national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Government's response to the rating action by Fitch Ratings (Fitch)

Government notes Fitch's decision to affirm South Africa's long term foreign and local currency debt ratings at 'BB+' and maintain the stable outlook. South Africa's foreign and local currency credit ratings by Fitch remain below investment grade.

According to Fitch, the ratings affirmation and stable outlook are based on the following factors; *"low growth potential, sizeable government debt and contingent liabilities and the risk of rising social tensions due to extremely high inequality".* The ratings are supported by *"strong institutions, a favourable government debt structure, deep local capital markets and a healthy banking sector"*.

The rating agency has acknowledged policy interventions that government is pursuing in order to reignite economic growth, which include among others, the economic stimulus and recovery plan that was announced by the President in September 2018. Fitch also acknowledged the approval of the revised Mining Charter which is expected to lower uncertainty in the sector.

The main focus for Government is to regain South Africa's investment grade status to make the country an attractive investment destination. This will be achieved by enhancing policy certainty and credibility, lowering the debt burden as well as restoring good governance and financial stability at public institutions and State Owned Companies (SOCs).

Government will continue to engage with all stakeholders in order to fast track the implementation of growth-enhancing economic reforms. Government would also like to thank all stakeholders whose efforts ensured the affirmation of the sovereign ratings and the stable outlook.

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