

Themes changing our world

IRMSA 23 July 2025



Key themes shaping and changing our world

1. Global discord
2. Technology and disruption
3. Ecology under stress
4. South Africa's growth conundrum
5. An inclusive world view



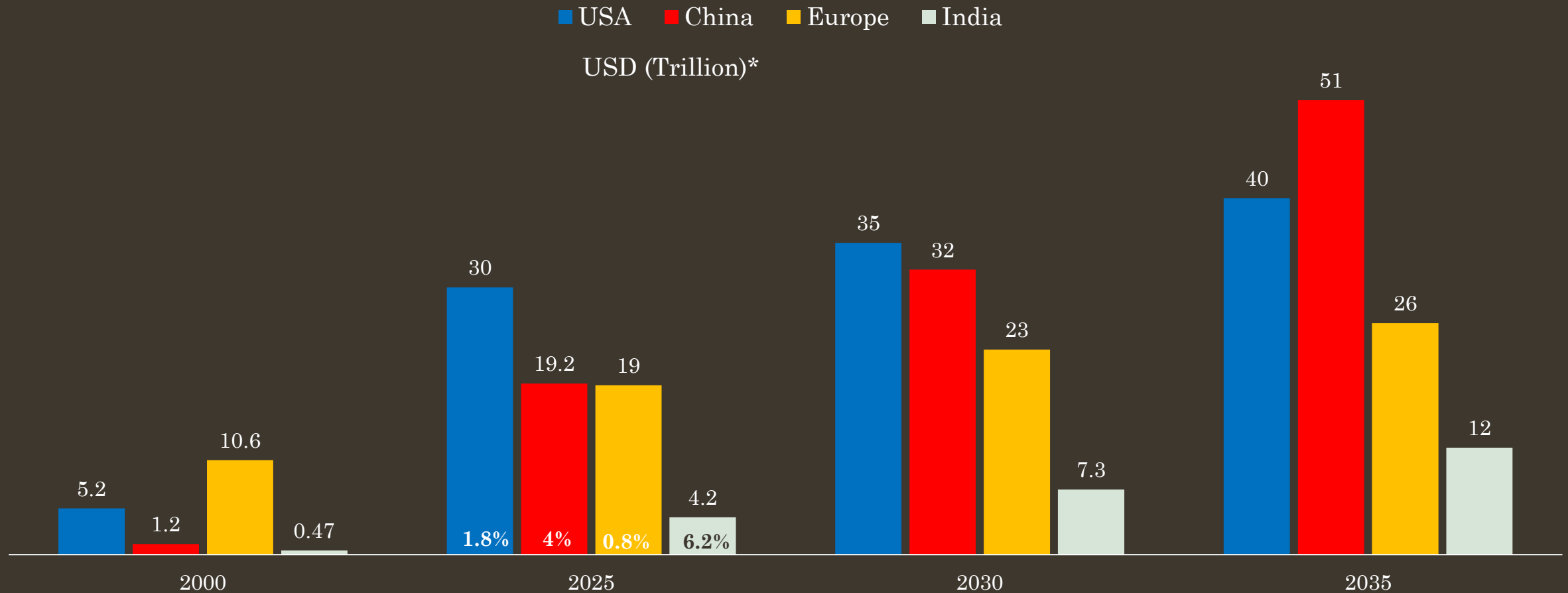
1. Global discord

Threat to global hegemony



GDP 2000 - 2035

Global growth 2024: 3.7% - IMF



**but if GDP, PPP is used then China is larger (USD 37 trillion) than US (USD 29 trillion)*

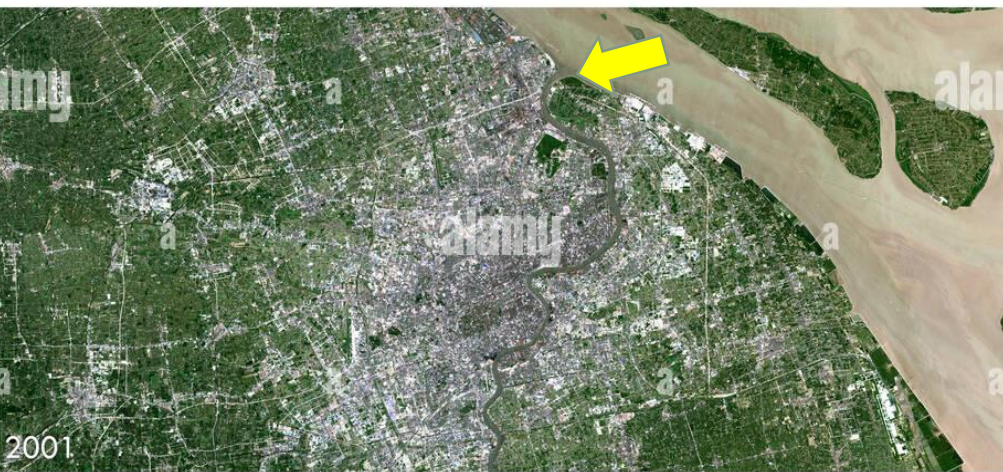


1979

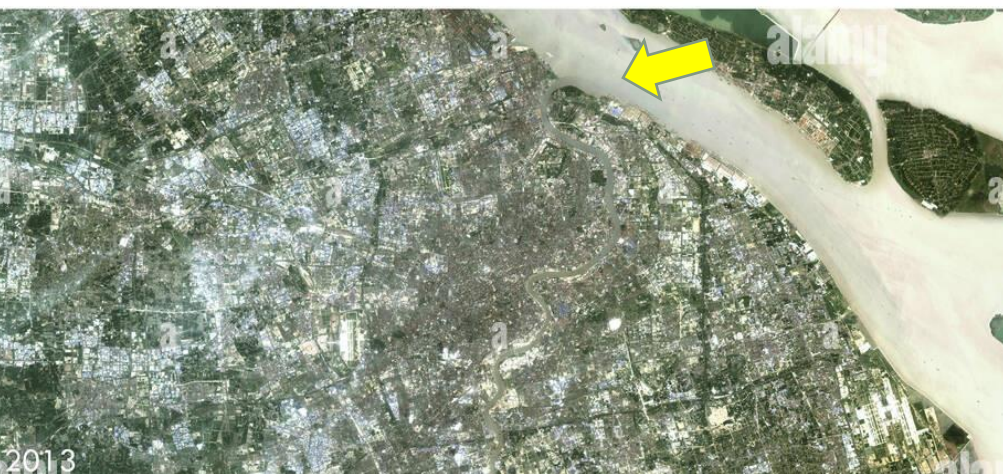
Shanghai

Yangtze River Delta

- Population: 5 mill – 40 mill
- 700m people lifted out of poverty
- Urban growth linked to economic growth



2001

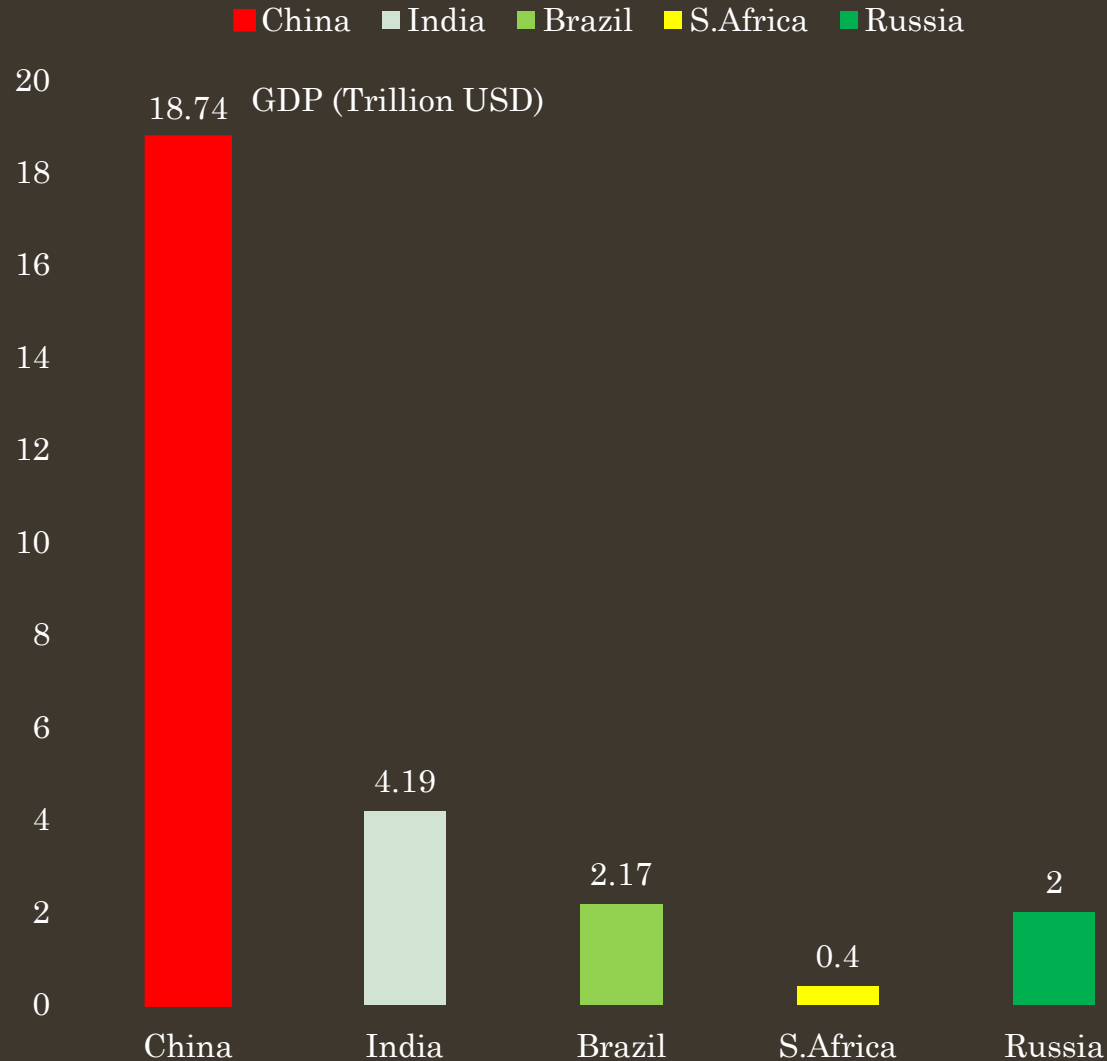


2013

2018



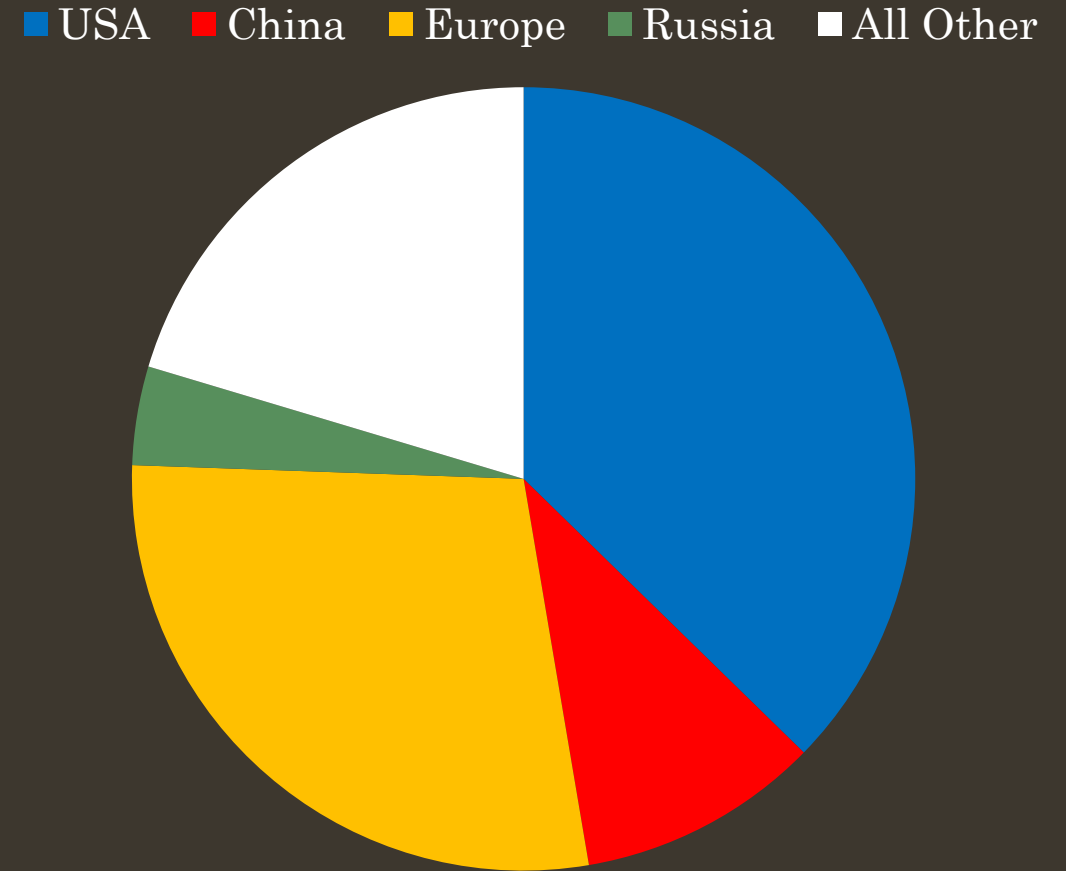
Building BRICS +



- **Threat to global hegemony:** “anti-Americanism” or “global development”?
- **BRICS is viewed as a Chinese coalition, and for good reason**
- 32% of global GDP and 55% of world population
- BRICS countries have **diverse views** (multilateralism)
- **Dialogue and co-operation**, but no trade agreement, military or single currency
- **Trade tensions** have escalated and uncertainty about future trade policies can have its own effect
- **Tariffs** are being used as a geo-political tool
- **Sub-Saharan Africa:**
 - 2024: 4%
 - 2025: 3.8% (previously 4.2%)
 - Cutting of aid and trade barriers **impacts life expectancy** in Sub-Saharan Africa

Global discord: military spend

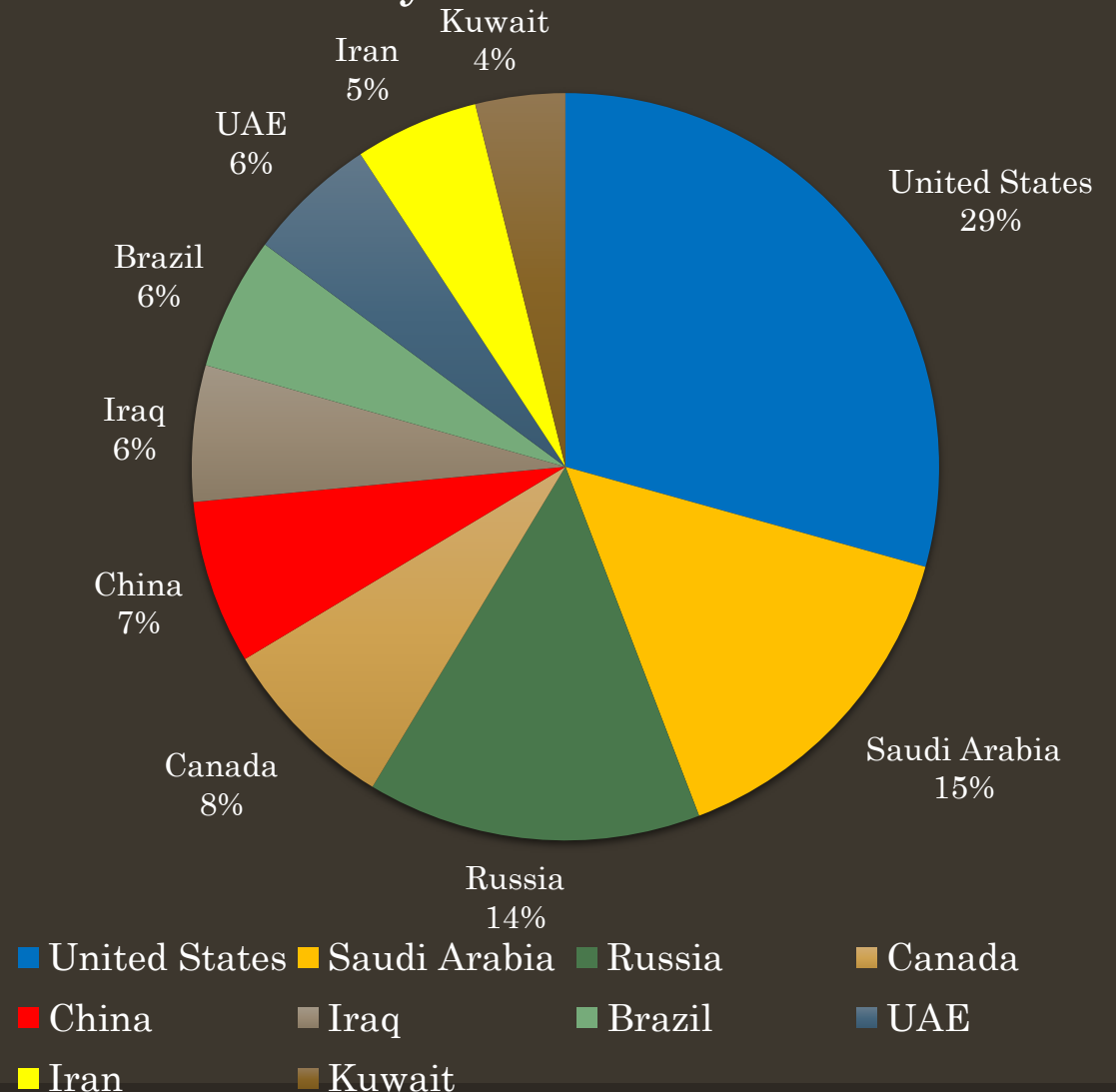
- USA accounts for 26% of global GDP, but 40% of global military spend and 65% if Western Europe Incl.
- Who is the “other” that we’re afraid of?
- USD 2.45 trillion annually vs USD 50bn annually to end world hunger
- Wars are fought without boots on the ground
- Indiscriminate targeting of civilians in Tel Aviv and Tehran
- “*..people must leave Tehran*” - Donald Trump
- Where do 9.7 million people go?
- The rise of whimsical leadership



Global discord: Oil

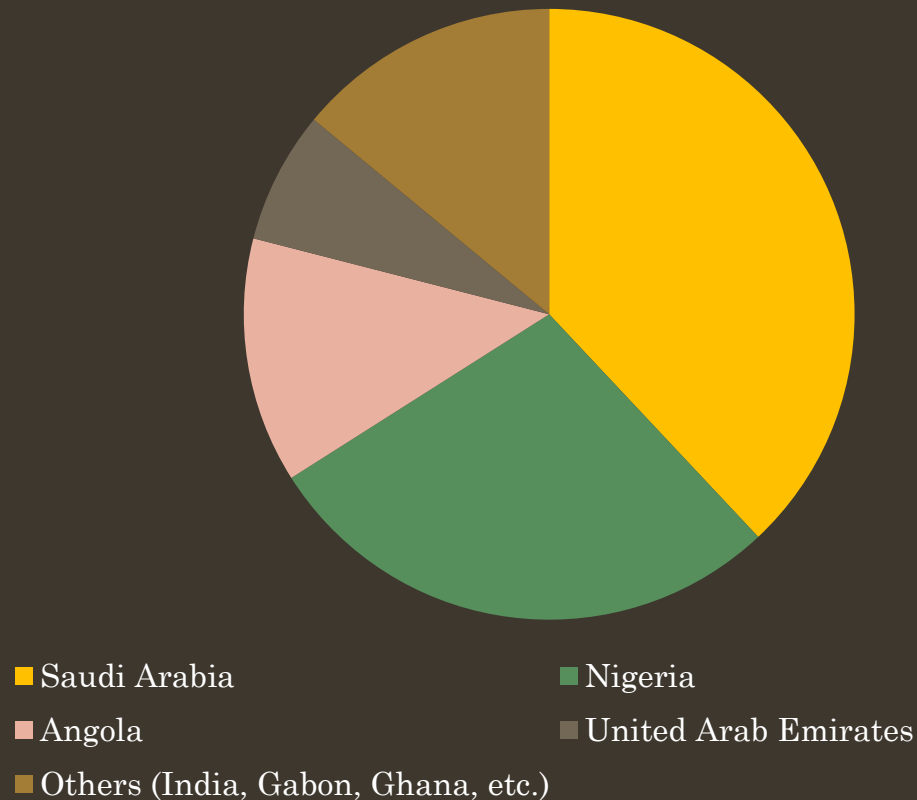
- Israel – Iran war impacts oil price but not significantly
- The risk is when conflict escalates regionally to middle east
- Real prices have moderated, settling around \$60–70/barrel, influenced by balanced production and **resilient global output**
- Iran supplier to China (Russia and Saudi Arabia also supply China)

Share of Daily Oil Production



Global discord: SA's fuel vulnerability

South Africa's Crude Oil Imports 2023/24
Import Share (%)



- SA is vulnerable to price shocks and geopolitical tensions due to its **import dependence** and **10 – 12 day reserve** (90 days is norm)
- **Sapref and Engen closure** resulted in increased imports of refined petroleum products
- **Sasol's Secunda plant** converts coal into synthetic crude-like product - world's largest coal-to-liquids facility. Production capacity of 150–160,000 bpd
- **Meets around 28%** of South Africa's liquid fuel demands
- Sasol holds a majority stake in **Natref refinery (Sasolburg)**, processing both imported and SEPI-sourced crude
- Sasol Exploration & Production International (**SEPI**) division, Sasol produces conventional crude oil offshore in Gabon (and historically explored in Mozambique and Canada) – for export (**not domestic**)

Global discord: trade tensions and tariffs

SA's exports to the USA are 2.1% of GDP (R156bn)

Trump's "reciprocal" policy will reduce global GDP by 0.5% (IMF)

SA will almost certainly not form part of AGOA with its second largest trade partner **(30 September 2025)**

US tariffs on South Africa goods from 01 Aug, 30% **(+10% BRICS threat?)** if a trade deal is not reached by 01 Aug - **negotiation window to secure more exemptions**

SA tariffs on US goods: Ave 7.6%. Agriculture: 8.5%

Excluded are **minerals** that the US needs (40% of exports to US)

SA exports: 72% Most favoured nations trade terms, 26% on AGOA, 2% on general system of preferences

If implemented, strong case for companies exporting to US, to **relocate to the US**

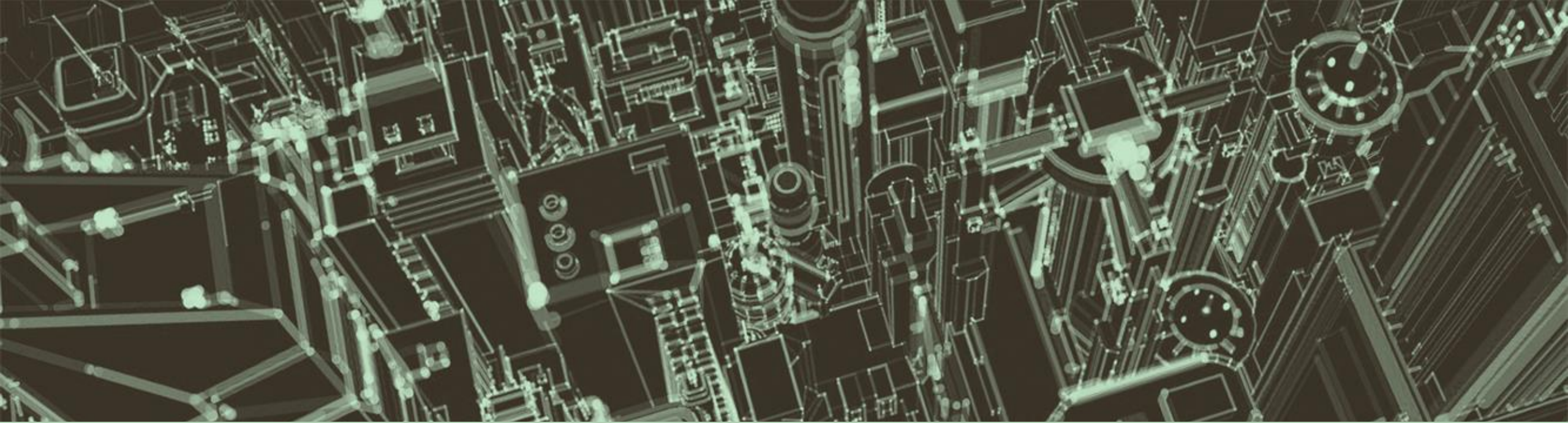
Short-term trade disruption: severely reduce exports, threatening thousands of jobs:

- **Agricultural: Citrus, sugar, rock lobster sea fish**
- **Wine, tallow, etc**
- **Automotive, high value machinery, sail & motor boats, diagnostic lab reagents**
- **Chemicals, beauty/cosmetic, paper & board**
- **Metals & minerals (aluminum, ferrochrome, titanium ores, copper rods, rhodium, platinum, palladium, several exemptions)**

Weigh on exchange rates, bond markets, and capital flows. **SARB could put rate cuts on hold**

Lesotho: declares national state of disaster, following 50% tariff hike on textile market

New tariffs not informed by due diligence



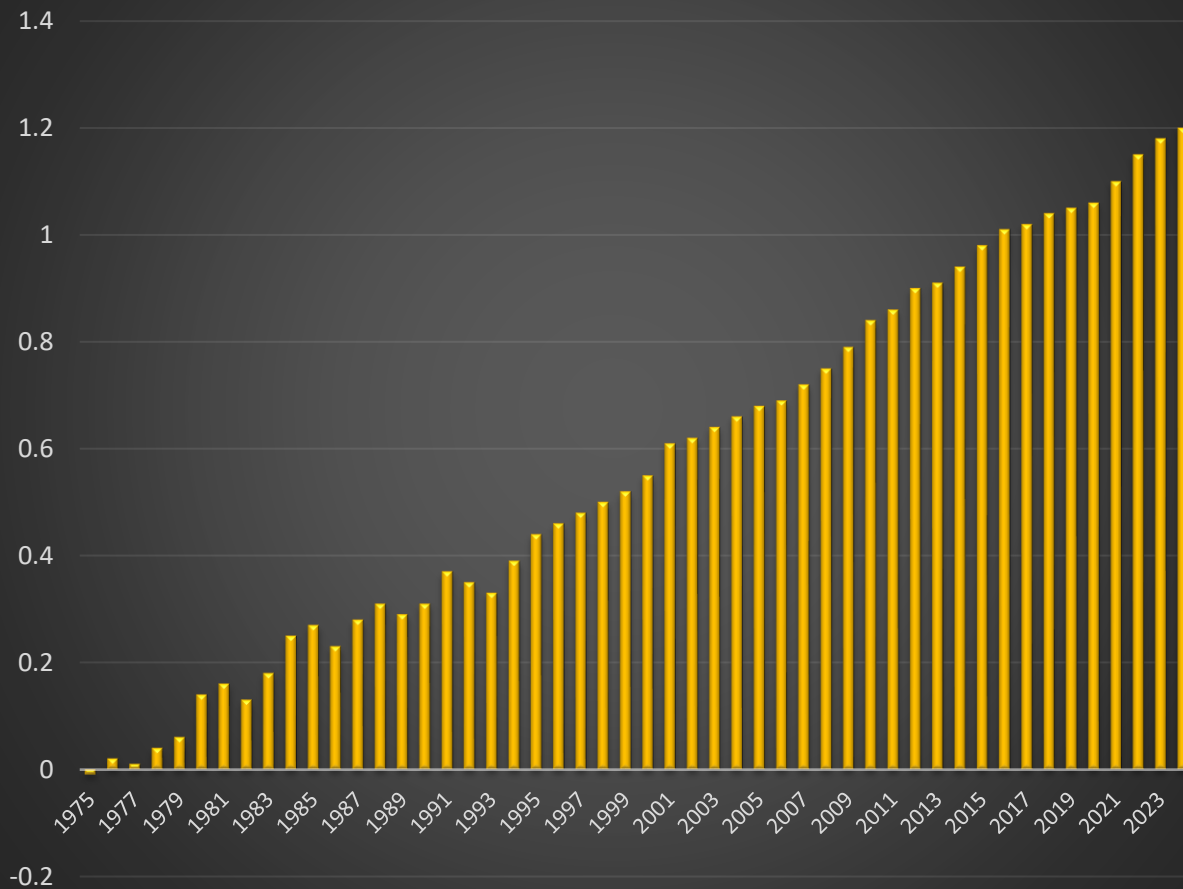
2. Ecology under stress

Carbon pricing set to escalate



Changing Climate

Temperature Anomaly (°C)



- **Warmer oceans** causes more extreme weather
- **Intense El Niño and La Niña cycles**, triggering oscillations between droughts and floods
- **Extreme flooding** (e.g. KZN in April & May 2022) and tornadoes
- **2023/24 record-breaking drought across southern Africa**. Affected Zambia, Zimbabwe, Malawi, Mozambique, Botswana, Angola, and parts of South Africa
- **Destroyed 40% of maize production in Zambia/Zimbabwe— also impacts hydropower** supply (e.g. Lake Kariba)

- 2025 - early summer rainfall may be below-normal while mid-to-late summer, possible shift to above-normal rainfall influenced by emerging La Niña late 2025/early 2026.
- Global integration brings relief, and resilience, but also vulnerabilities
- Local government is on its own, no funding for building resilience and no voice!



Water and Land



- 199 million tons of plastic waste currently reside in the oceans
- 8-10 million tons of plastic enter the ocean annually. Equates to dumping a garbage truck full of plastic into the ocean every minute
- **Microplastics** have become part of food chain and are a health risk
- Over 33% of the world's soils are degraded (FAO)
- **Land degradation** affects about 1.9 billion hectares worldwide—an area nearly twice the size of China
- Causes: unsustainable agriculture deforestation overgrazing urban sprawl and industrial pollution

Carbon border adjustment mechanism

- Policy designed to put a price on carbon emissions from certain goods imported into the EU, starting in 2026
- By applying a carbon price to imports, CBAM aims to **level the playing field** between EU producers (who face carbon costs under the EU ETS) and foreign producers, preventing businesses from relocating production to countries with lower environmental standards
- **SA is a carbon intensive economy**, and while initial impact will be small, this will increase as more products are added
- **SA DTIC policies have not been updated – risk of being reactionary**
- **Transitional Phase**: The mechanism is being phased in, with a reporting period from 2023-2025 and a definitive regime starting in 2026
- **Sectors Covered**: Initially, CBAM will cover sectors like iron and steel, cement, aluminum, fertilizers, electricity, and hydrogen. The list of sectors could potentially be **expanded over time**
- **Administrative Hurdles (non-tariff barriers)**: CBAM introduces administrative requirements for market access to the EU, which could pose challenges for African countries

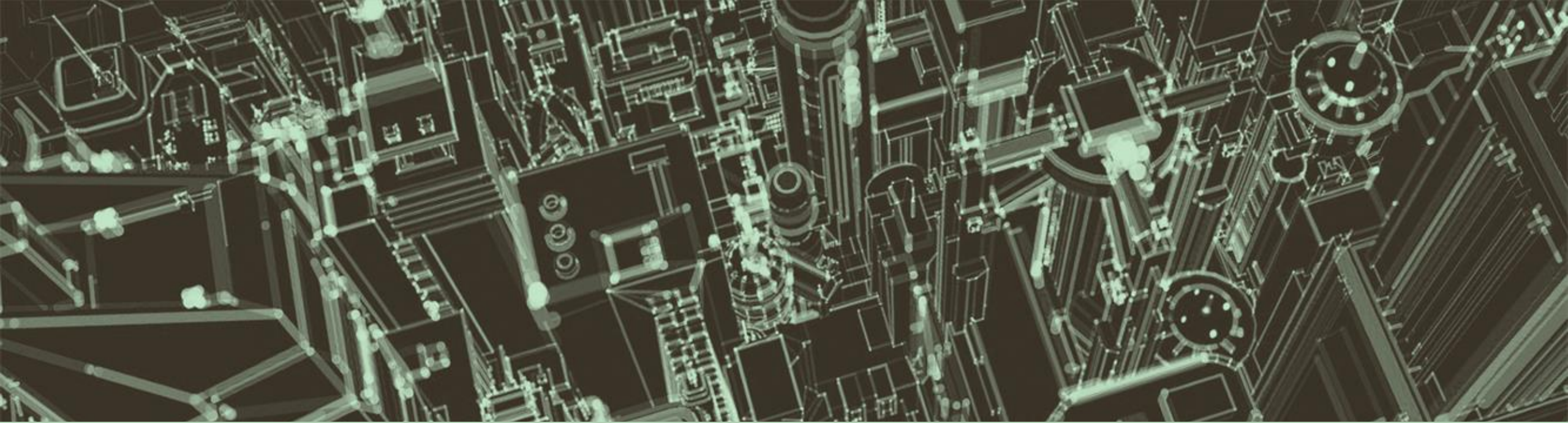
food, fuel and bank accounts

Just in time global supply chains give us a false sense that everything is readily available (e.g. stock on supermarket shelves)

Social breakdown because of Katrina showed the US that there was a creeping erosion of civic resilience

“9 meals from anarchy” - Andrew Simms

If we value civilisation, the litmus test for economic success should not be short-term profitability, but resilience in the face of climatic extremes and resource shortages



3. Technological disruption

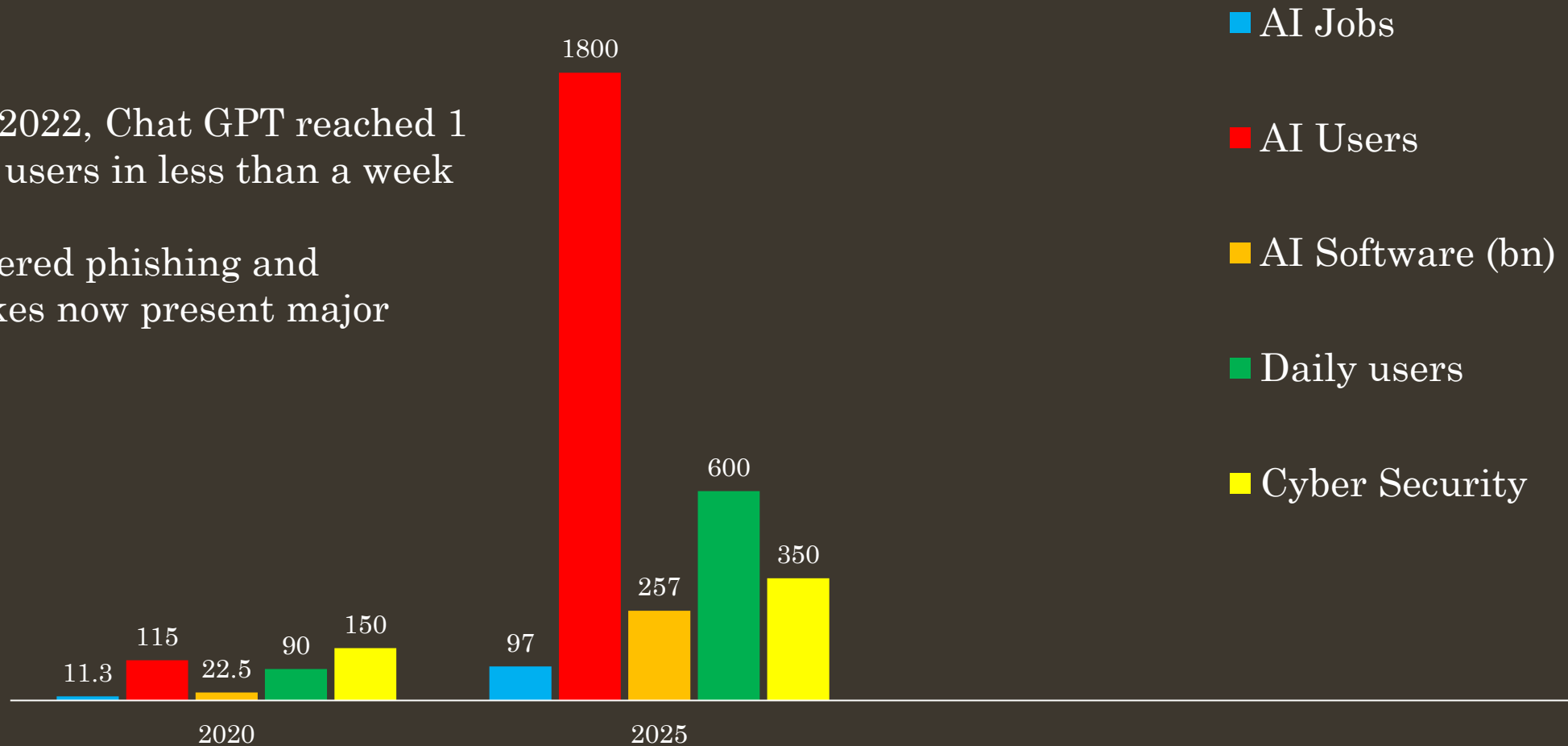
Change is exponential



Last 5 years

In late 2022, Chat GPT reached 1 million users in less than a week

AI-powered phishing and deepfakes now present major threats



Last 5 years

Technology Domain	2020	2025
AI	Niche use cases	Ubiquitous Generative AI applications
5G	Trials and early rollouts	Global coverage in urban areas
Cloud/Remote Work	Accelerated by COVID-19	Normalized, with permanent adoption
Quantum Computing	<100 qubit experiments	>1,000 qubit prototypes
Electric Vehicles	3% of sales	>20% of sales globally
Cybersecurity	Reactive defenses	AI-driven, zero-trust as default
Wearables/Smart Tech	Fitness trackers	Comprehensive health and smart home AI

- **Quantum Computing:** This field is poised to revolutionize various sectors, including cryptography and drug discovery, virtual and augmented reality, etc

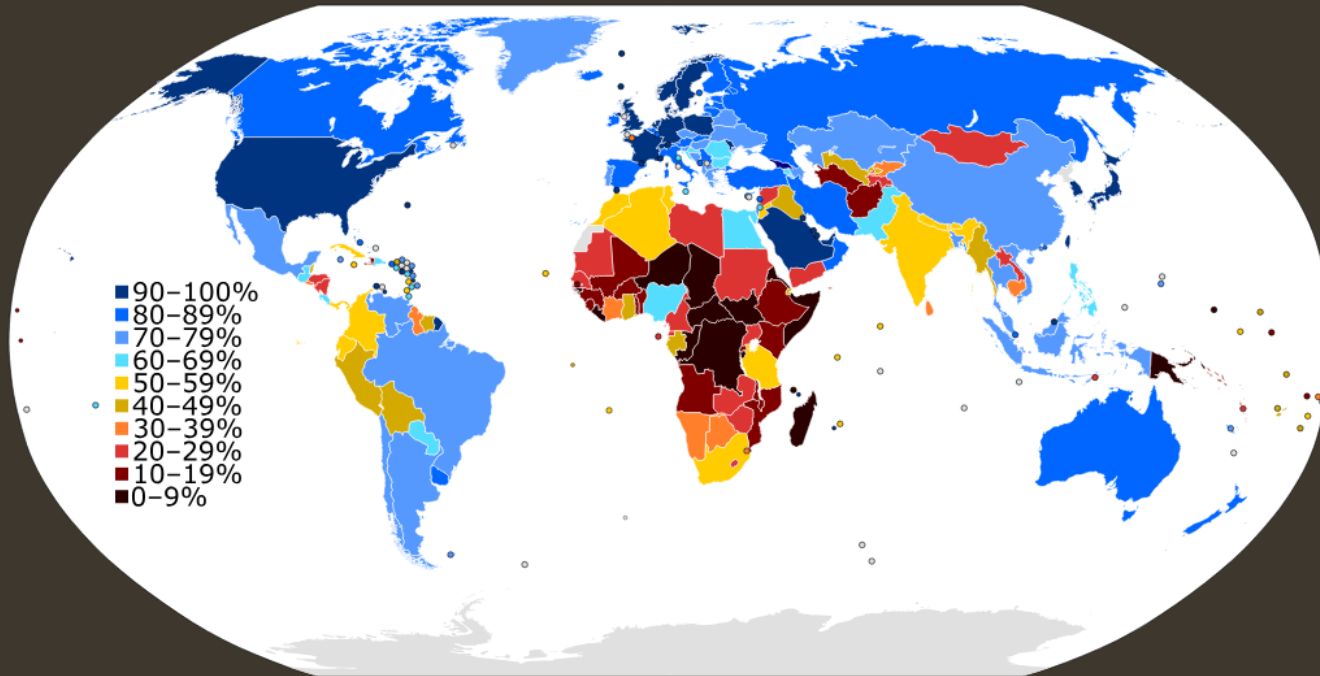
2030s: what does it mean to be human?

- **Personalized Medicine:** AI will play a key role in developing tailored treatments and preventative medicine strategies. Will it be for the rich?
- **Sustainable Technologies:** will be crucial for a sustainable future. Electric & **hydrogen vehicles**
- **Biotechnology:** Advancements in areas like lab-grown food and DNA storage will become more prominent.
- **Space Exploration:** space tourism, lunar bases, and even asteroid mining operations.

Near Term Advances

1. **6G with AI and Edge computing**, enhancing virtual reality, the Internet of Things, and industrial automation. brings computing power closer to the source of data
2. **Blockchain**: This technology is expected to revolutionize various sectors, including finance & commerce and government
3. **Web3 technologies**: These technologies are predicted to transform the world of commerce and digital interactions
4. **Robotics**: potential applications in various industries and even in everyday life
5. **Cybersecurity**: As technology advances, so will the need for robust cybersecurity measures, including post-quantum cryptography
6. **Virtual and augmented Reality**: potentially becoming more integrated into daily life and work
7. **Digital twins**: The use of digital representations of physical objects or systems
8. **Electric vehicles and driverless cars** gaining momentum in SA

Internet Poverty



Internet access in Africa is as basic as roads and electricity

Significant digital gap persists in Sub-Saharan Africa (~34–43%), where well over half the population remains offline

Are we investing in technology enablers?

Are we thinking about the future of cities and investing to make it a reality, or only addressing historical backlogs?

How are our cities being enabled to become more efficient, productive and citizen centred?

All of this is centred on cities

Risks

- **WEF lists AI-driven misinformation** and narrative warfare as most acute short-term threat
- **Compounding polarization**, trust collapse
- **Political: election and political cycles** now coincide with surges in disinformation—sowing unrest, voter suppression narratives, and foreign meddling
- **Public health (e.g., vaccines) and climate change** have become hotbeds for misleading narratives, undermining policy, endangering lives, and slowing climate action
- *“Ignorance with confidence!”*
- **Economics and corporate risks**: fake news spurs investor panic, brand damage, legal exposure, and compliance burdens
- **e.g. Afrikaner genocide in South Africa** - fake news, half truths and whole lies

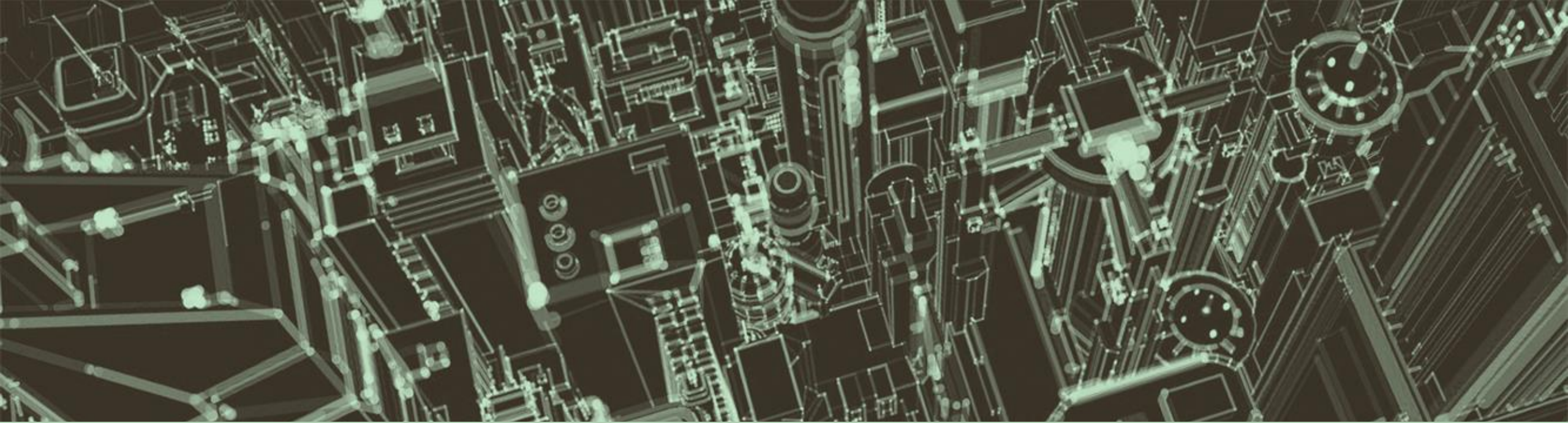


*“Don’t Look Up!”
based on real events that haven't
happened*



Will the real Ajiv please stand up!



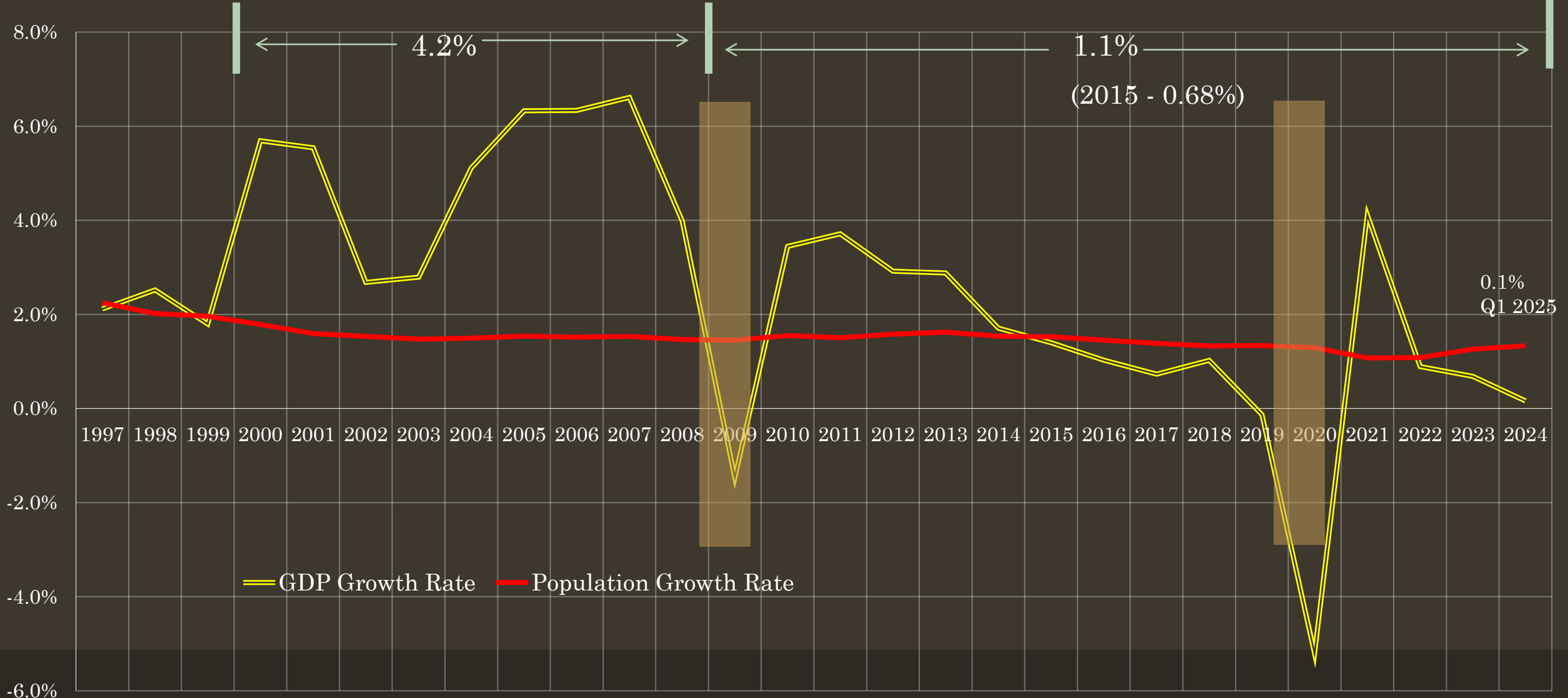


4. South Africa's growth conundrum

Secular stagnation

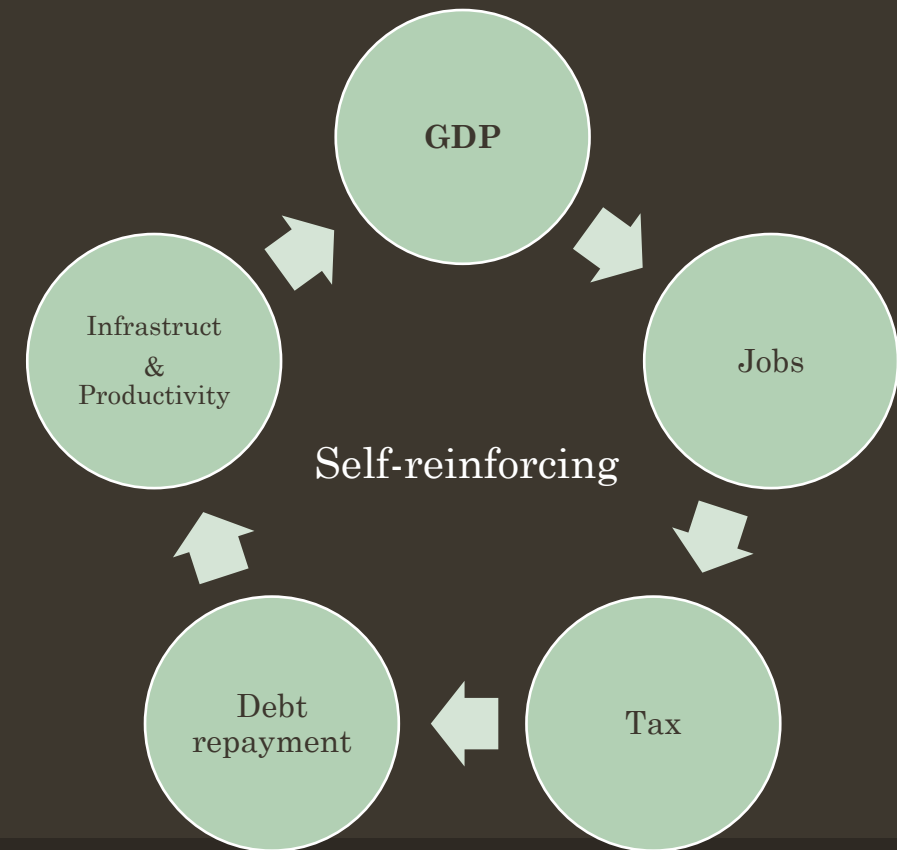
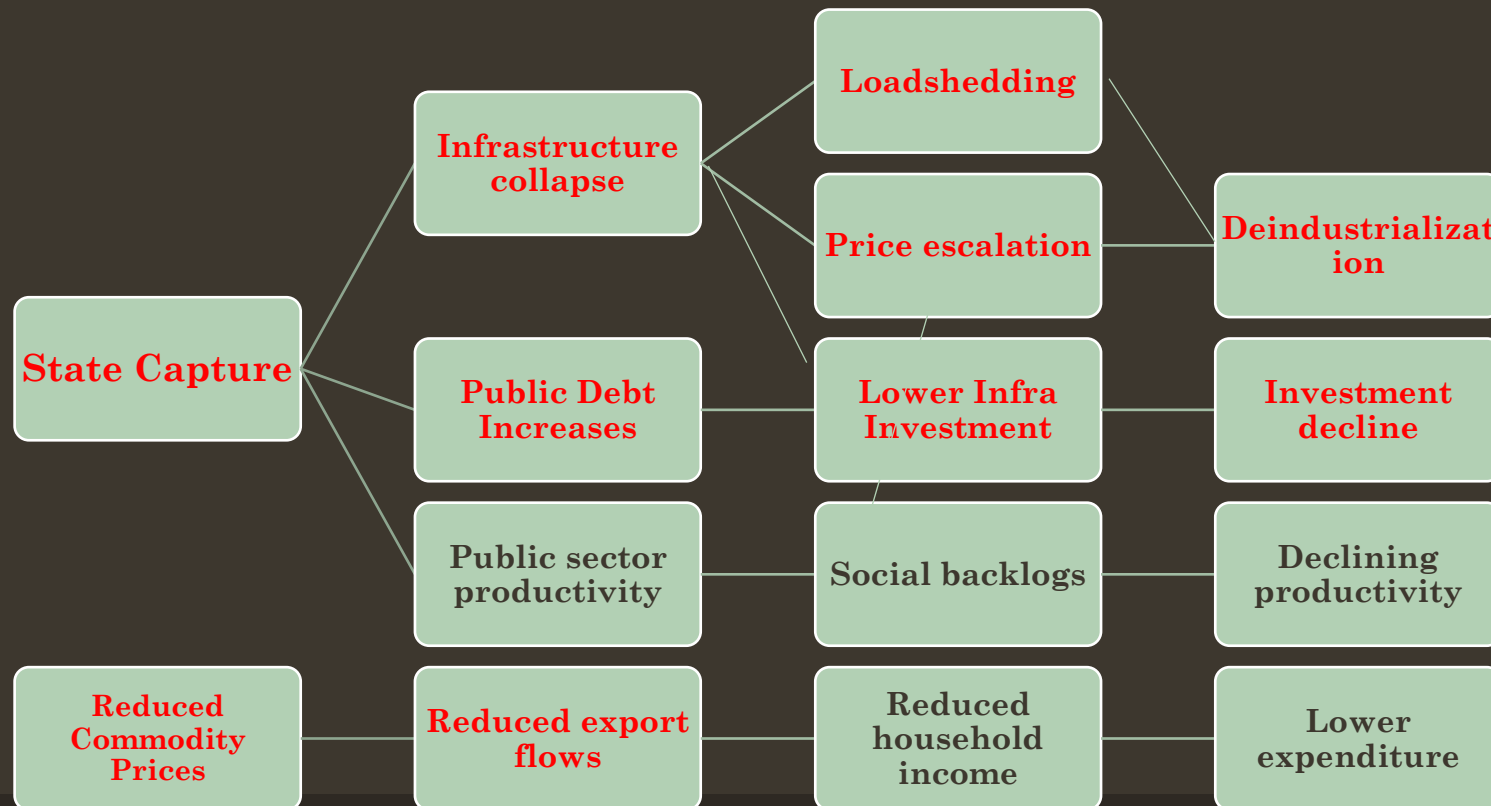


A decade of decline



South Africa's growth conundrum

- Persistently low real GDP growth rates means that **South Africa is stuck in a long-run middle-income economic growth trap**
- SA at economic growth crossroads, brought on by a perfect storm of long-run and short-run factors
- Economic polarization and lack of inclusion



Inequality is being reproduced

- **Multi-dimensional poverty declined up until 2009 and now stalled**
- **South Africa spends 3.3% of GDP on social assistance.** 10th highest globally (Argentina (2.1%), Mexico(1.7%), India (1.5%), Brazil (1.4%), China (0.8%)
- **When growth stalls, revenue declines but social commitments remain (5.2% of GDP on debt servicing)**
- No evidence of **manufacturing-led structural transformation**, which would have been a driver of **low-wage employment growth** -and hence key to reducing poverty, inequality and exclusion.
- Shift to services dominated by high-skilled financial services or the public sector and **premature deindustrialization.**
- **SA is losing much of its industrial capabilities**
- **A sectoral pattern of growth which favours skilled workers over the semi-skilled,** favours high-wage work over medium or low-wage employees – thus effectively **reproducing a pattern of income inequality**
- **Missing for South Africa is a low-wage, labour -intensive pattern of economic growth** –which is key to attenuating inequality and exclusion
- **Limited role in near future for state as an instrument for economic development**
- All overlayed with the **2nd order challenges which have gone unchecked** for too long

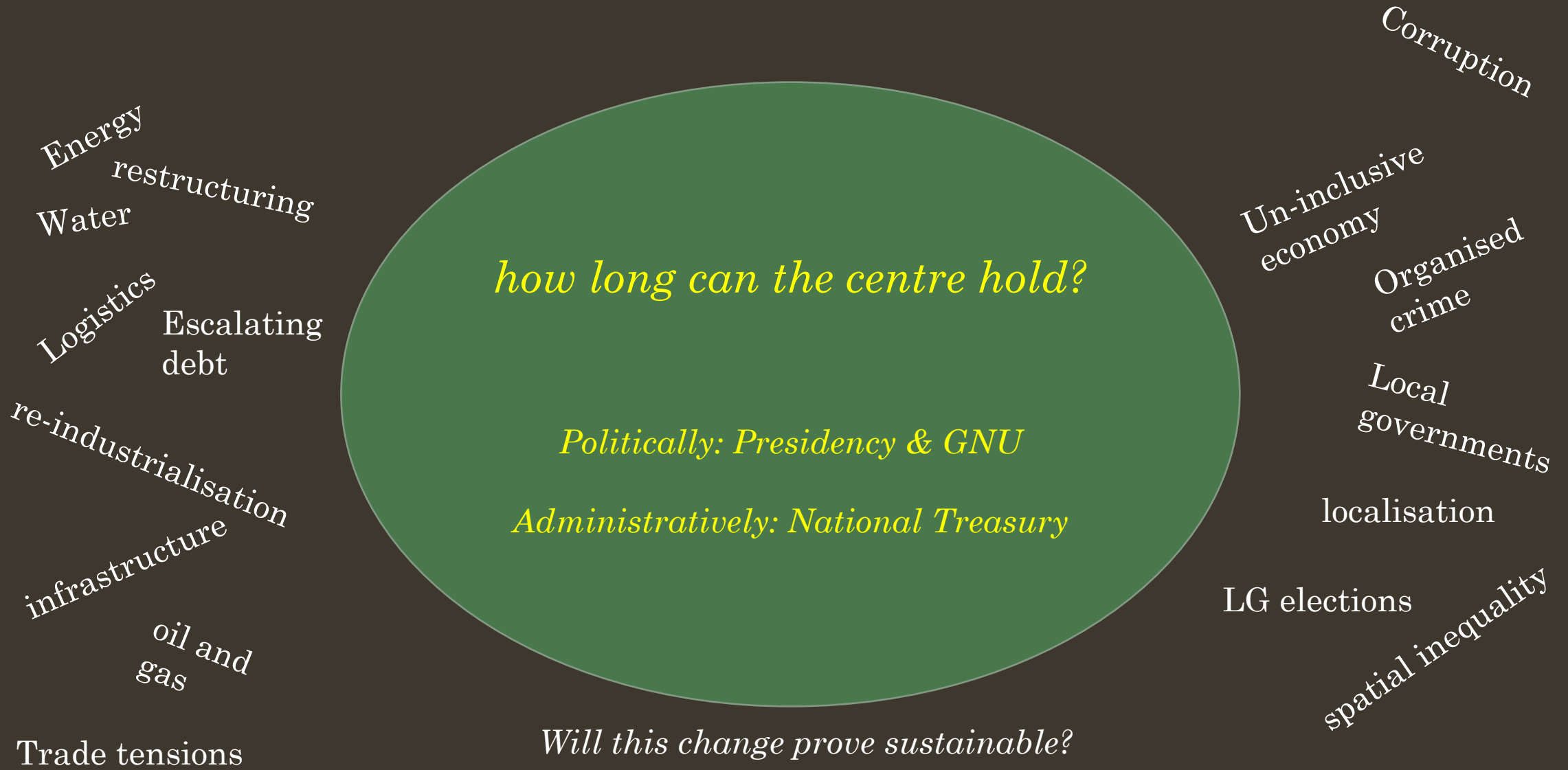
Local governments in decline

- **AG: 41 received clean audits and 99 unqualified (157 were qualified, adverse, etc)** mainly in Eastern Cape and North West.
- **Metros: 46% of households and 57% of expenditure, 60% of revenue**
- **Metro's – population growth not linked to economic growth**
- **Metro's on avg spends 9.7% on capital** (2024/25), 12,6% for Secondary Cities and 24% for other (effect of transfers)
- **Districts have no revenue base and costly to maintain**
- **Widening operating deficits** as operating expenditure increases at a higher rate than the revenue projections
- This is an indication that **municipalities are living beyond their means** and a first sign of financial challenges
- ***“We identified deficiencies at 87 of the 113 projects (77%) that we visited. Delays, poor quality, New infrastructure not commissioned for use upon completion. Existing infrastructure continues to deteriorate because it is not properly maintained and safeguarded.***
- **Presidency Operation Vulindlela 2.0** local government, spatial inequality and digital transformation. Added to energy, water, visa, telecoms, port & logistics, ease of doing business)

*“Turning and turning in the widening gyre
The falcon cannot hear the falconer;
Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world...”*

- WB Yeats



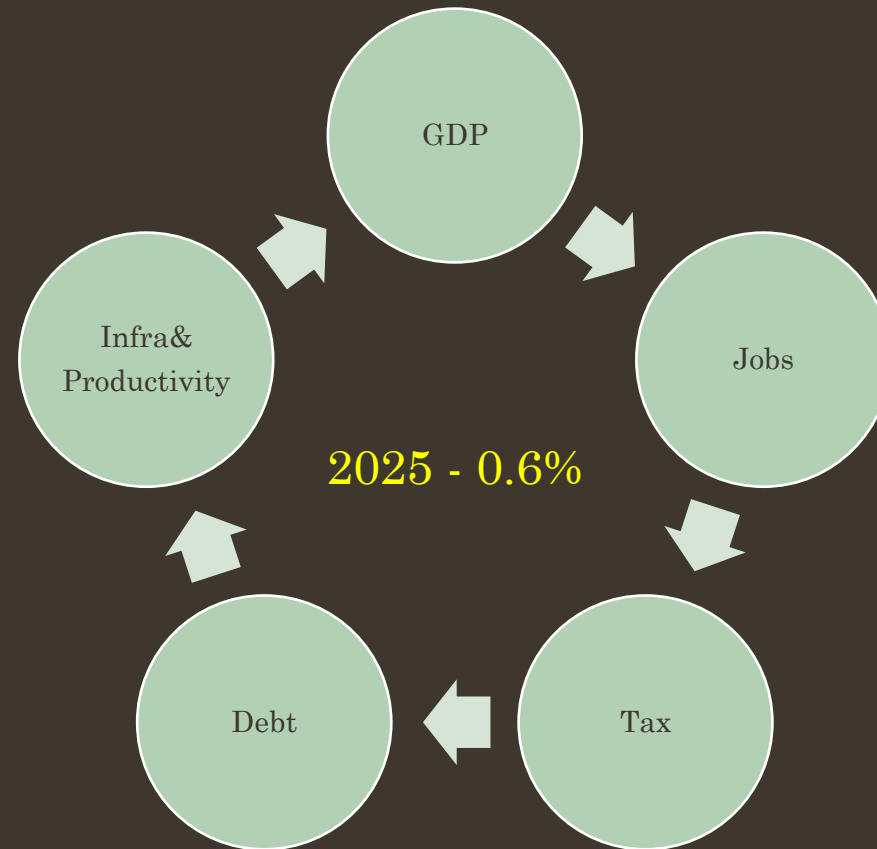


Demand side

- US tariffs impact key sectors
- Carbon border tax adjustment 2026
- Lack of government stimulus
- Repo rate reductions halted
- Exports will decline

2025 Growth Projection:

- International Monetary Fund: 1%
- National Treasury: 1.4%



Supply side

- Failing municipalities
- Higher than inflation tariff increases
- Crime
- Limited infrastructure investment
- Business confidence decline

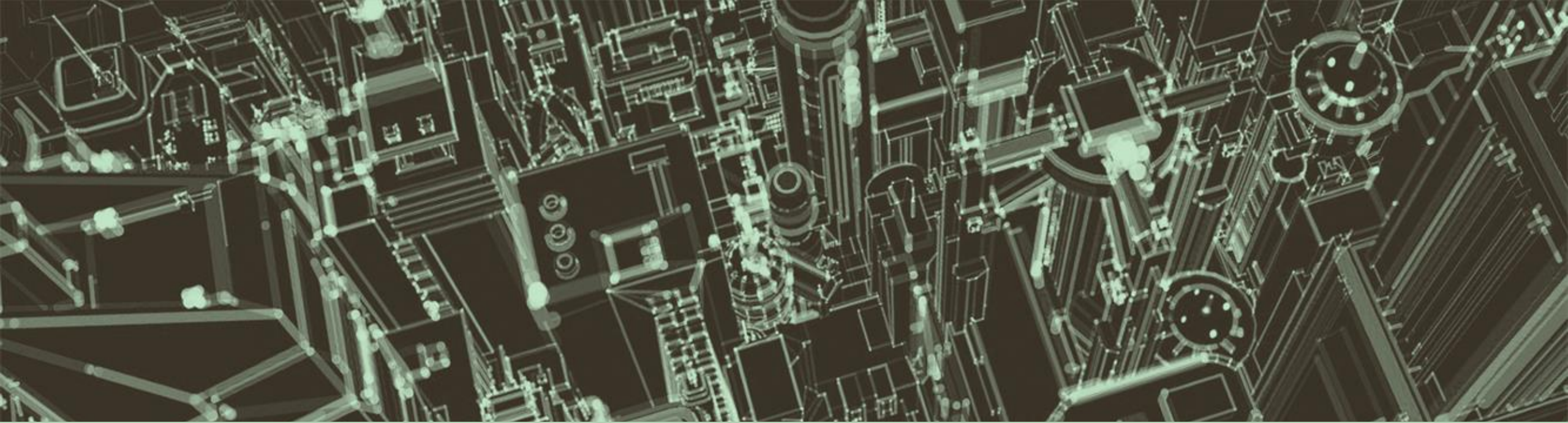
The good news

- Low inflation
- Currency: Adapting to new equilibrium
- Trade balance
- Improvements in energy
- Improvements in ports
- Repo rate cycle

SA can place itself on a growth cycle

but govt is limited in its ability stimulate growth

Immediate	Short-term	Medium (3-5years)
Shift the policy lens from households to firms as the core unit of focus (e.g. TERS)	Focus on second order policy: improve quality (e.g. education – better outcomes not more spending)	Increase infrastructure investment
Restructuring the state (esp. SOEs) energy, ports, rail, land, etc.	Build on pockets of excellence	Proactive industrial policy to build industrial complexes through private sector partnerships (e.g. SEZs; SASOL 25% govt)
Look to private sector and deregulate key areas (not privatize)	More competitive local government	Fiscal and monetary policy
Attract investment, set conditions for investment	Cost and ease of doing business & technology & innovation)	build competent government (use of
Address critical weaknesses	Reduce crime and corruption	Invest in IP it's the oil of the future
New export markets and re-negotiate with US (Africa & East)	Grow tourism & travel (no tariffs)	Unleash SMME led growth
Drive localization to support industrialisation at all levels	Industrial policy to enable green transition	Industry driven skills (TVETS) and attract skills from Africa



5. An inclusive world view

Fear the foreigner, the other





I saw a strange foreign man, with a strange face, he
starred at me with a strange angry frown.....

.....why oh why did I look in the mirror!



- Don't waste a good crisis, but progress needs peace and stability
- Don't talk to strangers
- Fear the foreigner, the other.....can be wiped out on a single order

- 99.9% of DNA is common across humanity
- What separates us are only ideas



- Religion, country, colour, race, culture, ethnicity, nationality, beliefs.....and other ideas
- Competition - there are enough resources for human need, but not for human greed
- 1 planet, 1 global family, a common global identity
- And celebrate beliefs, culture, etc.....



the end..

<https://economy.edge.durban/>