

Trump's second term could reshape SA's economic path

Nation's AGOA benefits and G20 presidency hang in balance as US political shift looms

COMMENT



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IT COULD not be more surreal that events in the past year will determine the outcomes in the coming year, as if the birth and immediate future of the year 2025 remains conjoined to the umbilical cord of 2024 with all its vagaries.

Never mind the projections, predictions and pontifications of the self-styled soothsayers. The reality is that as nightfall follows daylight the certainty, barring a miracle, that faces the world is the pending scheduled second inauguration of Donald Trump as the 47th President of the United States on Monday, January 20, 2025.

Never has the ascendancy of a politician couched in the self-styled if not dubious sobriquet of "the leader of the free world" in recent history judging by his utterances nurtured so much excitement among his libertarian acolytes which includes Elon Musk, another with a dubious sobriquet of being "the richest man in the world", and such opprobrium and apprehension among his detractors, of which in a former life even his vice-president-elect JD Vance was one, branding the then reality TV star Trump a "moral disaster" and "America's Hitler".

Whether it is on security issues especially the continued membership of the US of Nato, on trade issues including the threat of imposing wholesale tariffs on both friends and foes on the misplaced notion of "putting America first", on taking on China on several fronts, on introducing an official cryptocurrency, on solving the war in Ukraine in a day and so on, it will only be a matter of weeks when we get some inkling as to whether Trump may become the Leviathan that "makes America great again" or the "supreme disruptor of the free world" shaking the very rubrics of liberal democracy to its core.

That world leaders, especially in the West and G20 countries including our own President Cyril Ramaphosa, are expectant with apprehension in a

climate of fear and uncertainty, is not in doubt.

It is not the insanity of the more outrageous remarks of some of his cabinet members, but the sheer unpredictability of whether the Commander-in-Chief may or may not act upon them. Forget about G7, G20, World Bank/IMF Annual Meetings, UNGA, and COPs, the agenda for global discourse in 2025 will largely be set by the sheer persona of one man and his coterie of trumpfluencers. In the case of South Africa, Trump's impact will be felt almost immediately – the pending decision of his administration by September on whether to extend South Africa's inclusion for tariff-free access to the US markets under the flagship African Growth and Opportunity Act (AGO) Programme.

The majority pro-Trump US Congress reportedly are also drafting a set of laws which would effectively ringfence any legal action for alleged genocide charges against Palestinian civilians in Gaza by the ICJ against Prime Minister Benjamin Netanyahu. South Africa of course single-handedly led the initiative of asking the ICJ to investigate whether the IDF has committed genocide against Palestinian women and children during its war against Hamas.

Cynics might stress that South Africa's presidency of the G20 for 2025 – the first African country set to do this – is the perfect smokescreen for the shortcomings and the entrenched challenges and their delayed corrective implementation measures.

What a riposte it would be to the cynics if Trump does decide to extend Pretoria's membership of AGOA and indeed attends the G20 Summit in Johannesburg in November armed with a bagful of dichotomous goodies including more US concessionary funding for the country's Just Energy Transition Programme while at the same time exhorting Gwede Mantashe's friends in the coal mines in Mpumalanga to "drill baby drill", and to boost natural gas exploration off Mossel Bay, policies which Trump is pursuing at home.

No amount of Summit shenanigans and G20 diplomacy can soothe or mitigate the lived experience of the majority of South Africans, whose priorities of price rises, the steep cost of living, making ends meet, dealing with violent crime, gender-based violence against women, rising joblessness especially among the youth, and a



ELON Musk, self-styled 'richest man in the world', has become one of Trump's most influential libertarian supporters. | REUTERS

spate of bad macroeconomic metrics, are clear and present and immediate. Lest the GNU is consumed by any G20 euphoria based on the SA Presidency's Pan-African theme of "Solidarity, Equality and Sustainability", whose processes already kicked off with the Finance and Central Bank Deputies Meeting in Sandton on December 11, the data trends don't lie.

The latest data from Stats SA for Q3 2024 is sobering – real South African gross domestic product (GDP) weakened by 0.3% in the July–September 2024 quarter, with agriculture, trade, transport and government services all contributing to the drag on growth.

In desperation, more South Africans are turning to gambling, whose component of household spending has risen sharply in recent years. Data from the South African National Gambling Board reveal that gross gambling revenue totalled R59.3 billion in 2023/24, a 25.7% rise from the year before. This follows an increase of 37.0% in 2022/23. This at a time when total employment according to Stats SA decreased by 294 000 or 2.7% y-o-y between September 2023 and September 2024, and full-time employment similarly decreased by 44 000 or 0.5% y-o-y between September 2023 and September 2024.

Inflation, however, fared slightly better, with annual consumer inflation totalling 2.9% in November, slightly up from 2.8% in October. The double down impact is that gross earnings, basic salaries, bonuses and overtime payments to employees all increased over the same y-o-y period, some on

par or some much higher than the inflation rate.

Perhaps it's revealing that President Ramaphosa's new year message was more a roll call of aspirations and "slow and steady" progress no matter how skewed, for which the GNU must take some credit and blame.

The presidential call to compatriots that "as much as we have made progress, we must do much more to overcome the challenges that confront our nation. We need to work with urgency and purpose to grow an inclusive economy and create jobs," sounds like a musical loop that has been perennially playing since he came to power in 2018. To be fair to him, most of the economic woes he inherited was a legacy of the decade of the Zuma Kleptocracy, albeit Ramaphosa has shown an extraordinary inertia and indecisiveness in dealing with alleged corruption and wrongdoing under his watch.

His New Year resolution and gift to the nation is a comprehensive "National Dialogue bringing all South Africans together to develop a common vision for the country" first unveiled a week earlier in Vredendal on the Day of Reconciliation dedicated to healing historical wounds and forging new futures.

The remarkable resilience shown by South Africans since the onset of democracy in 1994 indeed augurs well for a further transformative tranche of progressive nation building!

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