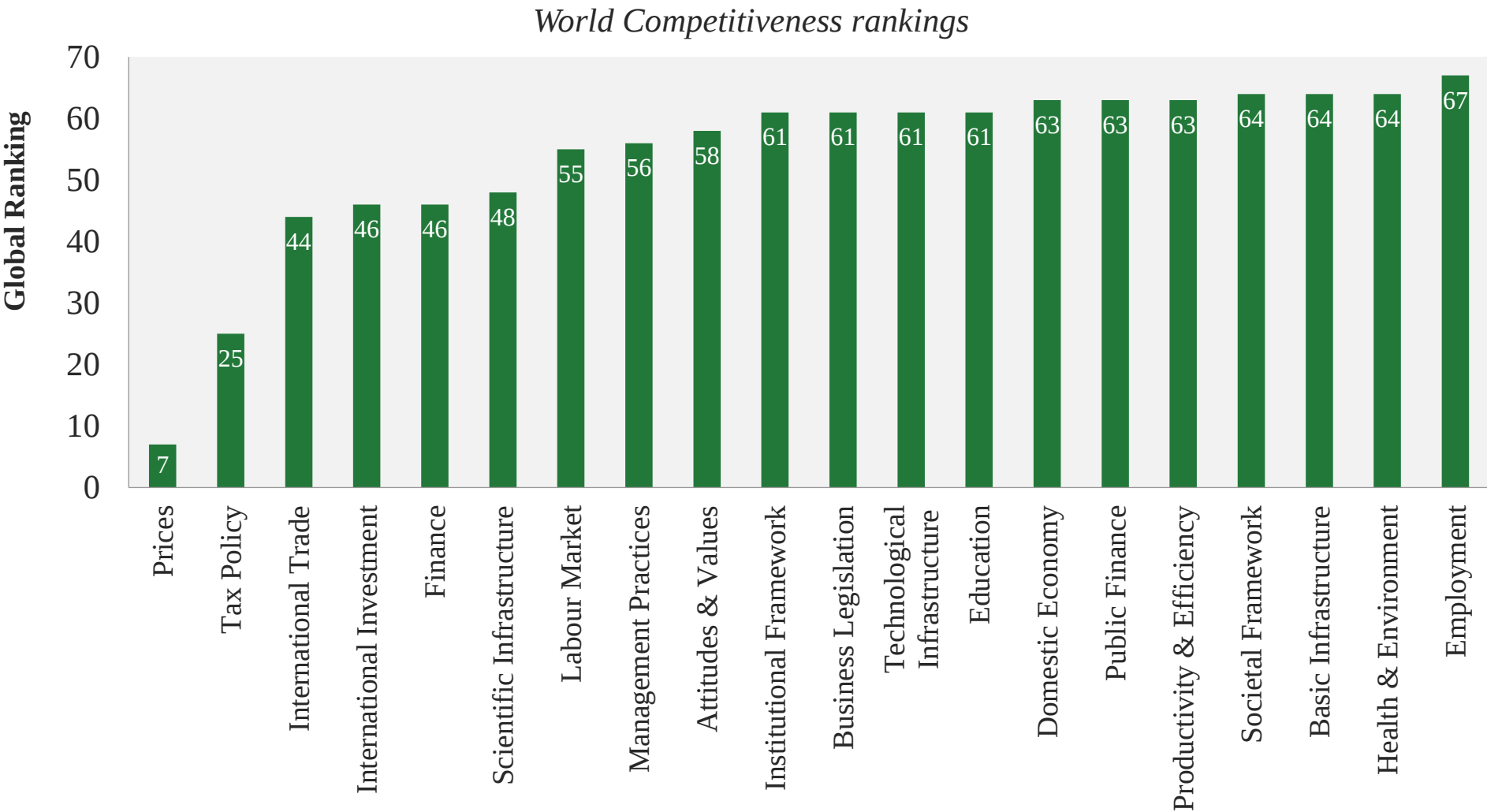
Overview of current economic and employment trends

- South Africa's **low global competitiveness ranking** reflects persistent structural weaknesses in key areas such as employment, investment, infrastructure, and education ([Slide 4](#)).
- **High levels of informal employment and low GDP per capita** continue to constrain South Africa's economic development ([Slide 5](#)).
- South African consumer credit is **heavily concentrated in secured loans and mortgages**, which make up over two-thirds of household credit ([Slide 6](#)).
- **Uneven investment across industries and declining capital expenditure** in key sectors have contributed to sluggish economic growth ([Slide 7](#)).
- A **rising public wage bill has increasingly crowded out infrastructure spending**, indicating a shift away from long-term growth investments ([Slide 8](#)).
- Over the past 10 quarters, **the trade industry has shown stable performance**, maintaining a consistent contribution of just above 12% to GDP despite minor fluctuations ([Slide 9](#)).
- Since 2010, **financial and community services sectors lead in profitability and returns**, outperforming other industries ([Slide 10](#)).
- Despite strong global commodity demand, **stagnant port volumes have limited South Africa's export potential**, especially in key dry and liquid cargo hubs ([Slide 11](#)).

Gross Domestic Product

- According to the IMD World Competitiveness Yearbook, SA's **global competitiveness ranking is 64th out of 69 countries**, behind Argentina, Ghana and Botswana.
- SA's low ranking **reflects weak scores for employment, investment, corruption, inequality, business efficiency, productivity, entrepreneurship, and inadequate infrastructure and education.**

South Africa ranks 64th out of 69 countries in global competitiveness

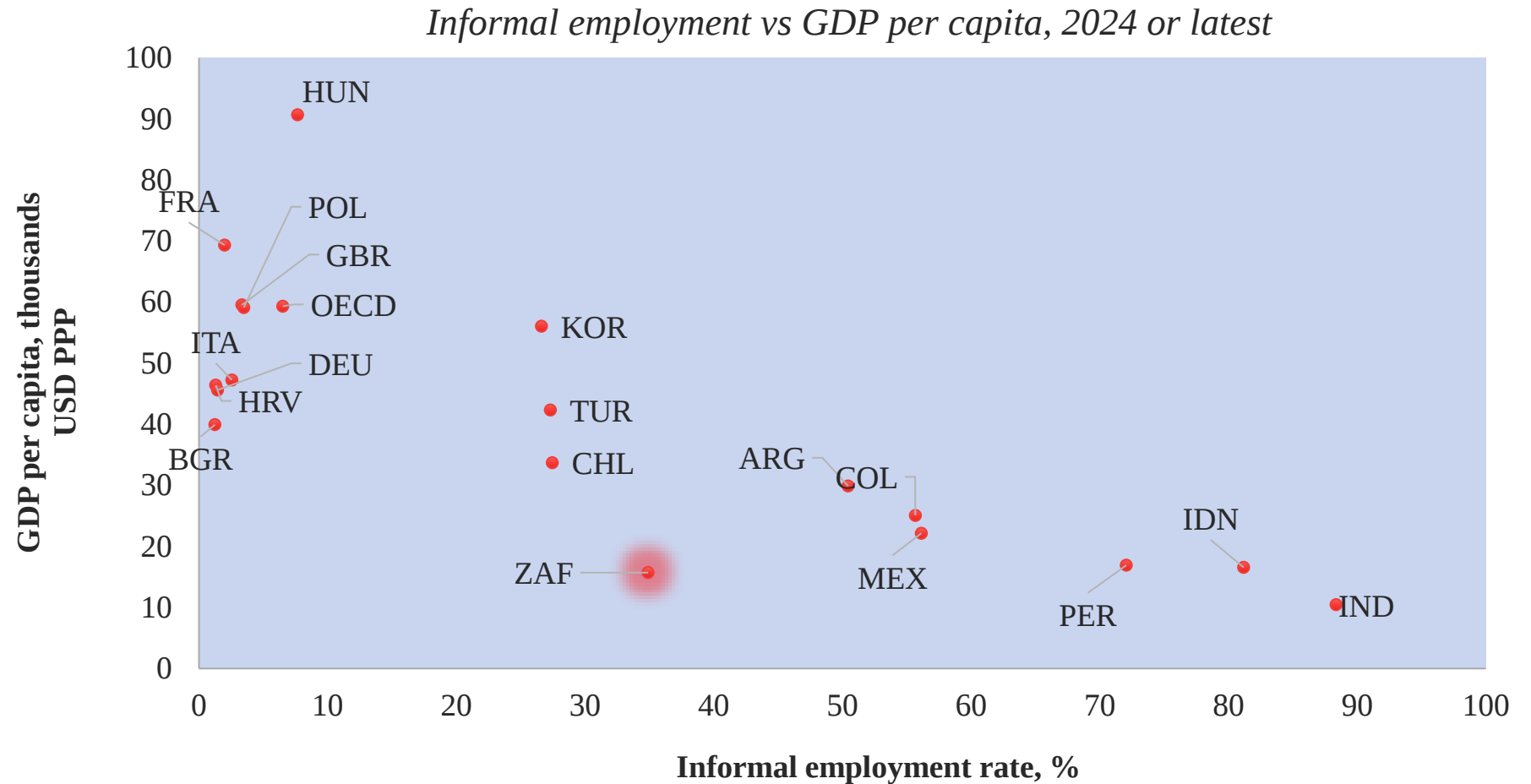


Source: IMD World Competitiveness Yearbook 2025. The World Competitiveness Ranking is based on 341 competitiveness criteria selected as a result of comprehensive research using economic literature, international, national, and regional sources, and feedback from the business community, government agencies, and academics.

Employment

- South Africa has a relatively **high informal employment rate** (~35%) and a **low GDP per capita** (~USD 20 000 PPP), both well below OECD averages.
- While its informality is lower than in countries such as India and Peru, it remains a key constraint on economic development.

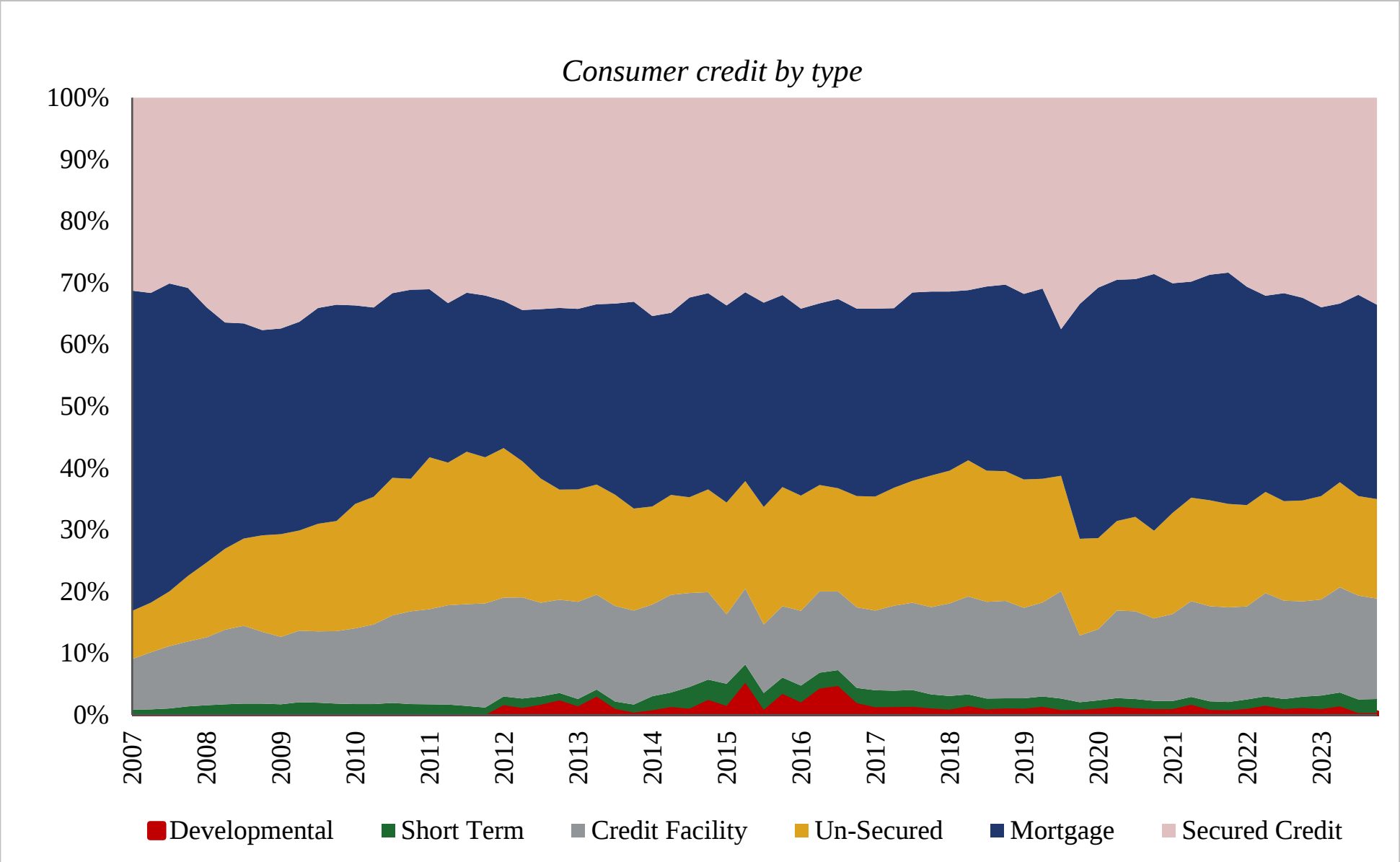
South Africa grapples with **high informal employment and low GDP per capita relative to OECD countries**



Source: OECD Economic Surveys: South Africa 2025

Households

Consumer credit in South Africa is **dominated by secured credit and mortgages**, which represent over 65% of total consumer credit.

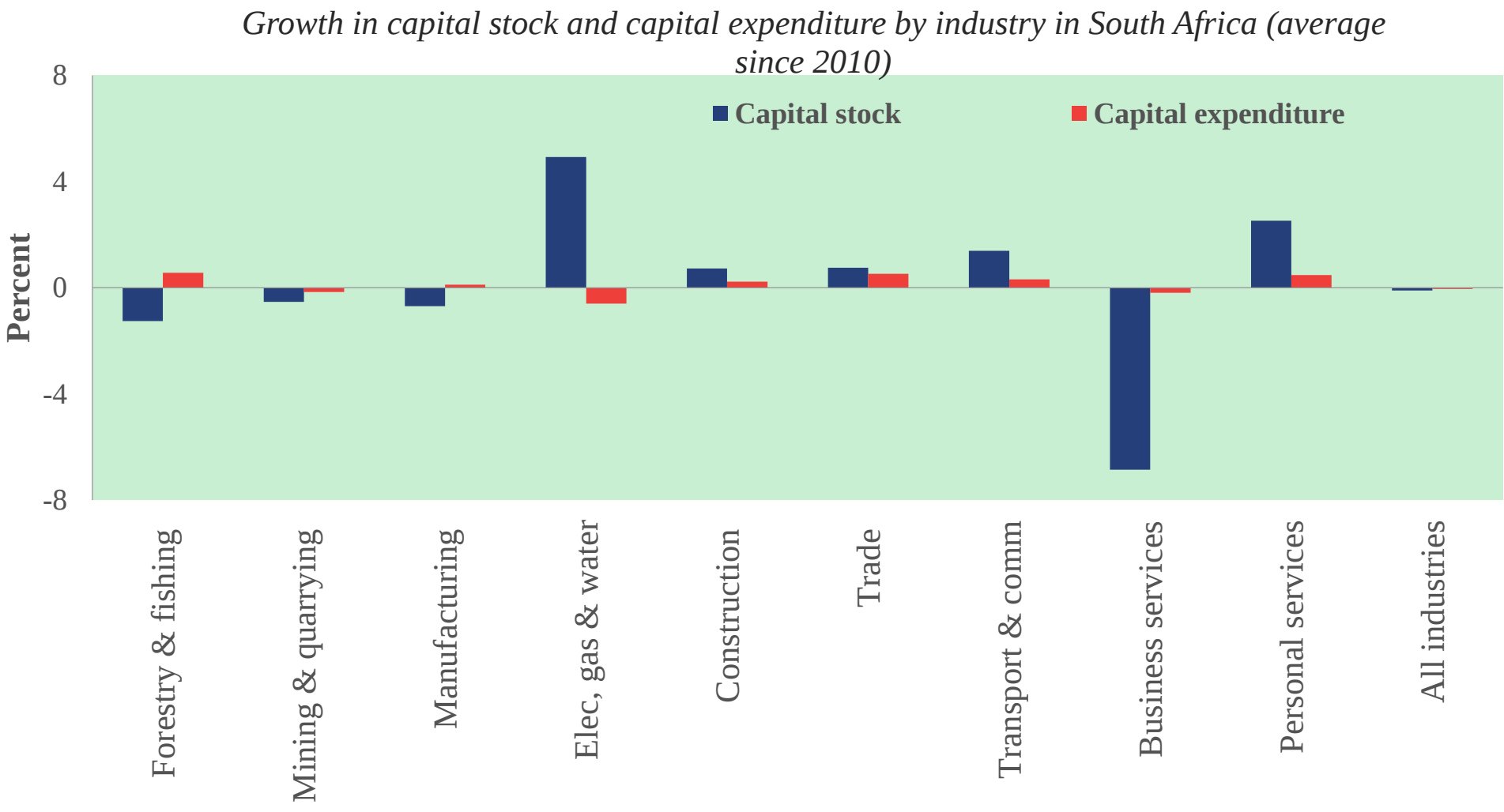


Source: National Credit Regulator, EconData

Investment

- While capital stock grew in the electricity and water sector, it **declined significantly in business services**, reflecting uneven investment trends across industries.
- Capital expenditure has **dropped in critical sectors, including electricity and water, mining and quarrying, and business services**, contributing to stagnating economic growth.

Since 2010, South Africa has experienced **weak capital stock growth and declining investment levels** across



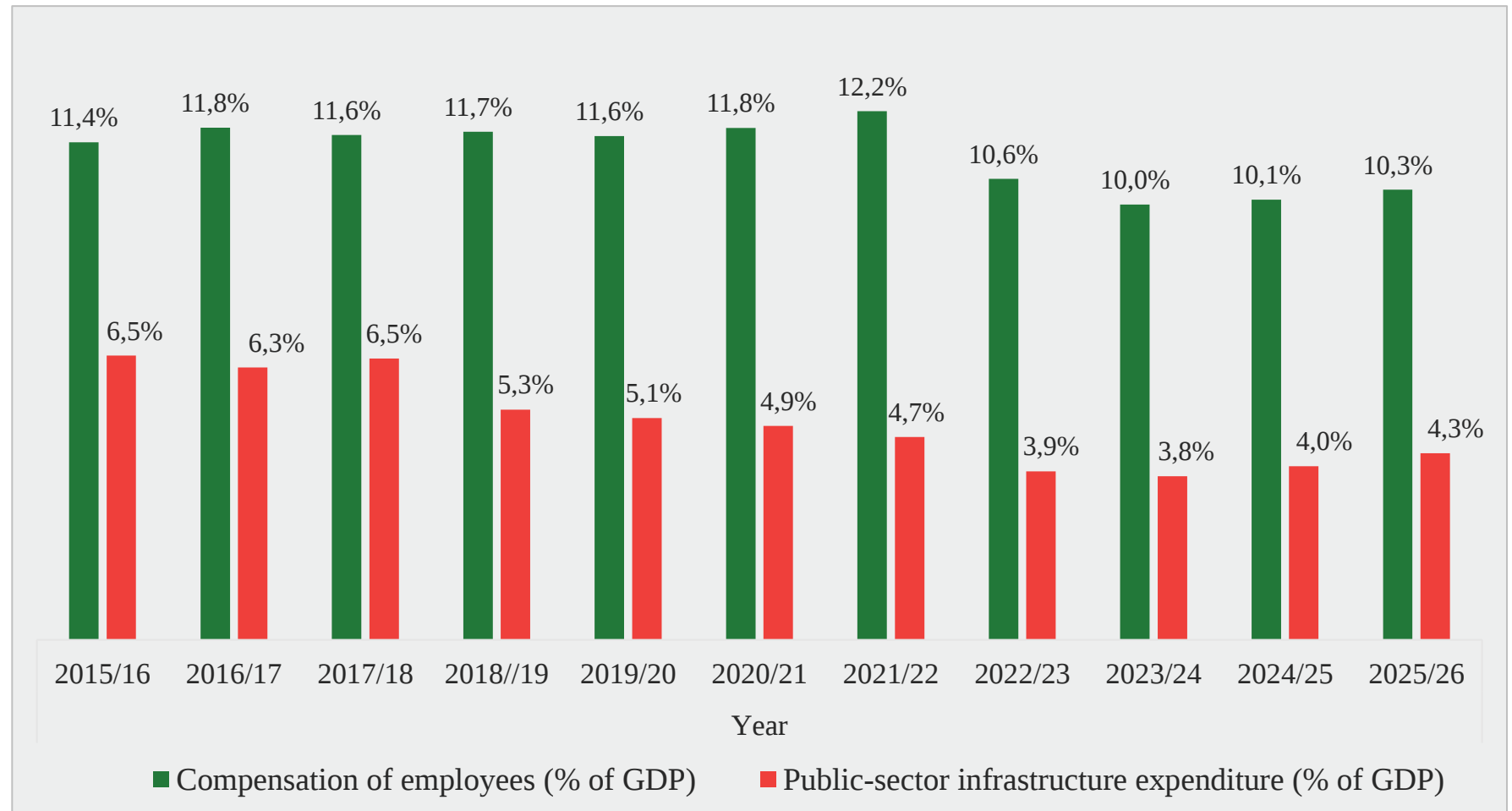
Source: Statistics South Africa, Codera Analytics. Carrying value of property, plant and equipment, intangible and right of use assets at the end of the financial year and capital expenditure on property, plant and equipment, intangible assets and right of use assets by industry. Series deflated by headline CPI. Capital expenditure based on annual growth and capital stock on compound average annual growth 2010 to 2023.

Government

- Spending on compensation of employees has consistently outpaced public-sector infrastructure expenditure over the past decade, with the gap widening significantly after 2017/18.
- While the wage bill has remained above 10% of GDP, infrastructure investment has steadily declined, falling from 6.5% in 2015/16 to just 3.8% in 2023/24, highlighting a shift away from growth-enhancing capital spending towards recurrent costs.

Wage bill remains high while infrastructure investment steadily declines, indicating a shift from long-term growth spending to short-term operational costs.

Wage Bill vs Infrastructure Spending as a Share of GDP (2015/16–2025/26)



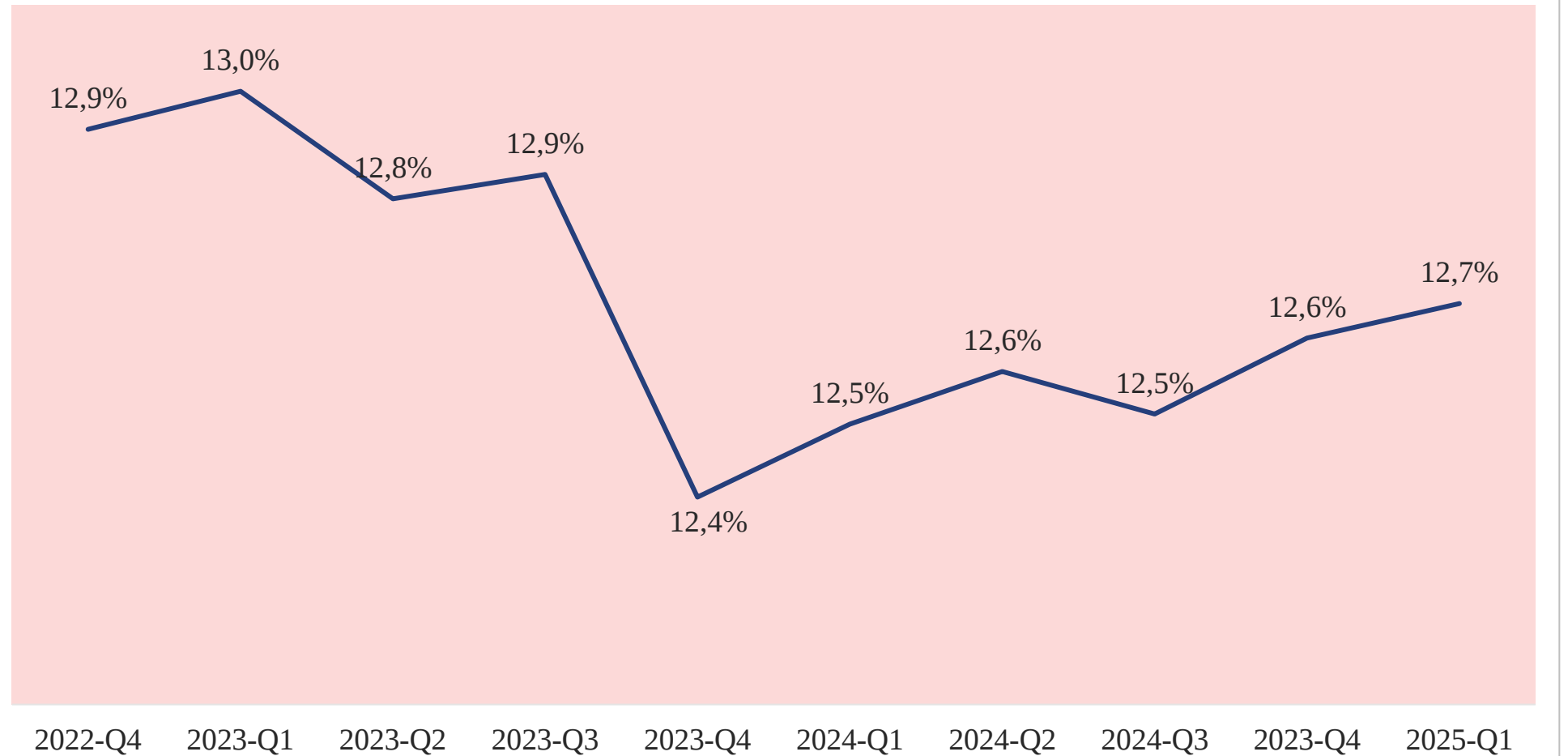
Source: National Treasury Estimates of National Expenditure and Budget Review

International Trade

- Over the past 10 quarters, **the highest contribution was recorded in 2023-Q1 at 13.0%, followed by a decline to 12.4% in 2023-Q4**, the lowest point during the period.
- The most recent data shows a slight upward trend, **indicating a gradual recovery in the sector's performance.**

Over the past 10 quarters, **the trade industry has maintained a stable contribution to GDP**, fluctuating slightly around 12.5%

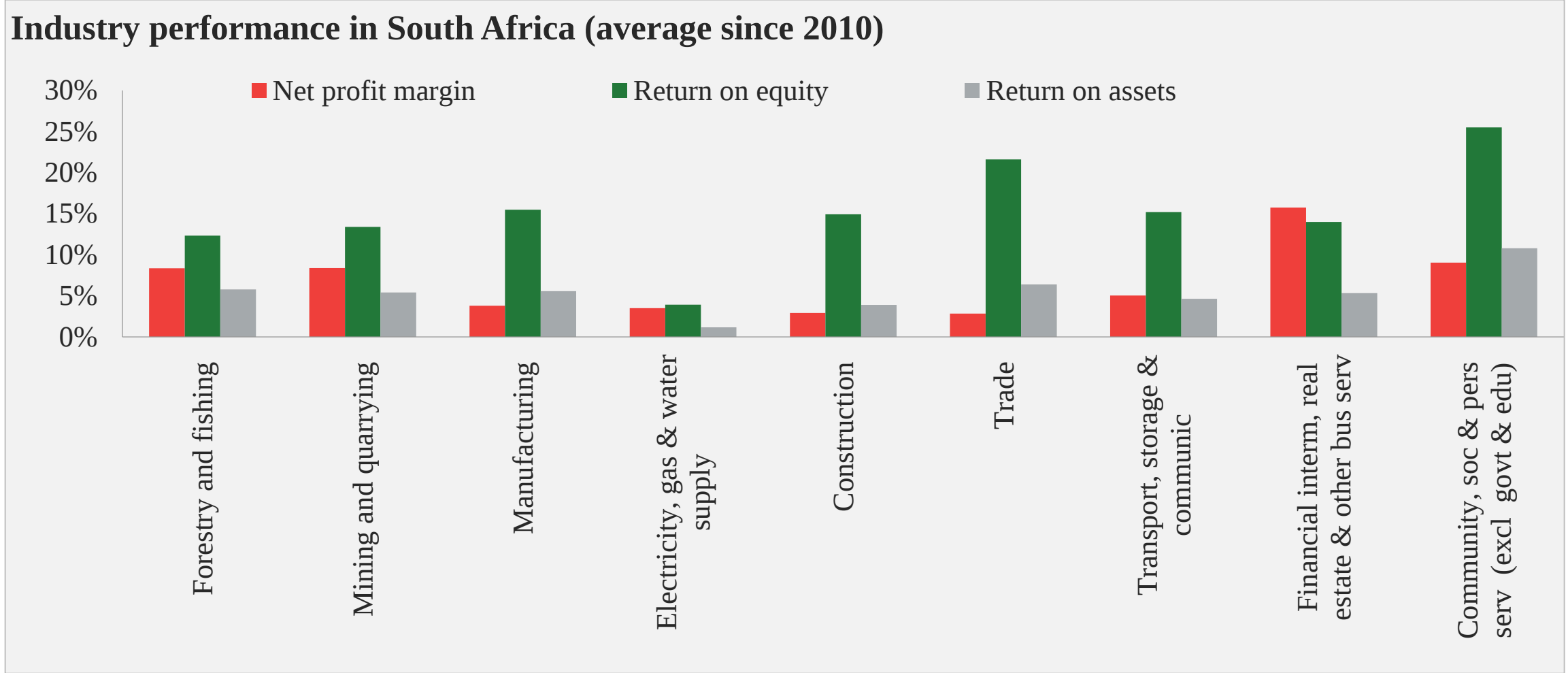
Trade industry percentage contribution to GDP, 2022-Q4 – 2025-Q1



Source: GDP 2025-Q1 Stats SA

Industry

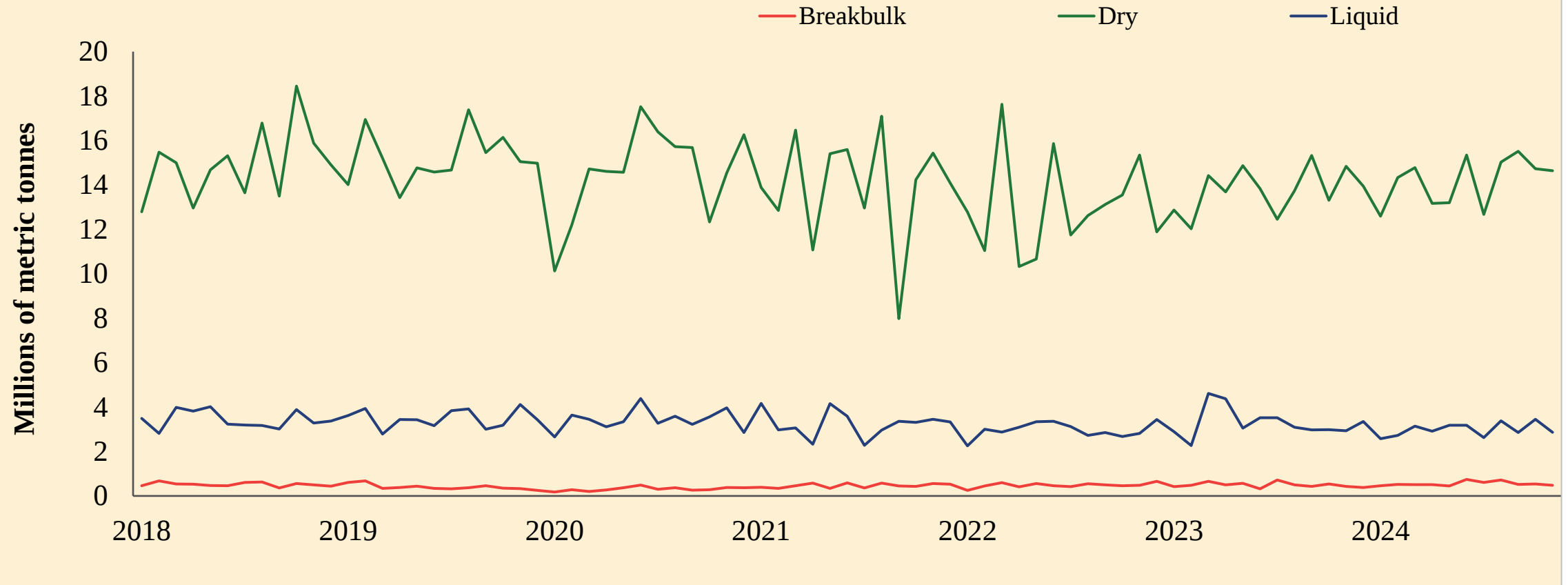
Since 2010, **the financial intermediation and real estate sector has recorded the highest net profit margin.** Meanwhile, the community services sector has achieved the highest average return on equity and return on assets.



Source: Statistics South Africa. Annual preliminary estimates. Profit margin is net profit after company tax over turnover. Return on equity is net profit after providing for company tax over total equity. Return on assets is net profit after providing for company tax over total assets.

Section C: Transnet Cargo Volumes over time

Transnet cargo handled



Source: Transnet, Codera Analytics

- South Africa **has missed the opportunity to benefit from historically high commodity prices**, as port volumes have shown no growth in recent years.
- Richard's Bay is the largest port for Transnet's dry cargo, followed by Saldanha and Durban handles the largest volume of Liquid and Break Bulk.

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Purpose of this Report

This report has been prepared in support of the NEDLAC Social Partners' Economic Recovery Action Plan. The report provides a snapshot of key macro-economic and employment trends based on official statistics and other relevant sources of data.

Disclaimer

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