

A Introduction

1

1.1 The President appointed the Commission of Enquiry into the rapid depreciation of the rand and related matters. The terms of reference, in summary, are to enquiry into and report on:

- transactions which contributed or gave rise to the rapid depreciation of the rand in 2001 and whether such transactions were illegal or unethical;
- whether any of the transactions involved collusion and resulted in any improper gain or avoided loss;
- exchange controls.

The Commission is required to advise the President on any relevant recommendations, including

- the effectiveness of exchange controls and other regulatory measures and guarding against the occurrence of such transactions; and
- possible action that could be taken against any person identified as having participated in any such transactions.

This interim report is submitted on 30 April 2002 to the President pursuant to §3 of the terms of reference.

1.2 The process adopted in enquiring into the matters raised in the Terms of Reference was the following:-

- assistants to the Commission were appointed;
- the assistants consisted of a number of firms of accountants and attorneys;
- the assistants were divided into teams, each with a designated task;
- the investigations resulted in evidence being led in public before the Commission in compliance with section 4 of the Commissions Act, no 8 of 1947;
- the evidence consisted broadly of the following:-
 - experts who had the requisite knowledge, experience and expertise to testify on different aspects of the enquiry;
 - representatives of the South African Reserve Bank (“Reserve Bank”) and the National Treasury;
 - Mr Kevin Wakeford, the bank (Deutsche Bank) and the corporates (Sasol, Nampak, M-Cell and Billiton) mentioned by him in his statement to the President of 8 January 2002;

- some of the authorised dealers.

1.3 The evidence which, to the present knowledge of the Commission, must still be given is that of

- the remaining authorised dealers;
- three assistants to the Commission who will testify on the results of the investigations of the various teams of assistants;
- the Reserve Bank on particular issues raised during the hearings.

1.4 The intention of the Commission is to complete the evidence during May 2002, if all goes well, and to furnish the President with a final report by no later than 30 June 2002.

1.5 The Interim Report does not make any findings or recommendations. It would be premature and improper to do so before all the evidence has been heard and evaluated.

1.6 The Interim Report deals only with a limited number of topics testified to by the experts who gave evidence at the request of the Commission during the first two weeks that the Commission heard oral evidence. The witnesses included a foreign expert, Mr Bob McCauley, Deputy Chief Representative, Representative Office for Asia and the Pacific Hong Kong, of the Bank of International Settlements; well-known economists employed by South African banks such as Mr Rudolf Gouws, the Chief

Economist and Director of Rand Merchant Bank, Dr Iraj Abedian, the Director and Group Economist of Standard Bank, Dr A Jammie, Director and Chief Economist, Econometrix (Pty) Ltd, Mr Christo Luüs, the Chief Economist, Absa Group Ltd; central bankers, Dr Chris Stals, the previous Governor of the Reserve Bank and Mr Tito Mboweni, the Governor of the Reserve Bank; and Mr Trevor Manuel, the Minister of Finance and Ms Maria Ramos, the Director-General, National Treasury.

- 1.7 The Interim Report covers their evidence on the rand and forex markets, locally and globally, and factors which in their view might have contributed to the rapid depreciation of the rand.
- 1.8 Parts B, C and D of the Interim Report, suitably amended by the additional evidence not canvassed in this report, will form an integral part of the final report.