RECENT UNREST WILL DISRUPT GDP GROWTH, FINANCE COMMITTEE HEARS

The recent social unrest in Gauteng, KwaZulu-Natal and Mpumalanga is expected to temporarily interrupt South Africa’s 2021 gross domestic product (GDP) growth. The three provinces collectively contributed 58% to the national GDP in 2019.

This information was presented to members of the Standing Committee on Finance by the Governor of the South African Reserve Bank (SARB), Mr Lesetja Kganyago. He briefed committee members on South Africa’s macroeconomic overview and outlook, saying that a total of 3 931 retail stores were looted and vandalised.

Furthermore, Mr Kganyago said: “Other amenities affected by the social unrest include 1 223 ATMs, 269 bank branches, 113 communication infrastructure, 45 warehouses and 22 factories, 200 liquor outlets and distribution centres, and over 40 trucks that were torched.”

There has been a sharp and divergent recovery in the global economy following lockdowns in 2020. However, South Africa’s recovery is weaker than most peer countries. Significant recovery to 2019 output level is expected in 2023, Mr Kganyago said.

The SARB outlined five possible risk factors to economic recovery, including electricity supply, future waves of Covid-19, impact of social unrest on investment, inflation, correction in commodity prices and deteriorating public finances.

The Chairperson of the committee, Mr Joe Maswanganyi, welcomed the presentation and directed the SARB to furnish more information on the impact of high electricity tariffs on household income, as well as sustained closure of branches by the banks.

**Justice Molafo**
**18 August 2021**