

Global reality - 2017 and beyond

 By [Nicci Botha](#)

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The world is changing, and we just have to look at Brexit, Trump's election victory and the current situation on Planet Zuma - aka South Africa - to verify this as fact.

The global economy needs to be seen in context, which is experiencing falling growth especially in developed world.



Source: danielsilke.com

Brexit and Europe

The Issue that prompted Brexit and other changes originated from the implied threat of migrants, which lead to insecurity. This could have a knock-on effect in the rest of Europe, with other countries contemplating leaving the European Union (EU).

Political analyst, Daniel Silke, says that throughout Europe, there is a swing to the right and it will be interesting to see the outcomes when the France and Italian going to polls in the next few months. "Having said that the economy in Europe is not that bad, in spite of the political volatility."

The Trump card

"Trump heralds a dramatic change for US. And now that the horror show of the election is over, we face a double set of uncertain conditions – Brexit and how US will treat the developing world – especially the issues surrounding the [African Growth and Opportunity Act](#) (AGOA).

“President Trump will be unfettered regarding policy. Don’t expect him to get his own way, but there will be pullback,” he says. More protectionism could mean our exports are subject to excise duty.

“There are shifting strands of power, such as dealing with rising China and aspirations of Putin. All of this puts the US economy in interesting state as Trump promised jobs and economic growth,” Silke explains.

“Moving away from Trump, volatility in the oil price has had a profound effect on the world, with massive job losses in the sector.”

The previously booming China economy is now crackling and creaking. Its now muted growth has changed China’s relationship with other economies on the world, as it goes through a multi-year transition, changing from a production to a services based economy,” says Silke.

Africa

“We have to be realistic about Africa where growth is also under pressure. We’re no longer have an Africa rising scenario, but an East Africa rising one, Thanks to the region’s more diversified economy. The good news is that many African economies are already in a state of transition, with the promise of open borders and relaxed trade conditions, but this does take a long time. Although, from a global perspective, Africa still point of growth,” Silke says.

Part two – South Africa

“We’re facing a difficult period and fragile period for ruling party, with lots of discourse on leadership, which has created concern locally and globally,” he explains.

“There’s the Issue of business and its influence on government policies, and although there has been economic growth, it’s simply not good enough for our growing population.”

“The big challenge is creating hope for young South Africans as employment figures are unacceptably high. This not only poses a strain on social structures but also on the tax basket because so many young people are out of the tax loop,” says Silke.

He explains that there is also more we can do about turmoil in higher education such as streaming people not suited for tertiary education into vocational programmes.

South Africa is dangerously close to junk status and with foreign debt at R147bn, a downgrade will increase our repayments causing more pressure.

“Have we done enough?” he asks. “ The finance minister has done well to jack up state-owned enterprises. He can safely say we are tackling SOEs.”

“We must undertake not to spend beyond our needs, such as the nuclear deal.”

On the other hand, the threat of junk status has gone a long way to improve dysfunctional relationships between state, labour and business.

“However, we still face the political conundrum of Zuma, which has caused ructions even within his own party and unions, but it’s not enough to unseat him at the moment,” Silke says.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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