



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

Economic Highlights

BUSINESS CONFIDENCE DROPS

- On 3 July, S&P Global SA Purchasing Managers' Index (PMI) showed that business confidence within the private sector had dropped to its lowest since July 2021, dropping from 50.8 in May to 50.1 in June;
- This drop is attributed to the uncertainty surrounding South Africa's domestic and international policies;
- This also supported by the Policy Uncertainty Index, released by the North West University's (NWU's) Business School;
- Although there has been a shift in South Africa's PMI standing there has been positives with companies still willing to invest in employment, and supply chain improvements attributed to fewer issues at ports and lower input demands.



Government Updates

RAMAPHOSA DEFENDS B-BBEE



- On 30 June, President Cyril Ramaphosa in his latest newsletter, strongly backed B-BBEE, arguing it helps in balancing redressing past economic exclusion with sustainable growth;
- The President further argued that B-BBEE remains central to transforming South Africa's economy, ensuring broader participation by black South Africans, women, and youth in ownership and management;
- He dismissed critics who call B-BBEE punitive, insisting it is a practical framework that supports long-term economic stability;
- With new industries like Artificial Intelligence (AI) and renewables emerging, the President stressed that B-BBEE will evolve to drive investment while staying true to its goal of economic justice.



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JUDICIARY SET FOR FULL INSTITUTIONAL INDEPENDENCE

- On 1 July, Minister of Justice Mmamoloko Kubayi announced in her budget vote speech that the judiciary will gain full institutional independence in the 2025/26 financial year, as an equal arm of the state;
- This will grant the judiciary financial and operational autonomy, with the Chief Justice as the executive authority and the Secretary-General as the accounting authority, allowing the Office of the Chief Justice (OCJ) to operate outside public service rules and set its own staffing framework;
- A task team, including officials from Justice, the Presidency, National Treasury, and other departments, is working to finalize this shift, with a progress report due to Cabinet by August 2025;
- Kubayi emphasised that the R2.7 billion OCJ budget, will boost court efficiency and support judicial independence, including modernizing systems like Court Online to enhance access to justice.



Political Updates

DA FILES CRIMINAL CHARGES AGAINST NKABANE AND SIMELANE



- On 30 June and 1 July, the Democratic Alliance (DA) lodged criminal complaints against Minister of Higher Education and Training, Nobuhle Nkabane and Minister of Human Settlement, Thembisile Simelane;
- The complaint against Nkabane relates to lying to parliament about the process to appoint Sector Education and Training Authorities (SETAs) board members, while for Simelane is allegedly for defrauding Eskom of over R700,000 while at Vitrovia;
- The complaints follow President Cyril Ramaphosa's sacking of DA's Andrew Whitfield as deputy minister of Trade, Industry and Competition;
- The DA also did not support budget votes of Ministries led by Nkabane and Simelane in protest of Ramaphosa's decision.



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PUBLIC PROTECTOR DECLINES TO PROBE ILLICIT FINANCIAL FLOWS

- On 30 June, the Public Protector rejected the request by the African Transformation Movement (ATM) made in February, to investigate illicit financial flows in South Africa and the Finance Minister's efforts to address them;
- In her rejection, the Public Protector cited the overlap with a 2019 Johannesburg High Court case filed by AMCU regarding illicit flows at Samancor Chrome, and that it would be redundant to investigate while the court case is ongoing.



Africa Watch

SADC CLUSTER REGIONAL MEETING ON ENERGY AND WATER



- On 30 June, Ministers responsible for Energy and Water in the SADC region attended a cluster regional meeting to discuss the advancement of regional Energy and Water agenda;
 - The weeklong cluster meeting focused on policy, decision-making and the coordination of regional programs on energy and water;
 - The Ministers in attendance reviewed the Mission 300 initiative by the African Development Bank Group and The World Bank which aims make energy accessible to 300 million people by 2030;
- South Africa was represented by Dr Kgosientsho Ramokgopa, Minister of Electricity and Energy and Ms Pemmy Majodina, Minister of Water and Sanitation.



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THE 4TH INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT

- From 30 June to 3 July, The Chief Executive Officer of the African Union Development Agency – New Partnership for Africa's Development (AUDA-NEPAD) Nardos Bekele-Thomas attended the Fourth International Conference on Financing for Development in Seville, Spain;
- At the conference, Bekele-Thomas called for “African solutions for African problems” approach, asserting that the Gross Domestic Product (GDP) is no longer an effective measure for Africa's economy, and that focus should rather be on holistic metrics grounded in dignity, sustainability and shared prosperity;
- South Africa's National Development Plan 2030 was cited for its multidimensional metrics namely health, education and inequality and Statistics South Africa was also cited for prioritising quality of life indicators;
- AUDA-NEPAD alongside the African Union and African Development Bank are working to institutionalise more inclusive development metrics.



International Affairs

US SENATE PASSES TRUMPS RECONCILIATION BILL

- On 2 July 2025, the US senate after long discussions, passed the One Big Beautiful Bill Act (OBBBA), that will usher in tax breaks for a number of sectors in America;
- The republican party has labelled the breaks as positive, sighting their positive impact on the economy by reducing the tax implications on businesses and take-home salaries. Although a good thing on paper, these tax breaks could potentially increase the USA debt by over \$3 trillion over a 10-year period;
- Many Democrats have argued that the bill is detrimental to the ordinary American who relies on products such as Medicaid health care and Supplemental Nutrition Assistance Program (SNAP) (food stamps), which will be negatively affected;
- US President Donald Trump described the bill as being beneficial for the American citizen in an effort towards Making America Great Again.





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OPPOSITION AGAINST ESG REPORTING REGULATIONS IN THE EU



- On 1 July 2025, 198 businesses, investors, financial institutions, service providers issued a statement that outlined their disagreement with the European Union's (EU) proposal to relax sustainability and ESG reporting regulations, sighting that it would be detrimental to the EU's climate control ambitions;
- The proposal aims to reduce EU requirements on sustainability and ESG reporting for businesses by simplifying the regulations and reduce administrative burdens by at least 25%;
- This would see the possibly removal of approximately 80% of companies from the scope of Corporate Sustainability Reporting Directive (CSRD) and shifting the focus more on larger organisations who have a larger impact on the environment in comparison to smaller enterprises.

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