

## Press release

Survey by KPMG Germany and Southern African-German Chamber of Commerce and Industry (AHK Southern Africa)

### **64% of German companies surveyed expect rising revenue in South Africa**

Following the elections in South Africa, German companies are cautiously optimistic and expect high investment momentum: 44% plan to invest in the country within the next three years, 10% at least three million euros

- 77% expect the economic environment in South Africa to improve in the future – but only 12% expect significant improvements
- Positive profit expectations: 48% of companies in South Africa and 35% in the Southern Africa region\* expect profits to rise
- Top 3 growth factors: improvement in political stability (50%), reduction of bureaucratic hurdles (44%) and stricter anti-corruption measures (35%)
- Top three demands on the new South African multi-party government: systematically fight corruption and crime (each 46%) and modernize infrastructure (39%)

**Berlin/Johannesburg, 11 March 2025** - Around nine months after the parliamentary elections, German companies in South Africa and the Southern African region are optimistic about their business prospects for the current year: In South Africa, 64% of the companies surveyed expect sales to increase in 2025. In the Southern Africa region, the figure is 58%. Profit expectations are also positive. 48% of companies in South Africa and 35% in the other countries in the region expect higher profits.

The fundamentally positive assessment is also reflected in a strong willingness to invest: 44% of German companies are planning to invest in South Africa in the next three years – 10% of them with a volume of at least three million euros. In the other countries of Southern Africa, however, investment momentum is significantly lower: Only a fifth of companies (20%) have investment plans; only 3% want to invest more than three million euros.

Regarding the economic climate, the picture is ambivalent: almost eight out of ten respondents (77%) believe that the outcome of the elections will have a positive impact on the economic climate. However, 65% expect only moderate improvements.

These are the key findings of the "**German-Southern African Business Outlook 2025**". The survey by **KPMG Germany (KPMG)** and the **Southern African-German Chamber of Commerce and Industry (AHK Southern Africa)** was conducted between 11 November and 31 December 2024. It analyses the business expectations of the member companies in the region.

"Following the parliamentary elections in South Africa in May 2024, the new government of national unity was formed. Local companies are cautiously optimistic that reforms could come from this government and that their businesses will grow in 2025. In recent years, problems with energy and water supply and transport logistics as well as rising costs coupled with falling productivity have put a strain on the business activities of many companies," says **Andreas Glunz, Managing Partner International Business at KPMG Germany**. "The new government now has the opportunity to create the conditions for growth through infrastructure programs and a sustained fight against corruption and crime."

Almost one in two companies (46% each) see the systematic fight against corruption and crime as the most important tasks of the new South African multi-party government. 39% see the expansion and modernization of infrastructure as a crucial field of action, 28% a stable energy supply.

### **Increasing turnover is the most important short-term goal**

Sales growth is the top priority for 71% of the companies surveyed in South Africa. 61% want to expand their market share. 42% are aiming to reduce their costs.

"South Africa is an attractive location for the German economy. Many companies are focusing on the medium-term prospects and potential in the country – and these are huge," says **Simone Pohl, AHK Southern Africa CEO**. "Many of our more than 500 member companies have been in the country for a long time and are correspondingly resilient and operating successfully."

### **Growth through political stability: German companies expect reliable framework conditions**

Every second company (50%) sees reliable political framework conditions as the most important influencing factor for their future business development in South Africa. 47% seek reduction of bureaucratic hurdles. A good one in three respondents (35%) are convinced that stricter anti-corruption measures would have a positive impact on their own business.

"The current reform efforts in South Africa are opening up new opportunities for economic growth. If the government continues to pursue its course consistently, the country can further consolidate its position as a leading business location in sub-Saharan Africa. German companies are ready to actively shape this change and make long-term investments," comments **Peter van Binsbergen, President of AHK Southern Africa**.

A reliable energy and water supply (30%) and an improved security environment (29%) also received high approval ratings.

### **South Africa is the gateway to markets in sub-Saharan Africa**

For 44% of companies, access to other markets in sub-Saharan Africa represents a decisive locational advantage for South Africa. In addition, 38% of respondents rate the existing ecosystem of suppliers as positive. 35% appreciate the regulatory and business environment.

"For many German companies, South Africa is the first port of call for tapping into other markets in sub-Saharan Africa. But overall, the German economy is still underrepresented on the African continent of opportunity despite the increasing global geopolitical challenges," says Andreas Glunz. "The fundamentals are impressive: With 1.3 billion people and an average age of around 19 years, one sixth of the world's population lives there. The continent has a rapidly growing population, an increasing middle class, untapped markets and an abundance of labour, natural resources and solar energy."

### **African free trade zone and trade agreement with the USA with positive effects**

A third of the companies surveyed (33%) expect the African Free Trade Area of 55 African countries, which has been in place since 2021, to have a positive impact on their business in Southern Africa.

Just over a quarter of companies (28%) report positive or even very positive effects from the African Growth and Opportunity Act. This trade agreement grants forty countries in sub-Saharan Africa duty-free access to the US market. It currently runs until September 2025.

### **About the study:**

KPMG AG Wirtschaftsprüfungsgesellschaft and AHK Southern Africa surveyed member companies with business activities in South Africa and the Southern African region\* for the “German-Southern African Business Outlook 2025”. A total of 98 companies participated in the survey, which was conducted between November 11 and December 31, 2024. The questions focused on the economic outlook of - members companies in the region, as well as the challenges and business opportunities they face.

\*For the purpose of this study, Southern Africa includes the following countries: Angola, Botswana, Comoros, Democratic Republic of the Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia, and Zimbabwe. The AHK Southern Africa represents the following countries: Botswana, Democratic Republic of the Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia, and Zimbabwe. Angola is represented by the Delegation of German Industry and Commerce in Angola, while Tanzania falls under the Delegation of German Industry and Commerce for Eastern Africa.

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