



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

NATIONAL TREASURY ON IMF'S 2013 ARTICLE IV REPORT ON SOUTH AFRICA

The International Monetary Fund (IMF) has today published the outcome of its Article IV Consultation with South Africa that took place between 22 May and 4 June 2013. The IMF holds bilateral discussions with its members every year as prescribed in Article IV of the IMF's Articles of Agreement.

An IMF staff team visits the country to collect economic and financial information, and holds discussions with a number of key stakeholders within the country to better inform their assessment. The outcome of the analysis and discussions with policy makers is summarised in an Article IV report.

The South African government welcomes the opportunity to engage with multilateral institutions such as the IMF, the Organisation for Economic Cooperation (OECD) and the World Bank.

The issues raised by the IMF report are indeed issues that are already captured in government policies and programmes. At its lekgotla in August, Cabinet agreed on a number of measures aimed at reigniting economic growth. These measures are in part informed by the recognition that the South African economy can no longer rely heavily on the global economy to reignite growth and create job opportunities for the millions of unemployed South Africans.

The August Cabinet Lekgotla agreed that the focus of government, business and labour must be on accelerated implementation of domestic plans to grow the economy in an inclusive way and also to create jobs, as well as to seize opportunities in the region.

One of these issues is the implementation of the National Development Plan (NDP) which government believes will make a significant contribution to the longer term effort to address both historical and new challenges confronting the South African economy.

Responding to issues of domestic political economy as well as the effort to improve performance in the public sector is an ongoing process requiring a wide range of measures and interventions. Actions are being taken to improve labour relations in key sectors and administrative structures and processes are being strengthened towards improved service delivery and public accountability.

The focus of government towards reigniting economic growth includes measures to: resolve the energy constraint; increase investment in infrastructure; improve the regulatory environment; stimulate agricultural development; increase the prospects for youth employment; and intensify support for the development of small business.

We remain committed to fiscal consolidation and the need to rebuild fiscal space. Fiscal policy remains grounded by the three principles of counter-cyclicality, debt sustainability, and inter-generational equity.

Government will update its macroeconomic forecasts in October when the Minister of Finance tables the 2013 Medium Term Budget Policy Statement.

A copy of the full Staff Report can be downloaded from the International Monetary Fund website www.imf.org or the National Treasury website www.treasury.gov.za.

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