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South Africa Summary 21 January 2022

Acting chief justice Raymond Zondo hands the first of three parts of his four-year inquiry into State Capture to President Cyril Ramaphosa (2018-present). After hearing the testimony of more than 200 witnesses, with the notable exception of former president Jacob Zuma (2009-2018), who was jailed in July 2020 for contempt of court, the inquiry concludes that state capture took place and largely benefited the India-born Gupta brothers, who fled to Dubai in 2017. Non-profit organisation Business Unity South Africa offers to help the National Prosecuting Authority with resources so that it can prosecute named transgressors. Tourism minister Lindiwe Sisulu pens an opinion piece attacking the judiciary, sparking speculation that she may challenge Ramaphosa for the leadership of the ruling African National Congress at its year-end National Elective Congress. Ramaphosa attends the Southern Africa Development Community meeting in Malawi and agrees to extend for an unspecified period the term of the multinational counter-insurgency force in northern Mozambique. Consumer inflation in December rises to 5.9% y/y, its highest since March 2017. Most economists now expect the South African Reserve Bank to raise the repo rate at its next policy meeting in late January. The night-time curfew (midnight to 4am) is lifted, but limitations remain on the size of gatherings and mask-wearing and social distancing are still mandated.

Zondo Commission delivers first part of report to President Ramaphosa ...

Acting chief justice **Raymond Zondo** handed in the first of three parts of his report arising from the **Judicial Commission of Inquiry into Allegations of State Capture** to President **Cyril Ramaphosa** (2018-present) on 4 January. After hearing testimony from more than 200 witnesses, with the notable exception of former president **Jacob Zuma** (2009-2018), who was jailed in July 2020 for contempt of court, the inquiry concludes that state capture took place, and largely benefited the **India-born Gupta** brothers, who fled to **Dubai (United Arab Emirates)** in 2017. Investors are now waiting to see how speedily prosecutions will result from the inquiry and whether the policy of cadre deployment will be scrapped in favour of civil service based on merit rather than loyalty to the ruling **African National Congress (ANC)**.

In his 874-page report Zondo found that Zuma advanced the interests of the Gupta family and close allies at the expense of the people of **South Africa**. The inquiry found patterns of abuse at every stage of public procurement and that governance had collapsed at state companies. The report names various large companies that the **National Prosecuting Authority (NPA)** should consider prosecuting for fraud or corruption, notably **Nedbank** and **United States (US)**-headquartered management consultancy **Bain & Co**. South African non-profit organisation **Business Unity South Africa (BUSA)** has resolved to support the NPA with resources to enable it to “urgently prepare cases” against those identified in the Zondo Commission report. BUSA CEO **Cas Coovadia** stated:

“Such resources could include private prosecutors and other relevant assistance. We will engage the NPA about this.”¹

BUSA stressed that it supported the general recommendations contained in the report, including one on the protection of whistleblowers and “a role for business in addressing the dire circumstances some of the whistleblowers are in”.

¹ Business Unity South Africa, 7 Jan 2022

Zondo will hand in the remaining two parts of the report before the end of February, but Ramaphosa has indicated that he will not respond in detail to Parliament until June.²

Meanwhile, Zuma continues to delay a further stay in prison. The **Gauteng High Court** on 21 December gave Zuma leave to appeal to the **Supreme Court of Appeal** its decision on 15 December to have his medical parole rescinded (see *ARC Briefing South Africa Dec 2021*).³ Correctional services commissioner **Arthur Fraser** granted Zuma medical parole on 5 September after he had completed only two months of his 15-month sentence for contempt of the **Constitutional Court** in failing to testify before the Zondo Commission (see *ARC Briefing South Africa Sep 2021*). The opposition **Democratic Alliance** party and non-partisan think tank **Helen Suzman Foundation** applied to the Gauteng High Court on 15 December to have Zuma's medical parole rescinded.⁴ Gauteng High Court Justice **Elias Matojane** ruled in favour of the DA and Helen Suzman Foundation, ordering Zuma to be returned to the custody of **Correctional Services** to serve out the remainder of his contempt of court sentence.⁵ No date has yet been set for his appeal hearing, but it will be one of the first cases to be heard in 2022. Zuma faces a separate corruption trial dating back to 2005 that is due to be heard on 11 April, but after many years of the "**Stalingrad**" defence, most South Africans expect another delaying tactic.

Lindiwe Sisulu's opinion piece highlights cleavages in the ANC ...

An opinion piece penned by tourism minister **Lindiwe Sisulu** and published in the **Cape Times** on 5 January has stoked controversy and highlighted fractures in the ruling **African National Congress (ANC)**. Sisulu's article criticised South Africa's **Constitution** and black judges, claiming that "*mentally colonised*" black judges had "*settled with the world view and mindset of those who have dispossessed their ancestors*".⁶ Sisulu received backlash from several quarters, including acting chief justice Raymond Zondo and justice minister **Ronald Lamola**. The war of words escalated on 20 January with the Presidency stating that Sisulu had retracted her article and apologised for her attack on the judiciary, while Sisulu said she had done no such thing.⁷

South African political analysts suspect that Sisulu is now positioning herself to be fired, as Zuma was by former president **Thabo Mbeki** (1999-2008), to gain "*martyr*" status and rally the ANC's **Radical Economic Transformation** wing behind her. This would allow her to challenge Ramaphosa for the presidency of the ANC in December this year at the party's year-end **National Elective Congress**. If she wins, she will succeed Ramaphosa as president of the country in 2024, provided the ANC wins a majority in the 2024 general election, which is highly likely.

... as Ramaphosa focuses on insurgency in Mozambique

Amid turbulence in domestic politics, President Ramaphosa attended the **Southern African Development Community (SADC)** extraordinary meeting in **Lilongwe (Malawi)** on 12 January, convened to address the insurgency in northern **Mozambique**. In his opening remarks to the meeting, Ramaphosa said that terrorism would not be tolerated in the SADC region as its presence threatens the stability and progress that SADC has achieved in its four decades of existence:

*"Our meeting today must indicate a strengthened commitment to defeat and uproot terrorism from our region."*⁸

The meeting agreed to extend the mandate of its **Mission in Mozambique (SAMIM)** to provide military support in fighting terrorism in Mozambique's **Cabo Delgado Province**.⁹ SAMIM troops have

² The Presidency, 4 Jan 2022

³ The Judiciary, 15 Dec 2021

⁴ The Judiciary, 15 Dec 2021

⁵ The Judiciary, 15 Dec 2021

⁶ Cape Times, 5 Jan 2022

⁷ The Presidency, 20 Jan 2022

⁸ The Presidency, 12 Jan 2022

⁹ Daily Maverick, 12 Jan 2022

been present in Mozambique since 15 July, fighting the insurgent group **Al Sunna wa Jama'a**, known locally as **al-Shabaab** (see *ARC Briefing Mozambique Aug 2021*). Their mandate was due to expire on 15 January.¹⁰ SADC chair and Malawi's president, **Lazarus Chakwera** (2020-present), noted that the decision to extend the mission will allow consolidation of gains made thus far:

*"Until victory and peace are secured, we will not relent, we will not regress, and we will not retreat."*¹¹

In a boost for Mozambique's nascent natural gas industry, **Africa's** first floating liquefied natural gas (LNG) plant arrived in Mozambique in the first week of January. Gas production is on track to begin in the second half of the year. The **Coral South** project is the first of a few planned projects that will exploit a significant gas find in the offshore **Rovuma Basin**. The plant is critical to the \$7 billion Coral South project, which is operated by **Italy**-headquartered oil and gas company **Eni**. It will produce and sell gas extracted from the southern part of the field.

The Rovuma gas field discovery was announced by US-headquartered **Anadarko Petroleum** in February 2010. It was supposed to be a gamechanger for Mozambique's economy, as the reserves are larger than those of the **North Sea** gas field. This led to a series of LNG project announcements that totalled \$120 billion, according to **Standard Bank Mozambique**.

Consumer inflation rises to 5.9% y/y in December

Consumer inflation in December rose to 5.9% y/y from 5.5% y/y in January, bringing the annual average to 4.5% from 3.3% in 2020.¹² The increasing inflation rate has largely been driven by increasing fuel costs. State-owned energy utility **Eskom** has also proposed to implement a 20.5% increase in electricity tariffs in April, but this has increasing met resistance by civil society and business and is unlikely to be implemented. Instead, Eskom is likely to get another bailout from Treasury so that the tariff increase can be kept to single digits.

The move to the upper limit of the **South African Reserve Bank's (SARB)** inflation target zone of 3% to 6% has resulted in most economists expecting the SARB to increase the repo rate to 4.0% from 3.75% at its next **Monetary Policy Committee** meeting from 25 to 27 January.

One of the drivers of inflation in 2021 was food inflation, which rose to 7.4% y/y in August 2021 from 4.2% y/y in September 2020. However, sugar price inflation eased to 5.3% y/y in August and 3.6% y/y in December from 8.2% y/y in September 2020, and may ease even further now that major sugar producer and agri-processing business **Tongaat Hulett** has a new controlling shareholder. Shareholders of Tongaat Hulett, which has extensive sugar plantations in the **Zimbabwean** Lowveld at **Triangle** and **Chiredzi**, voted in favour of a proposed R2 billion (\$129m) sale of new shares to the family of Zimbabwean tobacco kingpin **Simon Rudland** on 18 January.¹³ This effectively hands control of Tongaat to the Rudland family at a steep discount to the current share price after years of accounting scandal. This could lead to closer economic and political relations between South Africa and Zimbabwe.

South Africa opens its third Covid vaccine manufacturing plant...

South African-born biotech billionaire **Patrick Soon-Shiong** opened a pharmaceutical manufacturing plant in **Cape Town (Western Province)** on 19 January, which will be the first on the continent to produce **Covid-19** vaccines from start to finish.¹⁴ The **NantSA** facility aims to produce a billion doses of Covid vaccines annually by 2025. The plant is South Africa's third vaccine manufacturing facility, but it will make vaccines itself rather than producing them from semifinished batches.

¹⁰ Daily Maverick, 12 Jan 2022

¹¹ Daily Maverick, 12 Jan 2022

¹² Daily Maverick, 12 Jan 2022

¹³ Daily Maverick, 18 Jan 2022

¹⁴ Daily Maverick, 12 Jan 2022

Soon-Shiong, who is also a medical doctor, will transfer technology and materials from his US-based **NantWorks** to scientists in South Africa to produce second-generation vaccines "*within the year*". NantSA will also work on vaccines targeting cancer, TB and HIV.

... as daily Covid cases ease from record high

Minister of cooperative governance and traditional affairs **Nkosazana Dlamini-Zum** extended the national **State of Disaster** by another month on 14 January, until 15 February.¹⁵ The extension came despite repeated calls by the opposition Democratic Alliance and civil society organisations to lift the state of disaster, initially introduced in March 2020 in response to the Covid-19 pandemic, with trade union **Solidarity** and civil rights group **Afriforum** announcing a legal challenge on 18 January.¹⁶

The number of active cases of Covid-19 eased from a record 37,875 on 12 December to 3,520 cases on 21 January.¹⁷ According to a statement by the **National Institute for Communicable Diseases (NICD)**, as of 21 January, the country had recorded 3,576,379 laboratory-confirmed cases of Covid-19 in South Africa's population of 60 million, with and 94,117 Covid-19 related deaths and 3,403,253 recoveries.

The government lifted night-time (midnight to 4am) curfew on 30 December. However, restrictions remain in effect on the size of indoor and outdoor gatherings to 1,000 and 2,000 respectively or 50% of the capacity of the venue. Social distancing and mask wearing are still required. Travellers to South Africa must present a negative PCR test taken fewer than 72 hours before arrival in South Africa.

The **Department of Health** reports that as of 21 January, 29,084,975 doses of Covid-19 vaccine have been administered. To date, 16,125,558 adults are fully vaccinated or 45.4% of the adult population of 35.5 million. Among children aged 12 and older, 1,100,037 vaccine doses have been administered.

¹⁵ Engineering News, 14 Jan 2022

¹⁶ BusinessTech, 18 Jan 2022

¹⁷ Daily Maverick, 21 Jan 2022

Planner

25-27 Jan 2022 **Pretoria (South Africa) South African Reserve Bank (SARB)** (central bank) MPC meeting;

10 Feb 2022 **Cape Town (South Africa) State of the Nation Address**;

23 Feb 2022 **Cape Town (South Africa)** Presentation of Budget;

22-24 Mar 2022 **Pretoria (South Africa) SARB** MPC meeting;

9-12 May 2022 **Cape Town (South Africa) Investing in African Mining Indaba**;

17-19 May 2022 **Pretoria (South Africa) SARB** MPC meeting;

19-21 Jul 2022 **Pretoria (South Africa) SARB** MPC meeting;

20-22 Sep 2022 **Pretoria (South Africa) SARB** MPC meeting;

22-24 Nov 2022 **Pretoria (South Africa) SARB** MPC meeting;

2024 **(South Africa)** General election

Chronology

20 Jan 2022 **Pretoria (South Africa) Politics Web**. The **Presidency** issues a statement that **Minister Lindiwe Sisulu** has retracted her attack on the judiciary, but Sisulu says she has done no such thing.

20 Jan 2022 **London (United Kingdom) Webinar**. Prime minister **Boris Johnson** says the **United Kingdom (UK)** aims to be the partner of choice for **Africa**, as he opens the second **UK Africa Investment Conference**;

20 Jan 2022 **Pretoria (South Africa) Bloomberg**. **South Africa** has declared a national disaster after torrential rains in several parts of the country resulted in deaths, flooding and damage to property and infrastructure; the new state of disaster lays the basis for financial and humanitarian aid by the government and is separate from the national state of disaster in place since March 2020 to deal with the coronavirus pandemic;

19 Jan 2022 **Johannesburg (South Africa) Fin24**. **Coca-Cola Beverages Africa** says it plans possible "consolidation" in **Africa** and to capitalise on strong African demand – especially for energy drinks, the fastest-growing beverage category, as the company prepares to list on the **Johannesburg Stock Exchange** this year;

19 Jan 2022 **Johannesburg (South Africa) Business Tech**. **Johannesburg Stock Exchange**-listed investment holding company **Labat Africa** says it is diversifying its healthcare offerings through large-scale acquisitions and retail expansion;

19 Jan 2022 **Cape Town (South Africa) Deutsche Welle**. South African-born biotech billionaire **Patrick Soon-Shiong** opens a manufacturing plant that will be the first on the continent to produce **Covid-19** vaccines from start to finish, with the **NantSA** facility aiming to produce a billion doses annually by 2025;

19 Jan 2022 **Pretoria (South Africa) Statistics South Africa**. **Statistics South Africa** reports that consumer inflation rose to 5.9% y/y in December from 5.5% y/y in November, with annual average increasing to 4.5% from 3.3% in 2020;

19 Jan 2022 **Johannesburg (South Africa) News 24**. **ActionSA** leader **Herman Mashaba**, whose party is in a coalition government agreement with the **Democratic Alliance** and several other political parties, says the chaos that erupted at the **Johannesburg** council meeting does not indicate a failure of coalition governance;

18 Jan 2022 **Johannesburg (South Africa)** *News 24*. The disgraced local unit of **United States**-based management consultancy **Bain and Company** has voluntarily quit **Business Leadership SA (BLSA)** over the work it did for the **SA Revenue Service (SARS)** at the height of **State Capture**;

18 Jan 2022 **Johannesburg (South Africa)** *Business Tech*. Trade union **Solidarity** and civil rights group **Afriforum** announce a legal challenge to the national state of disaster, initially introduced in March 2020 in response to the **Covid-19** pandemic, as cases plummet;

18 Jan 2022 **Johannesburg (South Africa)** *Business Day*. Shareholders in **South Africa's** largest mobile operator, **Vodacom**, approve a deal to buy a controlling stake in the **Egyptian** unit of parent **Vodafone** for \$2.73 billion, in a cash and share deal that aims to expand the group's footprint into **Northern Africa** for the first time;

18 Jan 2022 **Johannesburg (South Africa)** *Daily Maverick*. **South Africa**-based agriculture and agri-processing business **Tongaat Hulett** shareholders vote in favour of a proposed R2 billion (\$129m) sale of new shares to the family of **Zimbabwean** tobacco kingpin **Simon Rudland**, effectively handing control of Tongaat to the Rudland family at a steep discount to the current share price;

17 Jan 2022 **Pretoria (South Africa)** *The Presidency*. Responsibility for the **State Security Agency** is handed over to Minister in the Presidency **Mondli Gungubele**, following the dissolution of the ministry of state security;

16 Jan 2022 **Johannesburg (South Africa)** *Business Tech*. Justice minister **Ronald Lamola** fires the latest salvo in a war of words between those who want President **Cyril Ramaphosa** to remain the ruling party's head and those who want him ousted in December at a conference where its members will vote on senior leadership positions;

14 Jan 2022 **Pretoria (South Africa)** *Engineering News*. Minister of cooperative governance and traditional affairs **Nkosazana Dlamini-Zuma** extends the **National State of Disaster on Covid-19** until 15 February.

14 Jan 2022 **Johannesburg (South Africa)** *News24*. Mineral resources and energy minister **Gwede Mantashe** warns that the **State Capture Report** may launch heavy attacks on deployment - and by extension, transformation and democracy;

13 Jan 2022 **Pretoria (South Africa)** *Engineering News*. The **High Court** has declared the **Administrative Adjudication of Road Traffic Offences (AARTO) Amendment Act**, on which the planned demerit system for traffic offences is based, unconstitutional and invalid;

13 Jan 2022 **Johannesburg (South Africa)** *Bloomberg*. **South Africa** faces alcohol supply problems due to supply-chain disruptions affecting glassmakers;

13 Jan 2022 **New York (United States)** *Global Finance*. US-based magazine **Global Finance** ranks **Reserve Bank of Zimbabwe** (central bank) chief **John Mangudya** among the worst central bank governors, in sharp contrast to **South Africa's** **Lesetja Kganyago**, who has a top ranking and has been described as a "bold" central banker;

12 Jan 2022 **Thorny River (South Africa)** *MiningMX*. State-owned **Botswana Diamonds** says early assessment of its **South African** kimberlite prospect **Thorny River** resembles **Marsfontein** – one of the richest diamond mines in the world during its short operating life between 1999 and 2000;

11 Jan 2022 **Johannesburg (South Africa)** *Business Tech*. Opposition **Democratic Alliance** calls on government to allow the national state of disaster to lapse on 15 January instead of renewing it for a further month;

11 Jan 2022 **Washington (United States)** *World Bank*. The **World Bank** expects economic growth in **South Africa** to slow to only 2.1% in 2022 amid decelerating global and regional growth, diminished fiscal support, and lingering supply bottlenecks;

11 Jan 2022 **Johannesburg (South Africa)** *Engineering News*. **Business Unity South Africa** (BUSA) says it will support the **National Prosecuting Authority (NPA)** with resources to enable it to “urgently prepare cases” against those identified in the **Judicial Commission of Inquiry into Allegations of State Capture**;

8 Jan 2022 **East London (South Africa)** *Daily Despatch*. Flooding due to torrential rain kills 14 people in the **Eastern Cape** and displaces hundreds;

7 Jan 2022 **Cape Town (South Africa)** *The Cape Times*. Tourism minister **Lindiwe Sisulu** writes an opinion piece, later accused of being plagiarised, in which she attacks the judiciary;

7 Jan 2022 **Cape Town (South Africa)** *Engineering News*. The **State of the Nation Address** will be presented in the **Cape Town City Hall**, while **Parliament** is repaired;

6 Jan 2022 **Johannesburg (South Africa)** *The Guardian*. **United Kingdom (UK)**-based peer Lord **Peter Hain** calls for the UK to bar **United States (US)**-based **Bain & Company** from government contracts following publication of the **Zondo Commission** report detailing the role of Bain & Co in state capture and corruption in **South Africa**;

5 Jan 2022 **Johannesburg (South Africa)** *The Star*. Police arrest a man accused of using a hammer to smash the glass doors and windows of the **Constitutional Court** in **Johannesburg**;

4 Jan 2022 **Pretoria (South Africa)** *The Presidency*. President **Cyril Ramaphosa** says he will not make any pronouncements on the findings or recommendations of the **State Capture Report** before all three parts of the report have been received;

4 Jan 2022 **Pretoria (South Africa)** *The Presidency*. Acting chief justice **Raymond Zondo** hands the first part of the **State Capture Report** to President **Cyril Ramaphosa**;

4 Jan 2022 **Cape Town (South Africa)** *Daily Maverick*. **Zandile Christmas Mafe** appears in **Cape Town Magistrates’ Court** to face charges of “house breaking”, theft, arson, possession of an explosive device and destruction of essential infrastructure following a fire that destroyed the lower house of parliament in **Cape Town**;

3 Jan 2022 **Cape Town (South Africa)** *The Guardian*. Police charge a 49-year-old man with arson and theft following a fire at parliamentary buildings in **Cape Town**;

2 Jan 2022 **Cape Town (South Africa)** *Daily Maverick*. A fire breaks out in the **Old Assembly Wing** of parliament at 5am, causing extensive damage to the building and partial roof collapse to the **New Wing** and **Old Wing** housing the lower and upper chambers of parliament;

30 Dec 2021 **Pretoria (South Africa)** *The Presidency*. President **Cyril Ramaphosa** lifts the night time (midnight to 4 am) curfew with immediate effect;

28 Dec 2021 **Johannesburg (South Africa)** *Reuters*. South Africa begins a week of mourning following the death of anti-apartheid figure Archbishop **Desmond Tutu** on 26 December;

26 Dec 2021 **Cape Town (South Africa)** *Cape Times*. Nobel Peace Prize Laureate **Archbishop Desmond Tutu** dies;

22 Dec 2021 **Johannesburg (South Africa)** *News24*. Daily **Covid-19** cases fall by 22% compared to last week, fuelling hopes that the country's **Omicron** wave is over;

21 Dec 2021 **Johannesburg (South Africa)** *Al Jazeera*. Former president **Jacob Zuma** is given leave to appeal to the **Supreme Court of Appeal** to have his medical parole re-instated;

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