

**South Africa: 2007 Article IV Consultation—Staff Report; Staff Statement; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for South Africa**

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2007 Article IV consultation with South Africa, the following documents have been released and are included in this package:

- The staff report for the 2007 Article IV consultation, prepared by a staff team of the IMF, following discussions that ended on May 22, 2007, with the officials of South Africa on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on July 11, 2007. The views expressed in the staff report are those of the staff team and do not necessarily reflect the views of the Executive Board of the IMF.
- A staff statement of July 25, 2007 updating information on recent developments.
- A Public Information Notice (PIN) summarizing the views of the Executive Board as expressed during its July 25, 2007 discussions of the staff report that concluded the Article IV consultation.
- A statement by the Executive Director for South Africa.

The document listed below has been or will be separately released.

Selected Issues Paper

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INTERNATIONAL MONETARY FUND

SOUTH AFRICA

**Staff Report for the 2007 Article IV Consultation**

Prepared by the Staff Representatives for the  
2007 Consultation with South Africa

Approved by Michael Nowak and Matthew Fisher

July 11, 2007

- The 2007 Article IV consultation discussions were held in Pretoria and Cape Town during May 9–22, 2007. The mission met with the Minister of Finance, the Governor of the South African Reserve Bank, senior officials, and representatives from the private sector and the academic community.
- The staff team comprised Messrs. Lizondo (head), Cuevas, and Gueorguiev (all AFR), Vacher (MCM), and Ms. Nkusu (PDR). Messrs. Nolan and Burgess, senior and deputy resident representatives in Pretoria, respectively, participated in the mission. Mr. Aboobaker, Senior Advisor to the Executive Director for South Africa, also took part in the discussions.
- At the time of the 2006 Article IV consultation, Executive Directors commended the authorities for their well-designed macroeconomic policies and structural reforms. They also noted that high unemployment and poverty remained serious challenges. Directors supported the authorities' strategy to deal with these problems through policies aimed at raising economic growth while maintaining a stable macroeconomic environment.
- Economic data for South Africa are generally of good quality and are provided to the Fund and the public in a timely manner. South Africa subscribes to the SDDS and publishes all data on the reserves template.
- Relations with the Fund, relations with the World Bank Group, and statistical issues are presented in an informational annex to this report.

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**GLOSSARY**

ARV	Anti-retroviral drugs
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BEE	(Broad Based) Black Economic Empowerment
BLNS	Botswana, Lesotho, Namibia, and Swaziland
CGER	Consultative Group on Exchange Rate Issues
CMA	Common Monetary Area
CPI	Consumer Price Index
CPIX	CPI excluding the interest on mortgage loans
EMEs	Emerging Market Economies
EPA	Economic Partnership Agreement
EU	European Union
FSAP	Financial Sector Assessment Program
IMD	International Institute for Management Development
PPP	Public-Private Partnership
REER	Real Effective Exchange Rate
ROSC	Report on the Observance of Standards and Codes
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARB	South African Reserve Bank
SDDS	Special Data Dissemination Standard
SMEs	Small-and-medium-sized enterprises
SOEs	State-owned enterprises
TDCA	Trade Development and Cooperation Agreement
TFP	Total Factor Productivity
WEF	World Economic Forum