



## **BUS A Media Statement**

### **BUS A calls for accountable leadership and decisive action in the face of the S&P sovereign ratings downgrade**

In response to today's credit rating downgrade by ratings agency Standard & Poor to below investment grade, Business Unity South Africa (BUS A) is calling for Government to urgently assess whether their current path is serving the broader interests of the country.

"The three social partners of the economy in the form of government, labour and business have been actively engaged to try and prevent such a downgrade. We are deeply disappointed that this has happened. Government has to heed these warnings and decisively act in the best interests of the country and its citizens" said BUS A President, Jabu Mabuza.

The downgrade will have immediate and far-reaching implications for the government's finances and to the economy and society as a whole.

"All individuals will be affected by this change in the country's investment status. South Africa will find it much harder to attract the levels of investment it requires to grow the economy and meet our social support commitments relating to health, housing and education" stated BUS A CEO, Tanya Cohen.

BUS A will seek urgent meetings with officials in the tripartite alliance, and has already initiated meetings with social partners in organized labour and civil society in order to map the way forward so as to re-set the economy on a more positive trajectory.

BUS A expressed concern that the downgrade will result in growing unemployment, higher inflation and an increase in the cost of food and fuel, and will undermine efforts to sustain the growth in social programmes that counteract the harshest effects of poverty and inequality.

"The political instability triggered by the extensive Cabinet reshuffle, is having a domino effect. We are most concerned that it is the start of a negative spiral. With the cost of borrowing set to rise, and less capital being available as a result of the sovereign ratings downgrade by S&P, the country will find it increasingly difficult to service its debt and afford the necessary social development programmes and services. This will also mean fewer public and private funds will be available to stimulate investment and infrastructure development – leading in turn to lower growth and higher levels of unemployment. This is directly contrary to what the

country needs to sustain inclusive growth and employment as a means to transform our economy and address social developmental needs of the country ” says Cohen.

BUSA will redouble its efforts in the coming days to engage with all affected stakeholders and underline the importance that the country needs a government that demonstrates ethical leadership, good governance, and accountability. “The political and institutional instability concerns highlighted by S&P indicate that we have to urgently accelerate our efforts to create an environment conducive to stability and investment, and which will yield much needed growth and employment” says Cohen.

BUSA encourages all businesses to play an active role in holding the government to account in order to build an environment conducive to economic growth and employment.

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