



CAPE CHAMBER

OF COMMERCE & INDUSTRY

THE EFFECT'S 'JUNK STATUS' WILL HAVE ON SOUTH AFRICANS

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What ordinary South Africans need to do now is look at the down-to-earth effects of the credit rating down grade and how junk status will hurt them in their every-day lives.

Overseas investors would withdraw their money and the government would have to pay much higher interest rates to borrow money to service and repay its massive loans such as those which Eskom, SAA and other State-owned enterprises had built up. Interest rates would go up and the value of the rand would shrink.

In plain language this means that the value of our savings and pension funds will go down and the monthly payments on our cars, home loans, credit cards and our medical schemes will go up.

Everything we import like petrol, clothes, food and medicines will cost more. That will mean less money for food, clothes and school fees.

If investment in the country dried up there would be no new factories, no new jobs and the unemployment problem would get worse. It is the ordinary South African and the poor who will feel the pain. The corrupt have already changed their looted fortunes into dollars.

Businesses would have to work together to starve the captured institutions of funds and services until their boards and management positions were no longer occupied by people with tarnished reputations. There is a great deal we can do if we can find the courage. It may mean taking risks but we have reached the stage where the biggest risk of all is not to take the risks.

Janine Myburgh

President of the Cape Chamber



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