



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

15 MAY 2026

LOCAL GOVERNMENT ELECTIONS WATCH



- On 13 May, the IEC stated that it has been allocated a R3.2 billion budget to facilitate the Local Government Elections on 4 November and awaiting approval for an additional R1.1 billion from the National Treasury;
- In the by-elections held on 13 May 2026, the ANC retained the seat it held in the 2021 Municipal Elections in North West, while in the Northern Cape the party won a seat in the Siyathemba Municipality and the PA won a seat previously held by the DA in the Dawid Kruiper Municipality;

- On 09 May, ActionSA has officially announced Tshwane Mayor Dr. Nasiphi Moya as the party's mayoral candidate for the City of Tshwane.

ECONOMIC UPDATES

QUARTERLY LABOUR FORCE SURVEY OUTCOMES

- On 12 May, Statistics South Africa (Stats SA) released the Quarterly Labour Force Survey (QLFS) for the first quarter of 2026, showing that South Africa's labour market declined further, with the official unemployment rate increasing from 31.4% in Q4 of 2025 to 32.7%;
- 345,000 jobs were lost during the quarter, reducing total employment to 16.8 million, while the number of unemployed people rose by 301,000 to 8.1 million, reflecting worsening economic pressure on households and workers;
- Key drivers included job losses in community and social services (206,000), construction (110,000), and transport (30,000), affecting both formal (189,000 jobs lost) and informal (127,000 jobs lost) sectors. Although industries such as manufacturing, mining, and agriculture saw slight improvements, overall labour market participation and job absorption weakened;
- Youth unemployment remains one of the country's most urgent challenges. The unemployment rate for people aged 15–34 climbed to 45.8%, with 258,000 young people losing jobs and youth unemployment rising to 4.7 million;
- Young people between 15–24 years old continue to face the harshest employment conditions, with unemployment reaching 60.9%, while the rate for those aged 25–34 stands at 40.6%;
- The number of young people who are not employed, studying, or receiving training (NEET) for ages 15–24 rose to 37.6%, while for 15–34 it reached 45.6%. Young women faced a heavier burden, with a higher NEET rate than young men. Employed youth remain concentrated in lower-skilled roles in trade, community services, finance, elementary occupations, and sales;
- Broader measures of unemployment and underemployment (LU3) rose to 43.7%, highlighting growing discouragement among job seekers and the continued lack of sufficient employment opportunities;
- These figures reinforce the deep structural challenges facing the South African economy, particularly the severe impact on young people, with increasing calls for urgent action to stimulate job creation, expand skills development, and support more inclusive economic growth.



PROGRESS IN FREIGHT LOGISTICS REFORM

- On 13 May, Transnet announced the allocation of rail slots to 11 new Train Operating Companies (TOCs) while reporting that its eight commercial seaports handled more than 300 million tonnes in the 2025/26 financial year, the highest volume in 15 years, marking tangible progress under Operation Vulindlela's freight logistics and rail reform initiatives;
- As part of government's drive to open the rail network to private operators, increase freight volumes, and reduce road dependency, the Transnet Rail Infrastructure Manager (TRIM) awarded slots across five strategic corridors to operators including ARC South Africa, The Railway Corporation, MSC, TLD Marine, MENAR, Sharp Logistics, Barberrry, Grindrod, Minrail, IRACEMA, Motheo Logistics, and Interlinks;



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- This expands the number of active operators from one to 12 and is expected to add 24 million tonnes of freight capacity immediately, with potential to scale to 52 million tonnes over five years, supporting the national target of lifting rail volumes from around 180 million tonnes to 250 million tonnes by 2030;
- On the ports side, cargo throughput increases to 4.2% year-on-year, driven by a 13.3% surge in vehicle volumes (imports from China and India, plus exports to Europe), 7.1% growth in containers, boosted by citrus exports, and 4.2% in dry bulk commodities such as chrome, magnetite and manganese. Vessel traffic increased 9%;
- These gains reflect accelerating recovery initiatives, infrastructure upgrades, and private-sector partnerships, including the landmark 25-year contract with ICTSI for Durban Container Terminal Pier 2 and plans for land reclamation and capacity expansion at Durban, as well as private participation at Richards Bay Dry Bulk Terminal;
- Transnet officials described the developments as a shift from policy design to practical implementation, creating a competitive rail marketplace and improved port performance, though broader reforms such as full corporatisation of the National Ports Authority and further network enhancements remain in progress;
- These milestones can be seen as positive signals for investment attraction, job creation in the logistics sector, and support for key industries, while noting that sustained execution will be critical to realising the full economic return on investment.

GOVERNMENT UPDATES

RAMAPHOSA DECLARES NATIONAL STATE OF DISASTER

- On 11 May, President Cyril Ramaphosa declared a National State of Disaster, following severe rainfall, storms, heavy winds and snowfall in the Western Cape, Eastern Cape, Northern Cape, Mpumalanga, North West and the Free State;
- Thus far, severe rainfalls have resulted in at least ten deaths, destruction of properties and public infrastructure, as well as disruptions to critical services;
- COGTA Minister Velenkosini Hlabisa further committed that all three spheres of government would avail and prioritise their funds toward disaster relief, while Eskom expressed that they had dispatched recovery teams to address faults throughout the Western Cape;
- Western Cape Premier Alan Winde commented that the N1 highway near Worcester had been closed indefinitely, affecting access to and from Cape Town;
- Additionally, the disruptive weather conditions led to the collapse of the R62 road in the Eastern Cape – which supports the transportation of agricultural produce sold locally and exported internationally and now threatens the local economy;
- Short-to-medium term financial and operational shocks are expected in the logistics sectors of the affected provinces, with the agricultural sector posing a double setback within the province of the Eastern Cape at least.



RAMAPHOSA RESPONDS TO QUESTIONS IN PARLIAMENT

- On 14 May President Cyril Ramaphosa responded to questions from Members of Parliament in the National Assembly;
- Ramaphosa highlighted the government's efforts to develop youth skills, including workplace training opportunities within the public service, reforms within the SETA system, the National School of Government, as well as programmes offered by the SANDF;



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- The President shared that the government would prioritise reforms in the manufacturing, mining, agricultural and skills development industries to unlock economic growth, and defended the role of BEE in facilitating expanded participation;
- Operation Prosper had resulted in over 1 000 arrests and the seizure of firearms, ammunition and explosives throughout the country;
- Ramaphosa also confirmed the removal of the former Minister for Social Development Sisisi Tolashe over corruption allegations, and announced the appointment of Sindisiwe Chikunga as acting Minister;
- The session reflected a shift toward economic reform, social stability and political accountability and signals a degree of political stability for Ramaphosa's remaining term.



POLITICAL UPDATES

DA IN KZN ELECTS NEW PROVINCIAL LEADERSHIP

- On 9 May, the Democratic Alliance (DA) in KwaZulu-Natal elected Sthembiso Ngema as its new provincial leader for the next three years, succeeding Francois Rodgers;



- Ngema, a former DA councillor, defeated Mzamo Billy, who heads the party's delegation to the National Council of Provinces (NCOP);
- Martin Meyer, MEC for Public Works and Infrastructure, was elected deputy provincial leader, while Dean Macpherson retained his position as provincial chairperson;
- Sandile Mnikathi, deputy mayor of Umngeni Local Municipality, was elected first deputy provincial leader; Sakhile Mngadi, a member of the provincial legislature, took the second deputy position; and Zululand councillor Swelakhe Shelembe was elected third deputy;
- The DA, currently the fourth-largest party in the province, has set its sights on capturing the eThekweni Metro in the 4 November 2026 municipal elections, where recent polls show a sharp decline in ANC support;
- National DA leader Geordin Hill-Lewis told the provincial congress that the time had come for the party to move into higher levels of power in KZN and establish itself as the governing alternative in the province.

LEGISLATIVE/REGULATORY UPDATES

TSHWANE AUDITOR-GENERAL AND SIU INVESTIGATION OUTCOMES

- On 12 May, Standing Committee on Public Accounts (SCOPA) held hearings with the City of Tshwane Metropolitan Municipality to assess its latest audit outcomes and ongoing investigations by the Special Investigating Unit (SIU), placing Mayor Dr Nasiphi Moya under pressure over continued financial and governance challenges;



- Although municipal spending increased to R50.31 billion in 2024/25, only 53% of planned performance targets were achieved, raising concerns about efficiency and service delivery;
- Mayor Moya acknowledged that Tshwane remains in a serious financial crisis caused by years of unfunded budgets, weak revenue collection, rising debt, and supply chain management weaknesses, all of which have affected infrastructure maintenance and basic services;



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- The Auditor-General highlighted major financial leakages, including water losses of R1.7 billion and electricity losses of R3.27 billion, driven largely by theft, illegal connections, meter tampering, and poor internal controls. Consumer debt increased to R20.9 billion, while the municipality continues to owe Eskom and water R5.6 billion in unpaid accounts;
- SCOPA also reviewed SIU investigations into the Rooiwal Wastewater Treatment Works project and a CCTV infrastructure tender. The probes uncovered allegations of procurement irregularities, improper payments, expired contracts, and possible corruption, resulting in disciplinary, criminal, and regulatory referrals to several authorities, including the Hawks and NPA;
- The hearings reflect Parliament's broader push to improve accountability, governance, and financial discipline in municipalities, particularly as metros like Tshwane continue to struggle with weak revenue collection, infrastructure backlogs, and growing pressure to improve service delivery.

NATIONAL TREASURY ANNUAL PERFORMANCE PLAN

- On 12 May, Standing Committee on Finance met with the National Treasury to review its 2026/27 Annual Performance Plan (APP), with discussions focusing on governance failures, corruption, fiscal sustainability, and reforms to public financial management systems;
- In presenting Treasury's Annual Performance Plan, Finance Minister Enoch Godongwana outlined government's broader priorities, including maintaining macroeconomic stability, implementing structural reforms, strengthening infrastructure delivery, modernising public financial management systems, and improving governance through digitisation and better use of data;
- Committee members raised concerns about weak accountability, financial leakages, and Treasury's ability to intervene when departments, municipalities, and state-owned entities fail to manage public funds effectively;
- Treasury acknowledged the governance challenges and said amendments to the Public Finance Management Act (PFMA), Municipal Finance Management Act (MFMA), and procurement legislation are intended to strengthen accountability and give Treasury greater authority to intervene where necessary. Greater emphasis is also being placed on consequence management and improving oversight across all spheres of government;
- Financial sector transformation was another key issue, with members arguing that Treasury lacks measurable indicators to track progress on financial inclusion, support for small businesses, and open banking reforms aimed at improving competition in the banking sector;
- Minister Godongwana said government remains committed to maintaining fiscal stability and its debt-to-GDP targets, despite global economic uncertainty. He stressed that maintaining a primary budget surplus remains important for protecting public finances, although government would continue assessing economic risks before making any adjustments to fiscal policy;
- The Minister also clarified that the Land and Agricultural Development Bank of South Africa had requested a R10 billion government guarantee and a separate R10 billion recapitalisation request, not the widely reported R200 billion bailout;
- The discussions highlighted growing pressure on government to improve accountability, rebuild public trust, and ensure more effective use of public resources, while balancing fiscal discipline with the need for economic growth, job creation, and improved service delivery amid ongoing economic and governance challenges.



ICASA REJECTS ALTERNATIVE B-BBEE MECHANISMS

- On 13 May, the Independent Communications Authority of South Africa (ICASA) formally communicated its rejection of implementing alternative Broad-Based Black Economic Empowerment (B-BBEE) mechanisms without legislative changes, creating a standoff with Communications Minister Solly Malatsi over the entry of operators like Starlink;



- Minister Malatsi has signalled his department's intention to pursue legal and regulatory reforms to recognise equity-equivalent investment programmes (EEIPs), such as investments in skills development, infrastructure, or enterprise support, as alternatives to the strict 30% ownership requirement by historically disadvantaged groups for individual electronic communications licences under the Electronic Communications Act (ECA);



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- This move, following extensive public consultations that reportedly showed strong support, is positioned as a way to attract foreign investment, expand broadband access, especially in rural and underserved areas, boost competition, and accelerate digital inclusion while still advancing transformation goals;
- ICASA, however, maintained that while the Amended ICT Sector Code must be considered in licensing, full alignment, including recognition of EEIPs and deemed ownership, requires an amendment to the ECA. The regulator reiterated its commitment to advancing transformation and economic inclusion but stated it would continue engaging the Ministry only within the confines of its current mandate;
- Malatsi has indicated the government will proceed with necessary changes to clear the path for operators like Starlink, with or without immediate ICASA alignment;
- These developments reflect ongoing tensions in balancing investment attraction, rapid digital connectivity expansion, and longstanding empowerment policies in South Africa's telecommunications sector, with stakeholders divided on potential impacts to local ownership, competition, and national priorities.

AFRICA WATCH

KENYA HOSTS AFRICA FORWARD SUMMIT

- On 12 May, Kenya hosted the Africa Forward Summit in Nairobi, marking the first time that the gathering was held in a non-Francophone African country;



- The summit sought to broaden France's partnerships across the continent and secure new investment deals amid growing anti-French sentiment and declining French influence, particularly in West Africa;
- More than 30 African presidents, deputy presidents and prime ministers attended, alongside prominent business leaders including Nigerian industrialist Aliko Dangote and senior executives from major French companies such as TotalEnergies and Orange;
- French President Emmanuel Macron announced €14 billion in investments from French companies and €9 billion from African partners, targeting key sectors including energy transition, agriculture and artificial intelligence;
- The Kenyan government used the platform to attract French investors seeking opportunities under the African Continental Free Trade Area (AfCFTA) and to push for reforms in the global financial system to better support heavily indebted African nations;
- The summit took place against a backdrop of France's reduced military presence on the continent following recent troop withdrawals from former colonies;
- Macron used the occasion to signal a renewed French and broader European engagement with Africa, positioning the continent as a strategic whole and Europe as a more reliable partner than China or the United States.

INTERNATIONAL AFFAIRS UPDATES

TRUMP'S STATE VISIT TO CHINA

- On 13 May, U.S. President Donald Trump landed in China for a three-day visit, to discuss trade, technology and artificial intelligence;
- Trump is accompanied by CEOs of large companies including Apple; Nvidia, Meta, SpaceX, and Qualcomm, to name a few;
- The two Presidents meet amidst tensions between the two countries, which have seen have them impose tariffs on each other;
- The war in the Middle East was amongst the topics discussed at the Summit, with U.S. Treasury Secretary Scott Bessent saying he believes China would "do what they can" to ensure the reopen the Strait of Hormuz. China also expressed its desire to purchase more U.S. oil, to reduce its reliance on GCC countries





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- Xi cautioned that Taiwan remains the most critical aspect of China-U.S. relations, while Trump kept mum over the issue. China reportedly renewed hundreds of licences for U.S. beef exporters, and – as per Trump – ordered 200 Boeing jets.
- Updates from the Summit point to cautiously positive consequences for oil prices in the short term, with the improving relations between the two countries expected to stabilise the global economy in the short to medium term.

END