

**SENIOR ADVISORS:**

**Lord Paul Boateng\***

Fmr. UK Chief Secretary to the Treasury & High Commissioner to South Africa

(\*International Legal Counsel to DaMina Advisors LLP)

**Dr. Babacar Ndiaye**

Fmr. President of the African Development Bank

**Dr. Ablasse Ouedraogo**

Fmr. Foreign Minister of Burkina Faso

**H.E. Kabine Komara**

Fmr. Guinean Prime Minister

**Hon. Victor Kasongo Shomary**

Fmr. DR Congo Dep Minister of Mines

**H.E. Isaiiah Chabala**

Fmr. Zambia Ambassador to EU; UN

**Dr. Ousmane Sylla**

Fmr. Guinean Minister of Mines

**H.E. Mamadouba Max Bangoura**

Fmr. Guinean Minister of Planning

**Mr. Bismark Rewane**

Fmr. Advisor to late Nigerian Pres. Yar'Adua' Economic Team

**Ms. Rita Gail-Johnson**

Fmr. Senior Executive at Big-4 Accounting/Consulting Firm

**Mr. David Ensor**

Fmr. Chief Credit Officer, AIG-Chartis

**Mr. Scott Korman**

CEO, Nashone Inc

**Hon. Conrad Enill**

Fmr. Trinidad & Tobago Energy, Finance Minister

**Mr. Elias Masilela**

Fmr. CEO, South Africa's PIC

**AFRICA DUE DILIGENCE, RESEARCH, POLITICAL, GEOPOLITICAL, REGULATORY RISK ADVISORY SERVICES**

**CONTACT:**

**Sebastian Spio-Garbrah**

Managing Director & Chief Analyst, [sebastian@daminaadvisors.com](mailto:sebastian@daminaadvisors.com)  
Tel: +1 647 808 9671

**Nicole Elise Kearse Esq.**

Deputy Managing Director, Head of Transactional & Cross Border Risks  
[nicole@daminaadvisors.com](mailto:nicole@daminaadvisors.com)  
Tel: +44 7415 131102

**ABOUT THE COMPANY**

DaMina is a preeminent independent frontier markets risk advisory, research and consulting firm. With a special focus on African capital markets, DaMina provides exclusive, objective, highly-tailored, 360-degree and around-the-clock regulatory and political risk advisory and consulting services to a range of marquee global companies and investment firms. DaMina Advisors is registered in the UK, NY, Canada, Australia and Ghana.

[www.DaMinaAdvisors.com](http://www.DaMinaAdvisors.com)

## South Africa's post-apartheid economic growth malaise unmasked in xenophobic riots; Real estate, a haven for wealthy foreigners likely to see sharp price declines

While the disputed controversial speech by an ethnic Zulu monarch in South Africa is the proximate cause of the country's ongoing deadly xenophobic riots, the real structural causes of the widespread working class xenophobic revolt are the persistently low mediocre levels of economic growth recorded during the immediate post-apartheid period under presidents Mandela, Mbeki and Zuma. Paradoxically a close study of South Africa's economic statistics from 1970 to 1990, during the last decades of the apartheid era, in comparison to the immediate post-apartheid era, from 1990 to 2010, reveals an inconvenient truth - that South Africa's economic growth was more structurally buoyant during the last 20 years of apartheid, than under the first 20 years of freedom! This shocking inconvenient statistical truth, known instinctively by the poor working masses, and ignored by the ANC's minted nouveau riche 'Black Economic Empowerment' millionaires, within a toxic atmosphere of 30% national unemployment rates, amidst the presence of millions of poor African migrants, (legal and illegal), competing for low paying largely non-existent jobs, have combined to produce the ongoing tumult. The macabre bloody mayhem, shocking to many Africans, threatens to finally unmask the mediocre economic performance of the ANC and severely strain the Pan-Africanist pretensions and geopolitical ambitions of South Africa on the African continent. Not only are major South African brands operating elsewhere in Africa at risk of targeted of retribution, but all classes of South African risk assets, especially real estate, are likely to begin a multi-year decline in prices, as the South African markets re-adjusts to higher levels of embedded risk premia in the country. Hundreds of foreign companies with thousands of staff in the country may also begin to relocate to other capitals such as: Nairobi, Addis Ababa, Lagos, Abuja, Accra, Abidjan and Dakar.

**(Table 1) Trading Bread for Votes: South Africa's High Price for Freedom**

South Africa GDP/ sectoral breakdown at current \$USD prices (billions)	Sectoral growth Diff btw Apartheid & Immediate Post-Apartheid Eras (1970-1990 vs. 1990-2010)	Annual Avg GDP Sectoral Deceleration in the Post-Apartheid Era (1990 – 2010)
General government consumption	-626%	-31%
Manufacturing	-430%	-21%
Mining, Utilities	-418%	-21%
Household consumption	-342%	-17%
Exports of goods and services	-300%	-15%
Wholesale, retail trade, restaurants and hotels	-261%	-13%
Gross capital formation	-100%	-5%
Other Activities - Banking, Finance	-228%	-11%
Gross fixed capital formation (including Acquisitions)	-221%	-11%
Transport, storage and telecommunications	-179%	-9%
Construction	-135%	-7%
Imports of goods and services	26%	1%
Agriculture, hunting, forestry, fishing	-206%	-10%
<b>Gross Domestic Product (GDP)</b>	<b>-303%</b>	<b>-15%</b>

*Source: UN Stats Division (DESA)/ DaMina Advisors*

According to the statistical tables, during the last 20 years, every single major economic sector of the South African economy has witnessed a relative deceleration in growth compared to the last two decades of the apartheid era. South Africa's aggregate GDP itself has witnessed a cumulative 300% decline in growth vis-à-vis the previous apartheid era. Even government consumption which rose on average 44% during the apartheid era has fallen by 31% on average in current US dollar terms. Cumulatively government spending from 1970 to 1990, under a right-wing conservative government rose by almost 900%, and yet has shrunk by almost 630% under the socialist ANC. The story is not any different in agriculture, mining, manufactures or exports. Unless the underlying mediocre economic trends are sharply reversed, the current xenophobic riots will deepen, spread and snowball.

(Table 2)

## A Statistical Glimpse into the Post-Apartheid Economic Growth Deceleration

South Africa GDP/ sectoral breakdown at current \$USD prices (billions)	1970	1990	2010	Apartheid-Era Cumulative GDP Sector Growth (1970 - 1990)	Apartheid-Era Avg Annual GDP Sector Growth (1970 - 1990)	Post-Apartheid Era Cumulative Sector GDP Growth (1990 - 2010)	Post-Apartheid Avg Annual GDP Sector Growth (1990 - 2010)
General government consumption	\$ 2	\$ 22	\$ 76	877%	44%	252%	13%
Manufacturing	\$ 4	\$ 25	\$ 49	526%	26%	96%	5%
Mining, Utilities	\$ 6	\$ 38	\$ 90	552%	28%	134%	7%
Household consumption	\$ 11	\$ 71	\$ 222	555%	28%	213%	11%
Exports of goods and services	\$ 4	\$ 27	\$ 107	595%	30%	296%	15%
Wholesale, retail trade, restaurants and hotels	\$ 3	\$ 15	\$ 51	497%	25%	237%	12%
Gross capital formation	\$ 5	\$ 22	\$ 73	326%	16%	226%	11%
Other Activities - Banking, Finance	\$ 5	\$ 34	\$ 147	557%	28%	329%	16%
Gross fixed capital formation (including Acquisitions)	\$ 5	\$ 24	\$ 72	420%	21%	199%	10%
Transport, storage and telecommunications	\$ 2	\$ 9	\$ 31	428%	21%	249%	12%
Construction	\$ 1	\$ 4	\$ 13	381%	19%	246%	12%
Imports of goods and services	\$ 5	\$ 21	\$ 103	363%	18%	389%	19%
Agriculture, hunting, forestry, fishing	\$ 1	\$ 5	\$ 9	291%	15%	84%	4%
<b>Gross Domestic Product (GDP)</b>	<b>\$ 18</b>	<b>\$ 116</b>	<b>\$ 375</b>	<b>527%</b>	<b>26%</b>	<b>225%</b>	<b>11%</b>

Source: UN Stats Division (DESA)/ DaMina Advisors

For more analysis and in-depth discussions on this topic contact us directly

[info@daminaadvisors.com](mailto:info@daminaadvisors.com)