**DTIC Budget Vote 39**

**F.J Mulder MP FF Plus**

**24 May 2024**

Honourable house chair

Many of the preconditions for economic recovery are political in nature.

The Budget report and annual performance plan before the house today is indeed presentable , but trough you chair,  to  honourable minister Patel:

 Not enough and possibly too late and I will tell you why with the specific  focus on economic growth and economic recovery;

South Africa's future economic prosperity is linked to political conditions and policy revisions. Current ANC policies have failed to deliver the growth South Africa needs to eradicate unemployment, poverty, skewed income and wealth distribution.

A particular challenge is the restriction of South Africa's growth potential which has deteriorated over time from 3% over annum to around 1% per annum.

South Africa's lack of political will and capacity to implement economic recovery plans that were either not implemented with speed and urgency or were not implemented at all, are serious pediments.

More rapid economic growth would have placed South Africa in a much-improved fiscal position with higher Gross Domestic Product per capita and a substantially lower unemployment rate.

The South African government and the department should therefore focus on the removal of growth limitations in its short run attempts to ensure economic recovery and economic growth.

BBBEE has run it's failded course in South Africa and do not serve the best interests of the country. In many instances it became a veil for state capture and corruption and has developed into tokenism and favourism.

THE South African economy is overburdened by regulation,  it should be made easier for business to continue with it's activities, rather than to focus on meeting all prescriptions.

Special economic zones are too fragmented and should be consolidated. In the current form these zones do not reach sufficient critical mass to make any difference in the economic  performance of South Africa

Despite the many serious impediments and obstacles to a sustained economic recovery in South Africa two basic aspects should be  resolved expeditiously.  The two most important impediments are uninterrupted power supply and service delivery by municipalities.

There is no doubt that the economy was already in difficulty before the first Covid 19 lock down of March 2020 due to poor governance, state capture and corruption.

Falling productivity and low consumer and  business confidence arising from structural rigidity in the public sector, policy uncertainty  a regulatory environment that hampers private fixed investment; inefficiencies in state owned enterprises, increasing the costs of key inputs in production  ESKOM, a rising cost of capital, labour market rigidity, insuffient competition in product markets and a general lack of maintenance  at local government level, resulting in infrastructure neglect.

The current world economic outlook is unfavourable for the South African economy and signed trade agreements like AGOA should be cherished. If the AGOA agreement is cancelled or not renewed in 2025, the detrimental effect on our economy would be too much to complentate

African countries opened their markets on 1 January 2021 for free trade in terms of the African Continental Free Trade area and bottlenecks should be removed such as border post delays to ensure that the country reaps the full benefits of this agreement.

South Africa's low  output growth  has a negative impact on international competitivity. We should not expect any favors anymore. Global competitivity is a not negotiable.

We should recognize and appreciate that South Africa has a world class retail sector, Automotive industry, Property sector, Telecomunications and commercial agriculture which should be cherished and not to be exploited for pre- election political gain.

It is evident that South Africa has run out of easy policy choices, while the rest of the world is recovering from the devastating impact of Covid 19, the South African economy runs the risk of being left behind permanently.

I wish to extend an invitation to  honourable minister Patel on behalf of the FF Plus to receive and discuss the economic recovery plan that we put forward as a contribution towards the economic recovery of our country.

South Africa deserve better

Thank you house chair