

Prof Raymond Parsons

Cell: 083 225 6642

MEDIA STATEMENT - IMMEDIATE RELEASE

9 MAY 2019

'The overall outcome so far of the 2019 elections has the potential, if present trends continue and policy promises are kept, to significantly lift business and investor confidence from their present low levels. A strong economic message coming from the election is the overwhelming need, apart from issues of good governance, to now focus on turning the economy around and putting it on a much higher growth path. The hope is that the 2019 elections will give President Cyril Ramaphosa room to make headway with structural reforms that will boost investment and growth.

The election campaign was a powerful reminder that the challenges of unemployment, poverty, and inequality still remain to be successfully addressed in the post-election period. The new political administration therefore needs to speedily translate its fresh mandate into pro-growth reform policies which in particular maximize the number of jobs created at any given growth rate.

Post-election there should therefore now be a clear and definitive economic direction which reduces policy uncertainty, rebuilds business confidence, strengthens investor sentiment, and promotes economic recovery. It is essential that the government 'stays on message' about its future commitments. A key test will include the selection of a credible and streamlined Cabinet that also enjoys the confidence of business and the markets.

In addition, if SA wants to avoid an investment downgrade from Moody's later this year, early action is needed to demonstrate progress in certain urgent key problem areas, such as fiscal sustainability and Eskom. An unstable electricity grid needs radical remedies. There are therefore still tough and difficult economic decisions ahead that have to be successfully managed by the post-election ANC government, and which also require collaboration with key stakeholders, including business.

An enhanced government-business growth coalition is needed to strengthen mutual trust and expedite project implementation, especially regarding infrastructure development. Breaking

out of SA's current 'low growth trap' of about 1% therefore demands urgent collective action sooner rather than later. A week may be a long time in politics but five years is incredibly short for delivery.'

ENDS