

South Africa's new government threatened by dissent

By [Fred Meintjes](#) | 19 February 2025

Drama in parliament as budget speech is postponed, causing speculation about the stability of the new government

For the first time in the South African government's democratic era, the much-anticipated budget speech of the minister of finance scheduled for today (19 February) was postponed, for a period of around three weeks.



The main issue was that the members of the Government of National Unity (GNU) could not agree on a proposal for a significant rise in value added tax (VAT).

The rand took a tumble on news of the budget postponement, with one analyst describing the market reaction as “surprising.”

The South African currency dropped further against all the major currencies – reaching the weakest point against the US Dollar for some time.

EUROFRUIT said that the move showed the fractious relationships in the GNU.

The GNU was established after the African National Congress gained only 42 per cent of the vote in the election last year. This marked the first time that the party of Nelson Mandela failed to get a majority to govern the country.

It also comes at a time when South Africa is increasingly on a collision course with the US government, which could make things difficult for fruit and other exports.

The GNU's budget stalled at the first hurdle when the speaker announced that the budget speech would be postponed to 12 March.

Much hope had been pinned on the budget including significant statements of support for the rehabilitation of the South African rail and port networks.

The citrus industry [announced yesterday](#) that the direct and indirect cost of inefficient logistics to the citrus industry was a "staggering" R5.27bn in the 2024 season alone.

The speaker of parliament, Thoko Didiza, told the house on Wednesday that the parties in the GNU could not reach an agreement on certain proposals.

Parties reportedly disagreed with a proposal to increase VAT by 2 per cent, from 15 per cent to 17 per cent.

Opposition parties outside of the GNU were quick to condemn the decision to postpone the budget.