



national treasury

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National Treasury
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

Government's response to the rating action of 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 a stable outlook.

According to Fitch, the affirmation takes into account the recent over-performance of revenue and government's strong efforts to control expenditure which, if continued successfully, could bring about debt stabilisation. However, the agency assumes a substantial part of recent higher revenues to be temporary and sees current public sector wage demands pointing to increased upward pressure on spending.

Government's fiscal strategy reduces risks to the economy and public finances over the medium term. The higher-than-anticipated revenues will be used to reduce the gross borrowing requirement, support spending priorities and reduce risks to the fiscal outlook. Government is working to improve the efficiency of spending and remains committed to returning public finances on a sustainable path.

According to the agency, South Africa's ratings continue to be supported by a favourable debt structure with long maturities and mostly denominated in local currency as well as a credible monetary policy framework.

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