

**NATIONAL ASSEMBLY**  
**QUESTION FOR ORAL REPLY**  
**QUESTION NUMBER: 163 [NO2167E]**  
**DEADLINE: 3 September 2021**

**★163. Mr S N Swart (ACDP) to ask the Minister of Finance:**

What is the estimated (a) cost to the national economy from the destruction of infrastructure and property caused during the unrest in KwaZulu-Natal and Gauteng in July 2021 and (b) medium to longer term impact of such costs?

NO2167E

**REPLY:**

- (a) The recent incidences of violence and looting in parts of Gauteng and Kwa-Zulu Natal (KZN) in July this year have had a crippling impact not only on the economies of these two provinces but also on both the South African and the SADC regional economy. It is expected to weigh on GDP growth in an otherwise recovering economy. Official statistics on the affected sectors covering the period of the unrest will be reflected in the third quarter GDP numbers. The estimated costs to the economy have widely varied, but the consensus estimate is R 50 billion.

National Treasury estimates suggest that the unrest could shave a little under 1 percentage point from GDP growth in 2021. In addition, these impacts could be lasting as costs of the unrest on employment and sentiment could persist beyond 2021. This view is also reflected in the empirical literature, which estimates that the economic impacts of unrest episodes linger, with GDP potentially trending 0.2 percentage points below the pre-shock (unrest) level for at least six quarters after the event.

- (b) Business sentiment has been negatively affected, translating into a stall in investment activity and affecting the spatial competitiveness of South Africa. Value and supply chains have been disrupted in key sectors such as retail, financial services. They have led to a loss of revenue for property investors, retailers, manufacturers, pharmaceuticals as well revenue for SOE's such as SANRAL, Transnet. Furthermore, additional costs will be incurred for the rebuilding of affected infrastructure, especially along the key N3 route.

Furthermore, South Africa's risk premium which had been trending downwards between March to June 2021, is likely to increase as a result of the unrest. Longer term borrowing costs, represented by long-term government bond yields, have also remained elevated.

Taken together, the recent unrest presents an untimely and negative shock to South Africa's growth prospects.