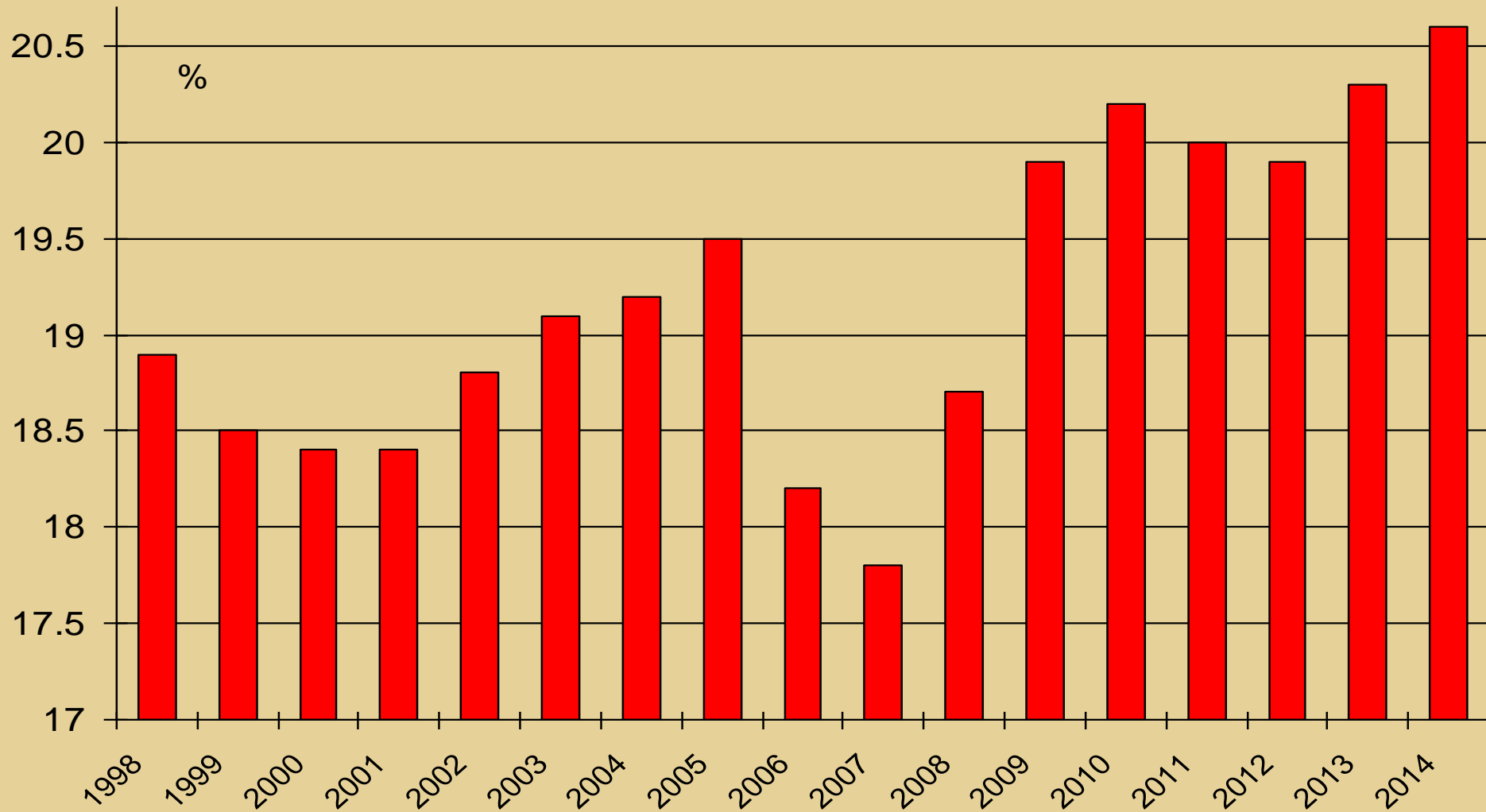
An aerial photograph of a lighthouse perched on a rocky cliff overlooking the ocean. The sky is filled with soft, colorful clouds, suggesting a sunset or sunrise. The ocean is a deep blue, and several large rock formations are visible in the water. The lighthouse is a small, white structure with a dark top, situated on the peak of the cliff. The overall scene is serene and scenic.

Economic Impact  
Assessment –  
*Clause 20(d) PSIRA Act*

Dr Roelof Botha

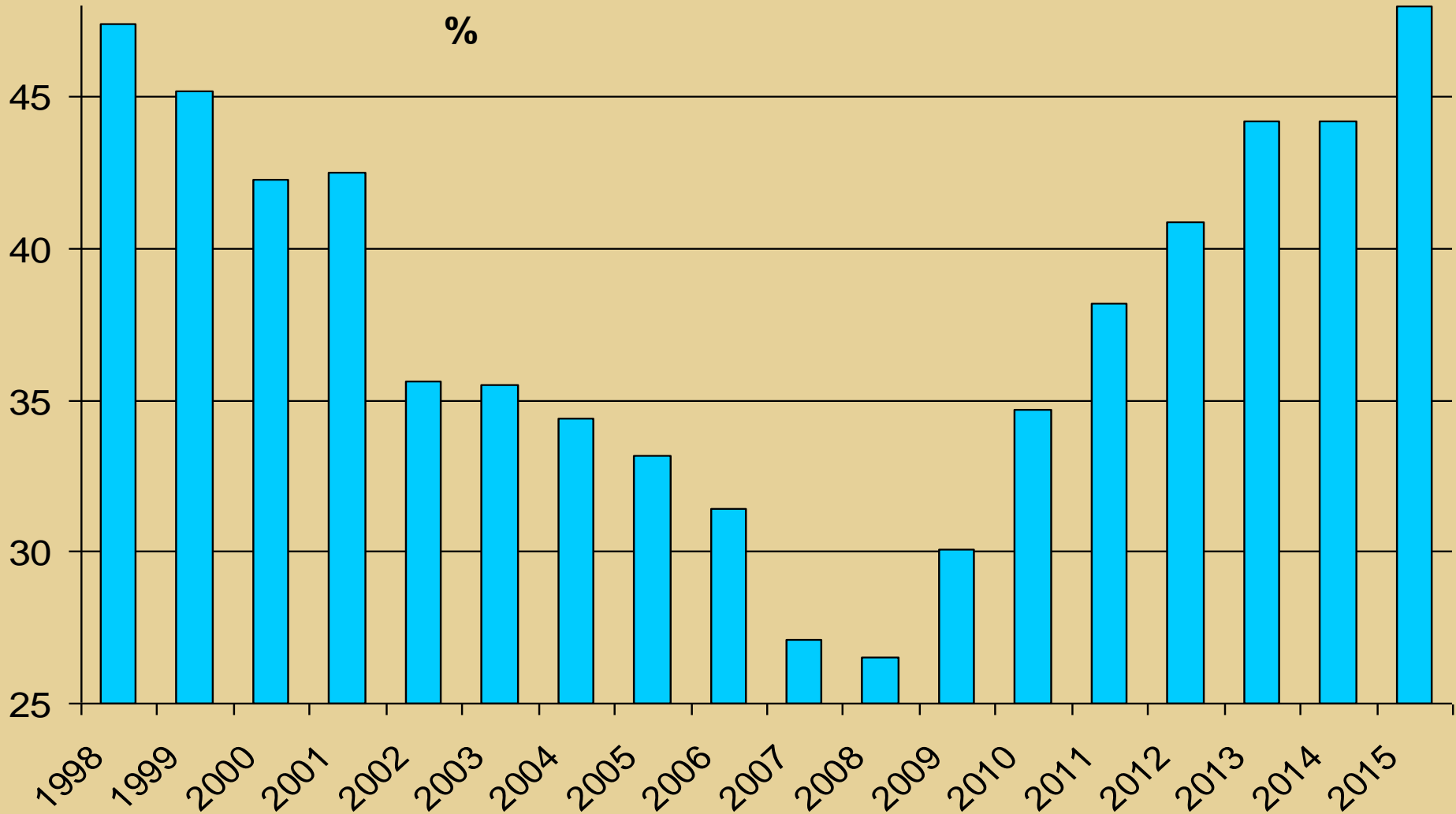
# Current government expenditure as % of GDP – too many regulations?

(Source: SARB)



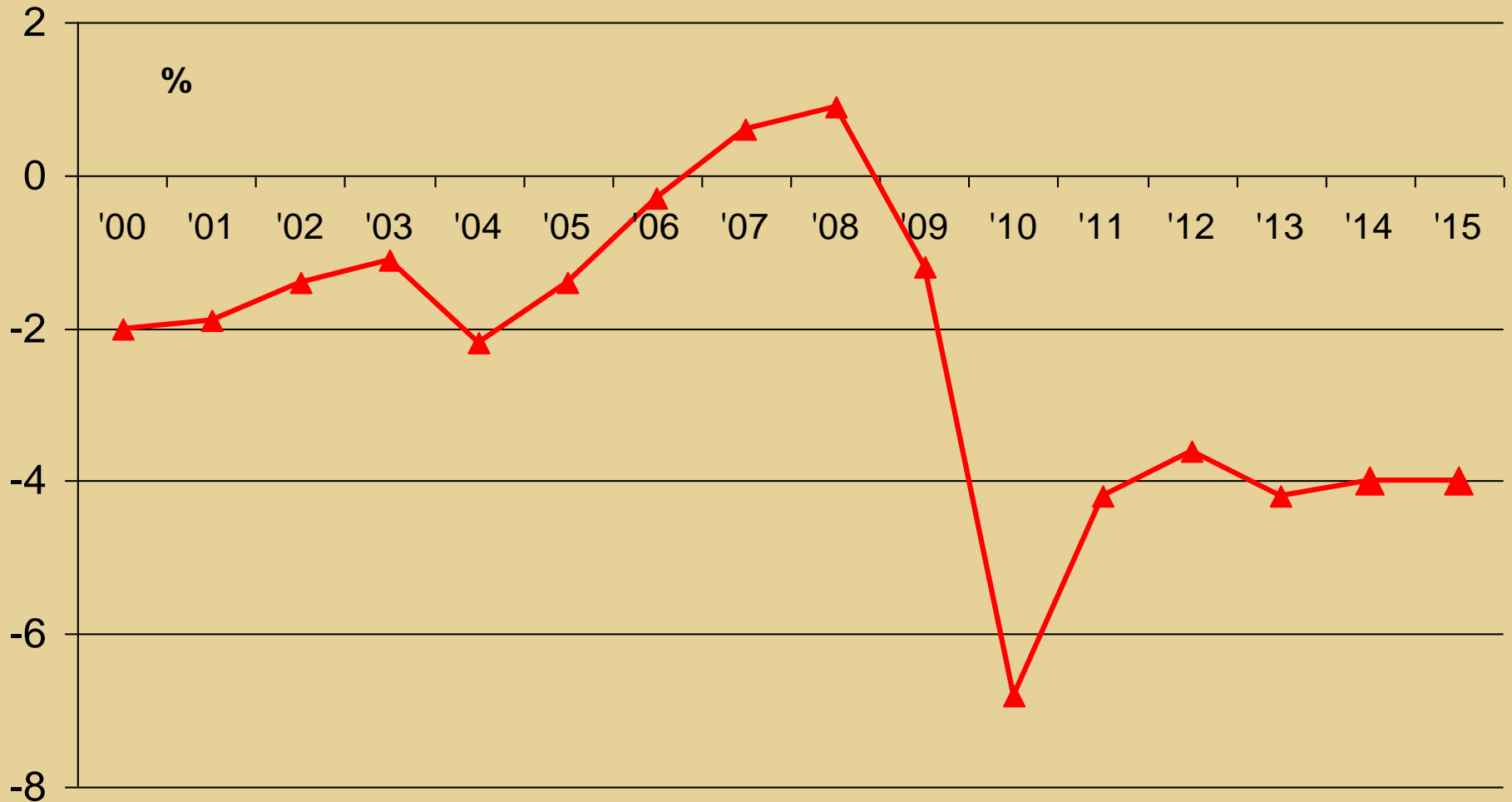
# Total public sector gross debt as % of GDP (clock turned back 17 years)

(Source: SARB)



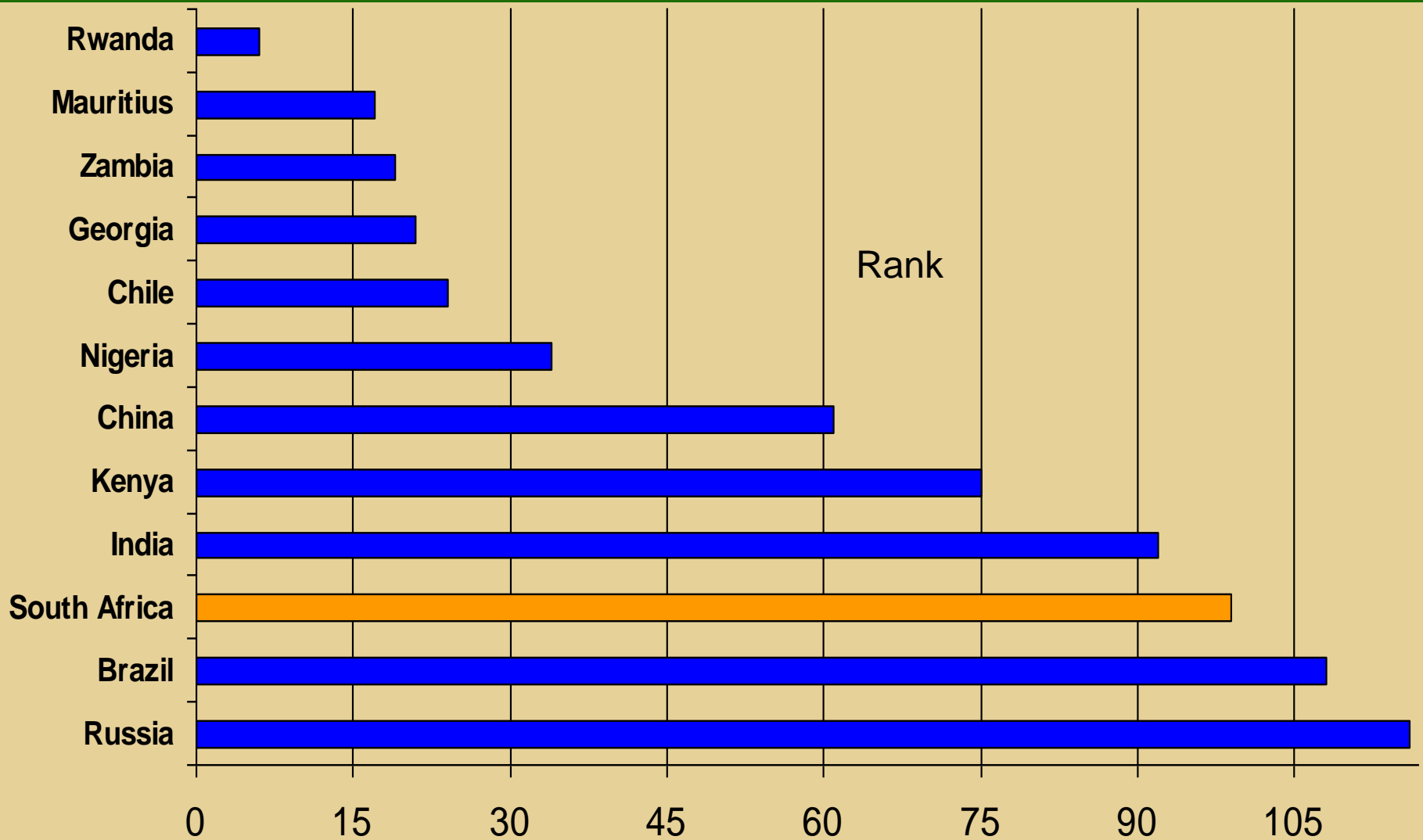
# Fiscal stability remains under threat (budget deficit/GDP ratio – fiscal years ended 31 March)

(Source: NT)



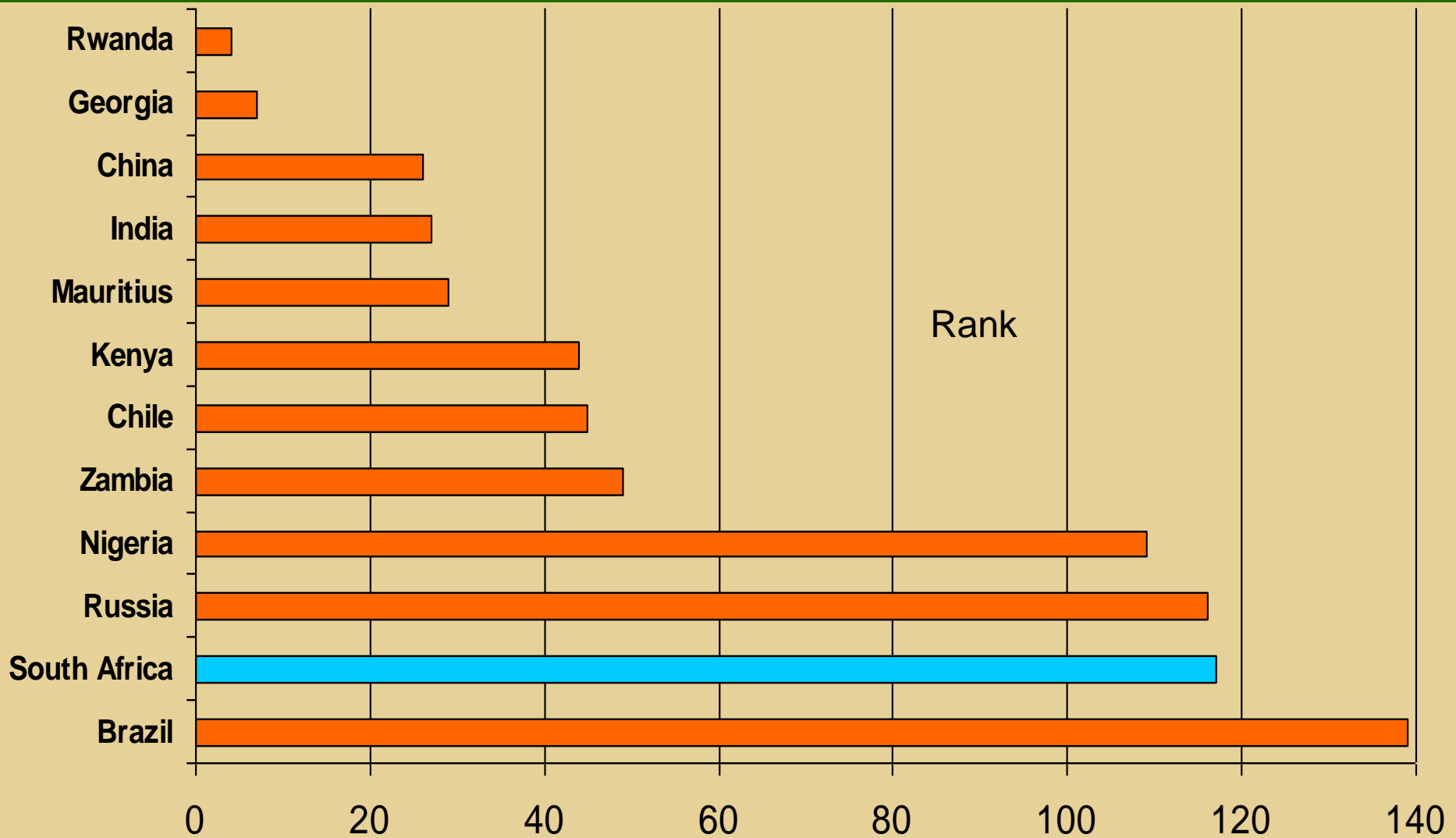
# Global competitiveness rankings for business impact of rules on FDI – selected emerging markets

(Source: WEF)



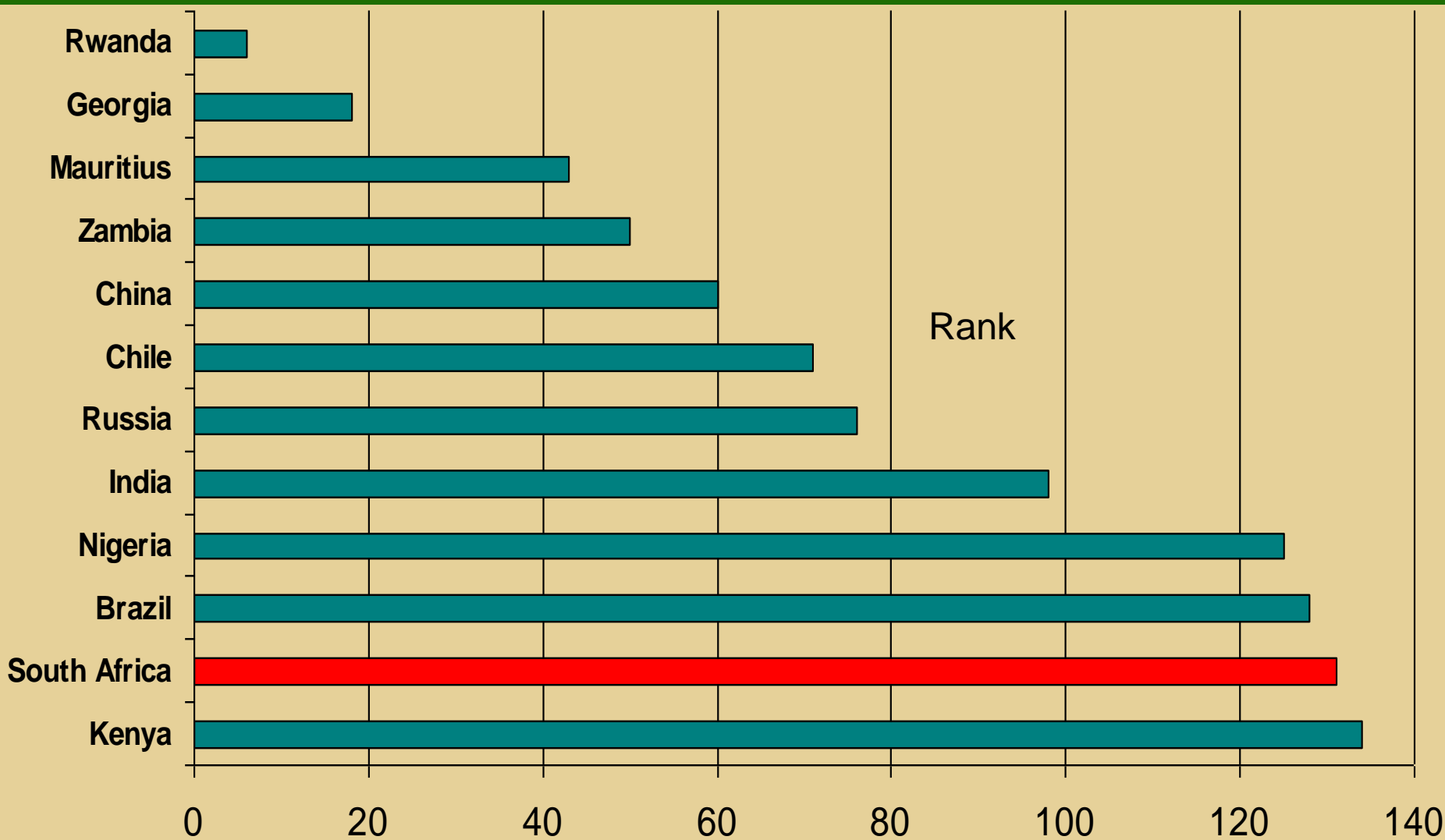
# Global competitiveness rankings for burden of government regulations – selected emerging markets

(Source: WEF)



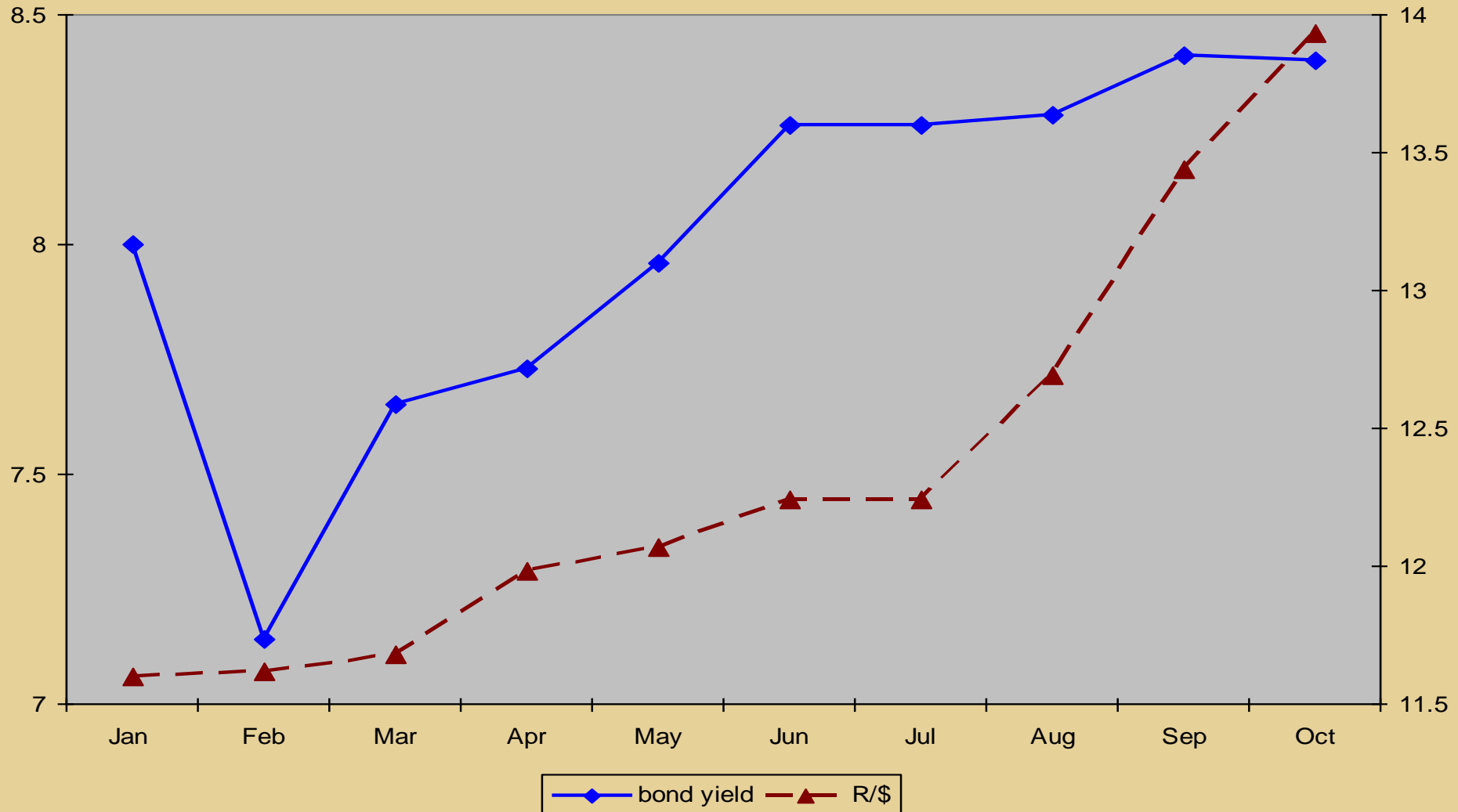
# Global competitiveness rankings for business costs of crime & violence – selected emerging markets

(Source: WEF)



# Relationship between the rand/US\$ exchange rate & the long-term SA bond yield in 2015

(Source: Thebe Securities)



# Likely negative impact of implementation of clause 20(d)

- SA in breach of General Agreement on Trade in Services (GATS)
- Lower international competitiveness
- Stifling of international technology transfer
- Deterrent to foreign direct investment
- Counter to relaxation of indigenisation laws in Zimbabwe
- Foreign equity may be sold at a discount to fair value
- Harmful effect on business process development
- Possible expulsion from significant benefits of AGOA
- Trade policy conflict could lead to lower levels of exports
- Pressure on rand exchange rate would threaten fiscal stability

# Methodology utilised for the EIA

1	Determination of exports to the US & EU
2	Model assumption of a 10% decline in exports to the US & the EU
3	Econometric model determines impact on GDP & R/\$
4	Model results confirm strong relationships between variables
5	I/O analysis applied to measure impact on employment
6	I/O analysis applied to measure impact on taxation
7	Determination of impact on bond yield & debt service costs

# Summary of macro-economic impact of clause 20(d)

Lower output (GDP)	R133.4 billion
Loss of income tax revenues	R15.2 billion
Loss of company tax revenues	R12.7 billion
Loss of indirect tax revenues	R24.1 billion
Increased public debt servicing costs	R9.5 billion
Loss of formal sector jobs	683,000
Loss of informal sector jobs	169,000