



**NATIONAL TREASURY
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PRESS RELEASE

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**INTERNATIONAL MONETARY FUND RELEASE ITS 2002 ARTICLE IV STAFF
REPORT ON SOUTH AFRICA**

The National Treasury wishes to announce that the International Monetary Fund released its 2002 Article IV Staff Report on South Africa today.

The key findings of the report are the following:

- The South African authorities continued to implement sound monetary and fiscal policies during the period under review;
- Government finances continued to be strong particularly at the levels of the central and provincial governments. During the year under review revenue collections over-performed, expenditure management was enhanced by new legislation, and a lower-than-budgeted deficit were recorded due to robust economic growth;
- The exchange rate depreciated sharply toward the end of 2001. The exchange rate however regained all of this lost ground during 2002. In this regard it should be noted that the Rand was the best performing currency against the US\$ during 2002, gaining 38%;

- The Net Open Forward Position (NOFP) was further reduced as the authorities continued to pursue their policy of closing out the position;
- Conditions in the labour market improved with the introduction of legislation to streamline the arbitration process, and allow for more flexibility in employment. Better regulation of the wage bargaining process resulted in a substantial decline in person-hours lost from labour disputes;
- Government is pursuing the process of restructuring state assets vigorously;
- Social Development Indicators show an increase in the living conditions of the poor. While HIV/AIDS is still prevalent in the country, the rate of increase has stabilised; and
- South Africa continued to play a leadership role on the African continent, through various initiatives including NEPAD and through contributing to the peace process in conflict countries.

The release and findings of the report reflect Government's continued commitment to sound fiscal and monetary policy, and commitment to greater transparency.

A copy of the full report is available on the International Monetary Funds Web Page at the following address: <http://www.imf.org> and on the National Treasury's Web Page at the following address: <http://www.treasury.gov.za>

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