TRADE & INDUSTRIAL POLICY STRATEGIES

INDUSTRY STUDIES UPDATE

ELECTRONICS

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TIPS industry studies aim to provide a comprehensive overview of key trends in leading industries in South Africa. For each industry covered, working papers will be published on basic economic trends, including value added, employment, investment and market structure; trade by major product and country; impact on the environment as well as threats and opportunities arising from the climate crisis; and the implications of emerging technologies. The studies aim to provide background for policymakers and researchers, and to strengthen our understanding of current challenges and opportunities in each industry as a basis for a more strategic response.

This paper updates the TIPS Electronics Industry study. The update outlines some developments at the company level, along with the potential impacts of the United States, regulatory changes related to waste management, as well as new investments.

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INTRODUCTION

This paper updates the TIPS Electronics Industry study. The electronics industry encompasses manufacturing, which involves designing and producing electronic devices and components, and Information, communication, and technology (ICT), which applies these systems for processing, storing, and transmitting information. Core electronic components such as microchips, capacitors, resistors, and semiconductors enable products from smartphones and computers to automobiles and medical scanners. Their widespread use drives innovation across sectors like healthcare, automotive, aerospace, and defence, advancing technology and improving everyday life.

COMPANY DEVELOPMENTS

One notable player, Microtronix Manufacturing, operates both as a contract manufacturer and as a producer of telecommunications equipment such as set-top boxes. In early 2025, Microtronix acquired advanced assembly systems manufacturing surface-mount technology machines, and high-end radio frequency testing equipment, from the defunct Mara Phones factory (Dataweek, 2025). The company plans to explore the production of consumer devices, including routers and 5G equipment. However, it has ruled out manufacturing more complex products such as smartphones, laptops, and tablets, citing insufficient incentives and limited policy support for local manufacturing. To support Eskom's national smart meter rollout, the company launched production in early 2025, adding two assembly lines and employing around 70 additional staff to meet the demand of 30 000 to 40 000 units per month (Dataweek, 2025).

The industry has also experienced notable closures. Most significantly, Bosco Printed Circuits (Pty) Ltd, one of the largest printed circuit board manufacturers, ceased operations on 28 February 2025 (Bosco, 2025). The company attributed the closure to rising global competition, increasing costs, declining local demand, and infrastructure challenges, including energy and water outages.

INVESTMENT DEVELOPMENTS

Regarding ICT developments, companies are increasingly investing in data centres locally. Data centres are notoriously power hungry, but it appears that they are mainly powered by off-grid renewables. For instance, Africa Data Centres recently completed the expansion of its CPT1 facility in the Western Cape, which uses renewable energy for its cooling systems and operates without water in its infrastructure (TIPS FDI Tracker Q3 (TIPS, 2024). Other notable renewable-powered investments include DPA Southern Africa's supply of 12 MW of solar energy to Africa Data Centres' South African facilities, Teraco's renewable energy generation for its sites across the country, and Amazon's solar project, which provides clean energy to Amazon Web Services (AWS) data centres (Amazon, 2022). In support of such efforts, the Department of Communications and Digital Technologies (DCDT) encourages data centre operators to develop independent electricity and water supply systems to ensure reliable energy and cooling capacity for continuous operation (DCDT, 2024).

Furthermore, 2024 saw significant growth in data centre infrastructure and related investments across South Africa. Notable developments include:

- Microsoft South Africa plans to build a new data centre campus, which will be built in Kosmosdal (TechCentral, 2024). In addition, the company aims to expand cloud infrastructure in other areas across South Africa and serve various organisations in Africa (TIPS FDI Tracker Q4 (TIPS, 2024)). Equinix established its first South African data centre, known as JN1, completed in 2024, with an investment valued at R2.8 billion (TIPS FDI Tracker Q4 (TIPS, 2024).
- Teraco is constructing a new hyperscale data centre (JB7)[1] as part of the expansion of its Isando campus in Gauteng. The company has secured R8 billion in financing to complete this facility, along

[1] Note: Teraco's seventh facility in the Johannesburg region.

with other construction projects. The JB7 data centre is planned to be constructed in a single phase, with completion expected in 2026 (Teraco, 2024).

- In mid-2025, Visa, a multinational payment authorisation services company, opened its first data centre in South Africa, as part of its R1 billion investment commitment across Africa (TechCentral, 2025b).

TRADE AND GEOPOLITICAL DEVELOPMENTS AFFECTING THE ELECTRONICS INDUSTRY

Despite ongoing debates about the broader effects of US-imposed tariffs on domestic manufacturing, South Africa continues to import a wide range of products from the US, including petroleum, vehicles, aircraft and components, and computers (TIPS, 2025). In the context of the electronics industry, the US supplies less than 10% of South Africa's ICT and electrical equipment imports, which account for 5% of total imports, while machinery and equipment, including computers, represent 19% of imports from the US (TIPS, 2025). Although electronics imports from the US are relatively small, certain products benefit from a general duty-free tariff, including processing units for automatic data-processing machines (i.e., central processing units-CPUs) and electronic instruments and appliances used in medical and surgical applications. For exports, South Africa's exports of ICT hardware to the US primarily include components such as printed circuit boards and telecommunications assemblies, with small businesses making up 65% of hardware exporters (MyBroadband, 2025). The tariffs became effective in August 2025, and the impact will likely become visible during the third and fourth quarters of 2025.

In addition, Taiwan imposed export restrictions on semiconductor shipments to South Africa in September 2025, citing national security concerns. However, the measures were later suspended following diplomatic negotiations between the Taiwanese and South African governments regarding the relocation of Taiwan's embassy in South Africa (TechCentral, 2025a; BusinessTech, 2025).

REGULATORY CHANGES

The disposal of electronic products, including smartphones, computers, and batteries, has significant environmental and social impacts, affecting both ecosystems and livelihoods. Addressing e-waste and promoting environmental sustainability is, therefore, critical.

The Extended Producer Responsibility (EPR) regulations for the portable battery sector govern the management of waste arising from batteries used by consumers or end users. The policy requires battery producers, including those manufacturing alkaline/zinc-carbon, primary (single-use) lithium, nickel-metal hydride (NiMH), silver oxide, and zinc–air (air-depolarised) batteries, commonly used in consumer electronics such as digital cameras, watches, remote controls, cordless phones, and medical devices like hearing aids, to establish procedures and allocate resources for implementing EPR measures. These cover the collection, transportation, storage, recycling, and recovery of batteries at the post-consumer stage, ensuring safe and sustainable end-of-life management (DFFE, 2023). Building on these efforts, in August 2025, the Department of Forestry, Fisheries, and the Environment (DFFE) introduced the Waste Electrical and Electronic Equipment National Management Policy following public consultations held in mid-2024. The policy seeks to establish an efficient, equitable, and financially sustainable system for managing electronic waste, lighting, and batteries. Its objectives include ensuring environmentally sound disposal, protecting human health, and promoting circular economy-driven social and technological development opportunities in South Africa (DFFE, 2025).

In conclusion, between 2024 and mid-2025, the electronics industry experienced several developments, including the expansion of Microtronix facilities, government initiatives addressing e-waste through policy, and the launch of data centres by major tech companies. These developments suggest modest overall growth while underscoring the sector's ongoing vulnerabilities, such as its reliance on imports and sensitivity to the closure of key players.

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