



**REPLY BY PRESIDENT CYRIL RAMAPHOSA
TO THE JOINT SITTING DEBATE ON THE SOUTH AFRICAN
ECONOMIC RECONSTRUCTION AND RECOVERY PLAN**

21 OCTOBER 2020

Madam Speaker, Ms Thandi Modise,
Chairperson of the NCOP, Mr Amos Masondo,
Deputy President David Mabuza,
Ministers and Deputy Ministers
Honourable Members,

I would like to thank you for the opportunity to respond to the debate of this Joint Sitting on the most critical – and challenging – issue facing our country at this moment.

One of the reasons I chose to present this Economic Reconstruction and Recovery Plan to the joint sitting of Parliament was to give the elected leaders of our country the opportunity to have a thoroughgoing and robust debate on the plan rather than to grandstand. I intended to listen to proposals and suggestions that could take our country forward.

I wish to thank those who have participated in this debate. This debate has been conducted in the spirit of robust engagement that is a defining feature of our democracy.

The Economic Reconstruction and Recovery Plan outlines immediate actions to rebuild the economy and to provide jobs and relief to the South African people.

These actions include an aggressive infrastructure programme, far-reaching reforms to increase our competitiveness and inclusiveness, measures to catalyse industrialisation, relief for vulnerable households and individuals, and a public investment in employment programmes.

This plan is a response to a severe economic contraction unlike any we have experienced in recent memory.

South Africa is not alone in experiencing an economic crisis of this depth and extent.

Unemployment has risen across the world and nearly every economy has shrunk.

It is true that the measures that were necessary to delay the spread of the virus and prevent deaths led to a sharp decline in economic activity.

But there is now substantial evidence that the economic contraction has been even worse in countries that took fewer measures to protect their people, and where the pandemic has spiralled out of control.

Hon Steenhuisen, had we not taken the measures that we did to contain the spread of the virus, many more lives would have been lost, the economic impact would have been worse, and we would not even be in a position to be talking about an economic recovery.

These exceptional circumstances require nothing less than an exceptional response.

For South Africans who have been watching this debate, these are not theoretical issues.

They have a direct effect on their livelihoods, their prospects for finding work, the recovery of their businesses, and indeed on our collective future.

Business owners worry about being able to cover their overheads and pay their employees.

Families worry about their ability to pay their bills and see the year through.

Those who are unemployed worry about their prospects in this climate of economic hardship.

In this debate, we have heard many divergent viewpoints.

Yet, we are of one mind as to the urgency of the task at hand.

We are agreed that even the best laid plans will amount to nothing unless matched by an undivided focus on implementation.

Above all, we agree that people must be at the centre of the recovery effort.

What South Africans want from Parliament today is reassurance that we are committed to a swift and inclusive recovery, that we will do whatever it takes and that we have their best interests at heart.

Our challenge is not only to recover to pre-pandemic levels of economic activity, but to lift ourselves out of an economic decline that has been several years in the making, while seeking to undo structural distortions that were many decades in the making.

Unlike many other national economies, we have to recover jobs that were lost as we had to shut down much of the economy, but also to alleviate the plight of millions of people who were already jobless before the pandemic hit.

That is why we need to build an inclusive economy.

We need to implement existing commitments faster and more effectively and, at the same time, introduce new measures to respond to a new context.

To ensure that our efforts are focused, our plan is driven by five key priorities:

- infrastructure investment and delivery;
- an employment stimulus;
- energy security;
- measures to promote localisation and African integration; and,
- to improve the capacity of the state.

The plan is underpinned by a commitment to fiscal sustainability and economic reforms that will enable growth.

It is about choosing a few things and doing them properly.

Our immediate focus is job creation.

The plan recognises that the private sector is by far the biggest driver of employment.

This is why the plan emphasises growth-enhancing measures that enable businesses to recover, to grow and to thrive.

This involves, in the first instance, urgent steps to remove the impediments to investment and greater economic activity.

These include fixing our energy challenges, undertaking structural reforms in areas like telecommunications and transport, and improving the ease of doing business.

It also involves, in the second instance, major interventions that will stimulate economic activity and create opportunities for business.

Among the most significant of these is the ambitious infrastructure build and maintenance programme, which consists of a reliable pipeline of bankable projects and which uses public funding to leverage private and other forms of financing.

This supports – and is complemented by – a concerted drive to produce far more of the goods and services we consume locally, and, in the process, to improve the competitiveness of our exports.

There is a firm commitment from all social partners to use both public and private procurement to promote localisation and the development of industry.

We are accelerating the finalisation of sector masterplans to ensure that key economic sectors are ready and equipped to meet the demand both locally and abroad.

There should be no doubt that this plan aims to unleash the capacity of the private sector to create jobs on a far larger scale and at a greater pace.

But the plan also recognises that our people need work and they need jobs now.

It recognises that even with rapid progress in the implementation of the plan, it will take some time for the labour market to fully recover.

Through the Presidential Employment Stimulus, we are using a substantial expansion in the scope of public employment programmes to mitigate unemployment and support recovery.

We are not the only country in the world that is doing this.

One looks for instance at India's Mahatma Gandhi National Rural Employment Guarantee Act, which is one of the world's largest public employment programmes and has succeeded in facilitating work opportunities for Indians and alleviating poverty.

Over the next three years, R100 billion in public investment will create hundreds of thousands of work opportunities and support livelihoods in many sectors.

We will be boosting existing programmes such as the Expanded Public Works Programme and Community Work Programme. But we will also be innovating on other fronts to create avenues for social employment in communities.

Social employment offers income security to those who are of working age but have been unable to find work.

It provides a pathway to securing formal employment and entrepreneurial activity, particularly for women and young people.

As our economic recovery advances and our reform effort gathers pace, more jobs will be created by the private sector and the scale of public employment will accordingly decline.

The depth of the challenges we face mean that we should not be making a choice between public employment and private sector job creation.

We need these two approaches right now on a scale we have not achieved before.

To ensure that our economic recovery is inclusive, the plan prioritises the development of small, medium and micro enterprises.

These businesses have the greatest potential to create jobs, to empower black people, women and youth, and to reduce inequality.

In every aspect of the plan – from infrastructure development to localisation to African integration and procurement – there is a deliberate effort to expand the opportunities for SMMEs and cooperative to participate.

This will take place alongside a focused support programme to enable SMMEs to participate in manufacturing value chains.

Particular attention will be given to supporting women-empowered SMMEs as a vehicle for women's economic inclusion and for securing women's financial independence.

The challenges of the economic recovery require that we dedicate sufficient resources to implement the National Strategic Plan to combat gender-based violence and femicide.

It is critical that we scale up funding for the GBVF Council and its programmes to empower women.

The African Continental Free Trade Area will open up the doors of trading and present a huge opportunity for the growth of South Africa's industrial capacity.

The AfCFTA will transform trade in one of the fastest-growing regions in the world, creating a massive market for goods and services. With expectations of a virtuous cycle of increasing intra-African trade and international investment, the AfCFTA has the potential to make a concrete impact on the lives of ordinary citizens across the continent.

Our country is well-positioned to respond to the growing demand on the continent for manufactured goods and other products, and we can effectively use this to drive the industrialisation of our economy.

Unlike our exports to markets like the European Union, China and the United States – which tend to be skewed towards raw material exports – a large proportion of our exports to other African countries are manufactured goods.

We therefore have a firm foundation on which to expand the export of value-added products, creating more jobs and deriving greater value from our abundant natural resources.

As we do this, it is important that we ensure that women, youth, people with disabilities and other marginalised groups participate in this great push for intra-African trade.

Even as we debate this plan, economic recovery has begun in earnest.

We are pushing ahead with the work needed to tackle inefficiencies and improve the competitiveness of our economy.

During the past several weeks, we have published an invitation to apply for high-demand spectrum that will enable the modernisation of our telecommunications system.

We have made significant progress in our efforts to achieve energy security, activating the process for the procurement of new generating capacity in line with the Integrated Resource Plan and issuing new regulations to allow municipalities in good financial standing to generate their own power.

Agreements with Independent Power Producers to expand our generation capacity are being concluded and we are unlocking emergency electricity supply.

The 700,000 hectares of state-owned land that we are going to make available to our people is one of the measures that we are embarking upon to fulfil the promise of land redistribution and expand our agricultural production. Making access to land to our people remains one of the key pillars of our developmental and transformative policy approaches to improve the lives of our people.

At this time, durable social compacts are more important than ever.

It is through consensus-building between government, business, labour and civil society that we have been able to develop a common programme, and the same spirit of collaboration and partnership must guide us in the difficult days ahead.

As political parties we can come together to see this plan to fruition, or we can spend the next few months in a state of paralysis as we pick it apart at the seams.

Our foremost concern is to make sure that this plan works – not to cement the legacy of an administration, nor to serve the interests of one or another political party.

It must work for the South African people.

Our vision of a new economy lays a foundation for economic growth that is inclusive, sustainable and durable.

I call on all South Africans to support it and be part of its implementation.

I call on leaders across society to lend your wisdom, your ideas and your encouragement to the National Economic Recovery Council, which will be driving the implementation of this plan.

We should heed the words of the Hon Prince Buthelezi when he says that like a country at war, we must put aside political agendas to rebuild the country.

Regardless of where we sit across the political divide, we must find the political courage to unite behind this common vision for our recovery.

We must work together to build this new inclusive economy and to build a South Africa that works.

If we act of one mind and of one purpose, we will surely prevail.

I thank you.