

Plans to reawaken the economy

Government has started a process of implementing an economic recovery plan, which is coupled with preserving the livelihoods of South Africans and saving lives, said President Cyril Ramaphosa, in response to questions during a virtual sitting of the National Assembly..



President Cyril Ramaphosa

“It won’t take long to recover the economic loss due to the virus and although we do not know yet what the full impact of the pandemic is, we are starting that recovery now.

“It is important that we approach through the balanced strategy that we have decided on to save lives on the one side and also to preserve livelihoods. It becomes a very delicate balance but it is a balance that has to be struck because in the end, we cannot overemphasise the one at the expense of the other,” he said.

Economic recovery in three phases

He said government’s economic response could be divided into three phases. The first phase began in mid-March when government declared the state of national disaster, included a broad range of measures to mitigate the effects of the pandemic on business, communities and individuals. This included tax relief, disaster relief funds, emergency procurement services, wage support through the Unemployment Insurance Fund (UIF) and SME funding.

The second phase included a R500bn social relief package, which came with the unemployment grant of R350 and a loan guarantee scheme worth R200bn to support SMEs. He said the R500bn package is worth around 10% to 12% of gross domestic product (GDP).

The third phase will be a comprehensive economic support strategy aimed at driving the recovery of the economy to ensure it emerges from the pandemic.

Part of the strategy will be to expand public employment and to increase investment in public infrastructure and services, and in the process, enable an environment for the private sector to create jobs.

“Next week, the Presidency will be convening the Sustainable Infrastructure Development Symposium, which will bring together funders, policymakers, state-owned enterprises, academic and private sector people to look at the investment opportunities in infrastructure.

“We should see infrastructure investment as a mobiliser of growth and we want to source significant investment from a number of sources – both private and public – and we see this as a significant part of the stimulus that the economy needs.

“This pandemic has highlighted the importance of the informal sector, as well as of small businesses in meeting the basic needs of our people. These informal sectors, which others describe as a secondary economy, in many ways, have come to the fore in supporting the lives and livelihoods of people during lockdown, and we now have a much better view of the landscape of the small and medium enterprise sector and the more informal part of it,” he said.

Government will implement key reforms that support long-term growth, including measures to support the building of energy capacity, improving ports capacity and the licensing of high demand spectrum.

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