



REPUBLIC OF SOUTH AFRICA
NATIONAL TREASURY

PRESS RELEASE

STANDARD & POOR'S UPGRADES SOUTH AFRICA'S RATING OUTLOOK FROM STABLE TO POSITIVE

Standard and Poor's today, (12 November 2002), revised its outlook on the Republic of South Africa's rating from stable to positive. They also affirmed South Africa's BBB- long term foreign currency debt rating and it's A- long term local currently debt rating. Standard and Poor's cite the following factors as supporting South Africa's positive outlook rating:

- Persistent sound macroeconomic management and policies; and
- A readily manageable and declining debt burden which has helped the country to weather periods of high currency volatility.

Standard and Poor's expect sound fiscal and monetary policies coupled with growth enhancing fiscal reforms to bolster the ratings on South Africa over the coming years.

This brings the number of rating agency upgrades received by the Republic of South Africa in the last twelve months to three. In November 2001, Moody's upgraded South Africa's long term foreign currency debt from Baa3 to Baa2

and hiked government's domestic debt by two notches from Baa1 to A2. In August 2002, Fitch Ratings revised the outlook on South Africa's foreign currency debt from stable to positive. The National Treasury welcomes these upgrades which confirm the correctness of South Africa's macroeconomic policy stance. Their impact on the fiscus will be a further decline in debt service costs, which will allow us to make even more resources available for social and infrastructure spending.

More importantly, however, they confirm a perception of 'safe haven' status that investors are gradually developing about South Africa in a world ravaged by slow economic growth and rampant rating downgrades.

We continue to believe that with a strong macroeconomic policy foundation, growth enhancing structural reforms and resultant resilience of the South African economy, it is possible to grow this economy to levels that will make it possible to meaningfully reduce poverty and unemployment.

National Treasury
Republic of South Africa
12 November 2002