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MEDIA STATEMENT ON IMF RESOURCES

The crisis centred in Europe persists and it is affecting the rest of the globe. Global growth has slowed, and unemployment is rising. At the G20 Summit in Cannes, world leaders agreed to increase the resources of the IMF so that it can serve as a backstop in the event of further deterioration in the Eurozone situation. The resources could be used by all of the members of the IMF to stave off the risk of another financial crisis which would likely lead to a sharp global slowdown and rising unemployment. In April 2012, G20 countries and a significant number of other IMF members confirmed their participation in this effort.

The firm commitments to increase IMF resources exceed $430 billion. These resources will be available for the whole membership of the IMF, and not earmarked for any particular region. The resources would be channeled through temporary bilateral loans and note purchase agreements to the IMF's General Resources Account.

Along with fellow members of the G20, South Africa announced in Los Cabos today that it is committed to supporting the IMFs firewall fund, and will be investing $2 billion of its reserves towards this effort.

The funds used for this purpose would be considered part of South Africa's foreign reserves. They will be drawn down only if they are needed and only after other resources have been depleted. The funds will be invested and earn interest, and would only be drawn down in emergency circumstances. If the funds are drawn down, they will ultimately be repaid and they will continue to earn interest over this period.

South Africa´s participation in this resourcing exercise anticipates that all the quota and voice reforms agreed upon in 2010 will be fully implemented in a timely manner, including a comprehensive reform of voting power and reform of quota shares.

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