

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1829

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Prof B Turok (ANC) to ask the Minister of Finance:

With reference to the current account relative to the gross domestic product for the 2008-09 financial year, what (a) is the balance of trade (i) excluding and (ii) including gold, (b) were the net (i) income and (ii) service payments and (c)(i) were the total current transfers and (ii) was the Treasury's policy response thereto?

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REPLY

- (a) (i) R85 billion or 3.7 per cent.
- (ii) R35.2 billion or 1.5 per cent.
- (b) (i) R66 billion or 2.9 per cent.
- (ii) R34.3 billion or 1.5 per cent.
- (c) (i) R25.96 billion or 1.1 per cent.
- (ii) The Treasury adopted a countercyclical fiscal stance to manage imbalances in the economy that were contributing to a higher current account deficit. This allowed surplus revenues from the commodity boom to be used to strengthen macroeconomic stability by reducing the level of government debt and purchasing foreign exchange reserves. Macroeconomic stability provides crucial support to economic growth by lowering volatility in inflation and interest rates and drawing foreign savings into the economy to finance investment.