national treasury
Department:
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 the stable outlook.

According to Fitch, South Africa's credit rating is constrained by low real GDP growth, high level of inequality, a high and rising government debt-to-GDP ratio, and a modest path of fiscal consolidation. Growth is hampered by power shortages and a struggling logistic sector. The ratings are supported by a favourable debt structure with long maturities and denominated mostly in local currency, strong institutions as well as a credible monetary policy framework.

The agency estimates that load-shedding will reduce in intensity in 2024 and 2025 compared with 2023 but will not disappear. More capacity is expected to come from private-sector investments.

Over the medium term, government will focus on raising GDP growth by improving the provision of electricity, logistics and enhancing the delivery of infrastructure. Fiscal policy continues to support this approach by stabilising debt and debt-service costs. Government reiterates that fiscal consolidation will be implemented through spending reductions, efficiency measures across government and moderate tax revenue measures.

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