



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

Economic Updates

ABSA PMI

- On 02 June, Absa reported that the seasonally, adjusted Absa Purchasing Managers' Index (PMI) for South Africa fell to 43.1 in May 2025 from 44.7 in April, marking the seventh consecutive month of contraction in factory activity and the sharpest decline since April 2020;
- The business activity index rose by 3.4 points to 43.4, suggesting a mild improvement in demand, though activity remains historically low;
- Absa noted that trade disruptions with neighbouring countries, policy uncertainty, tariffs, and ongoing logistical challenges continue to weigh on the sector;
- These challenges continue to undermine growth prospects and operational stability within the sector, highlighting the need for coordinated policy responses.



GAUTENG FINANCE MEC TABLES BUDGET 2.0

- On 03 June, Gauteng MEC for Finance and Economic Development, Lebogang Maile, tabled the revised Gauteng Budget 2.0 for the 2025/26 financial year, totalling R172.3 billion, a significant increase from the previous allocation of R886.6 million;
- While presenting the budget, Maile expressed deep concern that only four municipalities have submitted funded budgets, with the remainder still unfunded, a situation that undermines the credibility of the overall budgeting process;
- Maile highlighted that to reinforce fiscal discipline, the Gauteng Provincial Government and Gauteng municipalities must fund their requirements within the set budget ceilings;
- This necessitates large-scale budget reprioritisation, making trade-offs, and a drive to identify efficiency gains - all with the aim of enhancing the credibility of the provincial and municipal budgets.

SOUTH AFRICA'S ECONOMY GROWS BY 0.1%

- On 03 June, Statistics South Africa (Stats SA) published the latest gross domestic product (GDP) data, indicating that the national economy expanded by a modest 0.1% in the first quarter of 2025, following a 0.4% growth in the fourth quarter of 2024;
- Although the agriculture, transport, and finance sectors experienced growth, persistent challenges in the mining and manufacturing industries continued to weigh on overall economic performance;
- The performance aligned with market expectations, reflecting a slow-paced start to the year as economic activity remained subdued across several key sectors;
- Nonetheless, this underscores the fragility of the current economic recovery and highlights persistent structural challenges.





WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

UNIONS REFER WAGE DISPUTE WITH PRASA TO CCMA

- On 05 June, the two largest unions at the embattled Passenger Rail Agency of South Africa (PRASA) announced a CCMA-facilitated conciliation set for 17 June, after Prasa management failed to present a wage offer by the 10 May deadline;
- This follows an April directive giving Prasa 30 days to present a wage offer to its workforce, after the SA Transport and Allied Workers Union (SATAWU) and the United National Transport Union (UNTU) lodged a formal dispute;
- SATAWU and UNTU declared the dispute in March after PRASA management refused to formally table a wage offer. The decision to refer the matter to the CCMA came after three failed attempts to initiate wage negotiations for 2025/26;
- This development places pressure on PRASA's leadership and raises concerns over service continuity and labour stability within the embattled state-owned entity.



prasa

PASSENGER RAIL AGENCY
OF SOUTH AFRICA

Government Updates



MASHATILE HOSTS ROUNDTABLE ON POLITICAL AND ADMINISTRATIVE INTERFACE

- On 30 May, Deputy President Paul Mashatile led a Roundtable on Strengthening the Political and Administrative Interface. The engagement forms part of broader efforts by the Presidency to support the implementation of the National Development Plan (NDP): Vision 2030;
- The NDP: Vision 2030 emphasises the need for a capable and developmental state to address the country's socio-economic challenges;
- Mashatile stressed that fulfilling the commitments outlined in the Medium-Term Development Plan (MTDP) and the NDP 2030 fundamentally depends on a capable, stable, and professional public service;
- This will also assist advance the work of the Human Resource Development Council (HRDC), which plays a crucial role in building a capable developmental state in South Africa by focusing on skills development, aligning human resource development strategies with the NDP, as well as promoting professionalisation of the Public Service;
- Therefore, strengthening this interface is critical to ensuring more effective governance, enhancing service delivery, and fostering accountability across all levels of government.

PRESIDENTIAL YOUTH EMPLOYMENT INTERVENTION Q4 PROGRESS REPORT

- On 02 June, Deputy Minister in the Presidency Nonceba Mhlauli provided an update on the Presidential Youth Employment Intervention (PYEI) fourth quarter (Q4) Progress Report;
- Mhlauli highlighted that the PYEI marks its fifth anniversary since its launch in 2020, and the programme continues to make meaningful strides in unlocking sustainable earning opportunities for young people across South Africa;



**PRESIDENTIAL
YOUTH
EMPLOYMENT
INTERVENTION**



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

- The latest quarterly report confirmed that over 4.78 million young people are now registered on the National Pathway Management Network, with more than 1.67 million earning opportunities secured to date;
- This reflects the strength of the PYEI's approach in aggregating demand, coordinating partners, and enabling pathways that enhance young people's economic participation.

Political Updates



COURT REJECTS FUEL LEVY INCREASE CHALLENGE

- On 03 June, the Western Cape High Court dismissed the Economic Freedom Fighters (EFF) application to suspend the fuel levy increase;
- This followed the EFF's application to the court seeking to suspend the increase before its implementation;
- The party contended in court that Finance Minister Enoch Godongwana overstepped the constitutional boundaries of his executive authority by unilaterally announcing the levy increase, thereby encroaching upon the legislative powers that are vested in Parliament;
- This outcome affirms the government's authority to implement fiscal measures in accordance with existing legal frameworks.

SHIVAMBU DEPLOYED TO PARLIAMENT

- On 03 June, Floyd Shivambu, the Secretary-General of the uMkhonto weSizwe Party (MKP), was officially deployed to Parliament, where he is expected to serve in the capacity of an ordinary Member of Parliament (MP);
- This development came after he was removed from his position as the party's Secretary-General, following his controversial visit to the church of Malawian pastor Shepherd Bushiri;
- The party said he undertook the visit in his personal capacity, without the mandate or knowledge of the party;
- This could also reflect internal party dynamics or strategic compromises that weaken the MKP's overall parliamentary impact.



Legislative Updates



FISCAL FRAMEWORK ADOPTED

- On 03 June, the Finance Committee in Parliament adopted Finance Minister Enoch Godongwana's Fiscal Framework with the support of the ANC and DA;
- A Fiscal Framework is the blueprint of the national budget which was presented on 21 May;
- It includes revenue projections, expenditure estimates, borrowing needs and deficit implications;
- This was paving the way for it to be adopted by vote in the National Assembly.



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS



EXTENSION TO FINALISE TRADITIONAL AND KHOI-SAN LEADERSHIP BILL

- On 30 May, Minister of Cooperative Governance and Traditional Affairs (CoGTA), Velenkosini Hlabisa, welcomed the Constitutional Court's ruling to extend the validity of the Traditional and Khoi-San Leadership Act (TKLA) for a further two years;
- Accordingly, the declaration of invalidity of the TKLA has been suspended until 29 May 2027, allowing additional time for the Traditional and Khoi-San Leadership Bill (TKLB) to be concluded;
- This two-year extension allows CoGTA and Parliament to carry out comprehensive consultations and complete the legislative process;
- Hlabisa has also instructed the Department of Traditional Affairs to strengthen its efforts to accelerate the finalisation of the Bill. This period will allow a more deliberate and participatory approach.

TOBACCO PRODUCTS AND ELECTRONIC DELIVERY SYSTEMS CONTROL BILL

- On 03 June, the Consumer Goods Council of South Africa (CGCSA) delivered its submission to the Portfolio Committee on Health as part of the public hearings on the Tobacco Products and Electronic Delivery Systems Control Bill [B33–2022];
- The CGCSA emphasised its support for balanced, evidence-based regulations that safeguard public health, protect livelihoods, and combat illicit trade;
- However, it stressed that the implementation of stricter regulations, such as advertising bans, results in increased production and logistics costs, which in turn contribute to a shift toward illicit trade channels;
- Therefore, policymakers should thoroughly consider the economic and enforcement consequences of stricter regulations to avoid unintentionally encouraging non-compliance or illicit activities.



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

TRANSFORMATION FUND

- On 03 June, the Transformation and Competition Branch of the Department of Trade, Industry and Competition (DTIC) presented the Transformation Fund to the Portfolio Committee on Trade, Industry and Competition;
 - The government in partnership with the private sector, is in the process of establishing a R100 billion aggregated Transformation Fund for the acceleration of transformation and to support the funding requirements of businesses owned and managed by black entrepreneurs;
- The Fund will serve as an enabler for inclusive growth across various sectors as well as address the high unemployment rate and poverty levels of South Africa's economy;
 - Providing targeted financial support, capacity building, and access to opportunities, the Fund aims to stimulate entrepreneurship, enhance industrial development, and foster equitable participation in the economy.



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

HFA INITIATES LEGAL PROCEEDINGS AGAINST NHI ACT

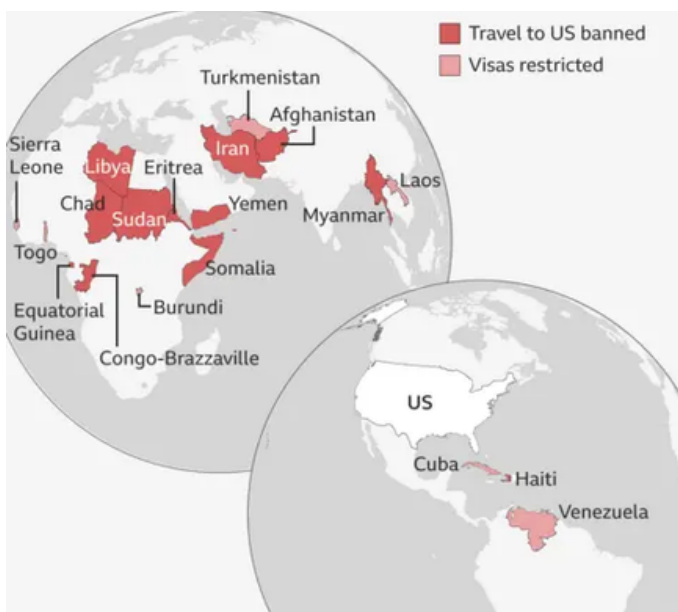
- On 05 June, the Health Funders Association (HFA) has become the sixth organisation to initiate legal proceedings against the National Health Insurance (NHI) Act, characterising it as unaffordable, unworkable, and unconstitutional;
- The HFA's legal challenge has been filed with the Gauteng Division of the High Court in Pretoria;
- In its legal challenge, the HFA argues that the NHI Act is procedurally and substantively flawed and will cause irreparable harm to the health system economy;
- As the sixth organisation to challenge the Act in court, the HFA's move reflects growing concern among key stakeholders about the feasibility, and constitutional validity of the NHI framework.



Africa Watch

DRC AND LIBERIA ELECTED TO SECURITY COUNCIL

- On 03 June, the United Nations General Assembly elected five non-permanent members to the Security Council for the 2026-2027 term;
- Bahrain, Colombia, Democratic Republic of the Congo, Latvia and Liberia won elections in the General Assembly;
- Bahrain received 186 votes, DRC 183, Liberia 181, Latvia 178 and Colombia 180 to replace Algeria, Guyana, Korea, Sierra Leone and Slovenia;
- The new members will serve as non-permanent members of the UNSC from 01 January 2026, to 31 December 2027.



U.S. IMPOSES TRAVEL BAN ON AFRICAN COUNTRIES

- On 04 June, United States (U.S.) President Donald Trump signed a proclamation banning the nationals of 12 countries from entering the U.S. effective 09 June;
- The 12 countries impacted by the latest travel ban are Somalia, Chad, Congo, Equatorial Guinea, Sudan, Eritrea, Libya, Yemen, Myanmar, Haiti, Iran and Afghanistan;
- The entry of people from the following countries will be partially restricted: Cuba, Sierra Leone, Togo, Turkmenistan, Venezuela, Laos and Burundi;
- According to President Trump, the ban aims to protect the United States from foreign terrorist and other national security and public safety threats, as well as from people who exploit immigration laws for malevolent purposes;
- The tensions surrounding the ban were ignited by an attack on Pro-Israeli supporters by an Egyptian on an expired working visa to the U.S.

“We will not allow people to enter our country who wish to do us harm.”
U.S. President Donald Trump



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

International Affairs

SOUTH KOREA ELECTS NEW PRESIDENT

- On 03 June, South Korea elected its new liberal President Lee Jae-myung following a snap-election triggered by his predecessor Yoon Suk Yeol's martial law declaration in December 2024;
- The declaration of martial law was reversed by the former President Yoon Suk Yeol's cabinet, which later impeached the 13th President of South Korea;
- Lee Jae-myung, the opposition leader of the Democratic Party, won by nearly three million votes ahead of his main rival Kim Moon-soo of the incumbent conservative People Power Party;
- The incumbent President has vowed to restore the economy and promised to ensure there will never be a military coup.



NEW UNGA PRESIDENT

- On 02 June, Germany's Annalena Baerbock was elected by secret ballot to be President of the United Nations General Assembly (UNGA) at its 80th session;
- In accordance with the established regional rotation, the President of the eighth session of the General Assembly is to be elected from the Western European and Other States group;
- Baerbock obtained 167 votes of the 193 member states;
- As President, she will oversee the organisation of plenary sessions of the General Assembly.

U.S. VETOES CEASEFIRE RESOLUTION ON GAZA

- On 04 June, the United States (U.S.) vetoed a United Nations Security Council (UNSC) resolution calling for an "immediate, unconditional and permanent" ceasefire between Israel and Hamas in Gaza;
- The U.S. was the only country to veto and oppose the resolution, whilst the fourteen other countries of the council, including the United Kingdom, voted in favour. There were no abstentions;
- The U.S. opposed the resolution because it did not call for Hamas to disarm and leave Gaza;
- It is the fifth time that the U.S. has vetoed a UNSC draft ceasefire resolution in order to protect its ally Israel.
- A similar resolution was vetoed in November 2024 under the Biden administration on the grounds that the ceasefire demand was not directly linked to the immediate and unconditional release of all hostages held by Hamas.

