

Press Release

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South African Institute of Race Relations
The power of ideas

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Trump tweet shows the damage that EWC is doing - IRR

President Donald Trump's announcement that he has directed his Secretary of State, Mike Pompeo, to 'study the South Africa land and farm seizures and expropriations and the large scale killing of farmers' is another indication of the damage that the reckless handling of South Africa's 'land question' is doing.

Expropriation without compensation (EWC) has become one of the dominant themes in the country's politics. This has been deliberately driven by the government and ruling party, even though survey evidence has shown that land – particularly in the agrarian sense – is not a priority for South Africa's people.

Senior politicians, including President Ramaphosa, have repeatedly endorsed the idea of compensation-free seizures of property. Over the past few weeks, this has extended to a commitment to amend Section 25 of the constitution. This is despite the president's own declaration that nothing in the constitution prevented EWC. This decision was taken before the parliamentary review process into the matter had been completed. That the Bill of Rights should be tampered with in this fashion – for purely political reasons – sets a disturbing precedent.

That neither government nor the ruling party has seen fit to favour the country with a clear sense of what the proposed EWC system will entail has itself become a major concern for business. Based on a string of attempted policy and regulatory changes over the past

decade, it is likely to entail significantly enhancing the discretion of the government to intervene in and abridge the property rights of individuals and businesses.

There is no guarantee that expropriations will ultimately be limited to land; once momentum begins to build, it is probably inevitable that they will extend to other spheres of the economy.

We at the Institute of Race Relations can attest to the degree of apprehension felt by business – both in South Africa and abroad.

President Trump's announcement is the latest indication that the EWC drive is having consequences offshore. Seen alongside South Africa's decision to terminate its bilateral investment treaties, EWC has prompted a great deal of concern about the security of their assets – particularly among the European investors most directly impacted.

Even president Ramaphosa's investment envoys have referred to the difficulties that EWC has created for them in attempting to attract desperately needed funds to South Africa.

For South Africa, consternation about EWC has implications for the country's eligibility for the African Growth and Opportunity Act (Agoa). Countries participating in Agoa must be, or be working towards, 'a market-based economy that protects private property rights'. Intellectual property and private security ownership requirements (both property rights issues) have already been sources of tension with the United States within the Agoa context.

EWC could well lead to South Africa's exclusion. This would be a significant disadvantage for South Africa, putting large volumes of exports and potentially tens of thousands of jobs at risk.

It is remarkable that South Africa's government is apparently willing to risk its own economic interests for a policy choice that will do nothing to resolve the issues for which it is nominally being adopted.

The IRR will continue to lobby and apply pressure until the policy of EWC is abandoned and the property rights of all South Africans, black and white, are secure.

Ends.