

REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF FINANCE

PRESS RELEASE: 14 DECEMBER 1999

MOODY'S MAINTAINS SOUTH AFRICA'S INVESTMENT GRADE RATING

Moody's Investor Services, a major international rating agency, today released their credit report on the Republic of South Africa. The report is a culmination of an extensive due diligence exercise that took place in September 1999. They have retained South Africa's **Baa3** rating for foreign currency bonds and notes, **Ba1** foreign currency deposit ceiling and **Baa1** long-term domestic currency rating. The rating outlook remains stable.

The rating is supported by the country's smooth political transition and policy continuity; fiscal numbers which continued to improve; privatization of state enterprises; transparent monetary and exchange rate policy and the sound and developed banking system. Furthermore Moody's believes that the new free trade agreement with the European Union represents an opportunity for strengthening trade opportunities.

The lack of strong growth that is needed to create jobs is the primary constraint of the rating. Moody's is also concerned about low foreign direct investment and major social challenges facing South Africa.

The Government is aware of the challenges facing South Africa and would continue to accelerate social delivery while at the same time maintaining fiscal prudence.

Once more, another US based rating agency has confirmed South Africa's investment grade status. This follows the recent report by Duff and Phelps rating agency reaffirming its BBB- on long-term foreign currency and A- on long-term local currency rating. This is a resounding vote of confidence in our continuously disciplined macroeconomic policies and our fledgling democracy.

Issued by: The Department of Finance, Assets and Liabilities Management Branch

For further information, contact:

Moody's Investors Service

David H. Levey: Managing Director, Sovereign Risk Unit

Kristin Lindow: VP-Senior Credit Officer, Sovereign Risk Unit

Telephone: (212) 553 0376

Department of Finance

Lesetja Kganyago: Chief Director – Liability Management

Telephone: (012) 323 1703