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'LATEST WORLD ECONOMIC FORUM (WEF) REPORT ON SHARP DETERIORATION IN SA GLOBAL COMPETITIVENESS IS ANOTHER BIG WAKE UP CALL FOR DECISION-MAKERS IN BOTH THE PUBLIC AND PRIVATE SECTORS', SAYS NWU SCHOOL OF BUSINESS AND GOVERNANCE ECONOMIST PROF RAYMOND PARSONS

'Although given recent economic and political headwinds facing SA some decline in the country's global competitiveness might have been expected in the WEF's latest 2017/18 Global Competitiveness Index, the drop of 14 places to 61st place out of 137 countries is another powerful wake-up call for decision-makers in both the public and private sectors. It appears to be the biggest single annual decline since SA's original participation in the WEF survey many years ago.

What is also striking in the latest WEF survey is the extent to which the deterioration in SA's global competitiveness is unevenly but broadly spread over all 12 pillars that constitute the index. Effective levels of global competitiveness remain highly relevant to SA's ability to enlarge its share of world trade and investment, and to better unlock its true long run economic potential to meet the aspirations of all its people.

The latest WEF survey on SA reveals that the usual culprits are still there, such as poor quality of education and health, inhibitions on starting a new business, and low cooperation in employer-employee relations. But there are now also noticeably lower rankings in factors like ethical behaviour of firms, strength of auditing and reporting standards and efficacy of corporate boards, which are early warning signals. In previous years of the WEF competitiveness review, on the whole private sector outcomes tended to out-perform the public sector ones.

On the positive side SA remains among the most competitive and innovative economies in sub-Saharan Africa, with Mauritius ranking highest at 45th place. The World Bank recently emphasized that SA still has strong assets it can leverage to enhance competitiveness and the WEF survey nonetheless also reinforces that potential to do much better.

What is noticeable in the WEF survey in its latest list of the most problematic factors for doing business in SA is that corruption has moved right to the top of the agenda, together with crime and theft as well as political uncertainty, followed by tax rates. While these WEF concerns largely resonate with much of what has already been revealed in other external and internal assessments of the SA economy, they are stark reminders of what needs to be urgently addressed if SA is to break out of its 'low growth trap' and boost investor confidence'.

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