

Press Release

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South African Institute of Race Relations
The power of ideas

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What will South Africa lose if all immigrants are sent home?

South Africa hosts more undocumented immigrants per capita than wealthier countries like the UK and Germany, and almost as many as the USA.

Yet, according to an IRR report released today, most refugees and immigrants who come to South Africa seeking a better life, manage to do so.

At 14.6% the unemployment among foreign immigrants is roughly half to a third of the local unemployment rate. Furthermore, they make up 11% of South Africa's working population, and they make a huge contribution to the South African economy through providing goods and services, paying rent and buying from South African wholesalers.

So, in the context of high levels of xenophobic violence, what do South Africans lose if all immigrants are sent home?

- **Low prices and convenience:** Immigrant-owned spaza shops allow township residents to shop on their doorsteps and their prices are usually the cheapest in the city.
- **Rentals:** Some 70,000 to 90,000 South Africans are now renting their spazas to foreign traders. Immigrants also need places to stay, so they pay commercial as well as residential rents.
- **Economic stimulation:** The majority of foreign traders started out with capital of R 5 000 or less. Within three years, however, all had at least doubled the value of their businesses, and 40% had amassed R 50 000 or more. It's worth noting that small-scale street traders and spaza operators cannot escape paying VAT on goods purchased from wholesalers, thereby contributing to the nation's coffers and thus the economy.
- **Self-respect:** Sending people fleeing war zones home would be dishonourable and cruel.

Says Rian Malan, author of the report and IRR research fellow: "If the ANC is to turn South Africa into a 'nation of entrepreneurs, not job seekers', policy makers can learn from the example of immigrants to boost entrepreneurship, economic growth and job creation by making tender processes transparent, awarding contracts to the lowest bidder, and allowing the winners to sink or swim in the real world, like the industrious immigrants and Kasikos entrepreneurs I spoke with."

Download *South Africa's Immigrants – Building a New Economy* [here](#).

Watch IRR CEO Frans Cronje discuss the report [here](#).

Ends.
