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## **MEDIA STATEMENT - IMMEDIATE RELEASE**

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### **'THE OUTCOME OF THE NO-CONFIDENCE VOTE AROUND PRESIDENT JACOB ZUMA IN PARLIAMENT YESTERDAY UNLIKELY TO CHANGE PRESENT ECONOMIC OUTLOOK', SAYS NORTH WEST UNIVERSITY SCHOOL OF BUSINESS AND GOVERNANCE ECONOMIST PROF RAYMOND PARSONS**

'The outcome of the no-confidence vote around President Jacob Zuma in Parliament yesterday confirms that political factionalism within the governing party will continue to generate policy and regulatory uncertainty, at least until the ANC's elective conference in December. The chances are not good that the structural reforms and policy certainty needed in SA can emerge in a period in which inevitably key political decision-makers are more preoccupied with domestic politics, rather than with economic steersman ship and policy management. Policy and political uncertainty should thus for the present be seen as the 'new normal' for SA and business strategies need to be adapted accordingly.

The economic outlook is therefore unchanged by the latest no-confidence vote in Parliament. The outlook for inflation and interest rates still appears benign. But although the economy will probably recover from recession this year, it is still unlikely that the growth rate for 2017 as a whole will be more than about 0.5%, increasing to about 1.1% next year, which is well below population growth. Job losses continue to rise. Consumer and business confidence remain at low levels. SA is presently facing strong economic and political headwinds which need careful handling if collateral damage to the economy from political instability is to be minimized.

The Medium Term Budget Policy Statement (MTBPS) or 'mini-Budget' in October will be the next major opportunity to boost certainty and credibility in policy. In a context of low growth and limited fiscal space the next MTBPS has now become a major challenge for Finance Minister Gigaba. The financing and governance of state-owned enterprises like Eskom and SAA still pose high risks to the fiscal outlook. It also remains within the domain of government to rebuild the trust and confidence needed to strengthen its collaboration with business and other stakeholders get SA out of its present 'low growth trap', despite current political factionalism.'

**Ends**