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August 28, 1985

To: Members of the Executive Board

From: The Acting Secretary

Subject: South Africa - Suspension of Trading on South African Currency Market and Johannesburg Stock Exchange

The Fund has received the following communication dated August 28, 1985 from the Principal Resident Representative of South Africa:

I transmit herewith the contents of the announcement of the Minister of Finance, released last night, pertaining to the immediate suspension of trading on the South African Currency Market and the Johannesburg Stock Exchange until Monday, 2 September 1985.

Flowing from the abnormal pressure that has arisen over past weeks on the capital account of South Africa's balance of payments, as a result of reasons unrelated to the healthy underlying economic conditions in the country, the Government has after careful consideration decided to suspend trading on the South African Currency Market and the Johannesburg Stock Exchange forthwith, until Monday, 2 September 1985.

During the next few days negotiations with all affected parties, such as, amongst others, our partners in Southern Africa will take place and the necessary arrangements will be made to allow orderly circumstances to prevail and normal financial and trade relations to proceed.

These steps have been taken so that South Africa can continue to meet all its international obligations.

The necessary proclamation will be published in an extraordinary Government Gazette tomorrow, 28 August 1985.

Other Distribution:  
Department Heads