

**Press  
Release**  
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South African Institute of Race Relations  
*The power of ideas*

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**Sisulu's words do not compensate for reality**

Minister of International Relations and Cooperation Lindiwe Sisulu offers South Africa's peers in the international community little reason for optimism as the government commits itself to introducing a regime of expropriation without compensation.

An appeal not to 'panic or be alarmist' is unlikely to provide much reassurance to foreign investors and their governments, since members of the government and the ruling party have repeatedly affirmed their commitment to this course of action.

The prospect of an abridgement of property rights through an amendment of Section 25 of the constitution, or the introduction of a system of state 'custodianship' of all land in South Africa (with the strong possibility that these intrusions would ultimately not be limited to land) has rightly sparked deep concern about the security of investments. No less than those of South Africans, the investments of foreign citizens or foreign-based companies in South Africa stand to be made vulnerable to seizure should these measures find their way into law.

This is not merely theoretical. In the face of much criticism, South Africa has in recent years been declining to renew its bilateral investments treaties, diluting the protections they provided in favour of the Protection of Investment Act of 2015. Interestingly, one of the provisions of this act is explicitly that investors are entitled to the rights under section 25; the measures being contemplated would directly undermine this.

Nor is this the only concerning signal that South Africa has sent regarding foreign investment and the rights of investors. The Private Security Industry Regulation Amendment Bill, for example, sought to confer extraordinary powers on the state to expropriate foreign-owned security firms. The proposed policy would align closely with this.

Minister Sisulu has invited the international community to support the government's efforts to deal with the impact of apartheid policies. She might be surprised to see that there remains a substantial pool of goodwill towards South Africa – many in foreign governments and in foreign businesses

would be glad to do so. Suggesting support for a proposal that will be inimical to their interests and damaging to South Africa's economy is, however, a step too far.

**Ends.**