

REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF FINANCE

PRESS RELEASE: 26 FEBRUARY 2000

STANDARD AND POOR'S UPGRADES SOUTH AFRICA TO INVESTMENT GRADE RATING

Standard & Poor's, a major international rating agency, today released their credit rating on the Republic of South Africa. This follows a due diligence exercise that took place in November 1999. We are pleased to announce that South Africa's rating for foreign currency bonds and notes has been upgraded to **investment grade (BBB-)**, short-term foreign currency to **A-3** and long-term domestic currency rating to **A-minus**. The rating outlook for the ratings is stable.

This is a resounding vote of confidence in our economy. This investment rating means that South Africa can now attract investors who are currently buying only investment grade rated debt. It would also contribute to the lowering of the borrowing costs for the government and other issuers.

Standard & Poor's cited South Africa's usual strengths. The ratings are supported by:

- Prudent fiscal policies
- A relatively manageable external debt burden
- An independent central bank committed to low inflation
- Liquid domestic capital markets, and a robust and well-regulated banking sector

S & P are however, still concerned about the country's external liquidity, though they acknowledge that the position is on an improving trend. The other areas that they are concerned about are low level of savings and investment and labour market rigidities.

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.

The decision by Standard & Poor's brings to a full investment grade status. "Cautious fiscal and monetary policies, coupled with microeconomic reforms, should underpin South Africa's investment-grade ratings over the coming years", S & P said.

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

For further information, contact:

Standard & Poor's
Konrad Reuss, London (44) 171-826 3523

Bruno Boccara, New York (1) 212 438-7495

Department of Finance

Lesetja Kganyago: Chief Director – Liability Management

Telephone: (012) 323 1703

Coen Kruger: Deputy D-G: Asset & Liability Management

Telephone: (012) 323 1703