



Speech by Honourable Deputy Minister of Employment and Labour at the Launch of the 2025 IMD World Competitiveness Report 2025.

Ms. Judith Nemadzinga-Tshabalala (MP)

18 June 2025

Theme : From Insight to Action: Strengthening National Competitiveness

Let me take off by thanking **Dr. Nandi Dabula**, for guiding us through the program as our Programme Director.

I would like to acknowledge **Ms. Beverley Jack**, Acting Chairperson, Productivity SA Board, for delivering the Welcome Address.

Ms. Amelia Naidoo, Acting CEO, Productivity SA, who will present the closing remarks.

Dr. José Caballero, Senior Economist, IMD World Competitiveness Centre, for providing an overview of the IMD World Competitiveness Yearbook Report.

Ms. Juliet Mashabela, Acting Chief Economist, Productivity SA, for presenting the IMD WCY Report.

Ms. Mamphokhu Khuluvhe, Department of Higher Education and Training, for sharing insights on leveraging global competitiveness rankings for policy development.

Mr. William Milner, Associate Director, IMD World Competitiveness Centre, for introducing the IMD New African Prosperity Report.

Your contributions are invaluable, and we are deeply appreciative of the time and effort you have dedicated to making this event a success. Thank you for being here and for sharing your knowledge with us.



Representatives from business, government departments and entities, you are acknowledged, including Organised labour, Academia and members of the media,

To our Distinguished guests, Good afternoon.

It is my honour to address you today at a time when our country faces difficult—but necessary—conversations about its future. I want to thank Productivity SA and our partners from the Institute for Management Development (IMD) for bringing us together under the timely and action-oriented theme:

“From Insight to Action: Strengthening National Competitiveness.” This is not just a data reveal. It is a national call to action.

Today, we confront a sobering fact. South Africa has slipped to 64th out of 69 countries in the 2025 IMD World Competitiveness Yearbook (WCY).

To provide context:

- In 2024, we ranked 60th
- In 2022, we were 62nd
- In 2021, we held 59th

This year’s sub-index results are equally concerning:

- Economic Performance: 63
- Government Efficiency: 63
- Business Efficiency: 57
- Infrastructure: 62

This is not simply a ranking, it is a reflection of the structural weaknesses that limit our ability to grow, create jobs, and compete in the global economy.



This decline comes against the backdrop of rising unemployment. According to Stats SA, South Africa's official unemployment rate stands at 32.9%, while the expanded definition, including discouraged work-seekers, is 43.1%. Our youth unemployment rate remains dangerously high at 46.1%.

Equally concerning is that worker productivity in South Africa is among the lowest globally. On average, our economy generates around 21 US dollars, GDP per hour worked, compared to the global average of 26 US dollars. Without a significant productivity shift, we will continue to struggle with growth, inclusion, and competitiveness.

Competitiveness is about more than global positioning. It is the measure of our ability to create and sustain an environment where enterprises thrive, innovation flourishes, and citizens prosper. At the heart of competitiveness is productivity—the engine that determines whether we can do more with what we have, whether we are innovating or stagnating, and whether we are building an economy that includes or excludes. And when productivity declines, competitiveness suffers. When competitiveness suffers, growth slows. And when growth slows—jobs, opportunity, and hope become scarce.

As government, we do not see these results as merely disappointing—they are instructive. They tell us where we are, why we are here, and what we must do next.

The Department of Employment and Labour, in response to this decline, is committed to accelerating targeted interventions across four priority areas:

- 1. Labour Market Reforms**

Fast-tracking enhancements to our Public Employment Services, strengthening the inspectorate system, and improving compliance monitoring.

- 2. Support for Enterprise Productivity**

Through Productivity SA, we are scaling up national productivity improvement programmes, particularly for SMMEs and industrial sectors, focusing on digital transformation and future-ready skills.



3. Youth Employment and Skills Alignment

Expanding sector-based training, work readiness programmes, and strengthening alignment between education and market needs.

4. Infrastructure and Investment Coordination

Collaborating with the Presidency, National Treasury, and key departments to align infrastructure planning with employment and competitiveness goals.

South Africa is not alone in this journey. Regionally, there has been tremendous work driven by the Pan African Productivity Association (PAPA), a platform that we are proud to be part of. Developing a Productivity Index for Africa has, for years, been at the centre of discussions between PAPA, the African Union Commission, and the ILO. They believe that measuring and monitoring productivity and competitiveness is central to understanding a country's economic performance—and crucial in identifying both challenges and opportunities for improvement.

Our future competitiveness must be anchored in recognizing the strategic advantage South Africa holds within the African continent. The implementation of the African Continental Free Trade Area (AfCFTA) represents a bold step towards reshaping Africa's economic destiny, and South Africa is uniquely positioned to be a driver of this transformation. AfCFTA creates the largest single market in the world in terms of participating countries, with over 1.3 billion people and a combined GDP of over 3.4 trillion US dollars

For South Africa, this presents significant opportunities to expand market access for our goods and services, particularly in high-growth sectors such as automotive manufacturing, agro-processing, pharmaceuticals, green energy, and digital technology. By leveraging our relatively advanced industrial base, world-class financial institutions, and deep capital markets, we can position our firms, especially SMMEs, cooperatives, and youth-owned enterprises, to integrate into regional value chains, diversify exports, and scale production for continental demand. However, to unlock these opportunities, we must urgently address the barriers to trade competitiveness, from inefficient logistics and port backlogs to customs bottlenecks and skills



mismatches, that hinder our ability to fully participate in the AfCFTA's emerging trade ecosystem.

The goals of AfCFTA align strongly with the long-term vision outlined in South Africa's National Development Plan (NDP 2030), which identifies regional economic integration, industrialisation, and export-led growth as foundational pillars for achieving inclusive and sustainable development. The NDP rightly emphasises the importance of building a productive and globally competitive economy that is underpinned by investment in skills, infrastructure, innovation, and enterprise development. Competitiveness, therefore, is not a luxury—it is a prerequisite for reducing inequality, tackling poverty, and reversing the deep structural unemployment that has plagued our nation for decades.

By investing in the productive capacity of our workforce and enhancing institutional coordination, we not only improve our domestic economy but also assert South Africa's leadership in driving Africa's broader development agenda. In this regard, the work of Productivity SA and our efforts to improve national productivity are vital instruments in achieving the NDP's objectives. They serve as catalytic levers that enable our transition from a resource-based economy to one that is innovation-driven, export-oriented, and inclusive of historically marginalised groups, particularly women and youth.

These ambitions are directly translated into the Medium-Term Development Plan (MTDP) 2024–2029, which serves as a bridge between our long-term vision and near-term execution. The MTDP prioritises industrial revitalisation, expanded infrastructure rollout, skills development, and regional trade promotion as key enablers of employment-led growth.

It recognises that to be competitive globally, South Africa must first be competitive regionally. This is why the Department of Employment and Labour, working in close collaboration with the Department of Trade, Industry and Competition, the Department of Higher Education and Training, and our counterparts in Southern and East Africa, is committed to strengthening



institutional mechanisms that support labour productivity, labour mobility, enterprise competitiveness, and skills portability across borders.

Through enhanced policy alignment and implementation of initiatives such as the National Pathway Management Network, the Productivity Champions Programme, and sector-specific training aligned with AfCFTA value chains, we are building a resilient and future-fit workforce. This is not just about lifting our IMD ranking—it is about creating a competitive, inclusive, and opportunity-rich economy that gives every South African the chance to contribute meaningfully and thrive in the global and continental economy of tomorrow.

In 2022, PAPA's General Assembly adopted the proposal to expand the IMD World Competitiveness Ranking to include more African countries through the PAPA umbrella. The following year, in 2023, the ILO allocated a grant of 80,000 US dollars to support this expansion in PAPA member countries. This funding assisted with initiation fees for new countries to join the IMD rankings.

Subsequently, IMD shortlisted Ghana, Nigeria, and Kenya as being ready to join the 2024 rankings. With PAPA's assistance, Ghana and Nigeria made it into the 2024 rankings, while Kenya, though unable to meet all requirements at the time, has now been carried over to the 2025 ranking.

Today, we are proud that all African countries currently included in the IMD ranking—Botswana, Ghana, Kenya, Nigeria, and South Africa—are members of PAPA. And PAPA continues to encourage other African nations to join, as part of its mission to elevate the productivity movement across the continent.

This brings me back to today's theme: **“From Insight to Action: Strengthening National Competitiveness.”** This is not just a ceremonial launch—it is a strategic moment. The IMD Yearbook is not a scoreboard for applause or criticism. It is a mirror, a diagnostic, and most importantly, a call to move from data to delivery.



Through Productivity SA, we have the insights. But now, we must lead with courage, coordination, and commitment.

In acknowledging the number of challenges that our country is faced with, I would like to recall the words of former President Thabo Mbeki when he said “ Gloom and despondency have never defeated adversity. Trying times need courage and resilience. Our strength as a people is not tested during the best of times”.

I have noted the concerns that have been raised during the discussions, taking from the presentations made by our speakers and would like to reiterate that the Presidency is hard at work in trying to ensure that we do not only grow our economy but equally become globally competitive.

To address the structural challenges reflected in South Africa’s global competitiveness rankings, government has intensified efforts across key areas: improving government efficiency, fighting corruption, and investing in infrastructure development. Through the implementation of the National Anti-Corruption Strategy (2020–2030), government is working to build a transparent and accountable state by enhancing whistleblower protection, increasing consequence management, and capacitating investigative institutions like the Special Investigating Unit (SIU) and the National Prosecuting Authority (NPA).

In terms of government efficiency, Operation Vulindlela—jointly driven by the Presidency and National Treasury—aims to fast-track critical structural reforms in water, electricity, logistics, and visa regimes, reducing red tape and improving the ease of doing business. To boost infrastructure development, the Infrastructure Investment Plan and the establishment of Infrastructure South Africa (ISA) have enabled more strategic coordination and mobilisation of public-private partnerships.

Energy reforms, such as the unbundling of Eskom and the rollout of renewable energy through the REIPPPP, are directly addressing energy security and supply bottlenecks. In addition, the Department of Transport’s investment in the National Rail Policy and road infrastructure upgrades seeks to modernise logistics and improve trade competitiveness. Together, these



initiatives form part of a broader policy shift aligned with the National Development Plan and the Medium-Term Strategic Framework (2024–2029), aimed at stimulating inclusive economic growth, restoring public trust, and enhancing the delivery capacity of the state.

In closing, I want to acknowledge Productivity SA not just for hosting today’s event—but for its critical and evolving role as our national productivity engine. To enable its mission, we will continue to:

- Advocate for greater budgetary and institutional support
- Expand its reach into key economic sectors
- Elevate its role in national planning and performance monitoring

Productivity SA must not only be a delivery agency—it must be a strategic partner in South Africa’s recovery and long-term competitiveness.

As we move forward, I remind you of the words of John F. Kennedy: *“Efforts and courage are not enough without purpose and direction.”* Today gives us both, purpose, in the face of challenge, and direction, through the insights before us.

Let us leave here not with more discussion, but with real resolve, to empower our people, grow our economy, and reclaim our place in the global arena. On behalf of the Department of Employment and Labour, I reaffirm our commitment to work with all of you—government, business, labour, academia, and civil society—to build a South Africa that competes, that grows, and that delivers dignity through productivity.

I thank you.

