

'Trump weaponising dollar'

MOTIVE: FUNDING CUT RESPONSE TO 'SEIZURE OF LAND, ILL-TREATMENT OF CERTAIN CLASSES'

➔ **US leader accuses SA of human rights violations, treating some people badly.**

Ina Opperman

US President Donald Trump's threat to cut funding to South Africa because government is confiscating land and treating certain classes of people very badly has local economists worried, with one questioning whether Trump was weaponising the dollar against South Africa.

Trump said in a post on his *Truth Social* page on Sunday it was a massive human rights violation at a minimum and that the US would not stand for it, but would act. "Also, I will be cutting off all future funding to South Africa until a full investigation of this situation has been completed," he wrote.

Prof Bonke Dumisa, an independent economic analyst, said the message from Trump unleashed the worst of the current weaponisation of the dollar, as the rand opened significantly weaker against all the three major foreign currencies.

The rand opened at R18.97/\$, straying above the R19 psychological barrier levels occasionally, compared with Friday's opening rate of R18.56. The rand opened relatively weaker at R23.32/£ compared with Friday's opening rate of 23.06 and significantly weaker at R19.39 against the euro compared to Friday's opening rate of 19.28.

Dumisa was irritated that "people who had all their exclusive racial privileges under



BARKING ORDERS. US President Donald Trump has taken a hard-line stance on South Africa, alleging massive human rights violations and saying the US will not stand for it. Picture: EPA-EFE

apartheid's racially oppressive regime now use Trump to pursue their opposition to any reasonable redress of the past racial imbalances".

"This is nonsense. Any proper reading of the recently signed expropriation Act is very clear that there will be no such land grabs. It is unfortunate that the rand is bleeding like this due to deliberate distortion of facts about the real intentions of the expropriation Act. We want a very stronger rand, but South Africa cannot be blackmailed into ignoring economic redress because of the weaponisation of the dollar."

He said the ban on funding would mostly be felt in areas such as Aids research and health-

Analysts

► Economist Waldo Krugell does not think the first-round impact on the economy from tariffs will be large, but the consequences may be bigger for markets.

related NGOs.

"We do not expect so much negative repercussions for ordinary trade relations," he said.

Louw Nel, senior political analyst at Oxford Economics Africa, said the extraordinary broadside aimed at South Africa prompted speculation about Trump's motivations. "Indeed, no property has

been confiscated in South Africa using the expropriation Bill or any other instrument.

"However, lobby groups like AfriForum have long been lobbying US politicians, particularly members of the Republican Party, on claims of racial discrimination and threats to private property rights. Trump counts South African billionaire Elon Musk among his closest advisors and Musk has used his X platform to amplify similar claims in the past."

Nel said South Africa-US relations had been fraught, with Pretoria and Washington clashing on a number of issues even before Trump's return to office.

His predecessor, Joe Biden, also took exception to Pretoria's

International Criminal Court case against Israel and former US ambassador Reuben Brigety claimed in 2023 that South Africa was supplying Russia with munitions.

Nel believes President Cyril Ramaphosa will somehow diffuse the situation and recognise that some of the Trump administration's foreign policy moves are made with a domestic audience in mind, rather than a clear diplomatic objective.

Similarly, he said, Ramaphosa would be careful not to seem too obsequious, knowing that both adversaries and allies might look to take advantage of any display of weakness.

"Ramaphosa will find it very difficult to reverse course on the expropriation Act, but his administration will know that it needs to tread carefully on plans, if they have any, to test the limits of the new law."

Prof Waldo Krugell from the School of Economic Sciences at the NWU, said it was not clear what funding Trump was threatening to cut off. "I suppose he is referring to so-called official development assistance.

"In total South Africa, received just more than a billion dollars in official development assistance in 2022 according to the latest World Bank figures. Unfortunately, they do not break it down by source. Al Jazeera reports that \$440 million came from the US in 2023 mainly through USAid.

"We know that USAid funding was frozen last week, affecting programmes like the President's Emergency Plan for Aids Relief. The risk is that more programmes in education, agriculture, small business development and those combating gender-based violence can lose US funding."

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► Also see P10