



**SAUBC**

**SOUTH AFRICAN UNITED  
BUSINESS CONFEDERATION**  
[www.saubc.org](http://www.saubc.org)

**MEDIA STATEMENT**

For immediate release  
Saturday, 28 March 2020

**THE TIMING OF MOODY'S CREDIT RATING OF JUNK STATUS FOR SOUTH AFRICA IS UNFORTUNATE**

In a statement on Friday evening, Moody's cited the deterioration in South Africa's fiscal strength and "structurally very weak growth" and "the inexorable rise in government debt over the medium term" for its decision to lower the country's rating to Ba1 which is a non-investment grade from Baa3 which is a lower medium grade.

President of South African United Business Confederation (SAUBC), Mr George Sebelela said "the downgrade came on the same day that South Africa entered a 21-day national lockdown in an effort to slow the spread of the coronavirus pandemic. It is indeed saddening that the timing of Moody's credit rating to a junk status happens at this difficult time."

The statement on Friday evening was rather unexpected and unfortunate. Even though Moody's downgraded its outlook for our country's credit rating to negative in November 2019, warning of South Africa's growing debt-to-GDP ratio and the current poor fiscal position, currently not only South Africa is facing the challenges but entire world economies are under pressure. Several practical & positive steps have been presented by the South African President, His Excellency Mr Cyril Ramaphosa during his State of the Nation Address (SONA) and Minister of Finance, Mr Tito Mboweni, during his Budget Speech.

"The countrywide lockdown that suspended all economic activities except essential services from Friday meant that the budget deficit will increase resulting in the government's debt burden deteriorating even further", Mr Sebelela added.

Dr Pali Lehohla, SAUBC policy and strategy advisor said "the rand sunk back to the lows it reached before. Now our anxiety about the Moody's is over and we always knew it was just a matter of moments. We now have to put shoulder to the wheel to address the driving force to our ill economy namely education as a problem solving attribute in society, unemployment, poverty, inequality and growth. Lessons from Coronavirus University as they unfold unfortunate and devastating as they are should be put to good use as levers for a society changed for the better where we are bound by true human solidarity."

Moreover, "the downgrade will have serious implications on South Africa's investment-grade rating for the first time in almost 30 years and will result in a fall out of the Financial Times Stock Exchange (FTSE) World Government Bond Index, which could prompt significant capital and foreign direct investment outflows. It will also raise borrowing costs, complicating the government's efforts to narrow the budget gap" Mr Sebelela reiterated.

+27 11 312 2324

+27 11 312 2325

[info@saubc.org](mailto:info@saubc.org)

The South African United  
Business Confederation  
is a Registered Non-Profit  
Organisation

Hertford Office Park  
90 Bekker Rd, Ground Floor  
Vorna Valley, Midrand  
Johannesburg, South Africa

**DIRECTORS:**

George Sebelela: President  
Sello Rasethaba: Chairman  
Johan Heyneke: Director

Matome Mbatha: Director  
Akhona Qengqo: Director  
Leon Dillman: Director  
Moya Nape: Director



**SAUBC**

**SOUTH AFRICAN UNITED  
BUSINESS CONFEDERATION**

[www.saubc.org](http://www.saubc.org)

“This is the time to accelerate the establishment a BRICS Credit Ratings Agency (BRICS CRA) which was raised for the first time during the BRICS Business Council meeting held in Russia in 2015” said Mr. Sello Rasethaba, Chairman of the SAUBC, former member of the BRICS Business Council and chairman of its Financial Services Working Group (FSWG).

Rasethaba further said, “this is the time to fast-track the establishment of the BRICS CRA that will have the interest of the people in developing countries at heart.”

Therefore, what does the junk status really mean for the South African economy? Mr George Sebelela said, “Its simple, more South Africans will pay more on interest. Food, electricity and petrol prices will increase. Unemployment will continue to increases due to retrenchments and factory shut downs. Government will be forced to spend less on social programmes. Low confidence, therefore low investments and no job creation. The rand will be worth much less, thus increasing the price of imported goods. It will be difficult for small, micro, medium enterprises (SMMEs) to access debt finance.

Furthermore, SAUBC would like to applaud the Motsepe Foundation, together with companies it is associated with for their pledged R1-billion to fight the novel coronavirus (Covid-19) in South Africa, as well as its related challenges that are confronting the country and urge other companies to follow suit. We would also like to make a special request that more of the money be spent on SMME funding.

Mr. Sebelela said to members, “We call upon all our members and other businesses in South Africa to brace themselves for tougher economic conditions that will strain their business activities as they continue in addressing the South African socio-economic programmes such as alleviation of poverty, unemployment and inequality. We further encourage our members to take advantage of the SMMEs emergency funding packages introduced by the South African government and it’s Developmental Finance Institutions (DFIs)”.

“We also call upon the President and his Economic Cluster to urgently expand access to low rate emergency loans, Fastrack an urgent solution for compulsory payment holidays and further explore tax relieves for the next 3 month period targeted for SMME’s” concludes Mr Sebelela

**ENDS.**

**South African United Business Confederation Issued By:**

Nomthandazo Tshobeka- SAUBC Communications Officer

For more information:

Ms. Nomthandazo Tshobeka- 076 555 2782

Mr. George Sebelela – SAUBC President- 082 331 5271

Mr. Sello Rasethaba- SAUBC Chairman- 083 325 3847

+27 11 312 2324

+27 11 312 2325

[info@saubc.org](mailto:info@saubc.org)

The South African United  
Business Confederation  
is a Registered Non-Profit  
Organisation

Hertford Office Park  
90 Bekker Rd, Ground Floor  
Vorna Valley, Midrand  
Johannesburg, South Africa

**DIRECTORS:**

George Sebelela: President

Sello Rasethaba: Chairman

Johan Heyneke: Director

Matome Mbatha: Director

Akhona Qengqe: Director

Leon Dillman: Director

Moya Nape: Director



**SAUBC**

**SOUTH AFRICAN UNITED  
BUSINESS CONFEDERATION**

[www.saubc.org](http://www.saubc.org)

### **What is SAUBC?**

South Africa United Business Confederation (SAUBC) is a non-profit & non-racial, business & economic federation that represents cross-cutting business interests in South Africa. SAUBC consists of members representing Export Councils, Industry Associations and Joint Groups (Business Chambers).

### **SAUBC Vision**

To make South Africa the best and preferred investment destination in the world.

### **SAUBC Goal**

The goal of SAUBC as a comprehensive **BUSINESS & ECONOMIC FEDERATION**, is to **CONTRIBUTE TO THE SELF-SUSTAINED DEVELOPMENT OF THE SOUTH AFRICAN ECONOMY** and the **IMPROVEMENT OF THE LIVES OF CITIZENS**, by drawing out the dynamism, capacity & experience of Export Councils, Industry Associations, Joint Action Groups & Corporations as well as interact with Government, Labour & Communities that support them.

+27 11 312 2324

+27 11 312 2325

[info@saubc.org](mailto:info@saubc.org)

The South African United  
Business Confederation  
is a Registered Non-Profit  
Organisation

Hertford Office Park  
90 Bekker Rd, Ground Floor  
Vorna Valley, Midrand  
Johannesburg, South Africa

#### **DIRECTORS:**

**George Sebelela:** President  
**Sello Rasethaba:** Chairman  
**Johan Heyneke:** Director

**Matome Mbatha:** Director  
**Akhona Qengqe:** Director  
**Leon Dillman:** Director  
**Moya Nape:** Director