

Press Release

For immediate release

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Jacob Zuma has released a statement announcing sweeping changes to his cabinet

The most important change is that Malusi Gigaba has replaced Pravin Gordhan as Minister of Finance while Sifiso Buthelezi has been appointed as the Deputy Minister of Finance. While Mr Gigaba is well known, Mr Buthelezi is less so. Mr Buthelezi is a 55 year old economist who previously worked as an advisor to Mr Zuma. Mr Buthelezi also spent almost ten years as a political prisoner on Robben Island and holds a BCom (hons) degree in economics.

IRR CEO Dr Frans Cronje said that the cabinet reshuffle has been expected for some considerable time. He said, "while caution is obviously warranted around the new cabinet, foreign and domestic investors should look to judge it by the policy positions it adopts and the actions it takes. We expect a significant degree of hysterical reaction in the media and on social media over the next few days. A panicked response to the reshuffle will exacerbate its negative effects. Now is a time for cool heads and well informed and reasoned thinking on where South Africa is headed".

He said, "the new finance minister and his deputy come into office at a time of very weak economic performance as debt levels have increased, the budget deficit remains under pressure, and the government's tax take as a proportion of GDP is projected to reach a record level. The government also knows that ratings agencies and investors are watching its next moves closely and it will be interesting to see how the government now responds to investor concerns".

He also said that, "the reshuffle is in many respects a purging of old-guard communists from the government. We expect Mr Zuma's political enemies to launch a ferocious fight back over the next year. This is far from the end of infighting and uncertainty in the government and the ANC – quite a number of years of instability may lie ahead".

Issued by Frans Cronje, CEO, www.irr.org.za

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