

POLITICAL RISKS ASSOCIATED WITH SOUTH AFRICA

1. Policy and Regulatory Uncertainty

- Ongoing debates around land reform and the possibility of expropriation without compensation.
- Frequent changes or ambiguity in mining, energy, and property-related regulations.
- Uncertainty around Broad-Based Black Economic Empowerment (B-BBEE) requirements and their application.

2. Governance and Corruption Risks

- High-profile corruption scandals and “state capture” (particularly during the 2009–2018 period).
- Weaknesses in state-owned enterprises (Eskom, Transnet, PRASA, etc.) linked to poor governance and political interference.
- Concerns about the effectiveness of institutions tasked with fighting corruption.

3. Labour and Social Unrest

- Recurring large-scale strikes (especially in mining, manufacturing and the public sector).
- Service-delivery protests and periodic outbreaks of social unrest.
- High levels of unemployment contributing to social and political tension.

4. Electricity and Infrastructure Failures

- Persistent load-shedding and the long-running crisis at Eskom, widely attributed to governance and political failures.
- Broader infrastructure decay (rail, ports, water) that has political as well as technical roots.

5. Fiscal and Macro-Political Risks

- Rising public debt and the fiscal burden of supporting underperforming state-owned enterprises.
- Pressure on government finances that can lead to higher taxes or reduced capital expenditure.
- Sovereign credit-rating downgrades linked partly to political and governance concerns.

6. Crime, Security and Rule of Law

- High levels of violent crime and property-related crime affecting both households and businesses.
- Perceptions (in some periods) of uneven application of the rule of law or political interference in institutions.

7. Political Fragmentation (more recent)

- The rise of coalition politics at national and local level since 2024, creating greater uncertainty about policy continuity and decision-making speed.
- Tensions within and between political parties that can delay reforms.

These risks are not constant in intensity — they have fluctuated over time — but they form the core set of political factors that investors and property market participants have monitored in South Africa since the late 1990s.