In February 2014 President Jacob Zuma at a special function in Cape Town spoke of the “return of the largest media group to South African ownership” as a milestone of the first 20 years of freedom and democracy. Why President Jacob Zuma considered a R2-billion disinvestment from South Africa an achievement was explained further in his speech, when he noted the disinvestment would contribute “… to that important national task of promoting the diversity of ownership, content, management and staffing of our media industry”.

During his speech, the President also noted without comment that the new owners of Independent News and Media South Africa (INMSA) included investors from the People’s Republic of China. Restoring South African ownership, then, was not as important in itself as the implied commitment of the new owners to certain racial changes in the group.

For some, the purchase of INMSA from the Irish owners by a consortium headed by black empowerment company Sekunjalo Investment Holdings (Pty) Ltd was indeed cause for celebration for a different reason. For instance, the trade union Media Workers Association of South Africa, to crudely summarise its submission to the National Treasury in 2013, accused the Dublin-based INM of simply exploiting its wholly-owned subsidiary as a cash cow without any thought of reinvesting profits. It could be held out as an example of the failure of foreign direct investment to contribute to South African media development.

Yet when the investment in the Argus came to light in 1994, few thought to question the sale of control of one of South Africa’s largest print media groups to foreign interests. By contrast, as Who Owns Whom founder Robin McGregor noted at the time, foreigners could not own more than 20% of a South African radio station.

It is notable that the sale of a large stake in the Argus was one of the first new foreign direct investments in South Africa after apartheid, preceding the sale of a 30% stake in monopoly fixed-line telecoms provider Telkom by three years. Yet it was not the only foreign direct investment in South Africa by a foreign media company. The Guardian group of London bought 10% of the Weekly Mail, a small, independent former alternative newspaper in the early 1990s and gradually raised that stake. The Pearson group, owner of the Financial Times, re-established an old connection with South Africa by buying from Times Media Ltd (now the Times Media Group) 50% of Business Day and the Financial Mail, to form joint venture BDFM in 1996.

Indeed, a close look at the media industry in the first 20 years of democracy shows that foreign direct investment has been instrumental in ownership transformation, though perhaps not in the explicitly racial manner that transformation is most often viewed. It has been more important than black economic empowerment, in both its initial voluntary form and its legislated form of Broad-Based Black Economic Empowerment.

The biggest and possibly the most impressive challenge to the dominance of the newspaper products of the Big 4 media groups, INMSA, Times Media Group, Media24 (owned by Naspers) and Caxton-CTP came in the form of This Day, an upmarket newspaper started in Johannesburg in 2003 by Nigerian newspaper
Foreign investment has been an important and under-rated factor in reshaping South Africa’s media in the first 20 years of democracy – but not only inward investment. Outward investment by South African companies in the continent in general has been a significant source of revenue, as well as geographical risk spreading.