

Q3 2025 GDP: For the second consecutive quarter, mining outperformed other sectors

Another uninspiring GDP performance was recorded for South Africa in Q3 2025. On a quarter-on-quarter (q-o-q), seasonally adjusted basis, real GDP grew by 0.5%. This marks the 12th consecutive quarter in which economic growth has remained below 1%. Between 2014 and 2024, annual average real GDP growth was 0.8%, compared to population growth of 1.3%. In per capita terms, South Africans have, on average, become poorer as population growth has consistently outpaced real economic growth.

The mining sector recorded the strongest growth among all key sectors for the second consecutive quarter, expanding by 2.3% q-o-q in Q3 2025, after a 3.5% increase in Q2. (**Figure 1** illustrates real GDP and sectoral performance.) The positive mining results were supported by platinum group metals (PGMs), manganese ore, and coal. Using the production approach to GDP, the following sectors contributed positively to Q3 2025 real GDP growth¹:

- **Mining (+2.3%)**, contributing 0.1 percentage point. (Our q-o-q growth forecast for Q3 was 2.5%. See the Minerals Council September 2025 mining production commentary dated 14 November 2025.)
- **Finance (+0.3%)**, contributing 0.1 percentage point.
- **Trade (+1.0%)**, contributing 0.1 percentage point.
- **Manufacturing, agriculture, transport, government, and personal services** each registered positive but marginal growth, contributing at most 0.1 percentage point individually.

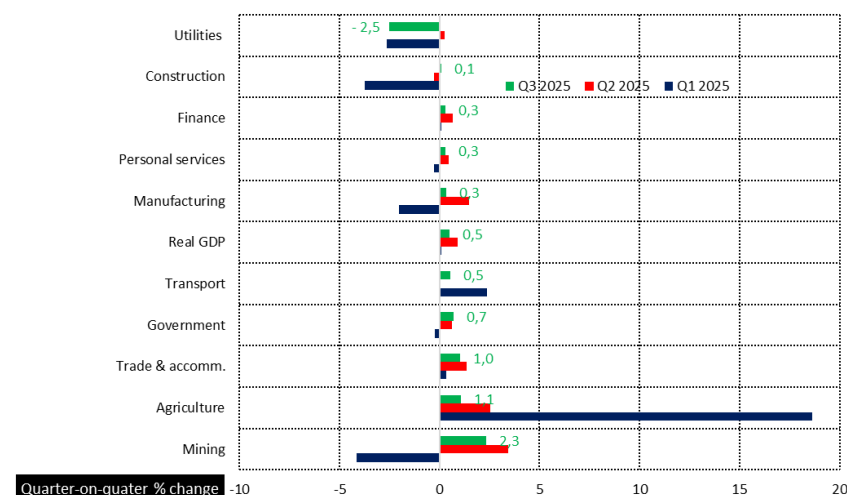
The **utilities sector (specifically electricity)** contracted by 2.5% in Q3 2025, subtracting 0.1 percentage point from GDP growth. Among the sectors that posted growth, **construction** grew the least, at just 0.1% (q-o-q). In real terms, the **construction sector's capital stock** has been declining at an annualised rate of 1.1% since 2016, implying that depreciation or disinvestment has outpaced infrastructure replacement. For comparison, at an aggregate level, countries at war typically experience annual capital stock reductions of between 2% and 5%. For example:

- Iraq (2003–2010): 2–4% annually
- Ukraine (2022–2023): 3–5% annually
- Syria (2011–2016): 6–8% annually

¹ This is the production approach of measuring GDP and includes 10 sectors: agriculture, mining, manufacturing, electricity, construction, trade, transport, finance, government and personal services. The other two approaches are the expenditure and income methods. Save for minor discrepancies in e.g. accuracy, completeness and timeliness, all three approaches should yield the same GDP growth rate.

Adequate and efficient infrastructure is critical, as it reduces the cost of doing business and catalyses economic growth.

Figure 1: Production approach - Real GDP growth and sectoral performance Q3 2025



Source: Stats SA

On the **expenditure approach to GDP**, the external trade balance was once again a drag on the economy in Q3 2025, with *net* exports of goods and services subtracting 0.4 percentage points from the GDP print. Exports of goods and services increased by 0.7% (q-o-q), compared to a 2.2% increase in imports. Mineral exports were R18 billion up between January and September 2025 when compared to the same period in 2024. This was mainly on the back of higher gold and PGM prices.

On the **income approach to GDP (nominal)**, gross operating surplus, a proxy for profits, rose by 6.9% (y-o-y) to R883.7 billion in Q3 2025, while compensation of employees increased by 3.2% to R869 billion. In the mining sector, after contracting for three consecutive quarters, gross operating surplus in Q3 2025 surged by 21.3% (y-o-y) to R80.5 billion, while compensation of employees grew by 2.1% to R47.5 billion.

The bottom line: Between 1994 and 2008, the South Africa accounted for 0.8% of the global economy. Since the Global Financial Crisis (GFC) of 2008–2009, South Africa's share of global GDP has gradually declined. By 2024, the country's share had dropped to 0.5%. We computed the implications of this decline and the opportunity cost for South Africa:

- i) In 2024, GDP (nominal) would have been **R18.3 trillion** instead of **R7.4 trillion**.
- ii) Tax revenue would have amounted to **R4.6 trillion** in 2024 instead of the **R1.8 trillion** that was collected.

Poor economic growth has thus come at a high cost to the economy and the taxpayer. Our position as the Minerals Council is that the mining sector, as well as construction, can catalyse growth. It is essential that South Africa develops investor-friendly policies and operating environment to attract capital inflows into these sectors as a matter of urgency. Similarly, mechanisms to address South Africa's globally uncompetitive electricity prices must be quickly formulated. In the mining sector, ferroalloy smelters are no longer competitive despite the abundance of minerals in the country. The ferrochrome sector is on the brink of closing all smelters because of the more than 900% increase in electricity prices for large consumers since 2008. The ramifications for domestic industries both supplying the smelters and relying on their products are serious, with negative consequences for employment.

While economic theory underscores the importance of strong institutions in driving growth, institutional reforms in South Africa have been lacklustre. In addition, critical microeconomic reforms—such as those targeting the labour market and competition—remain overdue.

Bongani Motsa

Acting Chief Economist

Cell: +27 (0)11-498-7100

Email: bmotsa@mineralscouncil.org.za

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