



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

GOVERNMENT'S RESPONSE TO THE RATING ACTION OF FITCH RATINGS (FITCH)

The government notes Fitch's decision to affirm South Africa's long term foreign and local currency debt ratings at 'BB-' and revise the outlook to stable from negative.

According to Fitch, the revision of the outlook to stable reflects the faster than expected economic recovery, the surprisingly strong fiscal performance this year and significant improvements in key fiscal indicators following the rebasing of national accounts.

The agency warns that the pandemic continues to weigh on economic performance and remains a source of downside risk for public finances. However, the likelihood of severe negative effects on creditworthiness has declined over the last year despite the recent emergence of the omicron variant of Covid-19 and the associated rapid surge in new cases in South Africa.

The government will continue to demonstrate its commitment to fiscal sustainability and enable long-term growth by narrowing the budget deficit and sizable debt. As stated in the MTBPS, government will use part of the higher tax revenues associated with the recent commodity price surge to narrow the deficit, while increasing non-interest expenditure to support key spending priorities. Equally important is the faster implementation of structural reforms to unlock greater private sector investment, economic growth and job creation.

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