

Dear Fellow South African,

More than 100 days after the outbreak of the coronavirus pandemic in South Africa and after two months of a nationwide lockdown, our economy is in the throes of the anticipated fallout from this global crisis. The predictions of businesses shutting down and jobs being lost are materialising.

Last week a number of companies announced plans to retrench staff. From aviation to construction, from entertainment and leisure to hospitality, companies have indicated their intention to retrench staff because of heavy losses incurred over the past three months. In other cases, businesses are closing permanently. Small businesses whose turnover has been wiped out will be even harder hit.

As a country, we have all been keenly aware of the consequences of shutting down economic activity during the lockdown that was absolutely critical to save the lives of our people.

South Africa is not alone. In Italy, the UK, the US, Germany, India, China and nearly every country that had imposed some form of lockdown, jobs have been lost or hours of workers reduced. It is being spoken of as a 'job loss tsunami'.

In April the International Labour Organisation forecast there would be around 305 million job losses worldwide. The situation of workers in the informal economy is even worse, with an estimated 1.6 billion workers in danger of losing their livelihoods.

For a country such as ours, which was already facing an unemployment crisis and weak economic growth, difficult decisions and difficult days lie ahead. We would urge that the difficult decisions to be taken are taken with care and with due regard to balancing the sustainability of companies and the livelihoods of workers. It is important that whatever is done is underpinned by ensuring a just transition to all concerned.

The measures we put in place to protect local businesses during the lockdown in the form of loans, tax relief, debt restructuring, extended credit lines and retail rental exemptions are continuing to provide vital support. Temporary social assistance to poor households is gathering pace and providing vital relief. However, these measures can only go so far.

This week the Minister of Finance will table a revised national budget in Parliament. Revenue has plummeted and difficult decisions will be made in the coming weeks and months as we seek to reprioritise our programmes, manage public spending and scale back on projects where necessary.

The economic hardship that has been forced on a number of companies in the private sector will be forced on a number of entities in the public sector as well. The government, business, labour and civil society will have to deepen their collaboration as never before in driving the national recovery effort.

As more economic activity resumes, struggling businesses will be 'playing catch-up' to recoup lost productivity and revenue for some time to come. As much as we seek to protect current jobs, we also need to create new ones, and attract new, greater levels of investment. It is imperative that we open avenues for self-employment and entrepreneurship, especially for young people.

In the past two years the business community has made commitments to invest in various businesses in our country. It is our hope that our business community and international investors will honour the investment commitments made in a number of forums such as the South Africa Investment Conference.

Coronavirus has resulted in companies around the world re-evaluating their investment and expansion plans, and we must anticipate that some of these commitments may be scaled back and even cancelled. South Africa still has great investment opportunities and assets to invest in.

We remain optimistic that as we gradually return to normalcy, and as we forge ahead with the economic reform measures embarked upon earlier this year, that the growing investment levels we were seeing before coronavirus hit will slowly but surely return.

The announcement last week by Amazon that it is on a drive to hire up to 3,000 South Africans for a variety of positions is a welcome signal, as is the announcement that a local energy storage company Metair has secured a number of contracts from the Ford Motor Company, and that the pan-African cloud and data solutions entity Africa Data Centres has acquired a hi-tech data centre in Johannesburg.

Tomorrow the inaugural Sustainable Infrastructure Development Symposium of South Africa will take place. A number of catalytic infrastructure projects in water, transportation, energy, digital infrastructure, human settlements and agriculture will be showcased. Project sponsorship has been sought from the private sector, multilateral development banks, development finance institutions, asset managers and commercial banks.

Through the delivery of sustainable and fit-for-purpose infrastructure we are able to meet our developmental aspirations and revive economic activity, while also creating jobs at scale at a time when they are needed most.

This infrastructure investment forms an integral part of our recovery effort. This will be bolstered by the reduction of interest rates by the South African Reserve Bank, support extended to businesses during the pandemic and regulatory relief for the financial sector, among others.

The job creation efforts we began in early 2020, such as the Presidential Youth Employment Intervention, and the existing ones such as the Expanded Public Works Programme and Community Works Programme, will be scaled up. The job-creation initiatives and programmes the private sector began before coronavirus must resume, and new ones should be designed and implemented.

There are tough times ahead. There are no quick-fixes and we have to be realistic about our prospects, especially about the time it will take for our economy to recover. Even the advanced economies will contract substantially because of COVID-19 and it will take a long time for economic output to return to pre-pandemic levels.

At the same time we remain optimistic.

We will keep trying, because we understand that despite the hardship it has caused, the lockdown was necessary and has saved lives. No price can be put on human life.

Let us put shoulder to the wheel and turn this adversity into opportunity. Let us reimagine and repurpose our economy and put it firmly on a solid and sustainable path.