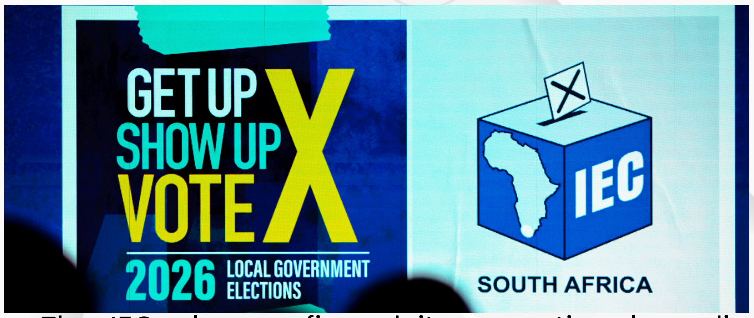
WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

31 JULY 2026

LOCAL GOVERNMENT ELECTIONS WATCH

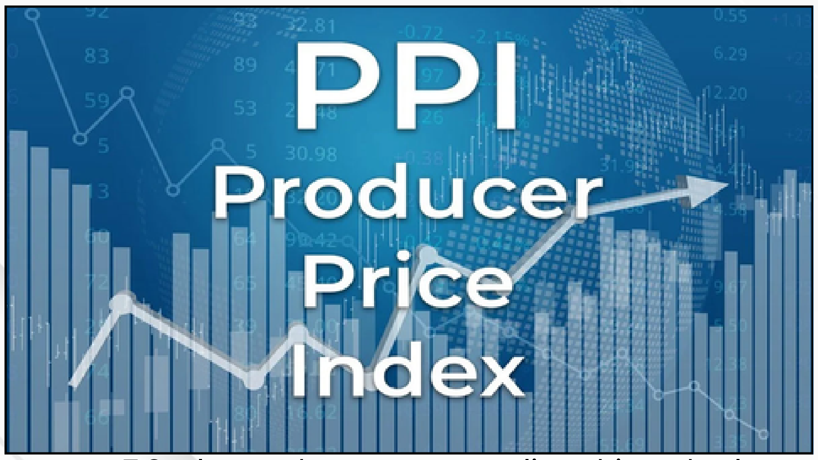


- On 29 July, the Independent Electoral Commission (IEC) announced that the 1 - 2 August voter registration weekend will be the final opportunity for eligible South Africans to register or update their voting details before the voters' roll closes;
- Once the final voter registration weekend has concluded, the Commission anticipates that the Minister of Cooperative Governance and Traditional Affairs (CoGTA) will proclaim the date of the 2026 Local Government Elections;
- The IEC also confirmed its operational readiness, with 23,699 voting stations and over 48,000 electoral staff deployed nationwide;
- Furthermore, it announced that the online candidate nomination system is operational, with 76 political parties and 39 independent candidates already capturing nomination details ahead of the official election timetable.

ECONOMIC UPDATES

STATS SA RELEASES JUNE PPI

- On 30 July, Statistics South Africa (Stats SA) released the Producer Price Index (PPI) for June 2026, showing that annual producer inflation for final manufactured goods eased to 7.5% in June from 7.8% in May, while producer prices fell by 0.1% compared with the previous month;
- The main contributors to annual producer inflation were coke, petroleum, chemical, rubber and plastic products, followed by paper and printed products and metals, machinery and equipment;
- Price increases for intermediate manufactured goods slowed to 12.4%, down from 13.7% in May, while producer price inflation in the mining sector eased from 28.1% to 18.4%, reflecting lower prices for non-ferrous metal ores, gold and coal during June;
- Producer prices for electricity and water rose by 23.3% compared with May, largely due to higher electricity prices, although annual producer price inflation for the sector slowed to 5.5%, down from 12.3% in May;



- Producer prices in the agriculture, forestry and fishing sector were 7.9% lower than a year earlier, driven by lower agricultural prices;
- The June PPI indicates that cost pressures facing producers eased across key sectors, particularly manufacturing and mining, although petroleum-related products remained the largest contributor to producer inflation and higher electricity prices continue to pose a risk to production costs.

GOVERNMENT UPDATES

BRIEFING ON LOCAL GOVERNMENT EQUITABLE SHARE TRANSFERS

- On 28 July, the Ministers of Finance and Cooperative Governance and Traditional Affairs (CoGTA) held a joint media briefing announcing that National Treasury will release the remaining withheld July 2026 Local Government Equitable Share transfers from 31 July 2026, following a comprehensive assessment of affected municipalities;
- The temporary withholding was implemented to enforce compliance with municipal financial management obligations;

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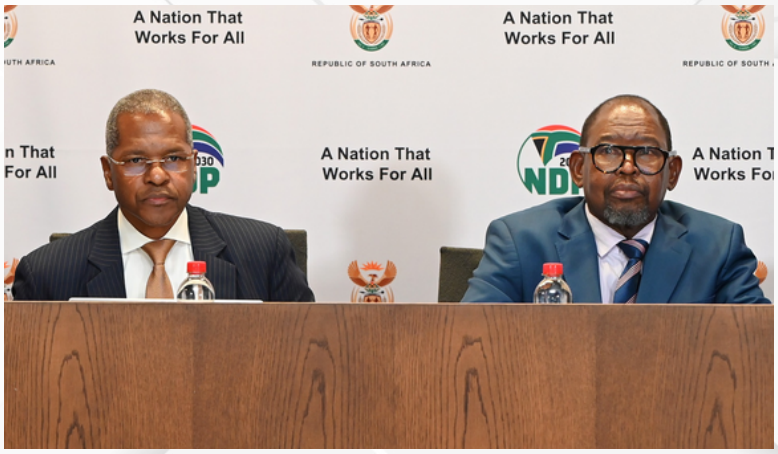


- Finance Minister Enoch Godongwana emphasised that the release of funds does not indicate municipal compliance, but to protect basic service delivery while municipalities implement corrective measures;
- Looking ahead, Treasury announced a structured compliance programme requiring affected municipalities to submit quarterly reports by 30 September 2026, demonstrate progress in processing UIFWE matters by 31 October 2026, and advance disciplinary and consequence management processes by 30 November 2026;
- Compliance with these conditions will inform consideration of any future withholding of the December 2026 equitable share instalment;
- CoGTA Minister Velenkosini Hlabisa said government will support affected municipalities through recovery plans, technical assistance and stronger intergovernmental coordination. The joint intervention seeks to strengthen municipal governance while safeguarding the delivery of essential services;
- The joint intervention signals a shift towards stricter enforcement of municipal financial governance while balancing accountability with service delivery. By linking future equitable share transfers to measurable governance improvements, government is increasing oversight of municipal finances and reinforcing consequence management as a prerequisite for fiscal support.

KEY CABINET DECISIONS

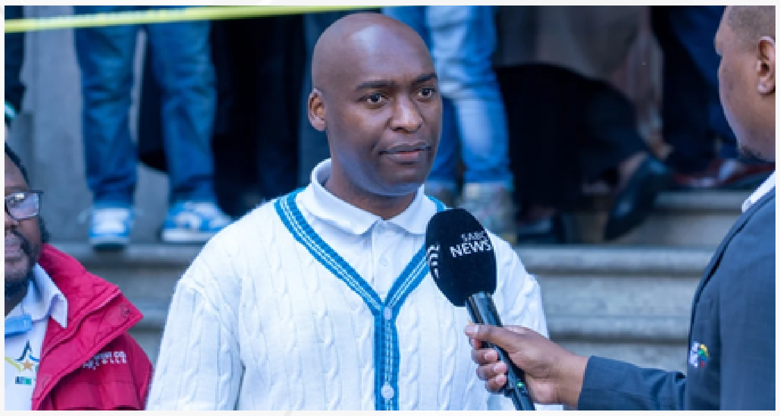
- On 29 July, Cabinet approved the publication of the Revised Electricity Pricing Policy for public comment. The policy updates the 2008 Electricity Pricing Policy to reflect developments in the electricity supply industry, including Eskom's restructuring and the implementation of the Electricity Regulation Amendment Act, 2024;

- The revised policy seeks to strengthen the regulatory framework governing electricity prices, tariffs and charges by improving tariff transparency across electricity generation, transmission, distribution and retail activities, while establishing a clearer framework for regulating pricing across the electricity value chain;
- Cabinet also approved the publication of the Draft Electricity Sector Market Transformation Position Paper for public comment, which provides a framework to guide South Africa's transition from a predominantly state-controlled electricity system to a more competitive electricity market, in line with the Electricity Regulation Amendment Act, 2024 and the Energy Action Plan;
- The proposed electricity market reforms aim to improve energy security and reliability by reducing reliance on a single electricity supplier, enabling greater participation in electricity generation and trading, attracting investment in electricity infrastructure, supporting job creation and economic growth, and reducing electricity costs over the long term;
- Cabinet approved the Revised National Road Safety Strategy 2026–2030, which introduces a system-wide reform agenda centred on intelligence-led traffic law enforcement, strengthened governance, digitally enabled systems and a zero-tolerance approach to corruption, in support of government's target to reduce road fatalities by 45% by 2029;
- Cabinet welcomed the release of the National Water Action Plan and commended the launch of the National Water Access Acceleration Programme, including the rollout of 67 decentralised water supply schemes expected to benefit approximately 125 986 people across Gauteng, KwaZulu-Natal and the Eastern Cape. More than R200 million has been allocated to the programme's first phase, while R156 billion has been committed to water and sanitation infrastructure over the next three years;
- Cabinet welcomed the International Monetary Fund's (IMF) upward revision of South Africa's 2026 GDP growth forecast to 1.1%, noting that the revised outlook reflects a stabilising domestic economy and growing confidence in South Africa's economic recovery despite weaker global growth and geopolitical tensions;
- Cabinet welcomed Toyota South Africa Motors' R10.4 billion investment in its Prospecton manufacturing plant to produce the ninth-generation Hilux, which supports nearly 27 000 supplier network jobs and sustains more than 4 300 direct assembly jobs, together with the Chery Group's acquisition of the former Nissan manufacturing facility in Rosslyn, which secures 692 manufacturing jobs and is projected to create nearly 3 000 direct and indirect employment opportunities;
- The investments further strengthen South Africa's position as a regional automotive manufacturing and export hub.

POLITICAL UPDATES

ATM, EFF APPEAL PHALA PHALA INTERDICT

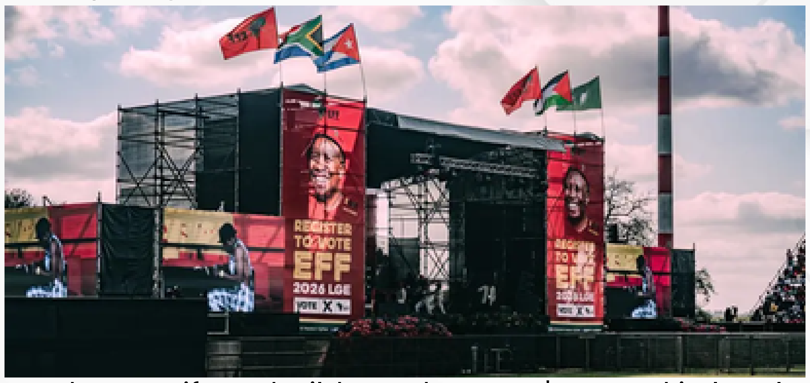
- On 26 July, the African Transformation Movement (ATM), filed an urgent direct appeal to the Constitutional Court challenging the Western Cape High Court's interim interdict restraining Parliament from proceeding with public Section 89 impeachment hearings into the Phala Phala matter, with the Economic Freedom Fighters (EFF) lodging a similar appeal on 28 July;
- The ATM's application rests on three arguments: that the High Court's order was vague in referring only to "public" impeachment hearings; that it granted relief beyond what was sought by President Cyril Ramaphosa; and that it could unduly delay Parliament's constitutional oversight functions by preventing the Committee from proceeding with its public hearings while litigation continues;
- The EFF similarly contended that the judgment improperly interfered with Parliament's constitutional responsibility under Section 89 of the Constitution, arguing that the Committee's public impeachment hearings should proceed while the President's review application is adjudicated;



- Separately, the Section 89 Impeachment Committee itself resolved to appeal the Western Cape High Court ruling after a split vote of 15 in favour and 13 against;
- The Constitutional Court applications by the ATM and the EFF reflect aligned opposition efforts to overturn the interim interdict and enable the Committee's public hearings to proceed while the President's review application is pending, with the review scheduled for 2–4 September 2026;
- The matter is likely to remain a focal point of legal and political contestation, with the Constitutional Court's decision expected to influence the timing of the Committee's public hearings while remaining politically salient ahead of the November 2026 Local Government Elections (LGE).

EFF LAUNCHES LOCAL GOVERNMENT MANIFESTO

- On 25 July, the EFF launched its 2026 Local Government Elections (LGE) Manifesto, outlining a programme centred on land reform, basic service delivery, municipal governance, local economic development and institutional capacity ahead of the November elections;



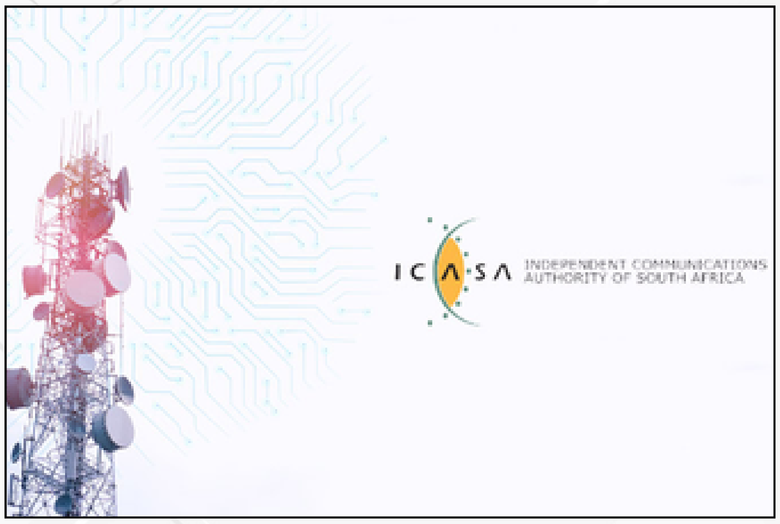
- The manifesto places particular emphasis on expanding free basic services for qualifying households, strengthening municipal capacity through insourcing and merit-based appointments, and using municipalities to support local industrialisation, township enterprises and agricultural development;
- The party also announced its mayoral candidates across all eight metropolitan and local municipalities, including Hlengiwe Mkhaliphi for eThekwini, Nthabiseng Ntshivenga for Ekurhuleni, and Dr Tlaleng Mofokeng for the City of Johannesburg;
- The manifesto builds on the party's record in local government since 2016, with the EFF highlighting its role in service delivery interventions, municipal oversight and anti-corruption initiatives to strengthen its electoral credibility;
- The party will hope to consolidate and expand its municipal support base following its decline from South Africa's third- to fourth-largest party after the 2024 National and Provincial Elections.

LEGISLATIVE/REGULATORY UPDATES

ICASA PUBLISHES IMT ROADMAP 2026

- On 24 July, the Independent Communications Authority of South Africa (ICASA) published the International Mobile Telecommunications (IMT) Roadmap 2026, establishing its medium- to long-term framework for radio frequency spectrum planning and the future assignment of spectrum for mobile broadband services;
- The Roadmap replaces the 2014 and 2019 IMT Roadmaps following an extensive public consultation process, while aligning spectrum planning with the South Africa Connect broadband policy and the National Development Plan (NDP), both of which seek to expand broadband access, strengthen digital connectivity and support South Africa's transition towards a digitally enabled economy, alongside international telecommunications standards;

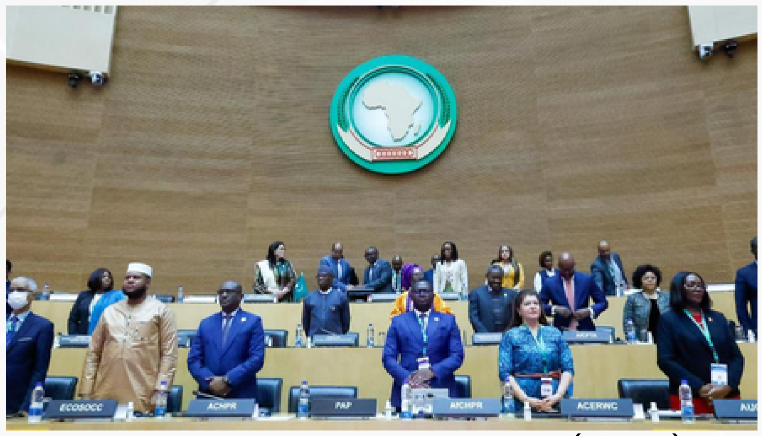
- The framework identifies priority frequency bands for future IMT services and outlines ICASA's approach to spectrum assignment and frequency migration over the next five to ten years, including feasibility studies for bands requiring the relocation of existing licensees;
- The Roadmap reflects growing demand for mobile broadband capacity and broader digital connectivity, with lower-frequency spectrum remaining central to expanding network coverage and supporting universal broadband access;
- The development has strategic implications for telecommunications operators, broadcasters, ICT companies and other spectrum-dependent industries, providing greater clarity regarding future spectrum planning, licensing and digital infrastructure investment.



AFRICA WATCH

AU HOLDS JOINT SPECIALISED TECHNICAL COMMITTEE SESSIONS

- n 20 – 24 July, the African Union (AU) Commission convened the Ministerial segment of the Joint 9th Ordinary Session of the Specialised Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration and the 5th Ordinary Session of the STC on Trade, Tourism, Industry and Minerals in Abidjan, Côte d'Ivoire;
- A central outcome of the Session was the renewed emphasis on mobilising African capital to finance Africa's development, with Member States and continental institutions calling for strengthened domestic resource mobilisation, deeper regional value chains under the African Continental Free Trade Area (AfCFTA), and reforms to Africa's financial architecture to reduce dependence on external financing;



- The African Peer Review Mechanism (APRM) announced that the African Credit Rating Agency (AfCRA) has completed incorporation in Mauritius, with South Africa's Plus94 Research appointed as its technical partner;
- The Agency, expected to launch on 6 October 2026, is intended to provide an African-led sovereign credit rating methodology and strengthen the continent's financial sovereignty;
- Continental institutions, including the African Development Bank (AfDB), United Nations Economic Commission for Africa (ECA) and African Union Development Agency-NEPAD (AUDA-NEPAD), underscored the need to mobilise domestic savings, pension and insurance assets, expand infrastructure investment, promote value addition to Africa's critical minerals and accelerate implementation of the AfCFTA and the Programme for Accelerated Industrial Development for Africa (PAIDA);
- The Session reinforced the AU's shift towards financing industrialisation through African-owned resources and institutions.

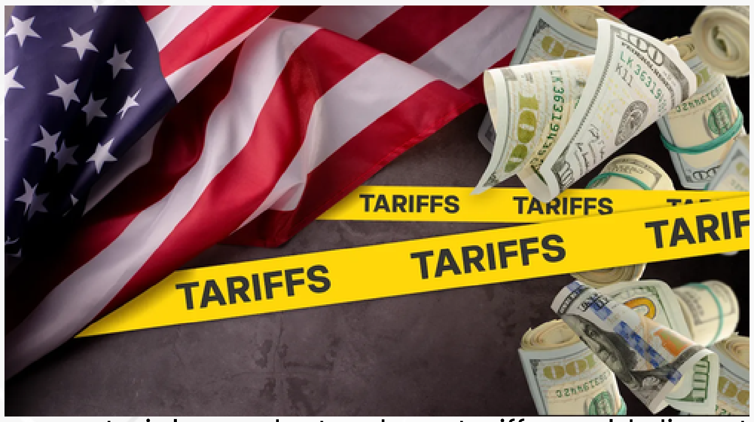
AFDB FINANCES AFRICA'S FIRST BATTERY GIGAFACTORY

- On 24 July, the Board of Directors of the African Development Bank (AfDB) approved a €100 million loan to Gotion Power Morocco to finance the development of Africa's first integrated lithium iron phosphate (LFP) battery gigafactory in the Rabat-Salé-Kénitra Free Trade Zone;
- The project forms part of an estimated US$1.3 billion first-phase investment and will establish an integrated cathode-to-cell battery manufacturing facility, with the majority of production destined for export to European markets;
- The gigafactory is expected to produce 10 GWh of battery cells and packs annually during its initial phase, with plans to expand production to 100 GWh;

- The project is expected to create more than 600 direct jobs in its first phase and achieve approximately 70% local industrial integration, supporting Morocco's ambition to become a regional hub for electric mobility and advanced manufacturing;
- The investment aligns with the AfDB's strategy to promote industrialisation, critical mineral beneficiation and clean energy value chains in Africa. By supporting the continent's first battery gigafactory, the project is expected to strengthen regional value chains, expand Africa's participation in the global electric vehicle (EV) supply chain and demonstrate the growing role of development finance in supporting large-scale industrial projects.

INTERNATIONAL AFFAIRS UPDATES

U.S. TARIFFS TARGET 60 ECONOMIES



- On 23 July, United States (U.S.) President Donald Trump directed the United States Trade Representative (USTR) to impose new tariffs of 10% and 12.5% on imports from 60 trading partners under Section 301 of the Trade Act of 1974, targeting economies found to have failed to adopt or effectively enforce prohibitions on imports produced with forced labour;
- The measures follow Section 301 investigations initiated in March 2026, under which 10% tariffs apply to countries that have adopted, or committed to adopt, forced labour import prohibitions, while 12.5% tariffs apply to economies assessed as having failed to make such commitments;
- The measures also provide for exemptions covering selected raw materials, products where tariffs could disrupt domestic supply or the wider economy, goods unavailable in sufficient quantities from the U.S. or alternative sources, and articles where exemptions are considered more likely to encourage compliance or where tariffs are unlikely to advance the investigations' objectives;
- The latest measures also follow the U.S. Supreme Court's February 2026 ruling that the International Emergency Economic Powers Act (IEEPA) does not authorise the President to impose tariffs. Unlike the earlier measures, however, the new tariffs are implemented under the aforementioned Section 301 of the Trade Act, a separate statutory trade enforcement mechanism;
- Collectively, the measures reinforce the Trump administration's broader trade strategy of using market access and tariff policy to encourage supply chain governance among major trading partners;
- As such, the development has implications for exporters, manufacturers and multinational supply chains across the affected economies, with businesses likely to face higher compliance requirements, and potential cost increases in an effort to maintain U.S. market access.

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