



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

05 JUNE 2026

LOCAL GOVERNMENT ELECTIONS WATCH

- On 29 May, the Independent Electoral Commission (IEC) published its Fourth Quarter Political Party Funding Disclosure Report, highlighting significant contributions to the Democratic Alliance (DA) and RISE Mzansi, alongside compliance concerns relating to the ANC's disclosure submissions;
- On 4 June, The uMkhonto weSizwe Party (MK Party) has confirmed that it will announce its mayoral candidates for all eight metropolitan municipalities within the next two weeks. The party also announced that the second deputy president Tony Yengeni has been deployed as Mpumalanga provincial elections convener, while Lindiwe Mtshali, secretary of the Women's League, has been appointed provincial elections coordinator, and Qiniso Cibane deployed as provincial organiser.

ECONOMIC UPDATES

SARS FINALISES CHINA ZERO-TARIFF SCHEME FRAMEWORK

- On 30 May, SARS finalised both the legal and operational frameworks required to administer China's temporary zero-tariff scheme, following President Xi Jinping's 14 February 2026 announcement extending zero-duty treatment to African countries with which China holds diplomatic relations, with South Africa among 20 non-least developed African countries included;
- Commissioner Dr Johnstone Makhubu announced that from 1 June, a simplified printable Rules of Origin Certificate will be issued, including retrospectively for qualifying goods shipped or cleared from 1 May 2026;
- As an interim measure, exporters may lodge security with China's customs administration in lieu of a certificate of origin; exporters are cautioned that not all goods qualify, with zero-tariff treatment strictly contingent on Rules of Origin compliance;
- The DTIC has described the scheme as a strategic opportunity to strengthen export competitiveness, diversify into higher value-added products, and expand market access for agricultural, industrial and beneficiated goods, in support of broader industrial development and employment creation objectives.



SOUTH AFRICA-KENYA BUSINESS FORUM



- On 4 June, Presidents Ramaphosa and Ruto co-presided over the South Africa-Kenya Business Forum during President Ruto's inaugural state visit to South Africa.
- President Ramaphosa raised South Africa's five-year investment pledge target to R3 trillion, following R890 billion in earlier South Africa Investment Activity (SAIA) 2025 commitments. Both presidents directed business to arrive at the next Business Council in Nairobi with firm, sector-specific investment pledges.
- The International Trade Administration Commission (ITAC) dollar-based reference price for sugar was flagged as creating investor uncertainty, and its urgent gazetting was formally requested. A call was also made for the implementation of a Trusted Employer Scheme to enable the structured cross-border transfer of specialist expertise, with the absence of a formal mechanism noted as a material operational constraint.
- Both governments signed a Memorandum of Understanding (MOU) on the mutual recognition of qualifications and committed to removing retaliatory barriers on Kenyan tea imports. President Ramaphosa stated that South Africa would not pursue retaliation on tea in response to Kenyan steel tariffs.



GOVERNMENT UPDATES

DEPUTY PRESIDENT MASHATILE IN INDIA FOR A WORKING VISIT

- From 29 May to 03 June, Deputy President Paul Mashatile embarked on a working visit to India where he engaged with Indian business leaders and investors, and held a bilateral meeting with Vice President C.P. Radhakrishnan;
- At the South Africa-India Technology, Trade and Investment Roundtable Discussion, the countries proposed: an SA-India SMME Industrial Linkage Programme in collaboration with Global Trade and Technology Council of India (GTTCI), the Department of Trade, Industry and Competition (DTIC) and Small Enterprise Development Agency (SEDA); the establishment of at least two joint technology or pharmaceutical manufacturing projects serving African markets; and SA-India Youth Technology Skills Programme targeting AI, digital services and advanced manufacturing;
- The countries also agreed to strengthen cooperation in multilateral forums, with alignment on reforming global institutions and advancing Africa's Agenda 2063 alongside India's Viksit Bharat 2047 vision;
- Mashatile described the visit as a solid basis for greater cooperation and development of a better future for all. It has positioned South Africa as India's gateway into Africa under the African Continental Free Trade Area, while reinforcing our role as a reliable partner in advancing the development agenda of the Global South.



COJ SECURES R3.8 BILLION KfW LOAN

- On 29 May, the Johannesburg City Council approved a R3.8 billion concessional loan from Germany's Kreditanstalt für Wiederaufbau (KfW) development bank to fund City Power's infrastructure upgrades.
- The loan terms stipulate a fully rand-denominated fixed rate of 8.56% p.a., coupled with no collateral or asset pledge required, and a five-year grace period before capital repayments begin in May 2031. Additionally, interest subsidies will be funded from Germany's development budget, making this a below-market concessional instrument unavailable in the domestic commercial lending market, over a 15-year tenure.
- Funds are ring-fenced for transformer replacements (500 MVA by 2028), smart metering (targeting commercial loss reduction from 18.35% to 13.2%), SCADA automation, network rehabilitation, and renewable energy investments.
- Procurement used a Regulation 36 deviation, with accountability conditions including independent audits, KfW oversight, and a DA-secured freeze on City Power executive salaries for two years.



POLITICAL UPDATES

CONFERENCE OF THE LEFT OUTCOMES

- On 1 June, the three-day Conference of the Left, convened by the South African Communist Party (SACP), concluded with the formal establishment of a permanent Council of the Left to coordinate progressive formations in political, economic and social programmes;
- The Council will serve as a standing structure for unified campaigns, political education and mass mobilisation, with its first sitting scheduled within the next six weeks and a 12-month programme of action already outlined;
- Delegates adopted the Declaration for the Working Class and the Poor, together with a detailed Programme of Action organised around eight priority clusters, including economic transformation, land redistribution, public services, social protection, climate justice and constitutional review;



- Participating organisations included the EFF, MK Party, PAC, AZAPO, SOPA and various civic, student and community formations, while the ANC declined an invitation to attend;
- Leaders sharply criticised the ANC-DA partnership in the GNU, describing it as a minority government that deepens inequality, unemployment and economic exclusion;
- The conference explicitly rejected the formation of a new political party or direct electoral contestation, choosing instead to focus on building a fighting united front outside parliamentary politics alone.

ANC WOMEN'S LEAGUE PLACES TOLASHE ON LEAVE

- On 1 June, the African National Congress Women's League (ANCWL) announced that Secretary-General Nokuthula Nqaba has assumed the role of Acting President following a leave of absence granted to Sisisi Tolashe;



- Tolashe was placed on leave after the ANC National Executive Committee endorsed the Integrity Commission's findings and referred her to the national disciplinary committee for bringing the party into disrepute;
- The allegations against Tolashe centre on the undeclared receipt of two luxury BAIC X55 SUVs from Chinese officials, donated to the ANCWL but were registered in her children's names, along with irregular staff appointments;
- Tolashe was removed as Minister of Social Development by President Cyril Ramaphosa two weeks earlier, and the ANCWL stressed that the leave of absence upholds the presumption of innocence while disciplinary processes run their course;
- The swift action against Tolashe forms part of the ANC's attempt at broader organisational renewal and accountability drive.

MBALI SHINGA CHALLENGES PARTY EXPULSION

- On 3 June, National Freedom Party (NFP) KwaZulu-Natal Chairperson and MEC Mbali Shinga filed an urgent application in the Pietermaritzburg High Court to challenge her expulsion from the party and block her removal from the provincial legislature;
- Shinga was expelled after she defied a direct party instruction and voted against the MK Party's motion of no confidence in Premier Thami Ntuli in December 2025;
- The court declined to hear the matter on an urgent basis and ordered both Shinga and NFP president Ivan Barnes to file affidavits, postponing the case to a later opposed hearing on the full merits;
- KZN Legislature Speaker Nontembeko Boyce stated that only a court interdict will prevent the NFP from replacing Shinga with Barnes in the provincial legislature;
- This development now shifts the immediate balance of forces in the KwaZulu-Natal Legislature, creating an equal 40/40 split given the NFP's current position against the Government of Provincial Unity.



LEGISLATIVE/REGULATORY UPDATES

ELECTION OF SECTION 89 IMPEACHMENT COMMITTEE CHAIRPERSON

- On 1 June, the Section 89 Impeachment Committee elected RISE Mzansi Chief Whip Makashule Gana as Chairperson of the inquiry into President Ramaphosa;



- Gana will oversee the inquiry's procedures, timelines and rules, ensuring the committee's work remains constitutionally compliant and procedurally credible;
- The ANC welcomed Gana's appointment, while ongoing legal action by President Ramaphosa may still delay or complicate the inquiry's progress;
- The DA also endorsed Gana's appointment, arguing that candidates affiliated with the ANC, EFF or MK Party would have raised concerns regarding impartiality;
- Gana's election reduces the likelihood of immediate disputes over committee leadership and may strengthen the perceived legitimacy of the inquiry process;

- While national GNU stability remains intact, the inquiry could become increasingly politicised as parties position themselves ahead of the November local government elections.



PRESIDENCY BUDGET VOTE HIGHLIGHTS ECONOMIC RISKS AND REFORM PRIORITIES

- On 2 June, Ramaphosa tabled the 2026/27 Presidency Budget Vote, reaffirming reform, infrastructure expansion, and institutional strengthening as core pillars of medium-term growth strategy;
- Ramaphosa stated that the Middle East conflict raises oil and fertiliser price risks, with knock-on inflation pressures and weaker growth and employment prospects. The R1 trillion infrastructure programme supports logistics, energy, transport, and municipal upgrades;
- He highlighted Operation Vulindlela's role in anchoring structural reform, advancing energy market changes, freight rail recovery, visa modernisation, and regulatory easing;
- Ramaphosa noted land reform, water security, and immigration enforcement reflect governance stabilisation priorities. These improve long-term institutional credibility but create near-term uncertainty for agriculture and local investment sentiment.



PORTFOLIO COMMITTEE ADVANCES NATIONAL WATER AMENDMENT BILL

- On 2 June, the Portfolio Committee on Water and Sanitation adopted the motion of desirability on the National Water Amendment Bill, clearing a key early legislative hurdle;
- The committee broadly supported the bill, viewing it as a step toward transforming the water value chain and improving national water access and allocation efficiency;



- Concerns were raised around downstream impacts, particularly uncertainty for mining, agriculture, and water-intensive industries reliant on stable allocation frameworks;
- Political debate has also intensified around related Department of Water and Sanitation draft regulations on state dams, which propose tighter control and access rules for public water infrastructure and surrounding land;
- The DA has indicated strong opposition to these regulatory changes, arguing they could constrain property rights, recreational access, and local economic activity, signalling potential GNU policy friction around water governance reform;
- For investors, the developments represent progress in the water sector, particularly for agriculture, tourism, and water-adjacent economic activity, even as long-term reform may improve allocation efficiency.

AFRICA WATCH

ZIMBABWE ELECTED TO UN SECURITY COUNCIL FOR 2027-2028 TERM

- On 3 June, Zimbabwe secured a two-year non-permanent seat on the United Nations Security Council (UNSC) after winning 182 out of 191 votes in the UN General Assembly;



- The country was the sole African candidate and enjoyed full endorsement from the African Union, joining Austria, Portugal and Trinidad and Tobago as newly elected members;
- This marks Zimbabwe's third term on the Council, after 1983-1984 and 1991-1992, and its first return following decades of Western isolation;
- President Emmerson Mnangagwa described the result as a "resounding victory" for his re-engagement policy, signalling growing international confidence in Zimbabwe;
- The election received notable European backing, with multiple European Ambassadors to UNSC publicly congratulating the government of Zimbabwe;



- Zimbabwe's Foreign Minister Amon Murwira said the country will use its seat to champion peaceful conflict resolution, respect for international law and stronger African Union-led responses to continental crises.

INTERNATIONAL AFFAIRS UPDATES

UN SECURITY COUNCIL HOLDS EMERGENCY MEETING OVER LEBANON CONFLICT

- On 1 June the UN Security Council convened an emergency meeting on Lebanon amid renewed military exchanges between Israel and Hezbollah, with UN officials warning that the conflict risks further destabilising the region;
- The developments raise concerns regarding compliance with UN Security Council Resolution 1701 (2006), which established the framework for ending hostilities following the 2006 Lebanon War and reaffirmed Lebanese sovereignty south of the Litani River;
- The conflict reflects the growing limitations of existing diplomatic mechanisms to contain regional security crises. While the Security Council reiterated support for Lebanon's territorial integrity and called for de-escalation, the absence of meaningful enforcement mechanisms highlights the challenges facing multilateral institutions in responding to persistent violations;
- Continued instability in the Middle East may contribute to volatility in global energy markets, maritime trade routes and broader geopolitical risk perceptions;
- From an investor perspective, the primary risk remains regional escalation rather than immediate economic disruption. However, sustained conflict could increase energy price volatility, elevate transport and insurance costs and contribute to a more uncertain global investment environment.



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