



· Monday, 27 July 2020 ·

Dear Fellow South African,

As several parts of our country experience a surge in coronavirus infections, we are also confronted with the economic damage of this pandemic.

The most recent economic indicators show a drastic decline in economic activity and in confidence. Despite the support measures we have put in place, businesses are being forced to close and jobs are being lost.

The path to recovery will be long and difficult. And so, it needs to start now.

Despite the economic challenges we face, we must continue to work towards the achievement of economic dignity for all South Africans. This is not the time to despair but to act. It is untenable, and unacceptable, to live with an unemployment rate of 30 percent, which will soon increase. It is also impossible to build an economy built on inequality.

It is often said that South Africans do not lack for ideas. We have seen the publication of various economic recovery proposals recently, including by the governing party, organised business, civil society and independent analysts.

I am encouraged by the significant areas of agreement in these proposals. In the State of the Nation Address in February, I said that there were three things we would focus on this year. First, we were going to fix the fundamentals. Second, we would pursue new sources of growth. Third, we would ensure that our actions are underpinned by a capable state.

Many of the plans under discussion raise these fundamentals, such as reliable energy, access to broadband spectrum, competitive ports and efficient transport. Working with our social partners we must speed up the pace of implementation so that we can rebuild the base of our economy.

In all the proposals put forward in recent weeks, there is a substantial emphasis on improving execution. They all say that we should seek out pockets of excellence in the state and support and deepen them. But they also say that we must look outside the state. We need to bring together the best available local skills, whether in business, academia or civil society to support our common programme.

There is a strong commitment to a social compact – and the institutions necessary to support it – so that the reconstruction of our economy can be a shared responsibility and a shared undertaking.

With the advent of the coronavirus, we now need to pursue new sources of growth within a fundamentally different context. Many of the areas we had identified before remain relevant and urgent, such as a growing small and medium enterprise sector and an agricultural sector that delivers food security. Some sectors have taken on a new significance. We should, for example, use this opportunity to build a greener economy, with our entrepreneurs entering new fields such as hybrid cars, fuel cells, battery storage and waste beneficiation. This element has come out quite clearly in the various plans that have been released.

In the year of our chairship of the African Union, we were planning vigorously for the activation of the African Continental Free Trade Area, which has been delayed by the pandemic. All social partners see the value of expanding trade in an integrated Africa, with concrete proposals on how to overcome the barriers that impede the ability of Africans to trade with one another. Our strategies to

promote local production, which is a common theme across the various recovery plans, should support efforts to create regional value chains on the continent.

When we launched the economic stimulus and recovery plan nearly two years ago, we announced the establishment of an Infrastructure Fund that could blend different forms of finance to drive infrastructure development. This we identified as the flywheel of economic growth. There is now general consensus that our recovery should be led by infrastructure development and maintenance. At the Sustainable Infrastructure Development Symposium organised by the Presidency a few weeks ago, business and government were of one mind on a new methodology to develop an infrastructure pipeline and deliver on it. Investors from the multilateral development banks, development finance institutions and the private sector all showed a strong appetite to make the necessary investments to meet South Africa's extensive and diverse infrastructure needs.

In the coming weeks, we will work with our social partners to finalise an economic recovery programme that brings together the best of all the various proposals. The most important part of that programme must be the protection and the creation of jobs.

Analysts have estimated that this pandemic will cost the country millions of jobs. In the supplementary budget presented last month, government made provision for job preservation and job creation efforts. The job preservation efforts, such as those through the UIF and tax measures, aim to prevent job losses in the private sector.

However, if we are going to recover from the worst effects of the pandemic, we also need well-crafted public employment schemes. Creating jobs for people that add value to their communities through maintenance, care work and other services, keeps people engaged in productive activity. It helps them to retain and to develop skills. It gives many young people a chance to climb the first rung in the job market ladder. Such jobs complement employment created by businesses as they start to recover and private investment returns.

As the recovery takes hold and the world gradually adjusts to a global economy marked by COVID-19, we expect economic activity to pick up. By then, our

initiatives to reform and improve the business environment will establish a firm platform for industries with high potential to flourish.

Since the onset of the pandemic in South Africa, our strategy has been to provide whatever support we can, within our constrained resources, to protect businesses and preserve jobs. Now we must move quickly towards a robust programme of reconstruction and recovery – and we must do so together.

Building on the vast areas of common ground among the proposals from social partners, we now have to put in place a clear, focused and ambitious set of measures to not only restore our economy, but to set it on a new path of inclusive and sustainable growth.

We are faced with a health, social and economic crisis of massive proportions. But we are not daunted, nor discouraged.

We will do what we must to build an economy that is resilient and dynamic, that creates work and opportunity, and that meets the needs of all our people.

We have all the ingredients for an economic recovery. Now let us work together to make it happen.

With best wishes,

A handwritten signature in black ink, reading "Cyril Ramaphosa". The signature is written in a cursive, flowing style.