



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

10 JULY 2026

LOCAL GOVERNMENT ELECTIONS WATCH



- On 4 July, Build One South Africa (BOSA) announced its national spokesperson, Roger Solomons, as the party's mayoral candidate for the City of Cape Town.
- On 06 July President Cyril Ramaphosa led the launch of the Chris Hani Region Volunteers Drive in the Eastern Cape, as part of the African National Congress' ongoing programme to mobilise volunteers ahead of the 04 November local government elections

ECONOMIC UPDATES

S&P GLOBAL RELEASES SOUTH AFRICA'S PMI

- On 3 July, S&P Global released the South Africa Purchasing Managers' Index (PMI) for June, which rose to 50.5 from 49.6 in May, returning the headline index to expansion territory after falling below the neutral 50-point threshold the previous month.
- The improvement was modest, however, as output and new orders contracted for a second consecutive month amid weak demand and persistent economic uncertainty, with the services sector the only category to record growth in new business;
- Business confidence declined to its lowest level since July 2021, with survey respondents citing heightened domestic political uncertainty, broader economic challenges and geopolitical risks. Several firms indicated that their 12-month growth outlook remained dependent on an easing of the conflict in the Middle East, which continued to disrupt supply chains through longer delivery times and elevated fuel and shipping costs;
- Inflationary pressures eased during the month, with input cost inflation retreating sharply from May's 46-month high as lower global oil prices moderated cost increases. Output price inflation also slowed, although firms continued to pass through higher operating costs, while wage inflation eased but remained above historical norms;
- Although the headline PMI returned to expansion, the underlying picture remains fragile. Continued contractions in output and new orders, coupled with business confidence at its weakest level in nearly five years, suggest that the private sector recovery remains tentative despite easing cost pressures. While moderating input inflation provides a more favourable operating environment, stronger domestic and external demand will be required to support a more broad-based and sustained recovery.



CHERY OPENS PLANT IN SOUTH AFRICA

- On July 3, Chery Auto officially launched its first manufacturing facility in South Africa after taking over the former Nissan plant in Rosslyn, marking its transition from an importer to a local manufacturer;



- The launch was attended by Deputy President Paul Mashatile, Gauteng Premier Panyaza Lesufi, Tshwane Mayor Nasiphi Moya, and Chinese Ambassador Wu Peng;
- The company plans to begin vehicle production by mid-2027 following extensive upgrades to the plant. Chery expects to produce around 15 000 vehicles during the ramp-up phase in 2027 and an annual single-shift capacity of 50 000 units thereafter;
- As part of the investment, Chery has committed to retaining all 692 existing employees and creating nearly 3 000 direct and indirect jobs across manufacturing, supply chain and related services;



WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

- Additionally, Chery aims to source around 40% of vehicle components and manufacturing inputs locally during the initial production phase, while expanding a domestic supplier network with South African and Chinese component manufacturers;
- The investment strengthens South Africa's automotive manufacturing sector, supports employment and industrialisation, and reinforces the country's position as a gateway for vehicle production and exports into African markets. It also reflects growing Chinese investment in South Africa's manufacturing base and aligns with government efforts to expand local vehicle production.

GOVERNMENT UPDATES

CABINET MEETING OUTCOMES

- On 3 July, Minister in the Presidency Khumbudzo Ntshavheni briefed the media on the outcomes of the 1 July Cabinet meeting, which focused on numerous issues including migration, governance and State-Owned Enterprise (SOE) reform;
- Cabinet reviewed progress on the five-pillar Comprehensive Approach to Managing Migration, noting expanded labour inspections, the re-establishment of immigration courts, enhanced repatriation capacity, and plans to strengthen border infrastructure following an Inter-Ministerial Committee (IMC) visit to the Limpopo-Zimbabwe border;
- Cabinet also noted that the National Intelligence Estimates implementation plan would prioritise stricter labour law enforcement, tighter regulation of informal businesses, energy and food security, and climate resilience;
- Furthermore, Cabinet noted South Africa's improvement from 64th to 54th in the International Institute for Management Development's World Competitiveness Ranking, driven by gains in government efficiency and business confidence.
- On SOE reform, Cabinet noted the National State Enterprise Bill and a performance assessment of 72 Schedule 2 and 3 entities, while the State Capture Commission implementation tracker showed 62% of 60 actions completed, with R17.1 billion in assets recovered and six criminal matters resulting in guilty verdicts;



TREASURY WITHHOLDS EQUITABLE SHARE TRANSFERS

- On 7 July, National Treasury announced the temporary withholding of July 2026 equitable share transfers to 69 municipalities across all nine provinces, amounting to approximately R13.5 billion;



- Treasury cited persistent non-compliance with municipal financial management legislation despite repeated guidance and support;
- Treasury's conditions for release include a minimum 25% reduction in unauthorised, irregular, fruitless and wasteful expenditure (UIFWE) balances, evidence of functioning Municipal Public Accounts Committees (MPACs), proof of consequence management, and signed payment agreements with creditors including Eskom and water boards;
- The intervention follows continued deterioration in municipal finances, with municipalities having accumulated R145.2 billion in irregular expenditure since 2021/22, while 116 municipalities adopted unfunded budgets in 2024/25 and municipal consumer debt exceeded R480 billion by March 2026;
- The measure is the third consecutive use of Treasury's withholding powers since December 2025. Treasury has also indicated that similar enforcement measures could be extended to national and provincial departments that fail to settle municipal accounts;
- The department's Deputy Director-General Ogalaletseng Gaarekwe, expressed that the freeze could last as little as two weeks if municipalities submit signed creditor payment plans, with one-third of released funds ring-fenced for creditor payments;
- The key watchpoint is whether the withholding mechanism will drive sustained institutional reform or whether municipalities secure the release of funds through short-term procedural compliance, leaving the underlying governance failures largely unchanged.

STATE OF GAUTENG'S MUNICIPAL FINANCES

- On 5 July, Gauteng Finance MEC Nkululeko Dunga briefed the media on the Gauteng findings of the Auditor-General's 2024/25 municipal audit outcomes;
- Dunga reported that of Gauteng's 11 municipalities, only two – Midvaal and West Rand District received clean audits. Six received unqualified opinions with findings, and three – Tshwane, Merafong City, Emfuleni – remained on qualified opinions.
- Both Johannesburg and Ekurhuleni regressed from unqualified to qualified, meaning all three Gauteng metros now carry qualified audit opinions;
- Irregular expenditure rose from R6.6 billion in 2020/21 to R14.44 billion in 2024/25, with cumulative irregular expenditure under the current administration reaching R45.92 billion.
- Dunga highlighted mounting unauthorised, irregular, fruitless and wasteful expenditure (UIFWE), with the City of Tshwane recording the province's highest cumulative irregular expenditure at R12.17 billion, R5.22 billion in unauthorised expenditure, and R3.61 billion fruitless and wasteful expenditure over four years, alongside R5.23 billion in water losses and R10.4 billion in electricity losses annually;
- Johannesburg accumulated R6.55 billion irregular and R6.81 billion unauthorised over the same period. Dunga described Ekurhuleni's regression as "more alarming," citing three separate material irregularities involving polluted water sources;
- Johannesburg, Ekurhuleni, and Emfuleni each formally disputed their audit findings; all three disputes were resolved in favour of the Auditor-General (AG), leaving the qualified opinions intact;
- Dunga announced quarterly assessments of internal audit units, monthly reporting on section 131 audit action plans, an AG findings tracker, and called for personal liability for municipal managers where negligence results in losses.



POLITICAL UPDATES

ACTIONSA APPROACHES INFORMATION REGULATOR

- On 7 July, ActionSA National Chairperson Michael Beaumont announced that the party had approached the Information Regulator to obtain access to evidence relating to the Phala Phala matter that it argues could potentially implicate President Cyril Ramaphosa in perjury;



- The application follows ActionSA's earlier Promotion of Access to Information Act (PAIA) request to the Directorate for Priority Crime Investigation (DPCI, or Hawks) for President Ramaphosa's affidavit following the Phala Phala theft, as well as financial records relating to alleged mastermind Imanuwela David, after SAPS rejected the request and a subsequent internal appeal;
- ActionSA argues that National Prosecuting Authority evidence indicating financial transactions exceeding R15 million differs materially from the approximately R8.7 million initially reported stolen from the farm, and contends that access to the requested records is necessary to assess potential inconsistencies;
- The development adds to mounting parliamentary pressure surrounding the Phala Phala matter, with ActionSA's application complementing its oversight role through Section 89 Impeachment Committee Chairperson, Makashule Gana, whose committee is responsible for overseeing the parliamentary impeachment process against President Ramaphosa;
- The Information Regulator confirmed it received ActionSA's complaint over the SAPS' refusal to release records linked to the Phala Phala, but said it cannot indicate when a decision will be made or whether SAPS was justified in withholding the documents.
- The development also coincides with broader opposition criticism of Parliament's handling of the matter, following the DA's criticism of National Assembly Speaker Thoko Didiza for declining to oppose President Ramaphosa's court application against the impeachment process. Taken together, the developments suggest heightened political contestation over executive accountability ahead of the November LGE.



LEGISLATIVE/REGULATORY UPDATES

CONCOURT RULING UPHOLDS PRINCIPLE OF NON-REFOULMENT

- On 7 July, the Constitutional Court (ConCourt) unanimously confirmed the Western Cape High Court's 2025 declaration that sections of the Refugees Act 130 of 1998 and related Refugee Regulations are unconstitutional and invalid;
- The central legal question before the Court was whether asylum seekers could be excluded from South Africa's asylum system on procedural grounds before the merits of their refugee claims had been assessed, thereby potentially violating the constitutional and international principle of non-refoulement;
- In *Scalabrini Centre of Cape Town and Another v Minister of Home Affairs and Others*, the ConCourt held that procedural non-compliance cannot bar asylum seekers from applying for refugee status without an assessment of the merits of their claims, reaffirming that refugee protection cannot be denied solely because of the manner in which an individual entered or remained in South Africa;
- The applicants argued that the detention and deportation of asylum seekers based on their manner of entry unlawfully bypassed the asylum process and risked returning individuals to countries where they could face persecution or serious harm;
- The Department of Home Affairs stated that it respects the authority of the ConCourt and will study the judgment before determining the appropriate way forward;
- Meanwhile, the Helen Suzman Foundation, admitted as *amicus curiae* (friend of the court), welcomed the judgment, arguing that the impugned provisions undermined the rights of children of asylum seekers;
- The ruling reinforces constitutional and international protections afforded to asylum seekers, while highlighting continued tensions between civil society organisations and government over the implementation of South Africa's migration framework;
- These differences may contribute to further legal challenges as government seeks to strengthen immigration enforcement while remaining compliant with constitutional and international legal obligations.



CABINET APPROVES MULTIPLE BILLS



- On 3 July, Cabinet released its full statement following its meeting of 1 July, outlining a range of legislative approvals and policy developments;
- Cabinet approved the publication of the draft Strategic Petroleum Stocks Policy for public comment and approved the Integrated Social Facilitation Framework (ISFF), which seek to strengthen South Africa's resilience to global energy supply shocks and institutionalise structured community participation throughout the infrastructure project lifecycle;
- Cabinet further approved the publication of the National Environmental Management Laws Amendment (NEMLA) Bill for public comment and approved the submission of the Electronic Deeds Registration and Recordal Systems Amendment Bill to Parliament;
- The NEMLA Bill seeks to strengthen environmental compliance and enforcement, while the Electronic Deeds Registration and Recordal Systems Amendment Bill aims to modernise the legislative framework governing deeds registration and recordal systems, while strengthening the security of land and property rights;
- Taken together, these measures reflect a more proactive, participatory and institutionally resilient approach to public policy implementation. If implemented effectively, they may strengthen national energy security, improve infrastructure delivery through greater community participation, enhance environmental enforcement, and reinforce the security and administration of land tenure in South Africa.

FSCA RELEASES 2026 THREE-YEAR REGULATION PLAN

- On 3 July, the Financial Sector Conduct Authority (FSCA) released its Three-Year Regulation Plan for the period 1 April 2026 to 31 March 2029, setting out a strategic roadmap for South Africa's financial sector market conduct regulatory framework over the next three years;
- The Plan focuses on advancing the Conduct of Financial Institutions (COFI) Bill transition, strengthening financial markets regulation through initiatives such as benchmark reform, and supporting the transition from Johannesburg Interbank Average Rate (JIBAR) to South African Rand Overnight Index Average (ZARONIA) by 31 December 2026, which has implications for how interest is calculated on financial contracts;



- Other priorities over the next three years include harmonising and strengthening conduct regulation, enhancing cross-sector regulatory frameworks, and continuing reforms relating to retirement funds, collective investment schemes, payment services and other emerging areas of regulation;
- The transition to COFI has significant implications for the financial sector, as the Bill proposes a single, harmonised market conduct framework to replace a fragmented system of industry-specific legislation;
- The FSCA stated that reforms will be sequenced and implemented in phases, with continued stakeholder consultation to support industry readiness and limit the cumulative burden of new regulatory requirements;
- The regulatory plan indicates continued evolution of South Africa's financial sector regulatory framework, with financial institutions likely to face sustained compliance obligations and implementation costs as the reforms are progressively rolled out.



AFRICA WATCH

MEETING OF SADC MINISTERS OF FINANCE AND HEALTH

- On 2 and 3 July, Southern African Development Community (SADC) Ministers of Finance and Health met in Harare, Zimbabwe, to address the region's growing health financing gap amid declining donor support, fiscal constraints and rising public health risks, including the Ebola outbreak;



- The Ministers adopted an Outcome Statement committing Member States to strengthen domestic resource mobilisation, expand public-private partnerships and innovative financing mechanisms, accelerate the SADC Pooled Procurement Services (SPPS), promote local manufacturing of medicines and vaccines, strengthen public financial management, and progressively absorb donor-funded frontline health workers into national budgets through Medium-Term Expenditure Frameworks;
- The meeting was framed around pandemic preparedness as a regional economic and security priority;
- Zimbabwe's Health Minister Douglas Mombeshora invoked COVID-19 and the continent's experience with Ebola outbreaks, arguing that "preparedness is always cheaper than response;"
- Zimbabwe's Finance Minister Mthuli Ncube linked health system sustainability directly to fiscal sustainability, while SADC Executive Secretary Elias Magosi called for coordinated resource mobilisation and regional solidarity;
- The meeting also featured presentations from the World Health Organisation Africa Regional Director, the African Union Commissioner for Health, AU Special Envoy for Health Financing Donald Kaberuka, and the African Union Development Agency chief executive;
- The meeting signals a strategic pivot in SADC's approach to health governance, with Member States increasingly viewing health system resilience as a prerequisite for economic stability, human capital development and regional security. As traditional development assistance contracts, the emphasis is shifting from externally financed health programmes towards domestically funded, regionally coordinated health systems.

PRESIDENT RAMAPHOSA VISITS THE DRC

- On 2 July, President Cyril Ramaphosa undertook an African Union (AU) solidarity visit to the Democratic Republic of the Congo (DRC) in his capacity as AU Champion for Pandemic Prevention, Preparedness and Response (PPPR), meeting President Felix Tshisekedi to discuss the ongoing Ebola outbreak and regional health security;
- The two leaders participated in a high-level engagement convened by the Africa Centres for Disease Control and Prevention (CDC), alongside the World Health Organisation, World Bank, European Union and the United Kingdom, to review the continental response;





- The visit formed part of the AU's broader effort to strengthen political coordination, resource mobilisation and preparedness as the outbreak threatens regional health security. It also reinforced calls for sustained international support while emphasising African-led responses through continental institutions, including the Africa CDC;
- The visit reinforces South Africa's use of health diplomacy as an instrument of continental leadership, positioning Pretoria as a key political convenor on transnational security challenges beyond traditional peace and security issues;
- By leveraging its AU PPPR championship to mobilise political support and resources, South Africa is strengthening its influence within the AU while advancing a broader agenda of African-led crisis management.

INTERNATIONAL AFFAIRS UPDATES

TRUMP SPEAKS TO PUTIN AND ZELENSKY



- On 4 July, United States (U.S.) President Donald Trump held separate calls with Ukrainian President Volodymyr Zelensky and Russian President Vladimir Putin to discuss prospects for ending the Ukraine war;
- Russian presidential aide Yury Ushakov described Putin's 85-minute conversation with Trump as constructive, noting that discussions covered a potential settlement in Ukraine, with Trump offering to facilitate an end to hostilities and support peaceful solutions to the conflict;
- Zelensky, meanwhile, expressed appreciation for continued U.S. military assistance while stating that there remain genuine prospects for ending the war;
- Russian rhetoric remains ideologically opposed to the European Union (E.U.) and steadfast in its objective of securing control over large parts of eastern Ukraine, which may complicate future negotiations aimed at ending the conflict;
- Additional factors, such as reported Russian fuel shortages and ongoing efforts to defend key facilities against Ukrainian drone strikes, further suggest that a quick end to the conflict remains unlikely.

CHINA AND RUSSIA HOLD JOINT NAVAL EXERCISES

- On 6 July, China and Russia launched the "Joint Sea-2026" naval exercises at a military port in China's Shandong Province, which will run from 6 to 13 July;
- According to China's Ministry of National Defence, the annual drills were comprised of three phases, namely, force assembly, harbour-based planning and at-sea operations;
- In an attempt to calm regional concerns, Russian Presidential Spokesperson Dmitry Peskov emphasised that the exercises are not directed against any country in the region;
- Such assurances may do little to alleviate Western concerns, given that institutions such as the U.S. Naval Institute and the E.U. Institute for Security Studies have previously cautioned against the growing scale and frequency of Sino-Russian military cooperation, including the two countries' third Joint Maritime Patrol off the coast of Alaska in 2023;
- The exercises risk contributing to heightened diplomatic and military tensions between China, Russia and Western countries, potentially creating negative spillover effects for broader areas of cooperation and engagement among the parties.



2026 NATO SUMMIT OUTCOMES

- On 8 July, the North Atlantic Treaty Organisation (NATO) released the Ankara Summit Declaration following its 2026 Summit in Türkiye;
- Among other declarations, the summit reaffirmed Article 5 of the Washington Treaty – that an attack on one member constituted an attack on all while outlining measures to strengthen the Alliance's deterrence, defence-industrial capacity and support for Ukraine;
- The Declaration further confirmed that Allies are delivering on the 2025 Hague Defence Commitment, announcing more than US\$50 billion in new defence procurements, expanded collective manufacturing capacity, closer cooperation with industry, and continued efforts to eliminate defence trade barriers across the Alliance;



INTERNATIONAL AFFAIRS UPDATES



- As part of these outcomes, NATO also endorsed its Strategy for Industry-NATO Cooperation (SYNC), which focuses on enhancing NATO-industry collaboration, advancing innovation and interoperability, and strengthening, scaling and sustaining defence production across the Alliance;
- At the Summit, United States President Donald Trump announced a series of defence investment initiatives, including expanded missile and munitions production in Europe, additional unmanned aerial vehicle (UAV) procurements, and new partnerships between American and European defence manufacturers, while describing the renewed burden-sharing model as "NATO 3.0";
- Taken together, the Summit Declaration and SYNC indicate NATO's continued shift towards a more integrated defence-industrial ecosystem characterised by deeper public-private cooperation, expanded multinational procurement, strengthened supply-chain resilience, and greater long-term defence production capacity;
- These developments are likely to support transatlantic defence investment, benefit both American and European defence industries, and reinforce NATO's long-term military readiness amid continued strategic competition with Russia and other emerging security threats.

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