



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

ECONOMIC POLICY PAPER FOR PUBLIC COMMENT

The Minister of Finance, Mr Tito Mboweni, is calling on members of the public to make comments on a paper published today, titled: Economic transformation, inclusive growth, and competitiveness: Towards an Economic Strategy for South Africa.

The paper, prepared by the National Treasury, is an attempt to translate the broad outcomes of inclusive growth, economic transformation, and competitiveness into specific programmes and draw on a range of domestic and international literature to support these policy priorities. This paper considers the contribution of specific growth reforms that can achieve the outcomes of economic transformation, inclusive growth, and competitiveness.

This paper is a detailed examination of the structural reforms that can reverse the downward trend in South Africa's growth potential and competitiveness.

Weak growth over the last six years is a function of both cyclical and structural factors, although structural factors have dominated, including sharply declining competitiveness, which saw South Africa's position in the Global Competitiveness rankings fall from 44th to 67th between 2007 and 2018. A series of cyclical once-off shocks such as political turmoil, drought and most recently load shedding by Eskom have further exacerbated the depth of the slowdown. Together, these have served to compound and prolong the effect of weaker confidence, leaving us with an economy that has almost 30% unemployment.

The paper draws on the National Development Plan to outline six themes and the contribution of growth reforms within each theme that prioritize economic transformation, inclusive growth, and competitiveness. The themes include:

- Modernizing network industries to promote competitiveness and inclusive growth
- Lowering barriers to entry and addressing distorted patterns of ownership through increased competition and small business growth
- Prioritizing labour-intensive growth: agriculture and services
- Implementing focused and flexible industrial and trade policy to promote competitiveness and facilitate long-run growth
- Promoting export competitiveness and harnessing regional growth opportunities
- Quantifying the impact of proposed growth reforms



Comments may be sent to Rita.Coetzee@treasury.gov.za by 15 September 2019.

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