FRONTLINE AFRICA
ADVISORY

Legislative & Regulatory Report

AUGUST 2026

Executive Summary

- The legislative and policy environment in August reflected a greater degree of institutional stability than the intensity of political contestation might suggest. The central analytical theme is institutional resilience: high-stakes political and policy disputes - including the continuing legal challenge to President Cyril Ramaphosa's interdict of the Section 89 impeachment process, the no-confidence proceedings against National Assembly Speaker Thoko Didiza, expropriation and disagreements within the Government of National Unity (GNU) - are increasingly being channelled through Parliament, the courts and other established constitutional mechanisms rather than producing systemic political paralysis.
- This does not mean that political risk has diminished. Rather, the nature of the risk is changing. The immediate risk of a breakdown in the GNU appears contained, while policy uncertainty, regulatory contestation and the possibility of prolonged litigation remain material. The ANC-DA relationship continues to be tested by fundamental ideological and policy differences, particularly around expropriation, healthcare reform and the broader economic transformation agenda. Nevertheless, the willingness of political actors to use constitutional and judicial mechanisms to manage these differences provides an important stabilising function for business.
- The implications are broadly positive for the investment environment, although the appropriate assessment remains cautiously optimistic rather than complacent. Businesses can operate with a reasonable degree of confidence in the continuity of the state, but should expect continued contestation over the direction of policy and regulation.
- At sector level, three important regulatory trends stand out. First, tobacco regulation is showing signs of a more differentiated approach, with parliamentary deliberations increasingly engaging the distinction between combustible and non-combustible nicotine products. This creates potential space for evidence-based harm-reduction arguments, although substantial regulatory uncertainty remains. Second, ICT regulation is moving more aggressively towards competition and broader market access, particularly through proposals relating to spectrum sharing, mandatory roaming and MVNO access. This could materially affect incumbent operators while creating opportunities for challengers and new entrants. Third, government is setting a positive note towards addressing illicit markets, particularly in alcohol and tobacco, albeit with details of actual action still sketchy, with National Treasury and other state institutions increasingly focused on the associated tax leakage, public-health consequences and criminal-economy risks.
- The broader fiscal and governance environment also remains important. Continued progress on Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) reforms is necessary to consolidate the improvements made since South Africa's greylisting and ultimately support removal from enhanced international monitoring. Delays or weaknesses in legislative implementation could prolong compliance costs and reputational concerns for businesses operating across borders.
- The overall assessment is therefore that South Africa enters the latter part of 2026 with a functioning political system, but one characterised by persistent policy contestation. For business, the strategic requirement is not simply to monitor political events, but to understand where political disagreements are likely to translate into legislation, regulation, litigation or administrative action.

POLITICAL AND INSTITUTIONAL STABILITY

- The political environment continues to demonstrate the resilience, and limitations of the GNU.
- The defeat of the no-confidence motion in National Assembly Speaker Thoko Didiza, by 282 votes against 101, provides an important immediate indicator of parliamentary stability. It demonstrates that, despite political tensions and disagreements among parties in the GNU, the coalition retains sufficient parliamentary support to withstand a significant political challenge.
- However, the more important issue is how the GNU manages disagreement than whether disagreements exist. The ANC and DA continue to hold materially different positions on several policy questions. Expropriation is particularly significant because it touches directly on property rights, economic transformation and investor confidence. The National Health Insurance (NHI), labour-market policy and broader transformation questions similarly have the potential to generate further coalition friction.

- The emerging pattern is nevertheless noteworthy: rather than allowing these differences to automatically become coalition-breaking disputes, political actors are increasingly relying on Parliament, litigation and constitutional processes.
- The Expropriation Act provides a useful example. Challenges to the legislation have moved into the judicial arena, allowing contested questions concerning nil compensation, property rights and the constitutionality of particular provisions to be determined through legal processes.
- The Section 89 impeachment process concerning President Cyril Ramaphosa similarly demonstrates the extent to which politically explosive questions are being channelled through constitutional institutions.

Assessment

- This creates an important distinction for business: Political contestation remains high, but institutional instability is comparatively contained.
- That distinction is important for investment planning. Political disagreement can produce regulatory uncertainty and delays, but it is materially different from institutional breakdown or a collapse of the governing arrangement.
- The judiciary therefore continues to function as an important institutional buffer within the GNU environment. Businesses should nevertheless prepare for periods of uncertainty where major policy questions become subject to prolonged litigation.

SECTOR-SPECIFIC REGULATORY DYNAMICS

Tobacco & Nicotine: Regulatory debate moves towards product differentiation

- A significant development is emerging from parliamentary deliberations around the Tobacco Products and Electronic Delivery Systems Control Bill, following the passing of the Motion of Desirability on the bill.
- The debate appears to be moving away from treating all nicotine products identically and towards greater consideration of the distinction between combustible tobacco products and non-combustible alternatives. This creates potential regulatory space for alternative nicotine products, such as vaping products, particularly where industry can substantiate harm-reduction arguments with credible evidence.
- The shift should not, however, be interpreted as a regulatory victory. The final legislative framework could still contain significant restrictions, and the political sensitivity surrounding tobacco and nicotine remains high.

Business implication

- Tobacco and vaping industries should therefore pursue a dual strategy:

1. strengthen the evidence base supporting differentiated regulation;
2. demonstrate responsible product stewardship;
3. continue engagement with parliamentary and regulatory stakeholders; and
4. continue advocating for significantly stronger enforcement against illicit tobacco and nicotine products.

- The key strategic opportunity is to ensure that harm reduction becomes part of the policy architecture rather than simply an industry advocacy position.

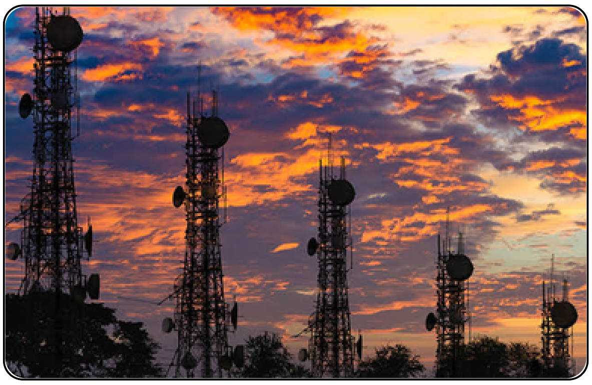
Alcohol: A Positive Shift in the State's Approach to Illicit Markets

- National Treasury's focus on illicit alcohol points towards a broader state effort to address the fiscal, social and criminal-economy consequences of illicit markets.
- For legitimate alcohol producers and distributors, stronger enforcement could ultimately improve competitive conditions by reducing the scale of the informal and illicit market. In the short term, however, businesses should anticipate greater scrutiny of supply chains, tax compliance, distribution channels and product traceability.
- This development should also be understood alongside the government's parallel focus on illicit tobacco.

Business implication

- The emerging policy direction suggests that illicit trade will increasingly become both a fiscal-policy and law-enforcement issue.
- Legitimate operators should therefore strengthen supply-chain controls while engaging government on enforcement approaches that target illicit operators without creating disproportionate compliance costs for compliant businesses.

ICT & Telecoms: Competition Policy Creates Winners and Losers



- The Electronic Communications Amendment Bill represents a potentially significant intervention in South Africa's telecommunications market.
- Proposals relating to spectrum sharing, mandatory roaming and MVNO access could fundamentally alter the relationship between incumbent network operators and smaller market participants.
- For dominant operators, the principal concern is that mandatory wholesale access could affect network economics, pricing power and market share. For smaller operators and new entrants, however, the same regulatory changes could significantly lower barriers to entry.
- The broader policy direction is therefore clearly towards greater competition and more efficient utilisation of telecommunications infrastructure.

Business implications

- Incumbents should begin preparing for a regulatory environment in which ownership of infrastructure does not necessarily guarantee exclusive commercial control over its use.
- Challengers, meanwhile, should assess whether the emerging regulatory framework creates commercially viable opportunities for:

1. MVNO models;
2. infrastructure sharing;
3. wholesale access;
4. regional connectivity; and
5. new consumer propositions built around lower barriers to network access.

- The subsequent ICASA regulatory process will be particularly important because the commercial consequences of the legislation will depend heavily on implementation.

OPERATIONAL & FISCAL ENVIRONMENT

AML/CFT Reform and the Legacy of Greylisting

- The AML/CFT reform programme remains strategically important. Continued parliamentary consideration of the General Laws (AML/CFT) Amendment Bill will be critical to demonstrating that South Africa is addressing weaknesses identified during the country's greylisting.
- Progress in this area has implications extending well beyond technical financial regulation. Weak AML/CFT controls increase transaction costs, create reputational risks and can make South African businesses more difficult to deal with for international financial institutions and counterparties.

- Conversely, sustained progress could strengthen investor confidence and contribute to South Africa's eventual exit from enhanced monitoring.

Business implication

- Businesses should not treat AML/CFT compliance as solely a regulatory obligation. It increasingly represents a commercial competitiveness issue, particularly for companies operating across international financial and supply-chain networks.

STRATEGIC BUSINESS JUDGMENTS

The August policy environment produced five principal strategic judgments:

1. Political stability is stronger than political rhetoric suggests
The GNU remains contested but functional. Businesses should distinguish between political disagreement and systemic political instability. The former remains high; the latter is currently more contained.

2. Courts are becoming an important policy-risk variable
Major questions around expropriation, presidential accountability and other constitutional matters are increasingly being resolved through litigation. Businesses should therefore incorporate judicial outcomes into policy-risk planning, rather than treating them as peripheral legal matters.

3. Regulation is moving towards greater competition
The ICT sector illustrates a broader policy preference for opening markets and reducing barriers to entry. Incumbents should prepare for greater regulatory intervention, while challengers should identify opportunities created by the changing rules.

4. Tobacco regulation remains contested but may become more sophisticated
The emerging differentiation between combustible and non-combustible products creates an opportunity for evidence-based harm-reduction advocacy. However, industry should simultaneously push for intensified action against illicit trading.

5. Illicit trade is becoming a cross-cutting government priority
The focus on alcohol and tobacco suggests that Treasury, SARS and other institutions may increasingly coordinate around tax leakage, enforcement, public health and criminal-economy considerations. Businesses operating in affected sectors should anticipate greater scrutiny.

KEY INDICATORS TO MONITOR

Judicial and Political

- **Western Cape High Court proceedings:** Monitor forthcoming rulings concerning the Section 89 process and Expropriation Act challenges.
- **GNU cohesion:** Track ANC–DA disagreements and whether policy disputes begin affecting Cabinet, Parliament or implementation.
- **NHI:** Monitor developments for indications of renewed coalition tension and potential legal challenges.
- **Parliamentary arithmetic:** Watch future confidence motions and other attempts to test the stability of the GNU.

Regulatory

- **Tobacco Products Bill:** Monitor parliamentary deliberations and the final regulatory treatment of non-combustible nicotine products.
- **Electronic Communications Amendment Bill:** Track its legislative progress and subsequent ICASA implementation.
- **Spectrum sharing and mandatory roaming:** Assess the emerging rules for their impact on incumbent and challenger operators.

Fiscal and Enforcement

- **AML/CFT legislation:** Monitor parliamentary progress and implementation.
- **SARS enforcement:** Watch for increased enforcement activity in alcohol and tobacco.
- **Illicit trade:** Monitor the extent to which government develops coordinated enforcement mechanisms across Treasury, SARS, law enforcement and sector regulators.

OVERALL STRATEGIC ASSESSMENT

- The August environment is best characterised as "stable but contested."
- The GNU has demonstrated sufficient resilience to withstand political challenges, while the judiciary and Parliament continue to provide mechanisms through which major disputes can be processed. This reduces the probability of an abrupt political or constitutional crisis.

- However, stability should not be mistaken for policy certainty. Expropriation, NHI, telecommunications regulation, tobacco control and illicit-trade enforcement all contain significant areas of contestation. For businesses, the principal risk is therefore less about systemic instability and more about regulatory change, policy delays and the uncertain outcome of politically contested reforms.
- The strategic requirement for business is consequently to move beyond passive monitoring. Companies should identify the policy decisions, parliamentary processes, regulatory interventions and judicial proceedings most likely to affect their commercial interests and position their stakeholder engagement accordingly.
- In this environment, early intelligence, diversified government engagement and the ability to translate policy developments into commercial scenarios will remain critical competitive advantages.

CORPORATE RISK MATRIX: SEPTEMBER–NOVEMBER 2026

Risk Category	Risk Description	Probability	Impact	Mitigation / Strategic Response
Political / Governance	GNU Instability & Policy Paralysis: Continued ANC–DA differences over expropriation, NHI and transformation could generate legislative delays or political friction.	Medium	High	Monitor coalition dynamics; diversify political engagement; maintain relationships across relevant parties and government departments.
Regulatory — ICT	Mandatory Access & Spectrum Sharing: Mandatory roaming, MVNO access and spectrum-sharing requirements could materially affect incumbent operators' economics.	High	High	Incumbents should review wholesale strategies and pricing models; challengers should develop business cases around new access opportunities.
Regulatory — Tobacco	Tobacco Bill Uncertainty: The final regulatory framework may remain restrictive despite greater differentiation between product categories.	Medium	High	Continue evidence-based engagement; prepare for differentiated regulation; strengthen illicit-trade and compliance strategies.
Legal / Policy	Expropriation Act Uncertainty: Pending judicial decisions concerning compensation and constitutional sequencing could affect perceptions of property-rights security.	Medium	High	Monitor litigation; undertake scenario planning; assess implications for long-term asset portfolios and investment decisions.

Fiscal / Compliance	Increased Enforcement of Illicit Trade: Greater Treasury and SARS activity could increase compliance costs and scrutiny for legitimate alcohol and tobacco operators.	High	Medium	Strengthen tax compliance, supply-chain integrity and product traceability; engage policymakers on proportionate enforcement.
Financial / Regulatory	Prolonged AML/CFT Monitoring: Delays in legislative and institutional reforms could extend South Africa's enhanced monitoring status and associated transaction costs.	Medium	Medium–High	Strengthen internal AML/CFT controls; monitor legislative developments; maintain proactive engagement with international financial partners.
Operational / Reputational	Policy Contestation: Prolonged political disputes over major reforms could create uncertainty even where formal institutional stability is maintained.	Medium	Medium	Incorporate political-policy scenarios into business planning; maintain active stakeholder intelligence and early-warning systems.

END