



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Standard and Poor's affirms South Africa's ratings, maintains stable outlook

Government notes Standard and Poor's (S&P) decision to affirm South Africa's long and short-term foreign and local currency Issuer Default Ratings at 'BBB-/A-3' and 'BBB+/A-2' respectively. The rating agency also affirmed the stable outlook.

S&P's acknowledged that South Africa has several strengths which include broad political and institutional stability, policy continuity, fiscal prudence that will help contain the country's fiscal and external balances and deep financial markets.

While S&P noted that growth in 2015 would be limited as a result of electricity supply shortages, the agency said it expected growth to increase over 2016-2018 as electricity supply, domestic consumption and net exports improve.

Government has committed to redouble the efforts to deal with the challenges identified by S&P.

Insofar as the energy constraint is concerned, efforts to resolve the challenges are well under way. Eskom will be capitalized in a deficit neutral manner as per plan; independent power producers are delivering close to 2000 megawatts (MW) of electricity and more have been contracted that will take their contribution to around 5000 MW when construction of the plants is completed.

The implementation of the National Development Plan (NDP) is getting embedded in the way government works: it started with a granular plan on the ocean economy and is being extended to agriculture and other areas of delivery.

The role of cities as engines of growth and development is receiving special attention. All players – Development Finance Institutions, private banks, the Department of Co-operative Governance and Traditional Affairs among others, are working very closely to drive a development agenda that will see our cities taking centre stage in development in the medium to long term.

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