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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

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

Government notes S&P's decision to affirm South Africa's long-term foreign and local currency debt ratings at 'BB-' and 'BB', respectively, and maintain the positive outlook.

According to S&P, the ratings on South Africa benefit from the country's sizable and sophisticated financial system that provides a deep funding base for the government. The country also has relatively strong institutions, with good checks and balances, particularly its central bank. However, S&P says the ratings are constrained by relatively low GDP per capita and low GDP growth rates, as well as sizable fiscal deficits and high government debt.

According to S&P, despite the re-tabling of the Budget and the likely removal of VAT, fiscal consolidation is planned to continue throughout the forecast period, and fiscal financing benefits from access to deep domestic markets and an actively traded currency.

Government's growth strategy will continue to focus on maintaining macroeconomic stability to reduce living costs and grow investment, executing reforms to promote a more dynamic economy, building state capability in core functions and supporting growth-enhancing public infrastructure investment.

The fiscal strategy continues to strike a balance between stabilising the public finances, reducing risks in the fiscal framework, encouraging economic growth and supporting low income and vulnerable households.

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