



Ecco Chamber

FORTNIGHTLY ITALIAN NEWS MADE IN
SOUTH AFRICA

Balancing Act

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Chamber's Note

Balancing Act

Obama is quoted as having said that a budget is more than just numbers on a page, it is an embodiment of our values. Anyone who studies our national Budget Review is likely to come to the conclusion that we are a country with contradictory values. The highlights of last week's budget speech included a freeze on South Africa's public wage bill, a commitment to free vaccine provision to the whole SA population in the next two years, the miserly increase in social grants of below 2%, and a corporate tax cut from 28% to 27%. While ample analysis of the budget is underway by South African journalists, we would like to take a brief look at the sector most relevant to the Chamber, its members and its stakeholders - trade.

Predictably, trade decreased significantly last year, with imports decreasing by 16.5% and exports by 10.9%. Both are projected to gradually recover over the next couple of years. Imports from Italy fell harder than the general trend, falling by about 20% in 2020 compared with 2019. However, the biggest hit took place in the 2nd quarter when hard lockdowns were implemented, and comparing the second half of 2020 compared with that of 2019, the reduction is more like 12.

For the most part the value of the main articles of import – i.e. vehicles as well as mechanical and electrical machinery - started to return to pre-Covid levels. Meanwhile, certain items like footwear and food increased to levels higher than those in 2019. By far the hardest hit import sector was that of mineral fuels (including oil) which were dropping even before Covid but in the 4th quarter of 2020, this class of goods sat at about 1.5% of what it was in early 2018.

Exports from SA to Italy were waning even before Covid hit, with iron and steel as well as aluminum products particularly impacted. However, in Q4 of 2020, goods going from South Africa to Italy were valued at levels higher than any of the three quarters prior to the pandemic, with vehicles as well as iron and steel contributing to the recovery.

From a trade and investment perspective, the cut in corporate tax may be favorable for attracting FDI but a prospective 1% increase in profits will do little to overcome companies' concerns of long-term instability in the country, low growth, and monopolistic markets. The good news is that the country's economy is expected to grow by 3.3% in the next year, the highest in at least ten years. This is obviously cold comfort for all of us who have felt the effects of a 7% contraction in the economy but the hope is that the economic shock from Covid and then the recovery develops a degree of economic momentum that has previously been obstinately sluggish. One indicator is the manufacturing PMI which has expanded for seven months running. (Every month prior to June last year saw a contraction – since early 2018). Tough times are indeed still upon us but it just might be possible that a turnaround is underway.

Italcham!



Due Date: 23 March 2021

JOB OFFER

Embassy Of Italy

AN ADMINISTRATIVE OFFICER IN THE FOLLOWING SECTOR:
Accountancy, Translation & Cultural events

Requirements:

- Be 18 years old and above
- Be healthy and in good physical condition
- National Senior Certificate or equivalent.
- Being legally resident in South Africa for at least 2 years

Submission of applications:

In order to be admitted to the examinations, candidates must submit by email or application form, duly designed by hand and scanned together with ID/Passport copy addressed to the following email address: iicpretoria@esteri.it

Click [here](#) for more information

ANNUAL GENERAL MEETING

Announcement



MEMBERS ONLY

15 APRIL 2021

16H00 TILL 18H00

- Meet fellow members at the Chamber.
- Get to know the new and outgoing board of directors.
- Keep up with all the Chamber's Projects and Activities over the last year and our plans for the next year too.

For more information visit:

www.italcham.co.za