

WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

LOCAL GOVERNMENT ELECTIONS WATCH



- On 7 June, the GOOD Party and RISE Mzansi announced Brett Herron as their joint mayoral candidate for the City of Cape Town ahead of the November 2026 local government elections.
- On 8 June, Rise Mzansi held a media briefing where its mayoral candidate for the City of Johannesburg Likhona Mnguni set out a list of priorities for his first 100 days in office, which included stabilising the city's finances, repairing the billing system, closing leakages in the procurement value chain, and delivering a comprehensive water master plan.

ECONOMIC UPDATES

StatsSA Releases Q1 GDP Report



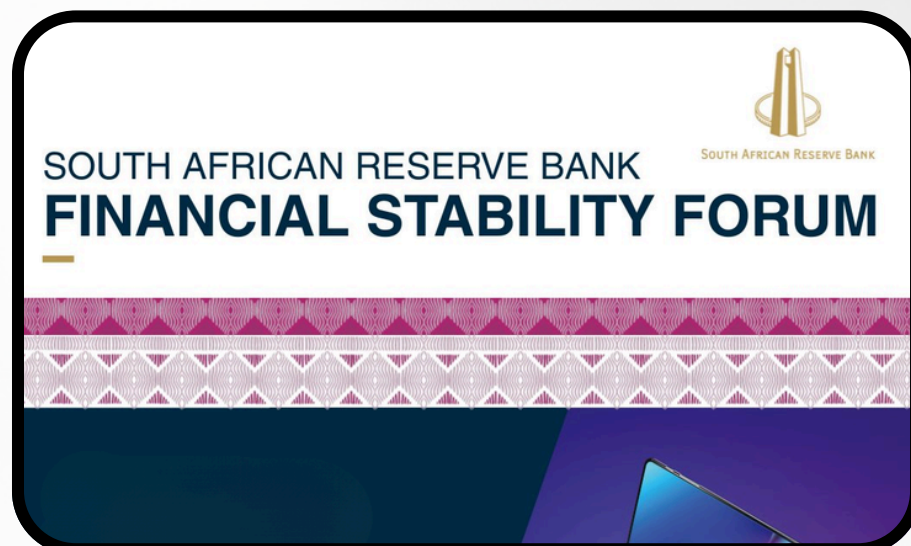
- On 9 June, Statistics South Africa (StatsSA) reported that real GDP expanded by 0.5% in the first quarter of 2026, extending the economy's growth streak to six consecutive quarters;
- Growth exceeded the widely reported 0.2% market forecast and was supported by gains across most sectors of the economy. Stats SA cautioned, however, that the economic effects of the Middle East conflict and higher oil prices were not yet fully reflected in the Q1 data and are likely to become more evident in subsequent releases;
- Manufacturing remained weak, contracting for a second consecutive quarter, highlighting ongoing challenges in the industrial sector despite broader economic expansion;
- StatsSA further cautioned that the economic effects of the Middle East conflict and high oil prices were not yet fully reflected in the first-quarter data and are likely to become more evident in subsequent releases.

SARB Financial Stability Review

- On 10 June, the South African Reserve Bank (SARB) released its first 2026 Financial Stability Review, warning that the domestic financial system has become more vulnerable since the outbreak of the Middle East conflict;
- The Bank cited weaker growth prospects, higher inflation and tighter financial conditions as key pressures on household and corporate balance sheets. The SARB also highlighted increased vulnerability to capital-flow volatility, rising household distress linked to fuel and transport costs, as well as growing cyber and operational risks.

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- The Review noted that heightened global uncertainty has increased the risk of non-resident investors withdrawing funds from emerging markets such as South Africa in favour of perceived safe-haven assets, potentially putting pressure on domestic financial markets;
- The SARB warned that higher fuel prices and transport costs are eroding household purchasing power, raising the risk of financial stress among lower-income consumers and increasing pressure on debt-servicing capacity;
- It also identified cyber risk as a growing threat to financial stability, noting that the increasing use of digital platforms and artificial intelligence has expanded the potential impact of cyber incidents and operational disruptions across the financial sector.



GOVERNMENT UPDATES

Cabinet Meeting Decisions



- On 4 June, Cabinet announced that it had approved the Revised Industrial Development Strategy, which sets out government's approach to industrialisation and prioritises sectors including steel, automotive manufacturing, mining, agro-processing, the digital economy and the green economy, and notes its focus on employment creation and skills development;
- Cabinet also noted the closure of the Gauteng Freeway Improvement Project (GFIP) and the finalisation of the e-toll system, including the settlement of outstanding obligations and related legal processes through National Treasury;
- Cabinet further approved the withdrawal of the Draft Artificial Intelligence (AI) Policy to enable a comprehensive rework. This will ensure the policy achieves its intended objectives and establishes robust national standards for the ethical development and use of AI;
- Cabinet also endorsed the rationalisation of the jurisdictional areas of High Court divisions, aimed at improving the administration of justice and addressing operational inefficiencies within the court system.

Government's Comprehensive Approach for Migration Management

- On 7 June, President Ramaphosa addressed the nation to unveil the Comprehensive Approach for Migration Management;
- A five-pillar strategy formally adopted by Cabinet that focuses on enforcement, border security, anti-corruption, legal reform, and regional cooperation;
- Enforcement measures include intensified deportations, dedicated immigration courts, the phased recruitment of 10 000 labour inspectors, and significantly harsher penalties for employers who employ and exploit undocumented workers;
- The plan advances the National Labour Migration Policy, given effect by the Employment Services Amendment Bill, which would empower the minister to set sector quotas on foreign-national employment. It also mandates registration of informal businesses and moves the country toward a biometric population register and Digital ID, with green ID books to be phased out;
- The announcement follows weeks of anti-immigration protests, and a national shutdown threatened by the March and March movement for 30 June.



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POLITICAL UPDATES

DA Leadership Delegation Visits King Misuzulu



- On 9 June, a Democratic Alliance (DA) delegation led by party leader Geordin Hill-Lewis visited King Misuzulu kaZwelithini at the eMashobeni Royal Palace in uPhongolo, KwaZulu-Natal;
- Geordin Hill-Lewis, accompanied by other senior national and provincial leaders, stated that the visit was aimed at affirming the DA's respect for the institution of traditional leadership and its important role in South African society;
- The engagement highlights the continued political influence of traditional authorities in KwaZulu-Natal, where rural voting patterns have historically been influenced by traditional structures and community networks;

- The visit reflects the DA's strategic push to broaden its support base in the politically contested province amid intensifying competition between the ANC, IFP and MK Party;
- With parties intensifying campaigning ahead of the November 2026 local government elections, KwaZulu-Natal is set to remain a critical electoral battleground, where governance outcomes will have major implications for investor confidence, municipal performance and business sentiment in the province.

LEGISLATIVE/REGULATORY UPDATES

Cabinet Approves Repeal of Pre-1994 Justice Laws

- On 4 June, Cabinet announced its approval of the submission of the Repeal of Certain Pre-1994 Justice Laws Bill, 2026 to Parliament for further consideration;
- The Bill seeks to repeal 149 colonial and apartheid-era justice laws that remain on South Africa's statute books despite no longer serving a practical purpose in the democratic era;
- By removing outdated legislation, government aims to align the justice system more closely with constitutional principles, human rights protections and contemporary governance requirements;
- The proposed repeal follows years of advocacy and review efforts by legal reform bodies, civil society organisations, political parties and the Department of Justice to identify legislation inconsistent with the values of the constitutional order;
- The removal of obsolete legislation may improve legal certainty and reduce regulatory complexity, contributing to a clearer and more coherent legal framework for citizens, businesses and public institutions.



Rules Subcommittee Debates Fit and Proper Test for Impeachment



- On 10 June, Parliament's Subcommittee on Review of Assembly Rules debated eligibility criteria for Members of Parliament (MPs) serving on the Section 89 impeachment inquiry committee, particularly regarding uMkhonto WeSizwe Party's (MKP) John Hlophe's prospective appointment;
- The Democratic Alliance (DA) argued that members must meet a strict "beyond reproach" standard, effectively excluding individuals with prior impeachment or serious judicial findings, while the MKP and the Economic Freedom Fighters (EFF) called for a formal, case-defined standard rather than exclusion by precedent;

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- The differing positions reflect underlying political incentives, with the MKP and EFF's framing seen as enabling inclusion of figures such as John Hlophe, while the DA's stance aligns with safeguarding procedural credibility and institutional legitimacy;
- Uncertainty over committee composition may delay the commencement of the enquiry and increase contestation over procedural rules, heightening the risk of legal and political challenges.

AFRICA WATCH

ECOWAS Releases 2025 – 2027 Regional Economic Outlook

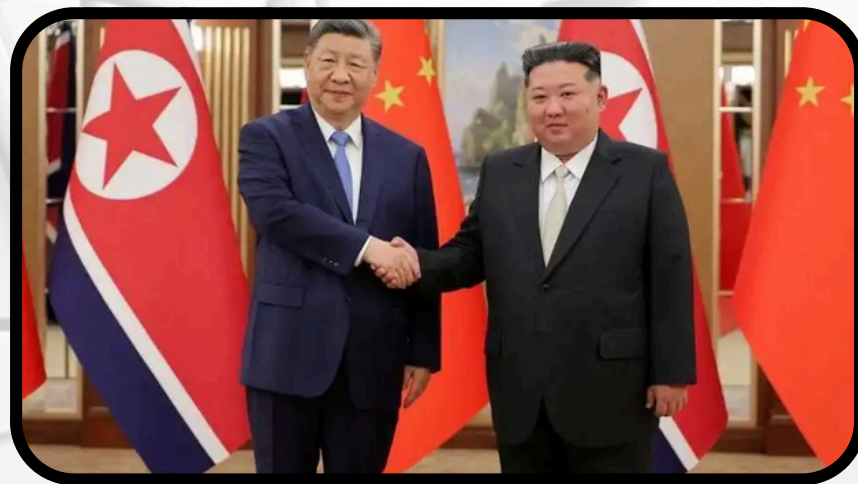


- On 9 June, the Economic Community of West African States (ECOWAS) Commission released its 2025–2027 Regional Economic Outlook, projecting regional real GDP growth of 4.8 percent in 2025, 5.0 percent in 2026 and 7.1 percent in 2027, driven by the energy sector, extractive industries, infrastructure development, and financial and digital services;
- The report places special emphasis on food security, identified as one of the major development challenges facing West Africa, highlighting vulnerabilities affecting the four key dimensions, namely availability, access, utilization, and stability of food systems;
- Persistent inflationary pressures, public debt vulnerabilities, climate impacts and geopolitical and security related uncertainties are flagged as principal risks weighing on the regional outlook;
- The Commission positions regional integration and the African Continental Free Trade Area (AfCFTA) as critical drivers of economic transformation, and recommends that Member States strengthen domestic resource mobilization, accelerate investments in agricultural transformation and reduce barriers to intra-regional trade, in line with the ECOWAS Vision 2050.

INTERNATIONAL AFFAIRS UPDATES

Xi and Kim Reaffirm Strategic Partnership

- On 8 June, Chinese President Xi Jinping met North Korean leader Kim Jong Un in Pyongyang, where both leaders reaffirmed their commitment to strengthening bilateral political, economic and strategic cooperation;
- Xi proposed expanded cooperation in trade, agriculture, infrastructure, technology and people-to-people exchanges, further signalling both countries' intention to deepen their already expanding relationship;
- Although no major new agreements were publicly announced, economic ties between the two countries have continued to deepen, supported by the resumption of transport links and growing cross-border engagement;
- This is reflected in first-quarter China-DPRK trade, which increased from approximately \$582 million to \$663 million, while North Korean exports to China reached their highest level since 2017;
- The summit reinforced China's position as North Korea's principal diplomatic and economic partner, highlighting Pyongyang's continued reliance on Beijing for trade access, investment opportunities and strategic support;
- The strengthened ties could contribute to greater stability and trade confidence in Northeast Asia, benefiting logistics and export-oriented sectors if regional tensions remain contained.



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