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## ECONOMIC UPDATES



### NERSA ISSUES DEFAULT ORDERS AGAINST MUNICIPALITIES

- On 23 January, the National Energy Regulator of South Africa (NERSA) announced its decision to issue default orders against five municipalities (Saldanha Bay Local Municipality, Rustenburg Local Municipality, Kareeberg Local Municipality, Lephalale Local Municipality, and Ekurhuleni Metropolitan Municipality), following persistent non-compliance with electricity regulatory and licensing requirements under the Electricity Regulation Act;
- The default orders were issued after the affected municipalities failed to adequately respond to compliance notices and regulatory processes, triggering NERSA's use of its newly activated Electricity Tribunal enforcement powers;
- The default orders compel municipalities to regularise tariffs, improve financial and operational reporting, and align electricity distribution practices with national regulatory frameworks;
- NERSA's decision marks a shift toward stricter regulatory enforcement, signalling reduced tolerance for prolonged municipal non-compliance and a greater willingness to use punitive and corrective measures;
- The decision also reinforces accountability in the context of municipal debt to Eskom, as regulatory compliance is viewed as critical to addressing revenue losses, poor cost recovery, and systemic inefficiencies;
- NERSA's action stresses the regulator's intent to restore regulatory credibility, strengthen governance, and support the sustainability of the electricity sector, while highlighting ongoing structural weaknesses in municipal capacity and the need for coordinated support and oversight to prevent service delivery disruptions.



### PRODUCER PRICE INDEX

- On 29 January, Statistics South Africa released the Producer Price Index (PPI) data, indicating that the annual PPI inflation remained steady at 2.9% year-on-year in December 2025;
- Monthly change showed a modest increase of 0.2% in producer prices from November to December 2025;
- The annual PPI outcome was supported by lower price increases in energy-related inputs and selected manufactured goods, alongside improved global supply-chain conditions compared to earlier periods;
- Key positive contributors to the annual rate included food, beverages, and tobacco at +2.9%, and furniture and other manufacturing at +11.9%;
- The PPI figures point to improving price stability at the production level, while highlighting lingering vulnerabilities linked to energy prices, logistics costs, and exchange-rate movements.



### MONETARY POLICY COMMITTEE STATEMENT

- On 29 January, the South African Reserve Bank's Monetary Policy Committee (MPC) announced that it would keep the repo rate unchanged at 6.75%;
- The prime lending rate also remained at 10.25%;
- The Committee noted that headline inflation increased to 3.6% in December 2025 from 3.5% in November; this is above the newly formalised 3% inflation target but still close to the bottom of the range;
- The inflation outlook was revised downward, with the forecast for 2026 now at 3.3% from 3.5%. The 2027 forecast was slightly adjusted to approximately 3.2%;
- The statement noted that economic growth has increased for four consecutive quarters, supporting a projection of around 1.4% growth in 2026 and approximately 1.9% in 2027;
- The Committee emphasised continued risks from electricity price pressures, volatile food prices, as well as global uncertainty and financial market volatility;
- SARB Governor, Lesetja Kganyago, noted that if the rand maintains its performance against major currencies, then future rate cuts were almost certain;
- The MPC statement signals a balanced but vigilant policy stance, acknowledging improving inflation dynamics while emphasising persistent risks that require prudent and credible monetary policy management.

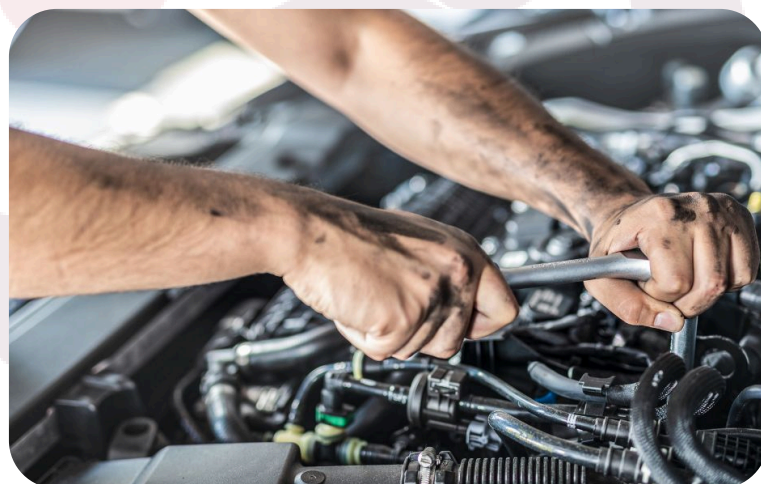
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## GOVERNMENT UPDATES



### RAMAPHOSA ACCEPTS MADLANGA COMMISSION RECOMMENDATIONS

- On 29 January, President Ramaphosa accepted the recommendations contained in the interim report of the Commission of Inquiry into Criminality, Political Interference and Corruption in the Criminal Justice System, chaired by retired Constitutional Court Justice Madlanga;
- The Commission, established by Ramaphosa in 2025 following allegations by General Mkhwanazi of a sophisticated criminal syndicate infiltrating the criminal justice system, submitted its interim report on 17 December 2025 in line with agreed timelines;
- The interim findings established prima facie evidence of wrongdoing, including criminality, corruption, fraud, murder, perjury, and other unlawful actions, by certain members of the South African Police Service (SAPS), the Ekurhuleni Metropolitan Municipality, and the Ekurhuleni Metropolitan Police Department (EMPD);
- Ramaphosa welcomed the Commission's referrals of specific matters for immediate criminal investigation and urgent prosecution decisions, as well as recommendations on the employment status and suspension of implicated individuals, directing that affected persons be referred to the appropriate bodies: SAPS, the Independent Police Investigative Directorate (IPID), or Ekurhuleni Municipality for further action;
- The President instructed Minister of Police Professor Cachalia and National Police Commissioner General Masemola to establish a dedicated special investigations task team, led by a designated senior officer reporting directly to General Masemola, to urgently investigate the identified individuals and ensure swift, independent progress on the serious allegations;
- This decisive acceptance and rapid establishment of a specialised task team signal strong commitment on the part of the President to rooting out corruption and criminality within law enforcement structures;



### DTIC UPDATES ON AUTOMOTIVE MASTERPLAN

- On 28 January, Mr Mkhululi Mlota of the Department of Trade, Industry and Competition (dtic) presented an update to the Portfolio Committee on Trade and Industry on progress in implementing the South African Automotive Industry Masterplan, originally adopted in 2021;
- The Masterplan is meant to build a globally competitive and transformed automotive sector by achieving key targets including 1% of global vehicle production, increasing local content to 60%, doubling employment across the value chain and deepening value addition;
- Mr Mlota reported that performance remains well below the ambitious targets, with vehicle production recovering to pre-COVID levels but hovering around about 0.6% of global output, local content stagnant at around 39-40%, and exports/employment showing limited growth despite recovery;
- The DTIC attributed the shortfalls to major disruptions since 2021, including COVID-19, the Russia-Ukraine war, the global shift to electric vehicles, intensifying competition from affordable high-tech imports (particularly from China), new US tariffs, and uncertainty over AGOA renewal beyond 2025;
- To address these challenges hampering implementation, Acting Deputy Director-General Dr Tebogo Makube outlined a package of revival proposals under consideration, which include reviewing customs tariff structures, developing a battery manufacturing policy and attracting new vehicle manufacturers;
- The department further reaffirmed the Masterplan's core vision of building a globally competitive, transformed automotive industry that drives sustainable economic development, job creation, and shared prosperity across stakeholders and society;
- These combined pressures highlight the urgency of swift policy adjustments and diversification efforts to safeguard and reposition South Africa's automotive sector as a key contributor to industrial growth and export earnings amid a rapidly shifting international landscape.

## POLITICAL UPDATES



### ACTIONS SA ANNOUNCES MERGER WITH SMALLER PARTIES

- On 26 January 2026, ActionSA announced mergers with the North West-based Azanian Independent Community Movement (AICM) and the Creatives Congress Movement, incorporating them into the party as part of its ongoing Green Umbrella Project;
- The Green Umbrella Project seeks to unite smaller political parties, community-based organisations, and independent movements under a single banner;
- These strategic mergers are timed ahead of the 2026 local government elections, where ward-level community organisations often secure strong support in specific municipalities, allowing ActionSA to build grassroots momentum rather than relying solely on national branding;

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- The party highlighted recent successes linked to the project, including a victory in Ward 7 of Ramotshere Moiloa Local Municipality in the North West during the October 2025 by-elections, and a near-tripling of votes in Johannesburg's Ward 130;
- The inclusion of the AICM adds seven additional municipal council seats, bringing ActionSA's total representation to 152 seats nationwide, with leader Herman Mashaba stating the target is to reach 200 seats by the next local polls;
- ActionSA's focused approach on absorbing hyper-local organisations, deeply attuned to ward-level needs, reflects a clear strategic understanding that growth in South African local government elections stems more from ground-level relevance and community trust than from high-profile national mergers.



### ANC COMMITS TO IMPROVE MUNICIPALITIES

- On 29 January during the African National Congress' (ANC) press briefing post its National Executive Committee (NEC) Lekgotla, ANC Secretary-General Fikile Mbalula announced that the party had resolved to restore functionality and credibility in local government by professionalising the interface between municipal political leadership and administrative leadership;
- This entails establishing clearer boundaries and fostering professional working relationships between elected councillors and appointed municipal managers or officials to reduce interference, improve governance, and enhance accountability;
- The resolutions target key points, which are., strengthening financial management and billing systems, eliminating unfunded budgets, filling funded vacancies with skilled personnel, and enforcing strict consequence management for maladministration and corruption;
- Mbalula further revealed that service delivery 'war rooms' are being restructured, consolidated, and strengthened based on lessons from recent local government performance, with the ANC set to launch a toll-free national service delivery hotline in the near future to improve citizen reporting and response;
- The Lekgotla also directed the deployment of rapid-response technical teams to priority municipalities facing severe distress, alongside the institution of weekly monitoring of delivery performance, while committing to stronger intergovernmental coordination, better alignment of planning and budgeting across spheres of government, and accelerated professionalisation of the public service;
- Although these measures may reflect the ANC's recognition of persistent municipal failures as a critical threat to its electoral credibility and public trust, we still have not heard of any structural successes of these many reforms ahead of the 2026 municipal elections.

## LEGISLATIVE/REGULATORY UPDATES



### ICASA REGULATIONS ON DATA, SMS, AND VOICE BUNDLES

- On 23 January, the Independent Communications Authority of South Africa (ICASA) issued the End-User and Subscriber Service Charter Amendment Regulations, 2025, which introduce significant updates to the 2016 regulations;
- These changes aim to strengthen consumer protections in the telecommunications (telecom) sector, with a particular focus on mobile bundles for data, short message service (SMS) and voice;
- The new rules require operators to send mandatory usage depletion notifications at 50%, 80%, and 100% thresholds via SMS or other methods, allowing users to opt in or out, purchase add-ons, or block out-of-bundle charges;
- Bundles must now deplete in a first-expiry-first-out order, and unused portions (excluding short-term bundles of seven days or less), uncapped, free, or promotional ones, will automatically roll over at least once, provided the line remains active;
- Users can freely transfer bundles to others on the same network without restrictions on type or volume, subject to certain exclusions, and bundle validity will be extended in cases of network faults;
- These amendments follow extensive consultations with stakeholders, including Cell C, MTN, Telkom, Vodacom and consumer groups, and they take effect after a twelve-month transition period ending on 23 January 2027;
- The changes bring several benefits, chiefly amongst them is they empower consumers by reducing bill shock through timely notifications and prevent wasteful expiry of unused bundles through automatic rollovers and transfers, which support fair usage and community sharing in South Africa's prepaid-dominated market;
- The rules also promote greater transparency and competition among providers while addressing market failures such as high out-of-bundle rates;
- On the other hand, there are potential drawbacks, namely, Telecom companies may face increased operational costs that could lead to higher prices for consumers;
- Unlimited transfers carry risks of fraud, arbitrage, and the emergence of secondary markets, which might undermine pricing strategies and strain network capacity;
- There are also risks of regulatory overreach that could stifle innovation, particularly for smaller operators, or disadvantage certain low-income users due to the exclusion of short-term bundles from rollovers;
- Nevertheless, these updates are especially important in South Africa, where mobile connectivity is essential for daily life, education, and work.

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## AFRICA WATCH



### THE AU LIFTS SANCTIONS ON GUINEA

- On 23 January, the African Union's Peace and Security Council (PSC) announced the restoration of Guinea to the Union following its 1325th meeting, which assessed the country's political transition process;
- The decision was informed by the adoption of a new constitution and the successful conduct of presidential elections in December 2025, developments which the Chairperson of the African Union (AU) Commission, H.E Mahmoud Ali Youssouf, said marked Guinea's effective return to constitutional order;
- On this basis, and in line with the commission's assessment, the PSC lifted the suspension that had been imposed on Guinea in September 2021 after the military coup led by Colonel Mamady Doumbouya, which resulted in the country's exclusion from all AU activities, decision-making structures, and institutional engagements under the Union's zero-tolerance policy for unconstitutional changes of government;
- Unlike the Economic Community of West African States (ECOWAS), which complemented institutional measures with economic and financial sanctions, the AU's response was largely limited to suspension rather than targeted sanctions against individuals;
- In welcoming what it described as positive steps under Guinea's Political Transition Roadmap, culminating in the 28 December 2025 presidential election, the AU gestured both the end of Guinea's regional isolation and a broader reaffirmation of constitutional governance norms;
- This development carries important implications for Guinea's democratic consolidation and for the continent more broadly, reinforcing the principle that adherence to constitutional order, electoral accountability and political legitimacy remain central pillars of democratic stability in Africa.

## INTERNATIONAL AFFAIRS UPDATES



### U.S WITHDRAWAL FROM THE WORLD HEALTH ORGANISATION

- On 24 January, the World Health Organisation (WHO) acknowledged the announcement by the United States to withdraw from the organization, citing concerns over governance, accountability, and the organisation's handling of global health emergencies, particularly pandemic response coordination;
- The decision reflects longstanding U.S criticism that the WHO is insufficiently independent, overly influenced by certain member states, and slow to implement internal reforms, despite repeated calls for greater transparency and institutional change;
- WHO highlighted that global health challenges such as pandemics, antimicrobial resistance, and climate-related health risks require coordinated international responses, noting that no country can effectively address these risks in isolation;
- The WHO emphasised that the United States has historically been a key partner in advancing global health security, contributing technical expertise, financing, and leadership in disease surveillance, emergency response, and health system strengthening;
- While reaffirming its commitment to serving all Member States, the WHO reiterated ongoing efforts to strengthen governance, accountability, and transparency, including reforms aimed at improving emergency preparedness, financing sustainability, and institutional effectiveness;
- Being the organisation's largest historical funder, the WHO called on the United States to reconsider its position and continue dialogue, stressing that sustained engagement would better serve both US interests and global public health outcomes;
- The U.S withdrawal underscores growing geopolitical tensions within multilateral institutions and highlights the trade-off between national sovereignty and collective global health security, with potential long-term implications for global pandemic preparedness and international cooperation.

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