

MEDIA STATEMENT

NATIONAL OFFICE
First Floor, 3 Gwen Lane, Sandown, 2196
P.O. Box 652807, Benmore, 2010
Tel: +27 11 784-8000/1/2/3 | Fax: +27 (0) 86 609 8248
E-mail: busa@busa.org.za | Website: www.busa.org.za

IMMEDIATE RELEASE

PARLIAMENTARY OFFICE
9 Church Square, 1st Floor Graaffs Trust Building
Cape Town, 8001
P.O. Box 3867, Cape Town, 8000
Tel: +27 21 465 1633 | Fax: +27 21 461 5470

BUSA IS DISAPPOINTED AT LATEST GROWTH FIGURES

Although BUSA has been consistently conservative in its real growth forecast of 3.4% for 2011 to date, it is nonetheless disappointed at the poor SA growth figures for Q2 2011 of 1.3% q-o-q. This far less-than-optimal growth performance was recorded - even before the latest global financial volatility took place - at a time when business data was already emerging that the economic recovery was losing momentum. These trends do not augur well for employment creation.

For both external and internal reasons SA therefore needs to examine why key growth sectors in the economy, such as mining and manufacturing, are not more robust. BUSA agrees with Finance Minister Pravin Gordhan that, while SA is well equipped to offset any new negative global factors, the basic challenge remains to address the structural elements that inhibit higher job-rich growth in SA, for which the New Growth Path (NGP) creates an opportunity.

Although SA's growth rate will still be positive this year, the downside risk has increased. It implies that interest rates will need to stay low for longer, probably well into 2012, and a further cut in the repo rate may become necessary. It also remains important to generate productivity gains, implement structural reforms agreed to under the NGP and build the necessary social and political consensus around reduction in debt if SA is to do better.

On present evidence business conditions in the 3Q 2011 are likely to again be subdued, especially if the uncertain global economic outlook is also now taken into account. BUSA's Economic Policy Committee meets on 9 September and will assess the latest economic and business trends. There is now a distinct possibility that BUSA's growth forecast of 3.4% for 2011 will be reduced.





ENDS

30 August 2011

For enquiries:

Sue Klomp 011-784-8000