

# WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

## LOCAL GOVERNMENT ELECTIONS WATCH



- On 21 July, the Electoral Commission (IEC) hosted a Thought Leadership Seminar on Voter Participation, providing a platform for engagement on emerging perspectives that seek to explain changing patterns of democratic participation.
- On 18 July, the Democratic Alliance (DA) announced Dirk Kotzé as its mayoral candidate for Mossel Bay.

## ECONOMIC UPDATES

### Stats SA releases June CPI



- On 22 July, Statistics South Africa (Stats SA) released the June 2026 Consumer Price Index (CPI), showing that annual headline inflation accelerated to 5.0% in June, up from 4.5% in May;
- While consumer prices increased by 0.7% month-on-month, marking a return of inflationary pressures after several months of relative moderation;
- The increase in inflation was driven primarily by transport (12.7%), which contributed 1.7 percentage points to headline inflation, followed by housing and utilities (5.5%) contributing 1.3 percentage points, and insurance and financial services (5.9%) contributing 0.6 percentage points;
- Fuel prices rose sharply by 34.3% year-on-year, while electricity, gas and other fuels increased by 9.9%, reinforcing upward pressure on household living costs;
- Food inflation remained relatively subdued at 1.6%, with declining fruit (-10.0%) and vegetable (-3.5%) prices offsetting higher meat prices (+5.1%). This helped contain broader inflation despite rising transport and utility costs;
- The defining implication is that the recent rise in inflation is being driven primarily by cost pressures, particularly fuel, transport and utility costs, rather than broad-based consumer demand;
- While subdued food inflation continues to provide some relief to households, sustained increases in energy and transport costs could keep headline inflation elevated in the near term. This is likely to reinforce the South African Reserve Bank's cautious monetary policy stance and reduce the scope for further interest rate cuts until there is clearer evidence that inflationary pressures are easing.



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## SARB MPC Press Conference

- On 23 July, the South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) held a press conference to announce its latest monetary policy decision and present its assessment of global and domestic economic conditions, the inflation outlook and the balance of risks informing monetary policy;
- The MPC noted that heightened geopolitical tensions, particularly the conflict in the Middle East, have increased uncertainty through higher oil prices and continued volatility in global markets;
- Against this backdrop, the MPC decided to keep the repo rate unchanged at 7.0%. Four members voted in favour of maintaining the current rate, while two members preferred a 25-basis-point increase;
- In its assessment of the domestic economy, the MPC noted that South Africa's stronger-than-expected first-quarter growth was driven largely by net exports rather than domestic demand. It expects economic activity to moderate in the coming quarters as consumer and business confidence remain subdued, higher fuel costs weigh on households, commodity prices soften and persistent municipal dysfunction continues to constrain investment and economic activity;
- On inflation, the MPC observed that recent price pressures have been driven primarily by higher fuel costs. While food inflation has remained relatively contained, services inflation, including insurance, transport and housing-related costs, has strengthened. The Committee also highlighted an increase in measures of underlying inflation and inflation expectations, warning that these could give rise to broader second-round inflationary effects if left unchecked;
- Looking ahead, the MPC cautioned that the outlook remains highly uncertain. It identified sustained increases in oil prices, escalating geopolitical tensions and a further rise in inflation expectations as key upside risks that could require a tighter monetary policy stance. Concurrently, it maintained that a sustained moderation in inflation towards the Reserve Bank's preferred 3% objective would create scope for a gradual easing of policy over the medium term;
- The defining outcome was the MPC's clear signal that monetary policy will remain firmly anchored to restoring inflation to its preferred 3% objective. By maintaining a restrictive policy stance despite weaker growth, the MPC underscored that preserving price stability and anchoring inflation expectations remain the primary considerations guiding future interest rate decisions.



## GOVERNMENT UPDATES

### SA-Namibia BNC



- On 17 July, President Cyril Ramaphosa and Namibian President Netumbo Nandi-Ndaitwah co-chaired the Fourth Session of the South Africa-Namibia Bi-National Commission (BNC);
- The two countries signed seven agreements covering labour, legal cooperation, correctional services, air services, gender equality, public administration and business cooperation;
- The defining outcome, however, was the emphasis on implementation. President Ramaphosa expressed that the success of the BNC would be measured "not by the number of agreements we sign, but the effectiveness with which we implement them";
- Accordingly, the two governments directed their respective Ministries and agencies to develop implementation plans with clear responsibilities and timelines, with progress to be monitored through the BNC Mid-Term Review mechanism;
- The BNC advanced a broader agenda of regional economic integration, agreeing to deepen trade and investment, strengthen cross-border value chains, promote industrialisation and beneficiation, and expand cooperation in mining, petroleum, natural gas and renewable energy, including accelerating the Kudu Gas Power Project;
- President Ramaphosa linked Namibia's Orange Basin oil discoveries with South Africa's Boegoebaai Green Hydrogen Programme, arguing that the two countries should leverage their complementary resources to build regional energy and industrial value chains rather than continue exporting raw materials;
- The BNC also reaffirmed cooperation on the Trans-Kalahari Corridor to improve regional connectivity and welcomed the South Africa-Namibia Business Forum as a platform to strengthen bilateral trade and private-sector investment;
- The Fourth BNC signals a shift from expanding the bilateral agenda to strengthening implementation and delivery;.



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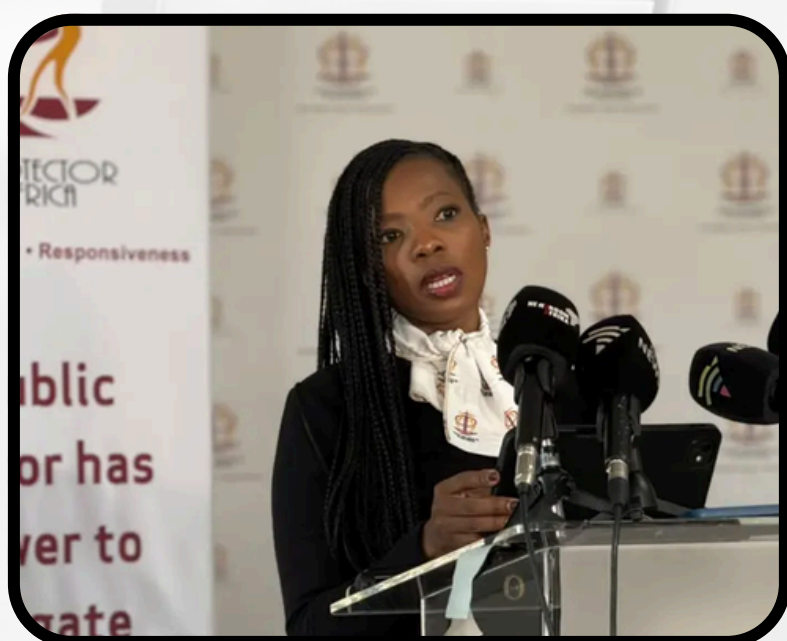
- Beyond the seven agreements signed, the two countries are increasingly positioning the partnership as a vehicle for regional industrialisation, energy cooperation and cross-border value chains, reflecting a broader strategy to leverage complementary resource endowments to drive economic integration and shared growth.

## Mashatile Addresses SEZ Conference

- On 16 to 17 July, the Department of Trade, Industry and Competition (the dtic) hosted the Second International Special Economic Zones (SEZ) Conference in Durban under the theme "Reigniting Industrialisation through World-Class SEZs";
- Opening the conference, DTIC Minister Parks Tau said South Africa's 13 designated SEZs across eight provinces host 224 companies, which have invested a combined R31.7 billion and created 28 821 direct jobs. Delivering the keynote address at the conference, Deputy President Paul Mashatile reaffirmed that SEZs remained central to Government's industrialisation agenda and outlined a new Spatial Industrial Development Strategy centred on decarbonisation, diversification and digitalisation;
- The Deputy further announced that Cabinet had adopted a 20-year SEZ development framework, with formal evaluations every five years. The framework introduces measurable performance indicators covering investment, employment, exports and SME participation, with underperforming zones subject to restructuring, repurposing or de-designation where necessary;
- Mashatile additionally outlined a coordinated package of national, provincial and municipal incentives to enhance investor certainty, while stressing that these incentives are conditional on investors delivering new investment, exports, employment opportunities and transformation;
- The conference marks a shift from expanding the SEZ programme to improving its quality and accountability. Government's emphasis on performance monitoring, private-sector participation, spatial planning and integration with surrounding communities suggests that future SEZ policy will prioritise implementation and competitiveness over the establishment of new zones. If effectively implemented, the reforms could strengthen South Africa's attractiveness as an investment destination while ensuring SEZs deliver broader industrial and developmental benefits.



## Public Protector Media Briefing



- On 17 July, Public Protector Advocate Kholeka Gcaleka released a Section 7(9)(a) notice setting out the provisional findings of a systemic investigation into government's enforcement of food safety and hygiene standards in the informal food sector;
- The investigation, initiated following the 2024 food poisoning incidents involving schoolchildren, examined whether organs of state had fulfilled their constitutional and statutory responsibilities to regulate and enforce food safety legislation;
- The notice identifies systemic governance failures across national, provincial and local government in enforcing food safety legislation. It raises concerns about the performance of the National Department of Health, provincial departments of health, municipalities, the National Consumer Commission (NCC), the Department of Agriculture, the Department of Home Affairs and the South African Revenue Service (SARS), citing weaknesses in regulatory oversight, intergovernmental coordination and compliance monitoring;
- Municipal capacity emerged as a key concern during the investigation. None of Gauteng's municipalities meets the recommended Environmental Health Practitioner (EHP) staffing levels, with the City of Johannesburg operating at approximately 50% of the required capacity and the Cities of Ekurhuleni and Tshwane operating at around 23% and 21% respectively, limiting their ability to inspect food premises and enforce public health legislation;
- The investigation also raises concerns about the National Consumer Commission's handling of complaints relating to expired and unsafe food products, shortcomings in the regulation of agricultural pesticides, and weaknesses in verifying business registration and tax compliance;



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- The report further points to deficiencies in the legislative framework governing small businesses, which it considers inadequate to address current food safety challenges;
- The findings reinforce the need to strengthen regulatory oversight, improve coordination across spheres of government and enhance implementation of existing food safety legislation to better safeguard public health.

## POLITICAL UPDATES

### ActionSA Challenges SAPS Findings

- On 17 July, ActionSA instructed their legal team to file a court papers in the North Gauteng High Court, seeking to set aside a decision by the South African Police Service (SAPS) that cleared Major-General Wally Rhoode and Brigadier Hennie Rekhoto of wrongdoing in relation to the theft at President Ramaphosa's Phala Phala farm;
- ActionSA argued that SAPS disciplinary process contradicted the findings of both the Independent Police Investigative Directorate (IPID) and the Public Protector, which had previously found that Major-General Wally Rhoode breached the South African Police Service Act;
- The party further argued that the disciplinary process failed to adequately consider external evidence, highlighting broader concerns over institutional accountability and the consistency of internal police oversight mechanisms;
- ActionSA also announced that they intended to place the disciplinary record before Parliament's Section 89 Impeachment Committee and request testimony from the IPID and the chairperson of SAPS disciplinary proceedings, signalling a broader strategy of leveraging parliamentary oversight to sustain scrutiny of the Executive;
- In addition, the continued pursuit of the matter reflects sustained opposition efforts to maintain scrutiny of the Executive while reinforcing their political positioning ahead of the November Local Government Elections.



### SA Parties Back Botswana's BNF at Conference



- On 19 July, leaders of the Economic Freedom Fighters (EFF) and the African National Congress (ANC) attended the Botswana National Front's (BNF) 61st National Conference in Jwaneng, Botswana, with EFF President Julius Malema delivering an address to delegates while ANC National Executive Committee (NEC) members Stella Ndabeni-Abrahams and Thandi Moraka participated in engagements on the sidelines;
- In his address, Malema congratulated the BNF on its transition from opposition to government, emphasised the importance of strong political organisations in sustaining governance, called for greater unity among progressive political forces in Southern Africa, and advocated closer cooperation with non-Western partners as part of an emerging multipolar international order;
- SACP General Secretary Solly Mapaila also delivered a message of support to the conference, praising the BNF's leadership and reaffirming solidarity between the two organisations;
- Separately, the ANC held a bilateral meeting with the BNF leadership, during which both parties exchanged experiences on governance, organisational renewal and internal democratic processes, while reaffirming their longstanding relationship and commitment to regional integration, peace and socio-economic development through SADC and the African Union;
- The participation of South African political parties aligned with the conference's role as a platform for discussions on governance, organisational development, economic policy, international relations and regional cooperation, particularly as the BNF governs Botswana through the Umbrella for Democratic Change (UDC) coalition;
- Taken together, the high-level presence of the EFF, ANC and SACP signals a coordinated effort by South Africa's progressive forces to lock in ideological and practical solidarity with the newly governing BNF, using the conference to project a shared Southern African left agenda centred on political sovereignty, multipolar partnerships and mutual learning from one another's experience of moving from opposition into power.



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## LEGISLATIVE/REGULATORY UPDATES

### Home Affairs Launches Phase II TES

- On 20 July, the Department of Home Affairs launched Phase II of its Trusted Employer Scheme (TES), a programme that pre-approves qualifying companies so they can hire skilled foreign workers more quickly and with far less paperwork;
- The Department gazetted the new phase and invited corporate employers to submit expressions of interest;
- An expression of interest is the formal application step in which employers must select one of three qualification pathways for assessment: South African-based operations, regional and global headquarters, or a strategic financial centre scorecard;
- The scheme is fully digitalised and aims to modernise the immigration system by cutting red tape. It first ran as a pilot from March 2024, approving 65 of the 108 companies that applied;
- Successful applicants will be assessed by an interdepartmental committee, with outcomes expected within about 30 working days after the 4 September closing date. Approved employers then receive priority visa processing and reduced documentary requirements for their foreign staff;
- For businesses, membership offers a practical competitive edge - faster access to scarce skills, lower administrative costs, and greater certainty when expanding or relocating operations to South Africa.



## AFRICA WATCH

### ECOWAS Releases 2025 – 2027 Regional Economic Outlook



- On 19 July, the 69th Ordinary Session of the ECOWAS Authority of Heads of State and Government was held in Lungi, Sierra Leone, where leaders adopted a Declaration of Commitment reaffirming their resolve to strengthen regional unity, preserve peace and security, and accelerate sustainable development;
- The Authority also reaffirmed its commitment to launching the ECO, ECOWAS' proposed single regional currency, in 2027, alongside measures to strengthen regional infrastructure, trade and security cooperation;
- Additionally, the Summit elected Senegal's President Bassirou Diomaye Faye as the new Chair of the ECOWAS Authority of Heads of State and Government for a one-year term alongside General Birame Diop of Senegal as President of the ECOWAS Commission for the 2026–2030 term;
- On regional connectivity, the Summit welcomed the signing of the Inter-Governmental Agreement on the African Atlantic Gas Pipeline and reaffirmed its support for the project as a strategic initiative to strengthen regional energy security, industrialisation, economic integration and sustainable development. Once completed, the pipeline will transport Nigerian natural gas through several West African countries to Morocco, expanding access to energy, attracting investment and improving regional connectivity;
- ECOWAS leaders also expressed deep concern over ongoing xenophobic attacks in South Africa targeting people of African descent, particularly West African citizens. It urged the South African authorities to ensure the safety and protection of African nationals, find a lasting solution to the problem, and supported Ghana's proposal to place the matter before the forthcoming African Union Assembly for further consideration;
- The Summit reflects ECOWAS' intention to maintain momentum on regional integration through a stronger focus on implementation, institutional continuity and strategic infrastructure;
- The reaffirmation of the ECO single currency, continued support for the African Atlantic Gas Pipeline and Senegal's assumption of both the Chairmanship of the Authority and the Presidency of the ECOWAS Commission point to a concerted effort to strengthen the bloc's cohesion and stability.



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## INTERNATIONAL AFFAIRS UPDATES

### U.S.–Lebanon Bilateral

- On 21 July, United States President Donald Trump hosted Lebanese President Joseph Aoun at the White House's Oval Office for a bilateral meeting focused on Middle East security, during which the two leaders reaffirmed cooperation on implementing the United States (U.S.)-brokered 14-point framework agreement between Lebanon and Israel aimed at permanently ending hostilities between the two countries;
- President Aoun reaffirmed Lebanon's commitment to strengthening the Lebanese Armed Forces (LAF) as the sole legitimate security authority in southern Lebanon, while the United States reiterated its continued political and military support for the LAF under the framework agreement;
- The bilateral followed the implementation of the first pilot zone in southern Lebanon, under which Israeli forces began a phased withdrawal while the LAF assumed responsibility for securing vacated areas and removing Hezbollah weapons and infrastructure;
- The discussions reflected continued U.S. support for strengthening Lebanese state security institutions and advancing the phased implementation of the framework agreement to improve regional stability and reinforce Lebanese sovereignty;
- The meeting also addressed broader regional security, including the Red Sea and Strait of Hormuz;
- These developments have broader geopolitical and business implications, as progress towards implementing the Lebanon-Israel framework agreement, together with efforts to secure critical energy transit routes, could contribute to reducing regional security risks, improving investor confidence and limiting volatility in global crude oil markets by lowering the risk of supply disruptions.



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