



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

NATIONAL TREASURY'S RESPONSE TO THE ECONOMY ENTERING RECESSION

South Africa's Gross Domestic Product (GDP) contracted 0.7 per cent in the first quarter of 2017. This worse-than-expected GDP outcome introduces significant downward bias to the GDP growth estimates communicated in the 2017 Budget Review, which projected 2017 GDP growth at 1.3 per cent.

Despite the GDP contraction, there are green shoots that South Africa can leverage on to boost its own economic growth outlook. These include:

- improving global growth,
- stabilising commodity prices,
- more favourable climate conditions,
- reliable electricity supply, and
- less volatile labour relations

The current growth rate, if sustained, will lead to a further decline in GDP per capita and revenue, risking the sustainability of our fiscal framework and more importantly undermining the delivery of social services.

The current state of the economy puts more pressure on us as government, business, labour and broader society to intensify our growth programme and improve confidence as a matter of urgency to arrest the decline and set the economy on a higher growth trajectory.

The Minister of Finance Malusi Gigaba will be seeking a meeting with business leaders soon to discuss ways of working together to achieve inclusive economic growth.

Issued on behalf of National Treasury

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