



Land expropriation plans dampens foreign investment enthusiasm

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Johannesburg - South Africa's commitment to expropriation without compensation has created 'great uncertainty' in the United States, and 'has dampened investment enthusiasm following the political changes that occurred in South Africa in December 2017'.

So says Frans Cronje, chief executive of the Institute of Race Relations (IRR), after the first week of private and public meetings in the United States that form part of the IRR's international campaign this month to generate support for protecting and extending the property rights of all South Africans.

He noted: "Africa, let alone South Africa, is not a high-profile issue on the American political and policy agenda. That is why it is so important that when South Africa gets on the Washington agenda, it is for the right reasons – and, unfortunately, the government's repeated commitment to EWC has been allowed to compete for airtime with the narrative of reform that came out of the ANC leadership change in December 2017."

Influential Americans in Washington, he said, had shown "a considerable degree of surprise ... that South African policy makers would risk the investment reputation of the country to the extent that they have done".

They were similarly surprised "at just how poorly thought through the proposal was, that no detailed plans for implementation had been put forward".

Equally, Cronje encountered much "confusion and misinformation" about South Africa's EWC proposal.

"One thing that became quite apparent during our first week in the United States was the degree of confusion and misinformation about the EWC proposal. It was assumed in some places that the proposal related mainly to land and the further implications were not well understood, especially where it came to regulatory expropriations – in the security industry for example."

"But regardless of the misunderstandings, the EWC question is clearly a source of great uncertainty and has dampened investment enthusiasm following the political changes that occurred in South Africa in December."

Cronje used his appearance at the Cato Institute in Washington on June 20 to launch the IRR's latest report on EWC, 'Empowering the State, Impoverishing the People'.

The report warns that "the undermining of property rights in South Africa has serious implications both for American investors in South Africa and for the strategic interests of the United States".

It notes that expropriation without compensation "will do nothing to address the inefficiencies, corruption, and other factors responsible for land reform failures' to date, and, if anything, will exacerbate these problems". The report provides details of "far more constructive ways in which effective land reform could be achieved".

In his speech at the Cato Institute, titled 'Will South Africa become Africa's Venezuela?', Cronje said there was no question of the importance of 'addressing historical dispossession', but argued that 'this can only be done within a policy framework that finances and extends title to black South Africans'.

The risks of EWC as presently contemplated were exacerbated by the likely ramifications which 'will extend far beyond the agricultural sector to many other spheres', dampening foreign investment.

His private and public engagements on EWC have included meetings with a former Assistant Secretary of State, a leading Africa policy advisor, senior journalists, the International Republican Institute, National Endowment for Democracy, American Enterprise Institute, and the Institute for International Finance.

He also had a meeting with SA Embassy diplomats, which he described as "excellent and constructive".