

EBS/83/100
Supplement 1

CONFIDENTIAL

June 17, 1983

To: Members of the Executive Board

From: The Secretary

Subject: South Africa - Staff Report for the 1983 Article IV
Consultation and Review Under the Stand-By Arrangement

As indicated on page 2 of the staff report for the 1983 Article IV consultation and review under the stand-by arrangement with South Africa (EBS/83/100, 5/20/83), the South African Government was expected to communicate to the Fund the schedule for the removal of the remaining import surcharge prior to the Board's consideration of the report. In the attached letter, the Minister of Finance of South Africa informs the Managing Director that the remaining surcharge will be removed at the latest by the end of November 1983.

Att: (1)

Pretoria, June 9, 1983

Dear Mr. de Larosière,

I am writing to inform you that, after giving thorough consideration to the matter, I have decided that the remaining 5 per cent surcharge on imports will be removed at the latest by the end of November 1983. This is at least one month earlier than provided for under the stand-by arrangement (and will cost the Exchequer in excess of R 50 million in revenue foregone, an amount which will have to be recouped from other sources). As you know, despite the difficulty of our budgetary position, I have been able to halve the surcharge, in two steps, more rapidly than initially envisaged. Owing to the recent further decline in the gold price and other continuing revenue restraints as well as the heavy financial burdens of the severe drought on the Exchequer and the economy as a whole, I regret that I cannot commit myself to bringing forward further the terminal date for the removal of the surcharge. However, I will continue to keep this matter under review in the light of developments in our financial position.

Sincerely yours,

/s/

O.P.F. Horwood
Minister of Finance
Governor of the Fund for South Africa