



ECONOMIC IMPACT OF 2021 UNREST IN DURBAN

The eThekweni Municipality has, together with the Durban Chamber of Commerce and Industry (DCCI) condemned the indiscriminate destruction of the economy of the City and Province and the complete breakdown of the rule of law. The looting and destruction have undoubtedly damaged supply chains; leaving communities without food, medicine, fuel and livelihoods. The City is aware of the long-term negative impact of the current social unrest on the City's economy. The following are the preliminary, high level estimates of the impact of the unrest.

Impact on Retail

The City estimates that Durban's retail sector has lost more than R1.5 billion worth of stock and sales. This is the expected equivalent of one month's worth of retail sales. Further to this, the City estimates that the value of damage to property and equipment amounts to more than R15 billion, when only regional retail centres are reviewed. When neighbourhood retail centres are considered, the damage is expected to be much higher.

The damage to regional properties places a minimum of R800 million worth of annual rates at risk of loss. This will have a significantly negative impact on the City's ability to provide services to citizens, as well as its socio-economic interventions in eThekweni's low-income areas. This represents a potential decline of 8% in the City's rates base.

The City further estimates that when the retail sector is not fully operational, it loses R900 million in GVA per month (or R30 million per day). While the recovery period depends on insurance claims, developer confidence and other factors it is expected that the rebuilding period could take up to 1 year, or in some cases, longer. The loss in rates revenue will further weaken the City's ability to repair and rebuild existing service delivery infrastructure. In addition, new infrastructure planned in Local Area Plans and Catalytic Projects may have to be placed on hold as rates income is diverted to address the damage.

Impact on Jobs

The impact of the unrest on retail centres places job security at serious risk, and due to safety concerns, supply shortages, and extended rebuilding periods, 150 000 jobs are at risk of loss. When the impact on sectors such as manufacturing and logistics is also considered, the number of jobs at immediate risk of loss is 240 000. However the full impact is expected to be larger, as other sectors are also indirectly affected.

Impact on Logistics and International Trade

Approximately 500 trucking and land transport firms operate within and from Durban and are the underpinnings of the transport, logistics and shipping sector. Due to Durban being a strategic Port City for the SADC region, damage to this sector has a significantly negative multiplier effect on upstream and downstream industries such as manufacturing, retail, finance and business, shipping and other sector central to Durban's economy. Further to this, international trade which forms the backbone of Durban's economy is negligible without a fully functioning harbour. The City estimates that when the logistics sector is not fully operational (due to torching of trucks, and



blocking of key corridor such as N3, N2 and M7), it loses R800 million in GVA per month (or R13,7 million per day). As the gateway to Africa, damage to this sector has implications to the continent's regional trade and stability.

Business and Informal Trade

More than 50 000 registered informal traders are unable to operate due to serious safety concerns related to the looting of stock. This is given that their locations are based around stand alone shops, retail centres and transport nodes; most of which remain empty and have sustained long term damage. Finally, it is estimated that more than 40 000 formal businesses have experienced significant disruptions in their trade, which may result in permanent businesses closures on the backdrop of the sustained Covid-19 induced recession.

The City's Response

Internal consultations are underway within the City to determine a suitable Crisis Response Plan. A survey will be circulated shortly to determine the detailed and updated economic impact, and to allow business to provide input.

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