

# **agbiz CONGRESS 2018**

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**SA: from stabilisation to green shoots**

# SOUTH AFRICA

The pendulum swings



# Contents

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## ■ SA politics

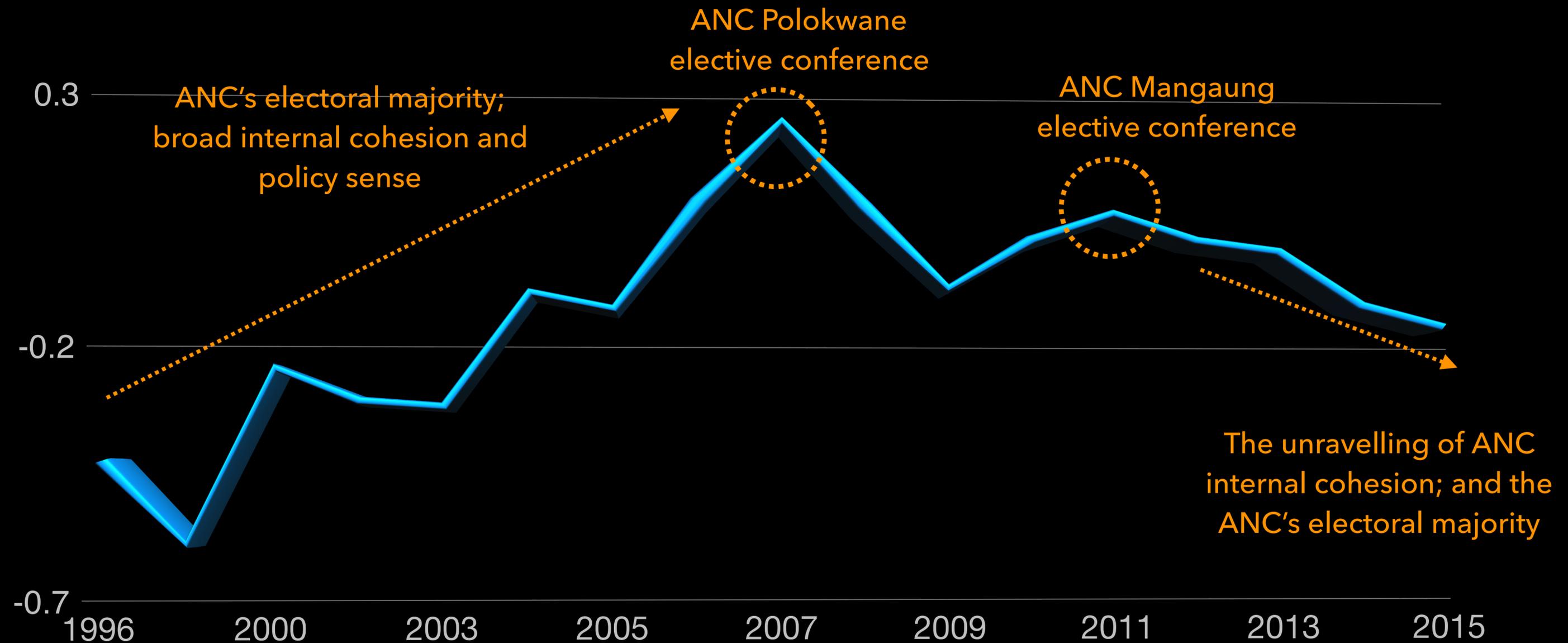
- Stage One
  - Stabilisation reforms
- Stage Two
  - Structural, growth-enhancing interventions
  - President Ramaphosa to further build political capital

## ■ Macroeconomic prospects

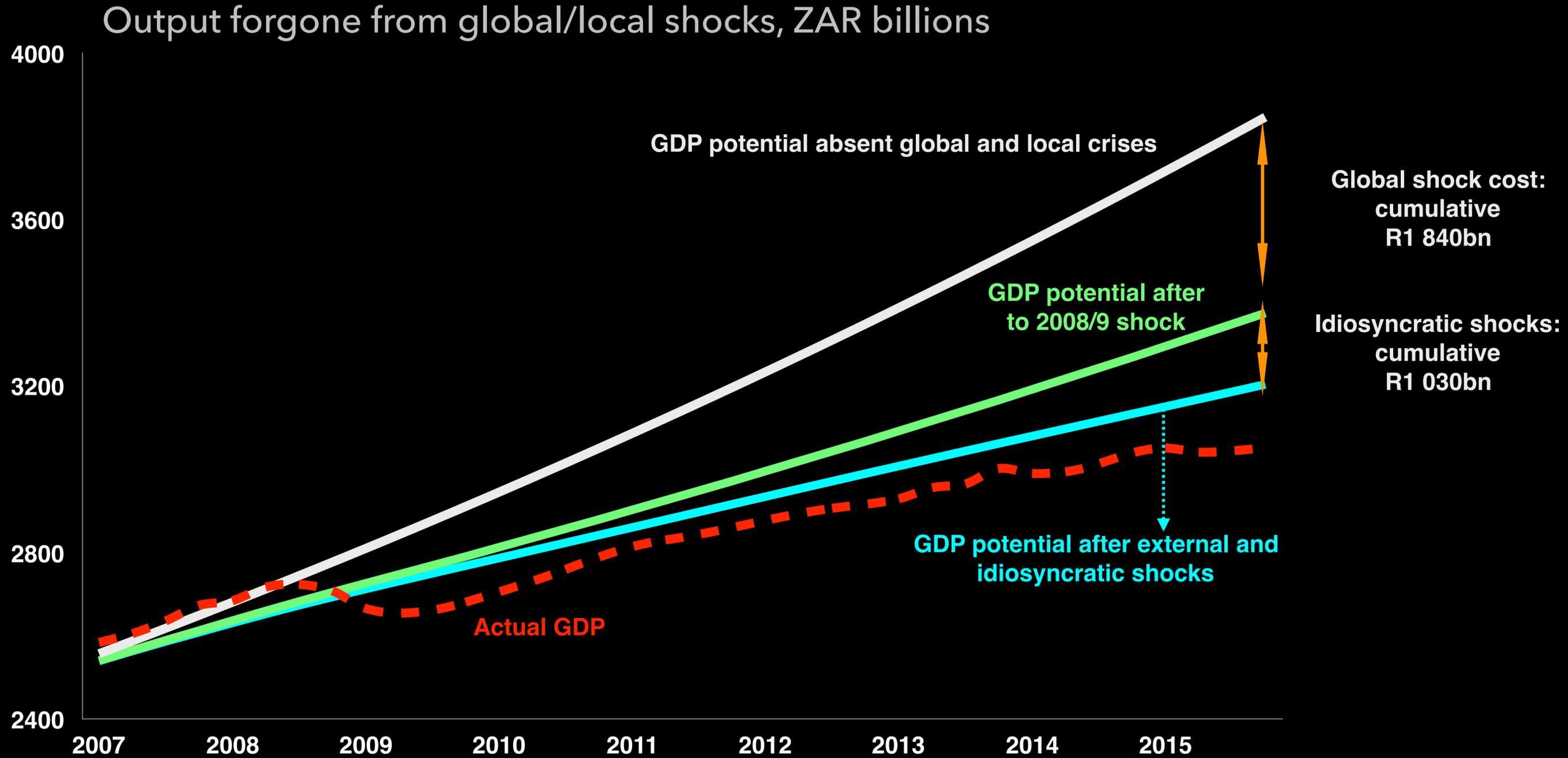


# Long term implications: much rested on ANC succession

World Governance Indicator: Political stability and the absence of violence/terrorism



# Welfare foregone





# "Stage One" of Ramaphosa-era reform

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What has happened since December 2017?



*Cyril Ramaphosa is sworn in as president by Chief Justice Mogoeng Mogoeng on 15 Feb 2018. Source: Times Live*

# Ramaphosa-era reform: "Stage One"

- 4 Apr: ZAR56bn/27 independent renewable energy producers
- 6 Apr: Special Investigative Unit to probe Eskom and Transnet
- 6 Apr: Mr Zuma appears in Durban High Court
- 9 Apr: New interim board at Denel
- 13 Apr: New interim board at Prasa (rail utility)
- 16 Apr: Attract USD100bn in investment over five years
  - 16 Mar: National Prosecuting Authority initiates 16 charges
- 17 Apr: Arthur Fraser redeployed
- 14 May: New interim board at Transnet
  - 14 Mar: Tom Moyane dismissed
- 25 May: S&P keeps rating unchanged
  - 24 Mar: Moody's holds rating
- 27 Mar: Youth Employment Service
- 29 Mar: Bheki Cele overhauls



- 7 Jan: Richard Mdluli dismissed
- 9 Jan: Commission of Inquiry into 'State Capture'
- 13 Jan: January 8th statement
- 20 Jan: New Eskom board
- 22-24 Jan: World Economic Forum meetings in Davos
- 14 Feb: President Zuma resigns
- 14 Feb: Hawks raid Gupta's home
- 15 and 16 Feb: President Ramaphosa is sworn in as state president; delivers State of the Nation Address
- 19 Feb: Mining charter
- 26 Feb 18: Cabinet shuffle
- Two major take-aways:
  - (1) recalibrating key areas of economic and institutional importance
  - (2) Overhaul of the security cluster

# What a difference a year makes



Mr Zuma and his finance cluster, April 2017. From left, Tom Moyane; Sifiso Buthelezi; Mr Zuma; Malusi Gigaba; Lesetja Kganyago; Lungisa Fuzile. Source: The Presidency

# "Stage Two" of the "New dawn"

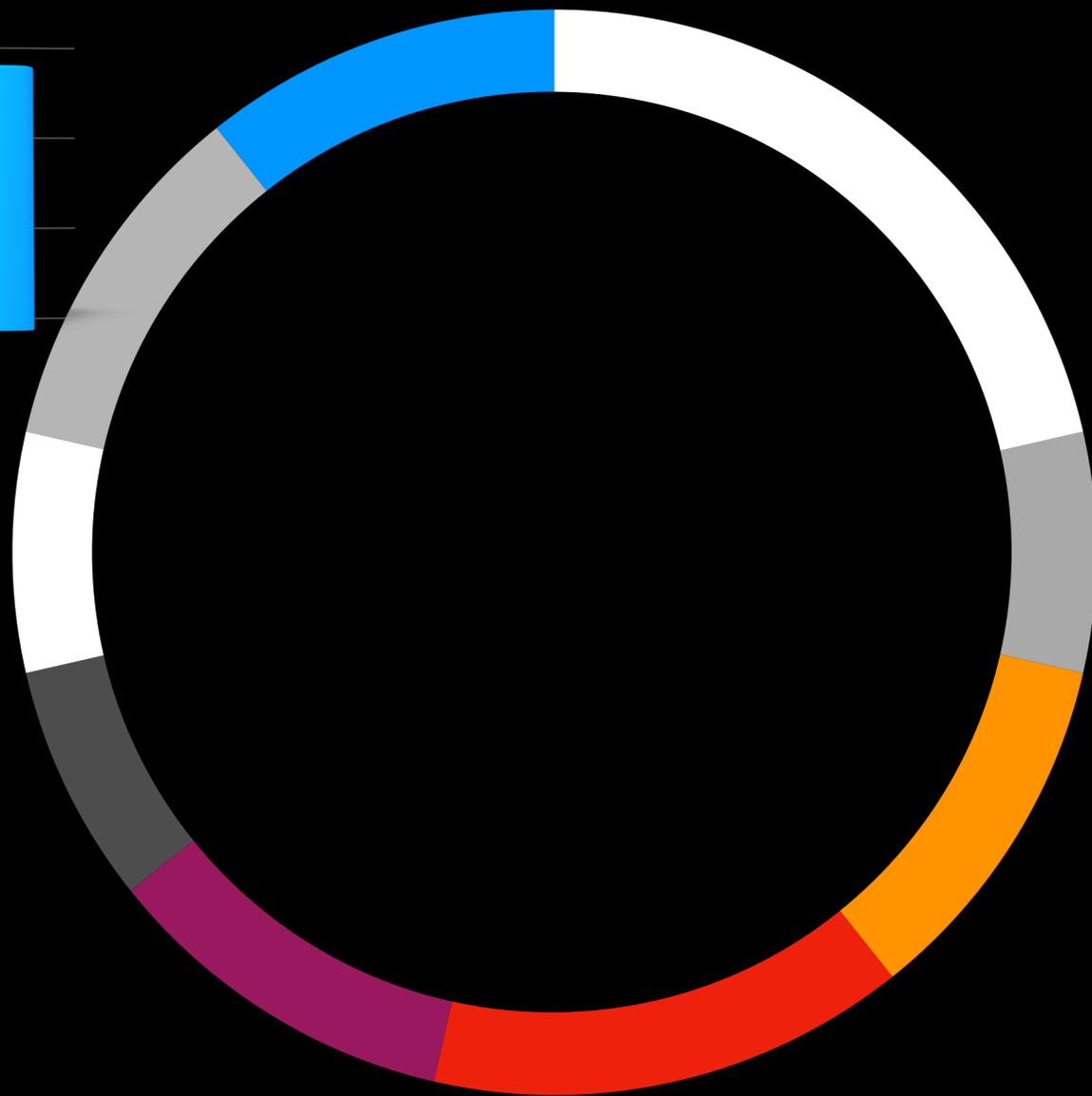
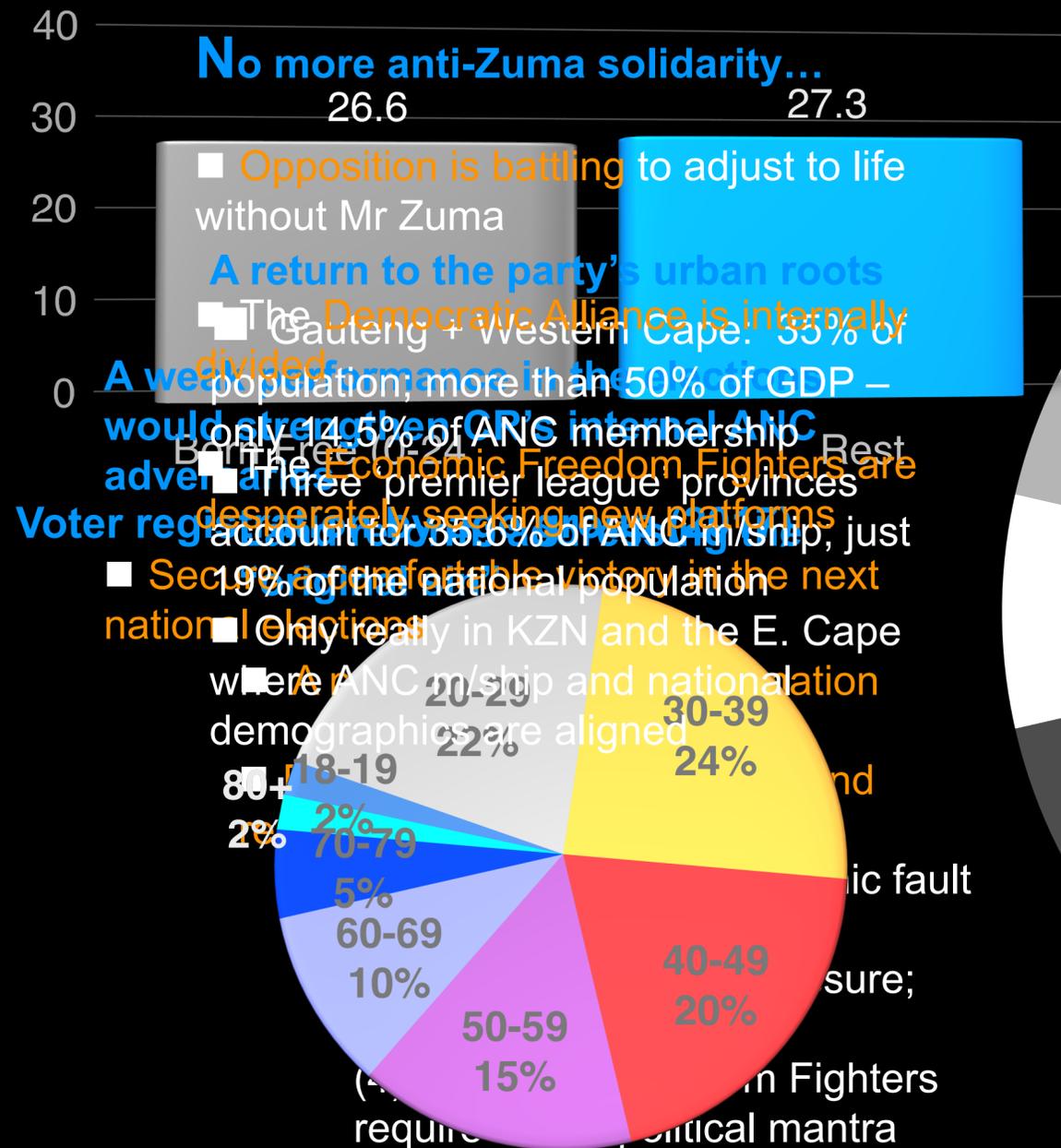
Structural - and more politically costly - reform



*Pres. Ramaphosa and Ace Magashule at the ANC conference, Dec:17. Source: Daily Maverick*

# Ramaphosa-era reform: "Stage Two"

Half of SA is "Born Free" (no. of people, m)



Structural reforms are required to elevate SA's growth prospects

Real action against those behind "state capture" is essential

- SA needs to replicate Brazil's "Lava Jato" State-Owned Entity rationalisation - and privatisation

■ Lessons from Brazil... Rodrigo Janot, (1) Pres. GR must fortify his political capital within the ANC

■ Investigate the Car Wash through the region [Latin America], the countries of the bloc should ensure that their attorney general's offices and judiciary are independent and

■ (2) GR must find the line between reform and regime structural transformation without the interference of the executive

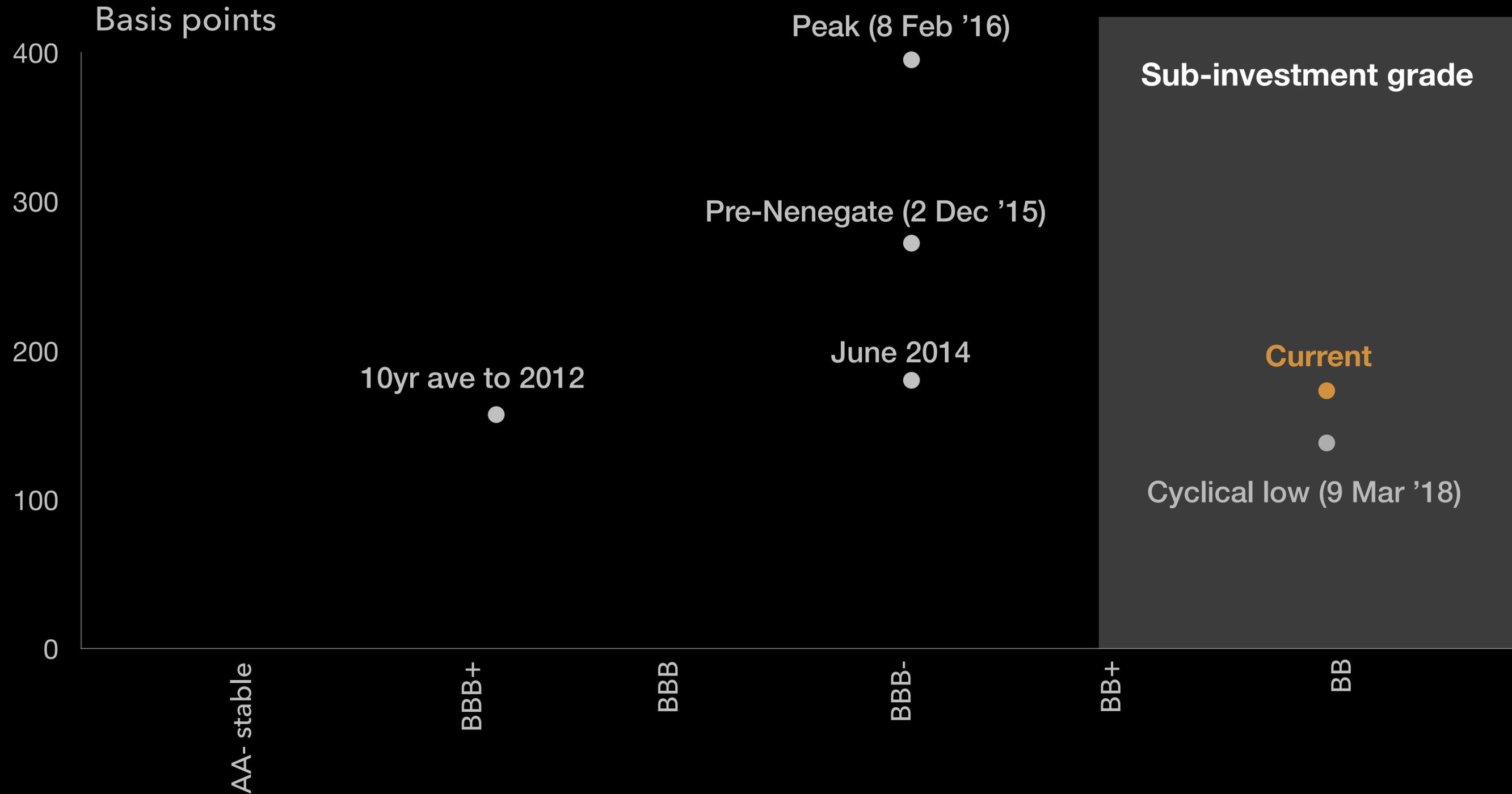
■ Neutralise Aice Magashule; prevent Mr Zuma from rebuilding his political base. For new David Mabuza is aiding in this drive, but down the line, Mr Mabuza will need to be managed too

■ Unemployment levels are stubbornly high

■ Levels of trust are exceptionally low

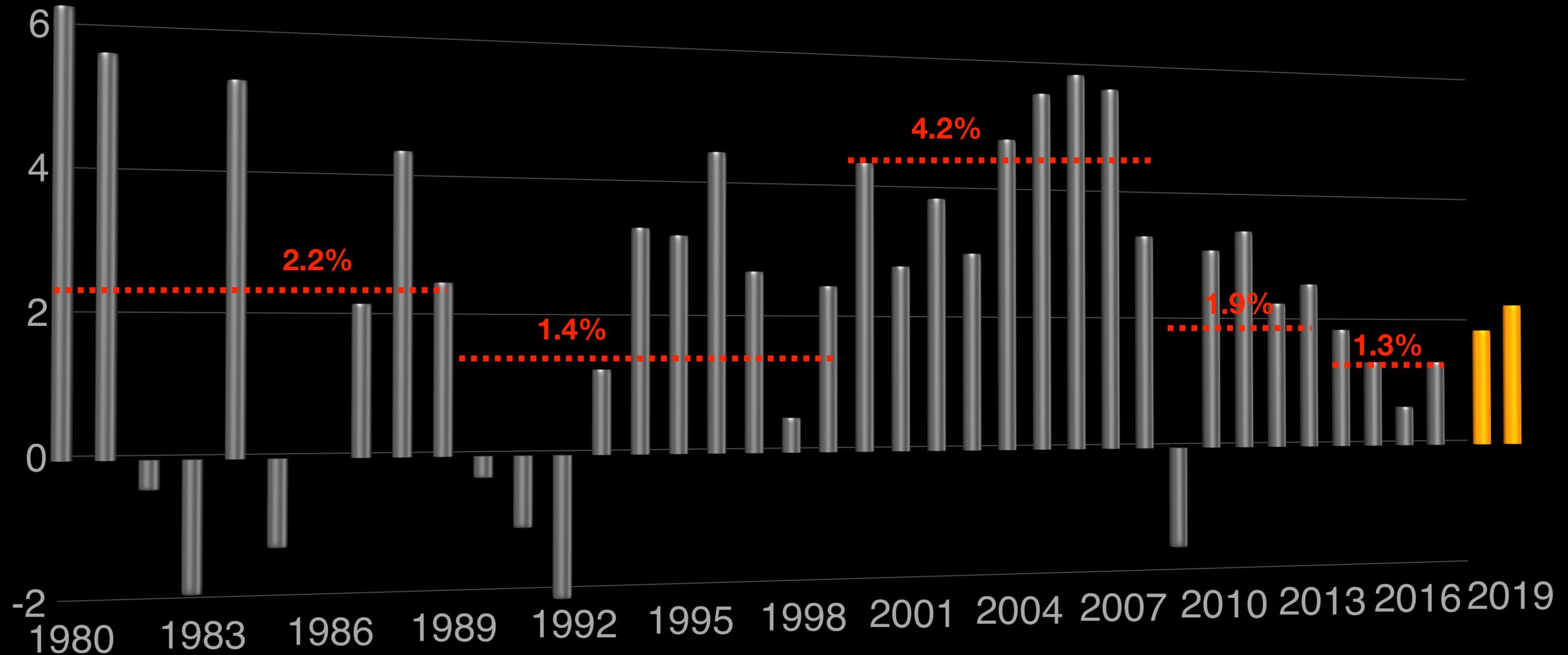
■ Parliamentary review: moderate set of recommendations

# Marked improvement in sovereign risk assessment



# ... pointing to generalized renewed growth vigour...

Annual percent



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