

SA manufacturing must start pricing the future

By Zanele Salman, Independent Senior Advisor, Isibani-CI

South Africa's manufacturing debate is haunted by old machinery, closed factories, hollowed-out towns and missed export opportunities. Yet the plants being built, refurbished or abandoned today will shape livelihoods long after the current downturn. The question is what should this country still be able to make in 2050.

The starting point is difficult, following years of decline. Absa's manufacturing purchasing managers' index fell to 45.8 in August, its lowest reading of 2026. Electricity, freight and water reforms, including Operation Vulindlela, offer a route forward. Their success must ultimately be measured in reliable services, competitive costs and investment.

Company results reveal the pressure. PwC's FY2025 review of JSE-listed manufacturers recorded a 3.2% revenue decline despite a sharp recovery in net profit, while market capitalization fell 13.6%. Cost discipline matters, but better earnings alone cannot establish a durable investment case.

Gas illustrates the challenge. Sasol's planned methane-rich gas bridge from 2028 to 2030 offers breathing space as Mozambique supplies decline. It does not settle the long-term supply or affordability question. Meanwhile, artificial intelligence and robotics are changing how factories compete, while carbon requirements increasingly influence access to export markets.

Across my career in manufacturing, I have seen how decisions made far from the factory floor determine its future. A plant can run efficiently and still become uncompetitive when its energy costs, customers or markets change.

Two uncertainties frame four possible futures: can South Africa build a dependable, competitive industrial system, and will global trade remain relatively open or fragment? These are scenarios for testing decisions, not predictions.

Forge Africa: the upside case. By 2050, sustained reform has made power, freight and water reliable. African integration deepens within an open trading system, allowing competitive firms to scale. Specialised chemicals, mining equipment, food systems, green materials and industrial services expand through regional supply chains. Jobs and supplier networks grow around these capabilities. However, favourable conditions cannot rescue every asset: management must reinvest improved cash flow in businesses and build resilience for downturns.

Shielded Workshop combines stronger domestic capability with a less open world. Tariffs, export controls and subsidy races make secure supply a national priority. Local chemicals, fertiliser, medicines and strategic materials gain importance, even where imports were previously cheaper. The danger is that protection preserves capacity while weakening incentives to improve. Public support should carry clear productivity targets and review dates. Investors must distinguish businesses building lasting competitiveness from those dependent on permanent subsidy.

Industrial Archipelago describes strong companies surviving within a weak system. Global markets remain accessible, but domestic infrastructure repeatedly fails. Large firms and industrial zones secure their own power, water and logistics. Attractive businesses survive in these pockets, yet the cost of resilience falls on private balance sheets. Smaller suppliers struggle to keep up, narrowing participation and employment. The investment question becomes whether returns remain attractive after paying for services that a functioning economy would provide.

Rust and Resilience combines domestic weakness with a fragmented global order. Infrastructure deteriorates and access to imported inputs and technology becomes harder. Legacy plants close or limp along. Repair, remanufacturing, recycling and distributed energy offer pockets of opportunity, but cannot fully replace lost industrial capacity. Businesses prioritise survival, preserve scarce technical skills and favour investments they can adapt or expand gradually. The national cost extends beyond output: once skilled teams and supplier networks disperse, rebuilding them becomes much harder.

These futures demand different choices. Boards should test major investments against all four, identifying what would make each project unviable and which warning signs would trigger a change. Every asset needs a clear purpose: grow, modernise, convert, partner, retain for future use or exit.

Scenario planning earns its place when it changes where money goes.

There are also priorities worth pursuing across these futures: dependable infrastructure, technical skills, efficient use of energy and water, and stronger suppliers. Government must create conditions in which firms can invest. Boards must connect strategy to budgets, accountability and delivery. Investors must examine the assumptions behind projected returns.

By 2050, more industrial value may sit beyond the factory gate: in engineering, process knowledge, software, maintenance, automation and African distribution. South Africa should build these

capabilities alongside competitive production. They can create opportunities for businesses whose strength lies in solving industrial problems, even without owning the largest plants.

The old industrial model must change. South Africa's task is to decide which capabilities it cannot afford to lose, which it must build and how to finance the transition. That requires choices about assets, skills and partnerships now, with consequences that extend well beyond the next reporting period. The decisions taken this decade will determine whether manufacturing in 2050 supports a broader, more prosperous economy or survives in isolated pockets. Waiting for certainty is itself a choice, and an expensive one.

About the author

Zanele Salman is an independent senior advisor at Isibani-CI. Her 25-year career spans operations, commercial leadership, strategy, business development, capital allocation, investor relations and governance within JSE-listed industrial, energy and chemicals groups. She holds a BSc Honours in Chemistry and an MBA from UCT GSB and attended the Oxford Scenarios Programme at Saïd Business School, University of Oxford.