



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

GOVERNMENT'S RESPONSE TO THE RATING ACTION OF S&P GLOBAL RATINGS (S&P)

Government welcomes S&P's decision to revise South Africa's credit rating outlook to positive from stable, while affirming the long term foreign and local currency debt ratings at 'BB-' and 'BB', respectively.

According to S&P, recent favourable terms of trade in South Africa have improved the external and fiscal trajectory, while the country's reasonably large net external asset position, flexible currency and deep domestic capital markets provide strong buffers against shifts in external financing. In addition, the agency expects South Africa to post a current account surplus in 2022 for the third consecutive year, as prices for key metals and mining exports have risen significantly since the start of the Russia-Ukraine conflict.

S&P also notes some improvement on the implementation of key reform targets under Operation Vulindlela (established in October 2020 as a joint initiative of the Presidency and National Treasury to accelerate the implementation of structural reforms) as well as higher-than-expected tax revenue.

As stated in the 2021 Medium Term Budget Policy Statement and 2022 Budget, government is using a portion of the additional revenue to accelerate debt stabilisation, with the majority targeted to address urgent social needs, promote job creation through the presidential employment initiative, and support the public health sector. Faster implementation of economic reforms, accompanied by fiscal consolidation to provide a stable foundation for growth, will support a faster recovery and higher levels of economic growth over the long term.

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