

2002-04-08: CLOSING STATEMENT BY ALEXANDER MACGREGOR BRUCE-BRAND

Mr Chairman I would like at this stage to make some closing general remarks concerning exchange controls with particular reference to paragraph 1.4 of the terms of reference of this commission.

Broadly speaking the primary purpose of exchange control is to protect the foreign reserves of the country. The effectiveness of the current administrative system of enforcing exchange controls is interlinked with and dependent upon the fullest co-operation from all the Authorised Dealers and the clients for whom they act in matters of exchange control. The relationships between the Authorised Dealers, their clients and the Exchange Control Department has as its underlying rationale a duty of utmost good faith, transparency and trust. Without this the system cannot function effectively.

Within the parameters of the policy considerations underlying exchange control every effort is made to facilitate commercial transactions of the South African economy.

To enable exchange control to respond constructively in the ever changing and increasingly complex commercial environment the aforementioned trust, transparency and good faith is all the more important to enable exchange control to achieve this objective.

My statement would not be complete without reference to the issue of whistleblowers in the context of exchange control. Whistleblowers have a useful role to play in monitoring the implementation of exchange control particularly given the challenges to corporate governance. As in the past, anyone with legitimate information should feel secure in approaching the appropriate authorities and we from Exchange Control want to make it clear that we will, as always, treat such information in the utmost confidence, with sensitivity and treat it with the seriousness it deserves.

In light of everything that has been said by the South African Reserve Bank to this Commission and given the foregoing, I am of the opinion that exchange controls are

effective provided that all role players fulfil their obligations in both the spirit and the letter of the existing rules and regulations.

By and large our experience is that this is the norm and that the effectiveness of our primary objective ie the protection of the country's foreign reserves is borne out by the growth in the reserves from approximately two weeks of import cover when the democratic government was elected in 1994 to the prevailing level of approximately twenty-four weeks of import cover. This objective has been achieved against the background of extensive exchange control liberalisation and a significant reduction in government's foreign exchange liabilities.