

MEDIA STATEMENT

MINERALS COUNCIL SOUTH AFRICA WELCOMES MOODY'S DECISION TO LEAVE CREDIT RATING UNCHANGED

Outlook change from “stable” to “negative” not unexpected, and calls for credible plan

Johannesburg, 04 November 2019: The Minerals Council South Africa welcomes the decision by Moody's to keep South Africa's investment rating at Baa3 – remaining at the lowest tier of investment grade. However, Moody's decision to downgrade South Africa's outlook from “stable” to “negative”, while not unexpected, has effectively placed the country on notice that in order to preserve the investment grade the government will have to develop and implement a credible plan to stabilise the country's finances and national debt levels.

The Minerals Council notes that Moody's decision “reflects the material risk that the government will not succeed in arresting the deterioration of its finances through a revival in economic growth and fiscal consolidation measures”. Moody's comments regarding the financial distress caused by Eskom and other state-owned enterprises, and the need political capital to be mobilised to lift growth are well-noted.

The Minerals Council believes that government must now make hard choices as it works to revive the economy and stabilise the national finances. As noted in the Minerals Councils' response to Minister Mboweni's Budget Speech this week, it is disappointing that government has not yet agreed on key structural reforms, nor to empowering Treasury or other key departments to effect rapid change. This is now a matter of urgency: Moody's decision gives the country a short 6-month window to demonstrate a substantial turn-around.

The mining industry has the potential to make a sustainable, positive contribution to growth and development, to the benefit of all its direct stakeholders and the country as a whole. But, to be able to do this it needs to be able to attract and keep investment, which in turn requires a stable, predictable and competitive investment environment.



The Minerals Council is committed to working with Government and all sectors of society to stabilise and grow South Africa's economy, to the benefit of all its people.

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