



German - Southern African Business Outlook 2026



Deutsche Industrie- und Handels-
kammer für das südliche Afrika
Southern African-German Chamber
of Commerce and Industry

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FOREWORD

Southern Africa stands at a pivotal moment, shaped by reform momentum, persistent structural challenges and evolving regional opportunities. Within the region, South Africa continues to play a central role, serving as the primary operational base and gateway for German companies active across Southern Africa.

The **2026 German–Southern African Business Outlook** captures the views of 75 companies on business expectations, investment priorities and the operating environment across Southern Africa.

Overall, the results point to cautious optimism. Companies recognize opportunities linked to market size, regional demand and integration, while remaining mindful of ongoing constraints related to infrastructure, skills availability and the broader policy environment.

Beyond quantitative indicators, the survey’s open comments provide important qualitative insights. Respondents repeatedly emphasize the need for greater policy consistency, faster and more predictable reform implementation, improved infrastructure delivery and clearer communication from public authorities. These factors are widely seen as critical to strengthening business confidence and unlocking investment potential.

Several companies also stress the importance of regional integration and skills development as key long-term success factors. This highlights that competitiveness in Southern Africa will depend not only on short-term economic improvements, but on sustained structural progress and the strengthening of regional value chains.

Despite the challenges identified, German companies underline their long-term commitment to South Africa and the wider region. Many continue to view Southern Africa not only as an important market, but also as a strategic platform for broader regional engagement.

We hope this publication provides valuable insights for companies operating in Southern Africa and those considering entering the region. We would like to thank all participating companies for contributing to the 2026 edition of the German–Southern African Business Outlook.

Note: For the purpose of this study, Southern Africa refers to the following countries: Angola, Botswana, Democratic Republic of the Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.
The survey sample comprised 75 companies (n = 75).
Totals may not sum to 100% due to rounding; this applies to all percentage figures and charts.



Maximilian Butek
CEO
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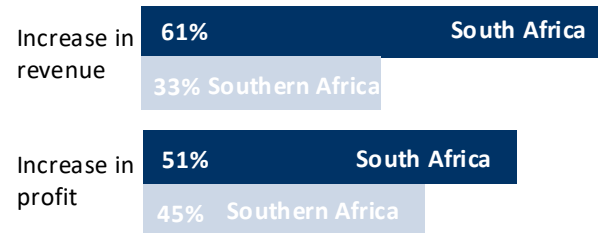
Jenny Tala
Director Southern Africa
Germany Trade & Invest

EXECUTIVE SUMMARY (1/2)

Business outlook is positive

A clear majority of surveyed companies expect stable or growing revenues in Southern Africa over the next 12 months: 61% anticipate revenue growth, while 33% expect broadly stable revenues. Only 5% foresee declining revenues.

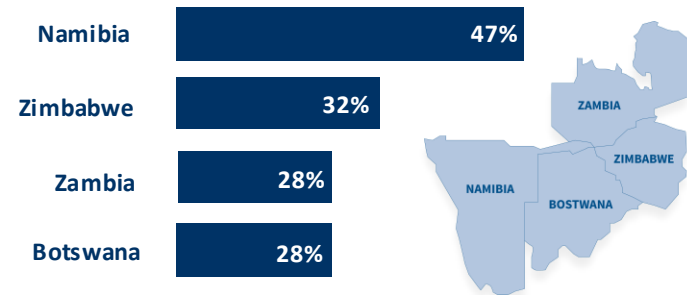
Profitability expectations follow a similar pattern, with improving profitability more pronounced in South Africa (51%) than in the wider region (45%).



South Africa remains the regional anchor

Almost all respondents (99%) have operations in South Africa, confirming its role as the primary operational base and gateway to Southern Africa.

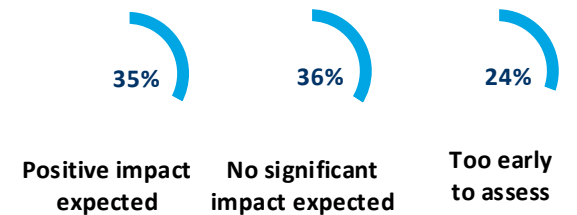
Beyond South Africa, Namibia (47%), Zimbabwe (32%), Zambia (28%) and Botswana (28%) emerge as the most relevant additional markets.



Regional integration recognized, but impact remains gradual

While 35% of companies expect the African Continental Free Trade Area (AfCFTA) to have a positive impact, 36% don't expect significant effects and 24% consider it too early to assess.

This points to widespread recognition of AfCFTA's long-term potential but limited short-term business impact so far.



Positive revenue and profitability expectations highlight South Africa's sustained role as the key operational base for German companies across Southern Africa, while long-term success will depend on policy consistency, reform delivery and stronger regional integration.



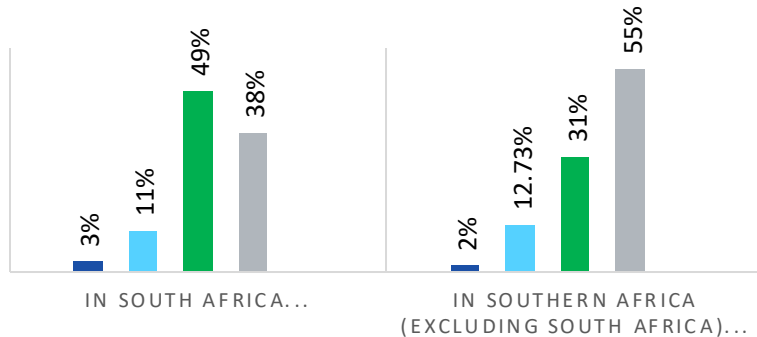
Maximilian Butek
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Southern African German Chamber of Commerce

EXECUTIVE SUMMARY (2/2)

Investment sentiment remains cautious

Investment plans over the next three years are conservative, with 49% of companies in South Africa focusing on maintenance and replacement investments and 38% reporting no planned investments.

Outside South Africa, 31% of companies plan maintenance and replacement investments, while 55% indicate no planned investments at all.



- Significant expansion investments (more than 10 million EUR)
- Moderate expansion investments (2 - 10 million EUR)
- Maintenance or replacement investments only
- No planned investments



Market access, skills and resilience drive priorities

Where investments are planned, they focus on market expansion (49%), skills development (43%) and digitalization (28%), supported by strategic partnerships.

Energy security solutions gain importance, while expansion of production capacity (16%) remains secondary.



Policy consistency seen as decisive success factor

Policy and regulatory uncertainty is the most frequently cited constraint (51%), followed by B-BBEE requirements (36%).

Open comments underline the continued desire for greater policy consistency, faster reforms, improved infrastructure delivery and clearer communication, reinforcing core themes already evident in the previous survey edition.



Investment sentiment remains cautious: firms are prioritizing maintenance over expansion, with policy and regulatory uncertainty emerging as the dominant constraint on business activity, reinforced by infrastructure bottlenecks, skills shortages and rising cost pressures.



Jenny Tala
Director Southern Africa
Germany Trade & Invest



CONTENTS

Survey results	7
01 Business development and future expectations	8
02 Focus on South Africa	14
03 Topics across Southern Africa	19
04 Profile of the companies surveyed	23
Macroeconomic overview	26
About us	30

01

BUSINESS DEVELOPMENT AND FUTURE EXPECTATIONS



REVENUE GROWTH EXPECTED

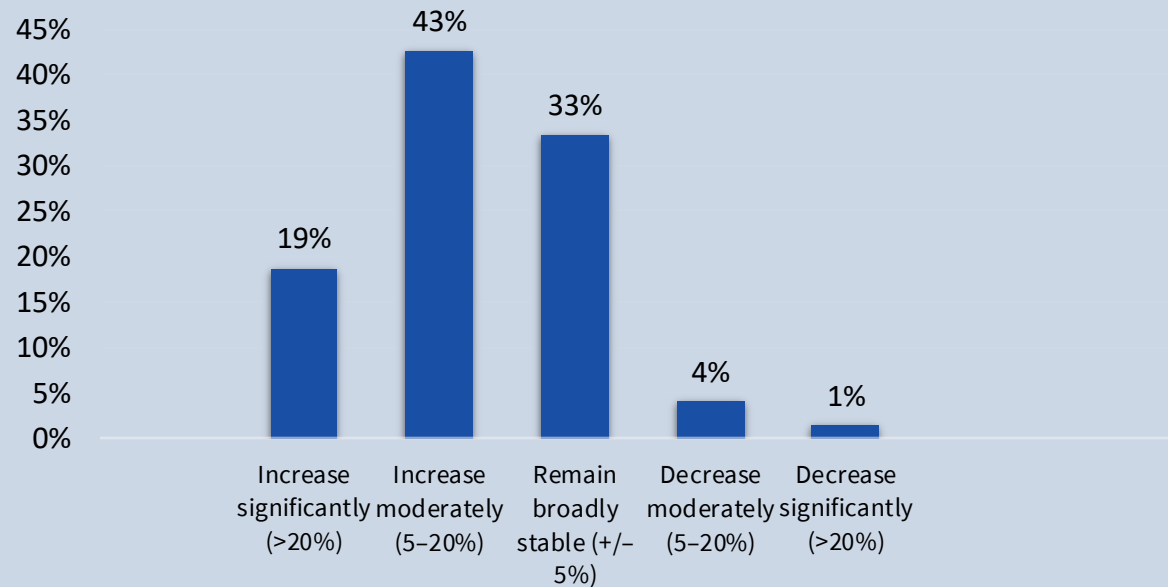


Figure 1: How do you expect your company's revenues in Southern Africa to develop over the next 12 months?

Revenue expectations

- Looking ahead to the next 12 months, revenue expectations for Southern Africa are clearly positive overall.
- A solid majority of companies (61%) anticipate moderate to significant revenue growth, while one third expect revenues to remain broadly stable. Only a very small share (5%) foresees declining revenues.
- Compared to 2025, the overall tone remains positive, although expectations appear slightly more cautious, reflecting ongoing structural constraints, cost pressures and policy uncertainty.

Growth driving countries

- In terms of main growth driving countries, **South Africa** is identified as the primary growth driver.
- Beyond South Africa, respondents most often point to **Namibia, Zambia, Zimbabwe and Botswana** as sources of incremental growth.
- Compared to 2025, this suggests a somewhat stronger recognition of selective opportunities beyond South Africa, often linked to mining, energy, infrastructure and regional logistics.

PROFITABILITY OUTLOOK IS ALSO POSITIVE

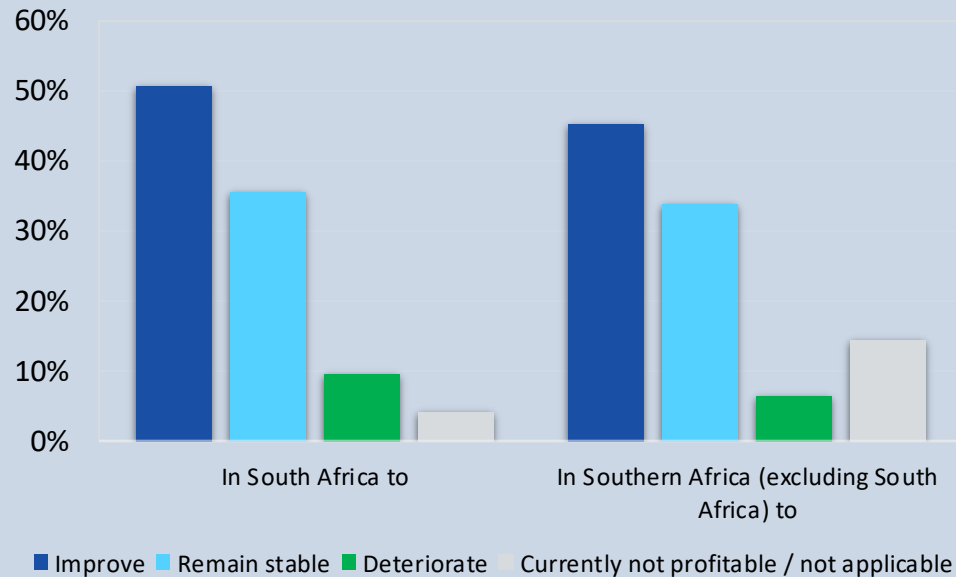
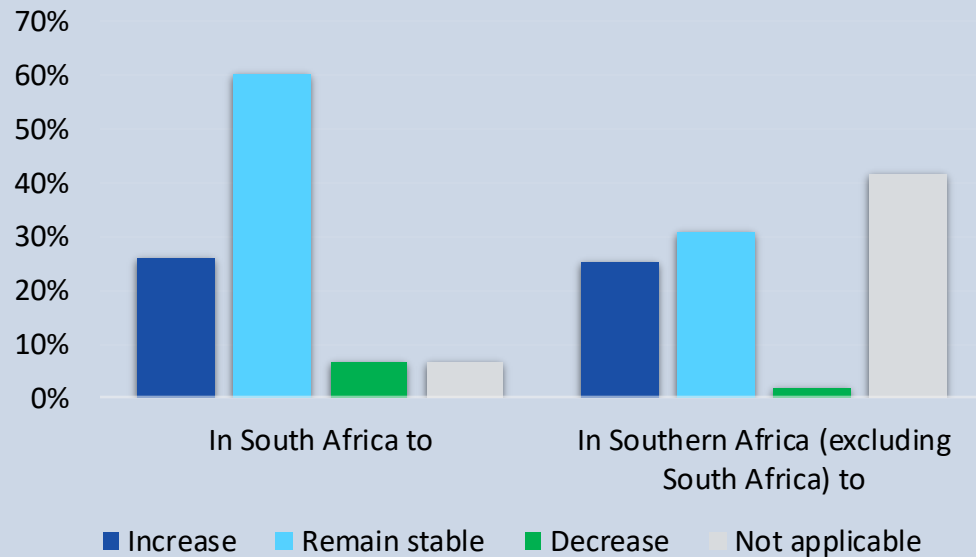


Figure 2: How do you expect your company's profitability to develop over the next 12 months?

Profitability Outlook

- Profitability expectations in Southern Africa broadly mirror the revenue outlook but remain more cautious.
- Around half of the respondents expect profitability to improve, while roughly one third foresee stable margins.
- However, companies are more optimistic about their profitability in **South Africa** than in the rest of the region: For South Africa, more than half of the companies surveyed (51%) expect their profits to increase. A good third expect profits to remain the same, while just over one in ten companies anticipate a decline.
- In **Southern Africa** (excluding South Africa), almost half of the companies surveyed (45%) expect profits to increase.
- Slightly more than one in three companies (34%) expect profits to remain unchanged. Only 7% of companies anticipate a fall in profitability.
- 15% of the surveyed companies are currently not profitable or active in the region.

SLIGHT UPWARD TREND IN EMPLOYMENT



Workforce Outlook

- Employment plans are largely conservative.
- Most companies (60%) expect headcount in **South Africa** to remain stable, while roughly a quarter plan to increase staff numbers. Very few (7%) anticipate reductions.
- This suggests a focus on efficiency, skills retention and targeted hiring rather than broad workforce expansion.
- For **Southern Africa**, employment plans are more subdued, with many companies not yet operating at scale in these markets.
- Among active firms, workforce levels are expected to remain largely stable (31%), while planned increases remain selective (25%).
- Workforce growth outside South Africa remains selective and opportunity-driven.

Figure 3: How do you expect your company’s workforce to change over the next 12 months?

INVESTMENTS MAINLY PLANNED FOR SOUTH AFRICA

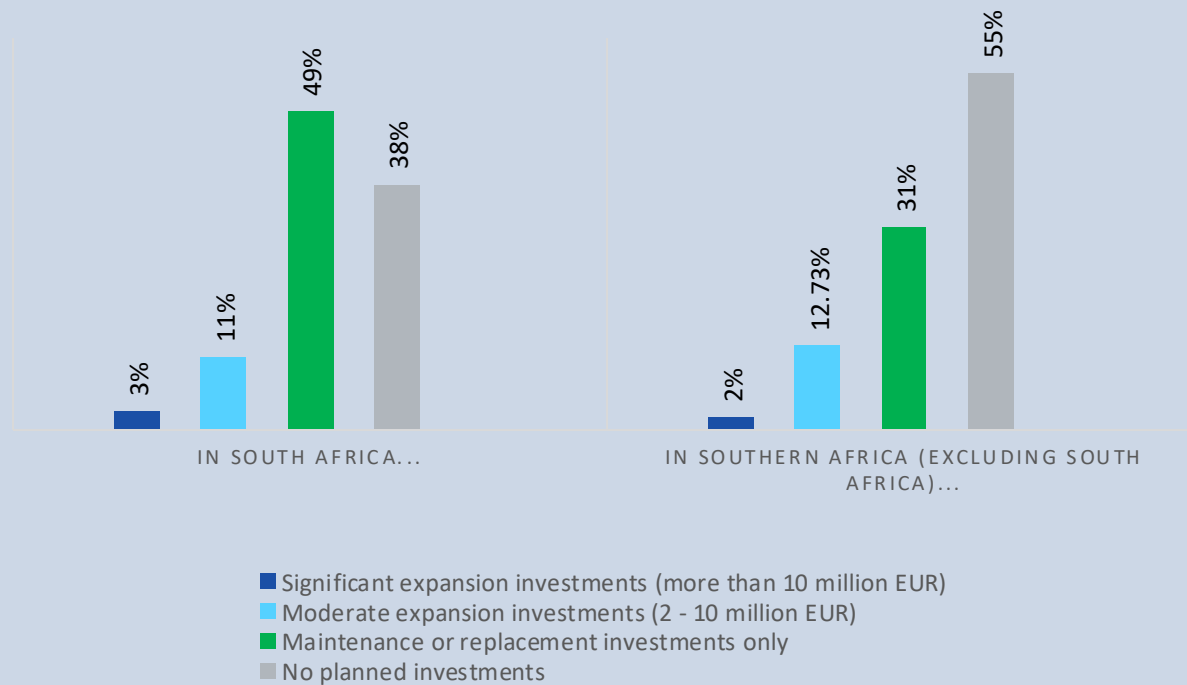
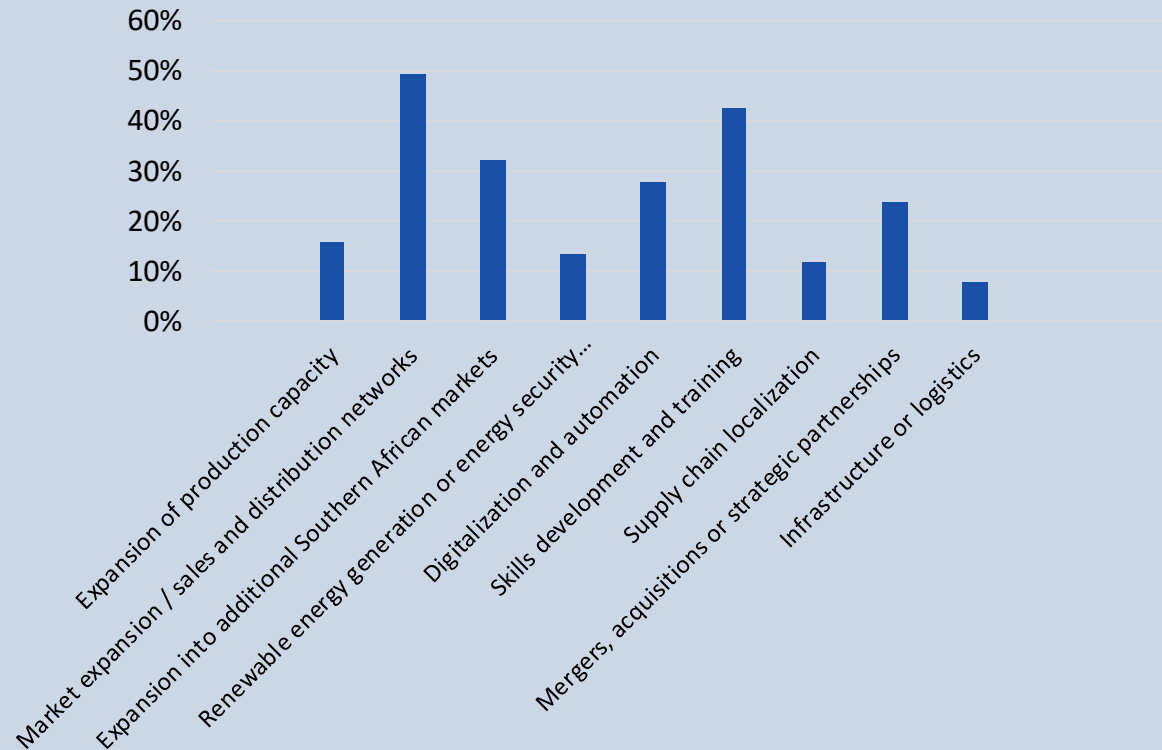


Figure 4: What best describes your company's investment plans in Southern Africa over the next three years?

Investment Plans

- Investment appetite remains subdued.
- In **South Africa**, the majority of companies plan either maintenance and replacement investments (49%) or no new investments at all (38%). Only a small share plans significant expansion investments (3%).
- In the **region**, more than half of companies (55%) report no planned investments, while roughly one third (31%) plans maintenance or repair investments. Large-scale expansion remains the exception, reflecting higher risk perceptions and lower market maturity.
- Compared to the 2025 survey, this reflects a more pronounced wait and see approach, with investment decisions closely tied to policy certainty, infrastructure performance and demand visibility.

MARKET EXPANSION AND RESILIENCE DRIVE INVESTMENT DECISIONS



Investment Areas

- Investment priorities reflect a clear focus on strengthening existing business capabilities.
- Planned investments focus primarily on market expansion and sales networks (49%), followed by skills development (43%), expansion into additional Southern African markets (32%), digitalization and automation (28%) and mergers, acquisitions or strategic partnerships (24%).
- Renewable energy and energy security solutions feature more prominently than in 2025, underlining the growing importance of operational resilience.
- Expansion of production capacity remains of secondary importance, consistent with the cautious overall investment stance and a preference for flexible, lower-risk investments.

Figure 5: In which areas does your company primarily plan to invest in Southern Africa over the next three years?

02 FOCUS ON SOUTH AFRICA



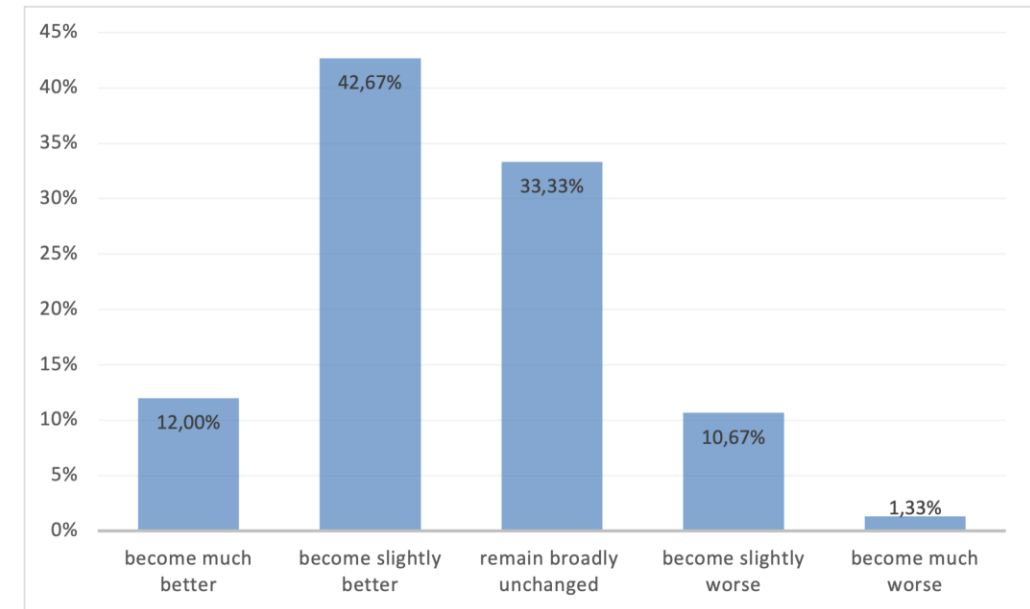
CAUTIOUS OPTIMISM SHAPES THE ECONOMIC OUTLOOK



Economic climate

- The economic outlook is moderately optimistic.
- A majority of companies (55%) expect economic conditions to improve over the next twelve months, while around one third (33%) anticipate no major change.
- Only a small share (12%) expects a deterioration, pointing to cautious confidence following recent political developments.
- Compared to last year, this indicates stable but measured confidence, driven more by expectations around reform momentum than by current economic performance.

Figure 6: The economic climate in South Africa in the next 12 months will...



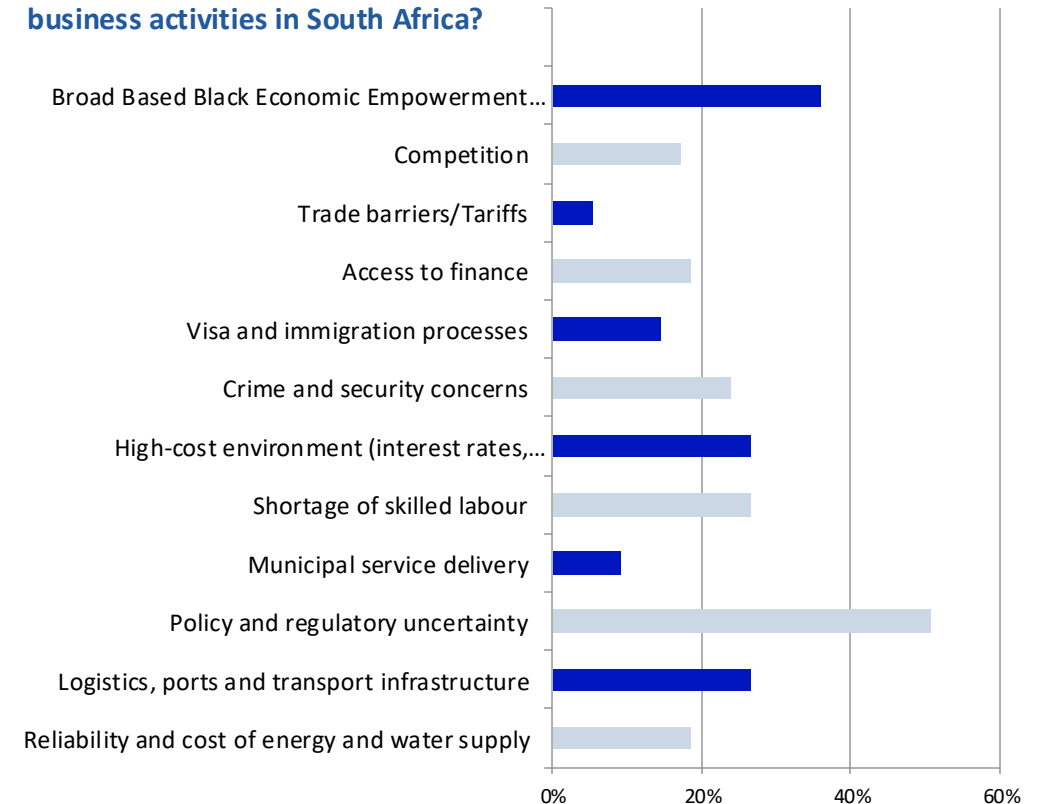
POLICY AND REGULATORY UNCERTAINTY IS BIGGEST PAIN POINT

Key constraints to business activities

- Policy and regulatory uncertainty stands out as the single most cited constraint on business activity in South Africa (51%), followed by B-BBEE requirements (36%). Operational challenges such as skills shortages, high-cost pressures and logistics constraints form a second tier (each around 27%), while crime and security concerns remain relevant (24%).
- Energy and water reliability remain relevant concerns (19%), but constraints increasingly reflect a broader mix of structural and regulatory issues, rather than a single dominant factor. Cost pressures, skills availability and institutional efficiency are perceived as closely interlinked.
- Open comments underline the continued desire for greater policy consistency, faster reform implementation and improved infrastructure delivery, alongside clearer and more predictable communication from public authorities.
- Skills shortages are frequently linked to visa processes and education system constraints, while logistics challenges are consistently associated with ports and rail infrastructure, reinforcing the need for coordinated structural reforms.



Figure 7: What are currently the TOP 3 constraints most limiting your business activities in South Africa?

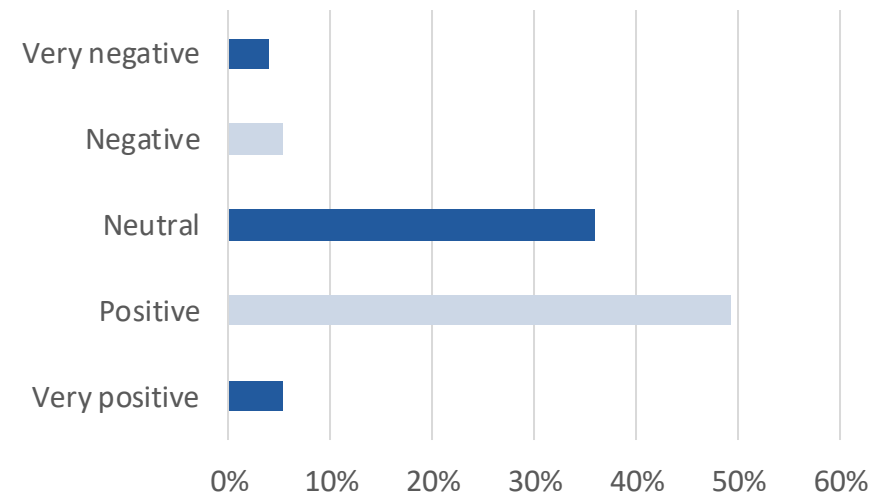




POSITIVE PERCEPTION OF THE NEW GOVERNMENT

- The Government of National Unity receives a largely positive assessment.
- Over half of respondents view its performance positively (49%) or very positively (5%), while over a third (36%) remain neutral. Negative assessments are limited (9%).
- Compared to 2025, this reflects measured optimism, with companies acknowledging improved dialogue and reform intent, while awaiting concrete and sustained implementation.

Figure 8: How do you assess the performance of the Government of National Unity (GNU) since its formation, particularly regarding the economic reforms and policy implementation?



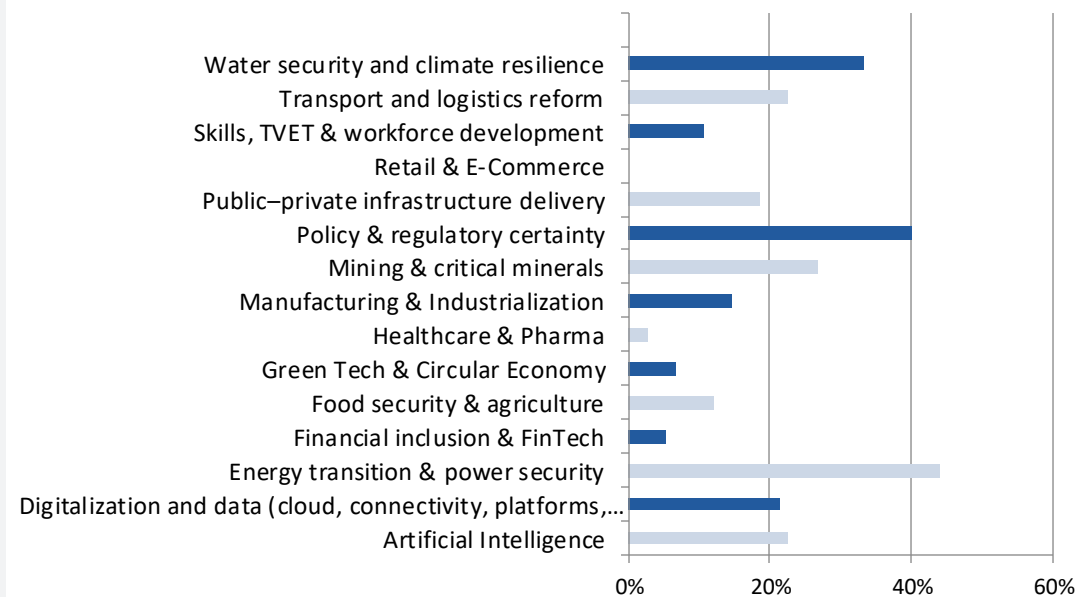
STRUCTURAL CHALLENGES AND REFORM PRIORITIES DOMINATE THE AGENDA



Key themes impacting South Africa

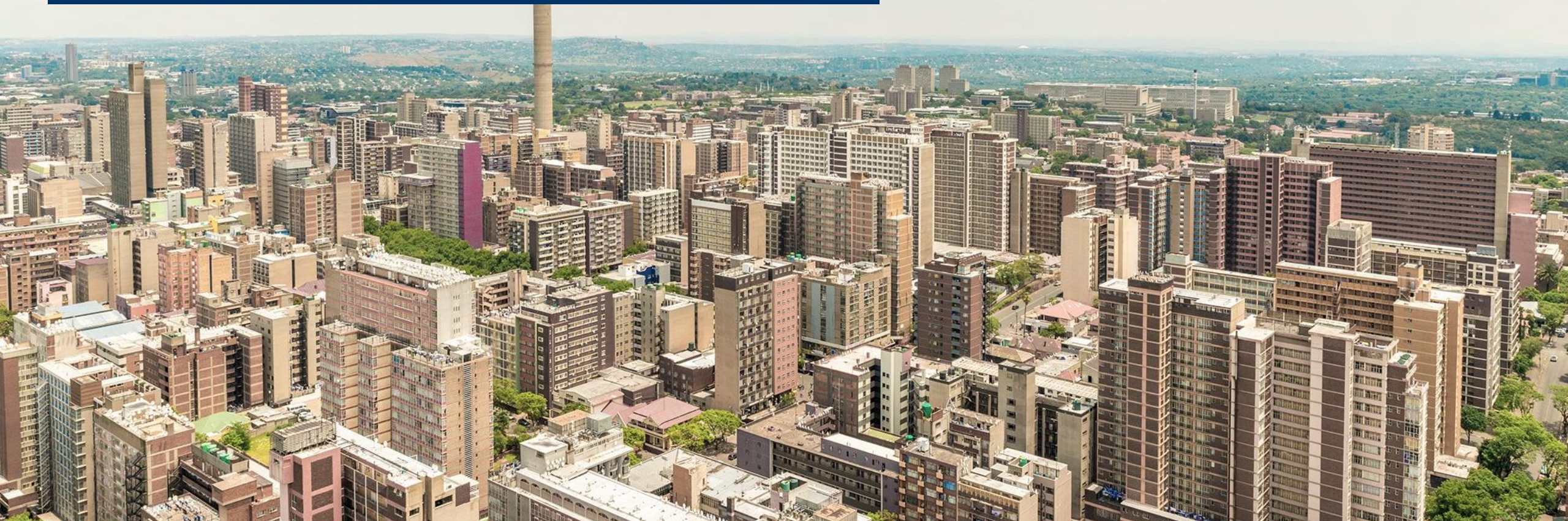
- Energy transition and power security (44%) emerge as the most critical themes, followed closely by policy and regulatory certainty (40%) and water security (33%).
- This highlights the dominance of structural and institutional factors over purely market-driven dynamics.
- Mining and critical minerals (27%), digitalization and data (21%), artificial intelligence (23%) as well as transport and logistics reform (23%) also feature prominently, reflecting a broad agenda spanning infrastructure, industrial policy and technological change.
- While energy remains a dominant issue, it is increasingly discussed in the context of transition and private-sector solutions, rather than solely as a question of supply constraints.

Figure 9: Which TOP 3 themes will impact South Africa in 2026 the most?



03

TOPICS ACROSS SOUTHERN AFRICA



AFRICAN FREE TRADE AREA: RECOGNIZED POTENTIAL, LIMITED PERCEIVED IMPACT

African Continental Free Trade Area

- Views on the African Continental Free Trade Area (AfCFTA) are mixed.
- Roughly 35% of companies expect the AfCFTA to have a positive impact on their business in Southern Africa, while 36% currently expect no significant impact. Almost a quarter (24%) state that it is too early to assess, reflecting uncertainty around implementation and short-term effects.
- Only a very small share of companies report no cross-border activity (5%).
- This assessment is broadly unchanged compared to 2025, suggesting that while AfCFTA's long-term potential is widely acknowledged, practical implementation and short-term benefits are still perceived as limited for many companies.

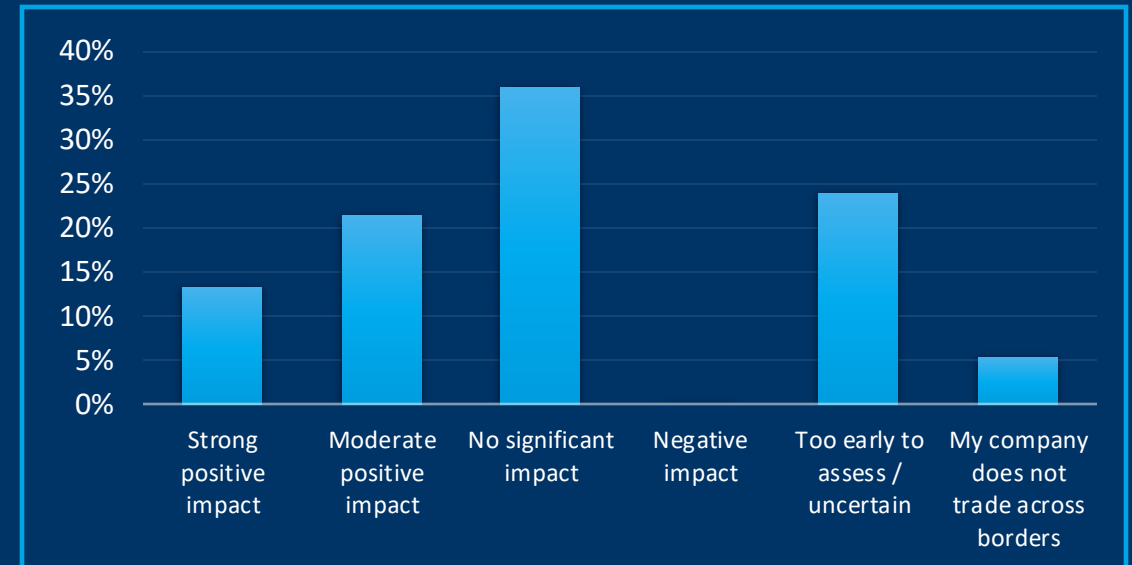


Figure 10: What impact do you expect the African Continental Free Trade Area (AfCFTA) to have on your business over the next three years?

The **African Continental Free Trade Area (AfCFTA)** is the world's largest free trade area, bringing together the 55 countries of the African Union (AU) and eight Regional Economic Communities (RECs). The overall mandate of the AfCFTA is to create a single continental market with a population of about 1.3 billion people and a combined GDP of approximately USD 3.4 trillion. The AfCFTA is one of the flagship projects of Agenda 2063: The Africa We Want, the African Union's long-term development strategy for transforming the continent into a global powerhouse.

PREFERENTIAL MARKET ACCESS REMAINS CRUCIAL

Preferential market access

- Preferential market access arrangements such as AGOA, EU trade frameworks and tariffs are considered important or extremely important by a clear majority of respondents (56%).
- This underscores the sensitivity of business models to external trade policy and tariff developments.
- The results closely mirror the findings of the previous survey, indicating a persistent reliance on preferential trade regimes.
- At the same time, a notable minority (35%) rates them as less relevant, reflecting differences in sectoral exposure, export orientation and regional business focus.

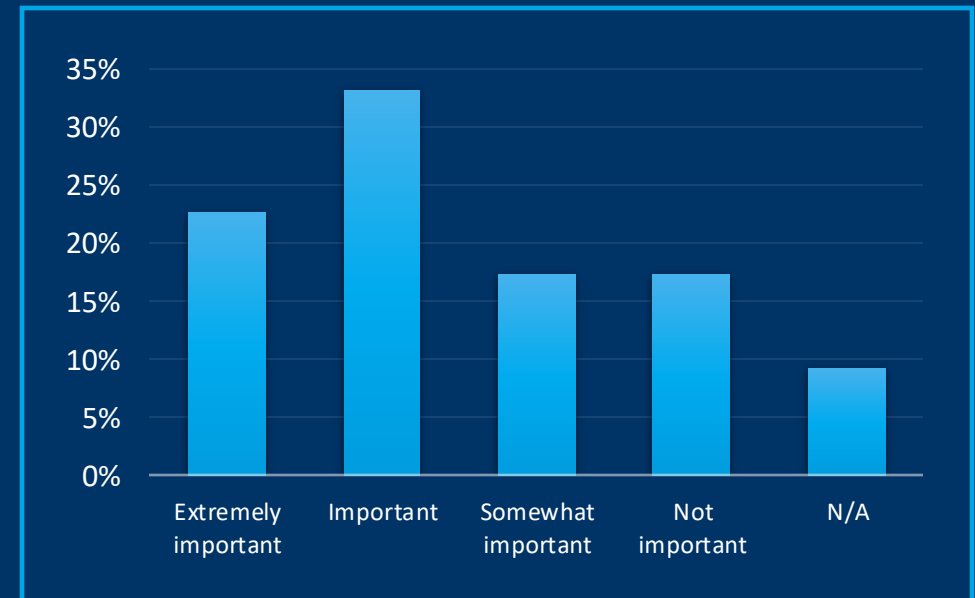


Figure 11: How important is continued preferential market access (e.g. AGOA, EU trade, changes in global tariff regimes) for your company's Southern African operations?

STRATEGIC RESOURCES AND REGULATORY FRAMEWORKS DRIVE REGIONAL FOCUS

Key themes impacting Southern Africa

- Mining and critical minerals (36%), policy and regulatory certainty (32%) as well as energy transition and power security (31%) emerge as the most prominent themes shaping the business environment across Southern Africa.
- In addition, food security and agriculture (24%), manufacturing and industrialization (23%) and water security and climate resilience (21%) feature prominently, underscoring the diversity of challenges and opportunities across the region.
- Overall, the results point to a strong focus on resource-based development, regulatory predictability and infrastructure-related fundamentals, reflecting the heterogeneous nature of Southern African markets and the varying stages of economic development across countries.

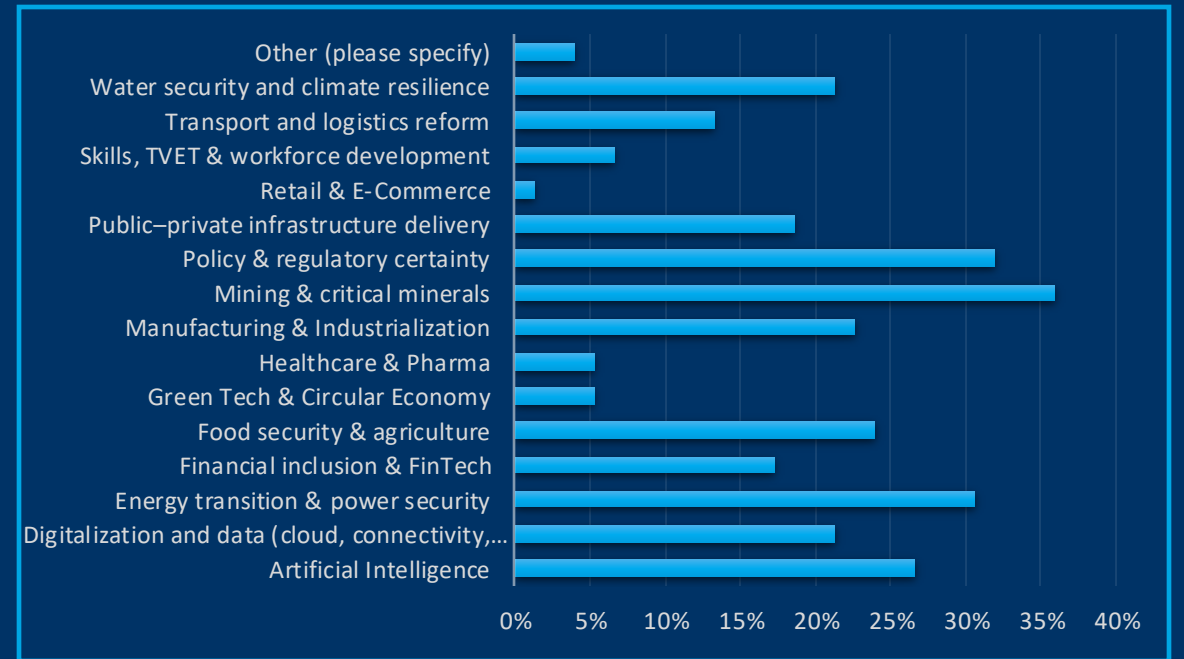


Figure 12: Which TOP 3 themes will impact Southern Africa (excluding South Africa) in 2026 the most?

04

PROFILE OF THE COMPANIES SURVEYED



PROFILE OF THE COMPANIES SURVEYED (1/2)

- For this survey, the Southern African-German Chamber of Commerce and Industry (AHK Southern Africa) and Germany Trade & Invest (GTAI) approached both members and non-members of the AHK Southern Africa.
- Almost all respondents (92%) are members of the AHK Southern Africa, primarily comprised of subsidiaries of German corporations and German companies with activities in southern Africa.
- The survey sample comprised 75 companies (n = 75).
- It was conducted between 23 January and 27 February 2026. The questions focused on the economic outlook for German companies in Southern Africa and South Africa in particular and the challenges and opportunities for their businesses.
- For the purposes of this study, the 15 countries listed in Figure 13 are assigned to Southern Africa.

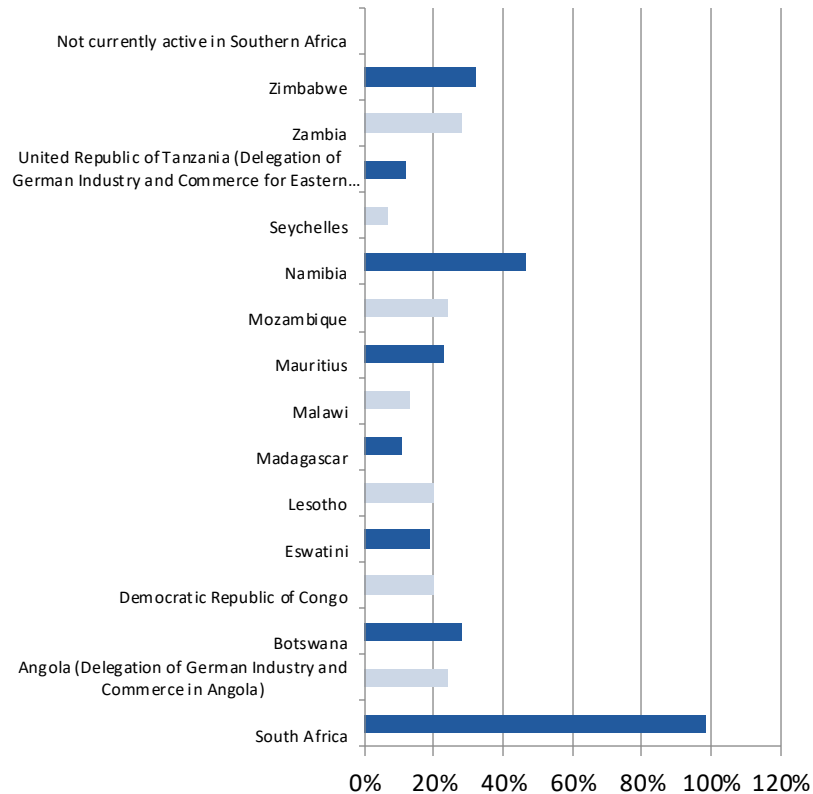


Figure 13: Countries of operations of the companies surveyed

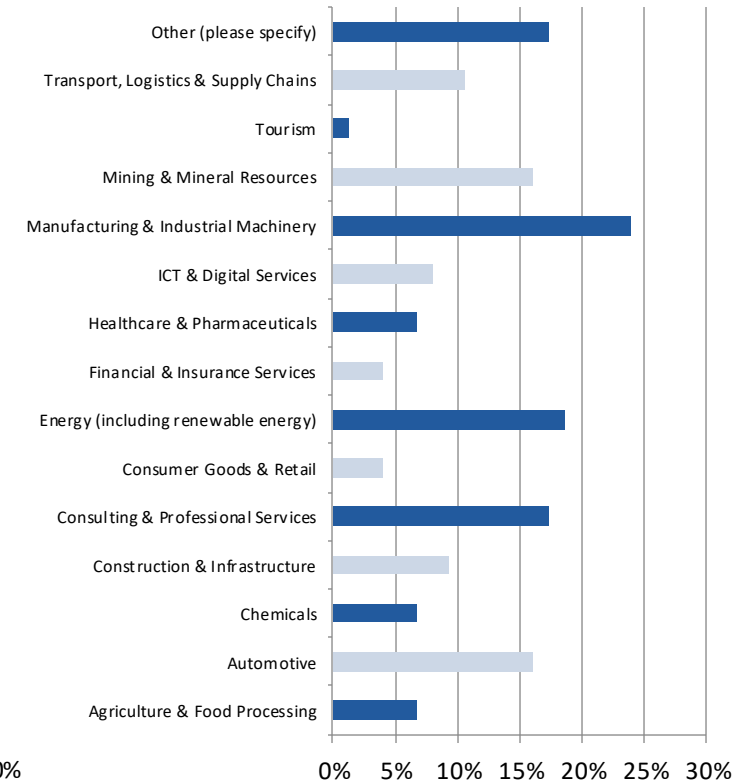


Figure 14: Core business activities in Southern Africa

PROFILE OF THE COMPANIES SURVEYED (2/2)

- If only South Africa was selected in the first question on countries of operation, only the questions relating to South Africa were displayed in Chapter 01 “Business development and future expectations”.
- If at least one additional country was selected, the same questions were also displayed for Southern Africa (excluding South Africa).
- As almost all companies active in other Southern African countries are also active in South Africa, the sample size for questions relating to South Africa is significantly larger than for Southern Africa excluding South Africa.

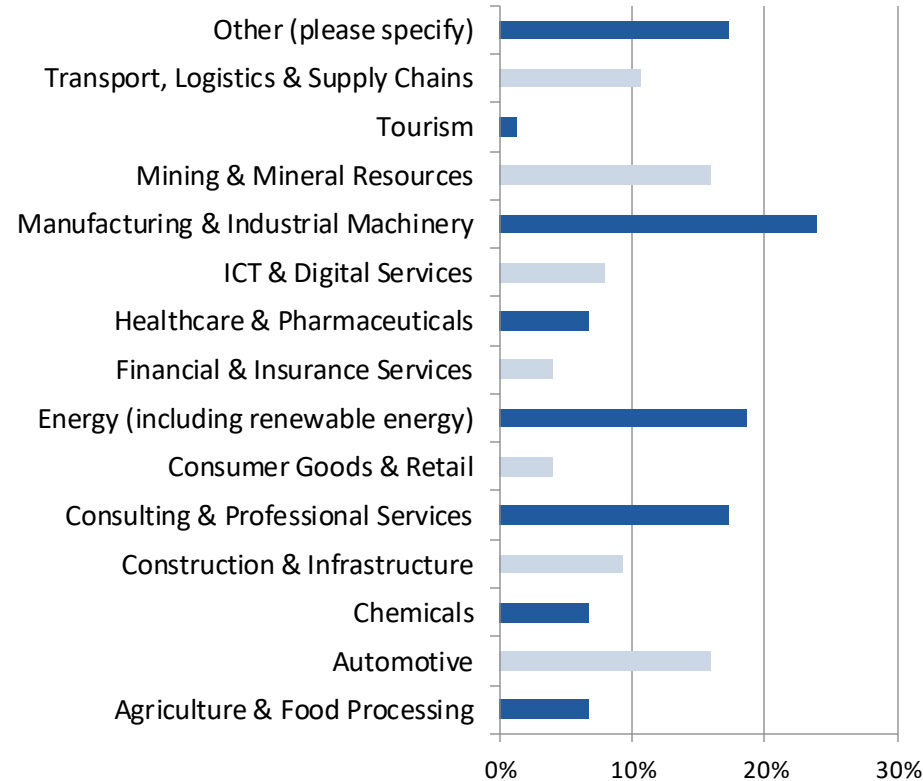


Figure 15: Breakdown by business activities of the companies surveyed

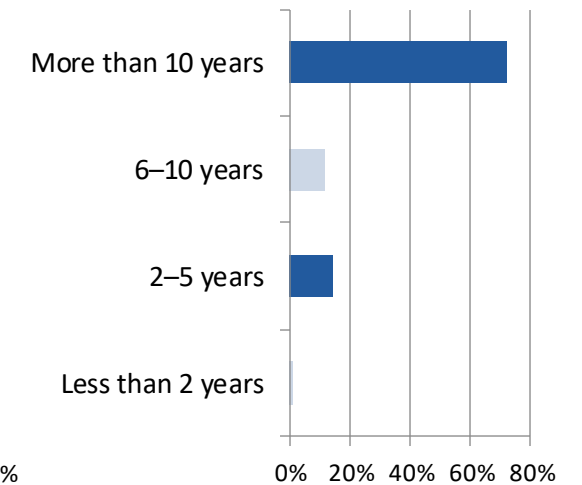


Figure 16: Years of operation

05

MACROECONOMIC OVERVIEW



SOUTH AFRICA: STABILIZATION WITH STRUCTURAL CONSTRAINTS

Macroeconomic outlook

- South Africa remains the largest and most diversified economy in Southern Africa and the region's primary economic anchor, but overall growth momentum remains subdued after several years of underperformance.
- The escalation of the conflict in the Middle East is weighing on South Africa's economic outlook primarily through higher energy prices, as rising oil and fuel costs add to inflationary pressures, dampen domestic demand and have led the IMF to revise South Africa's growth forecast for 2026 downward to around 1 percent.
- In 2025, macroeconomic conditions had gradually stabilized, supported by easing inflation, a more predictable monetary policy framework and selective progress on structural reforms.
- At the same time, structural bottlenecks – notably in energy supply, logistics infrastructure and public-sector capacity – continue to constrain economic growth, private investment and productivity gains.
- Fiscal space remains limited due to high public debt levels, increasing reliance on private-sector investment, policy predictability and effective reform implementation.
- Persistent socioeconomic pressures, in particular high unemployment and inequality, continue to shape the policy environment and raise expectations for faster and more tangible reform outcomes.



Figure 17: Macroeconomic Indicators

	2025	2026*	2027*
GDP growth (%)	1,1	1,0	1,5
Public debt (% of GDP, brutto)	77,3	79,5	81,9
Inflation (%)	3,4	3,7	3,2
Unemployment rate(%)	32,7	32,7	32,6

*) Forecast

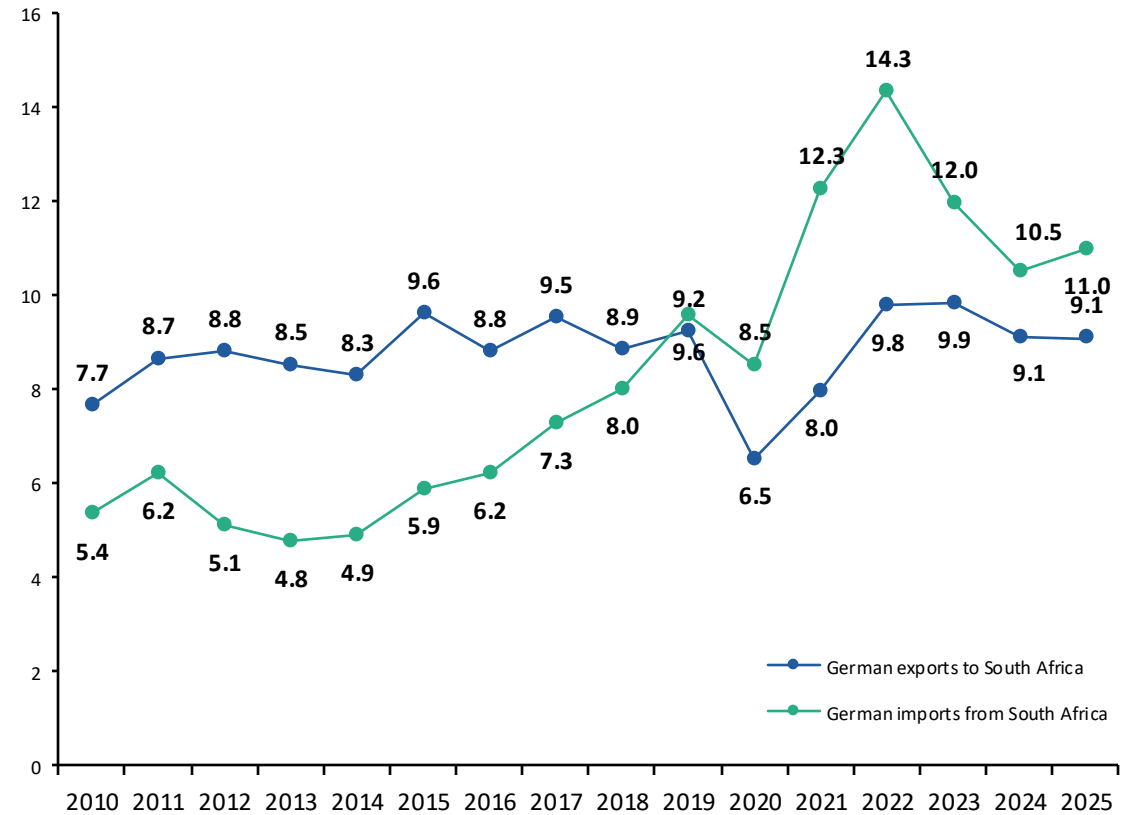
Source: IMF

GERMANY REMAINS KEY PARTNER

Trade and Investment Relations with Germany

- Germany is South Africa’s second most important trading partner and bilateral relations are supported by long-standing cooperation across a range of economic and institutional programmes.
- South Africa remains Germany’s most important trading partner in Africa, accounting for around one-third of Germany’s total trade with the continent.
- While China is South Africa’s largest trading partner; India, Germany and the United States account for comparable shares, with Germany ranking as the second-largest destination for South African exports in 2025.
- The bilateral trade is diversified and complementary: Germany exports machinery, vehicles, chemicals and industrial equipment, while South Africa supplies raw materials, metals and automotive products.
- The net stock of German direct and indirect investment in South Africa increased to EUR 8.4 billion in 2024 (from EUR 7.9 billion in 2023), confirming South Africa’s position as Germany’s leading FDI destination in Africa.

Figure 18: Bilateral trade South Africa – Germany (in EUR billion)



Source: UN Comtrade

SOUTHERN AFRICA: SELECTIVE OPPORTUNITIES

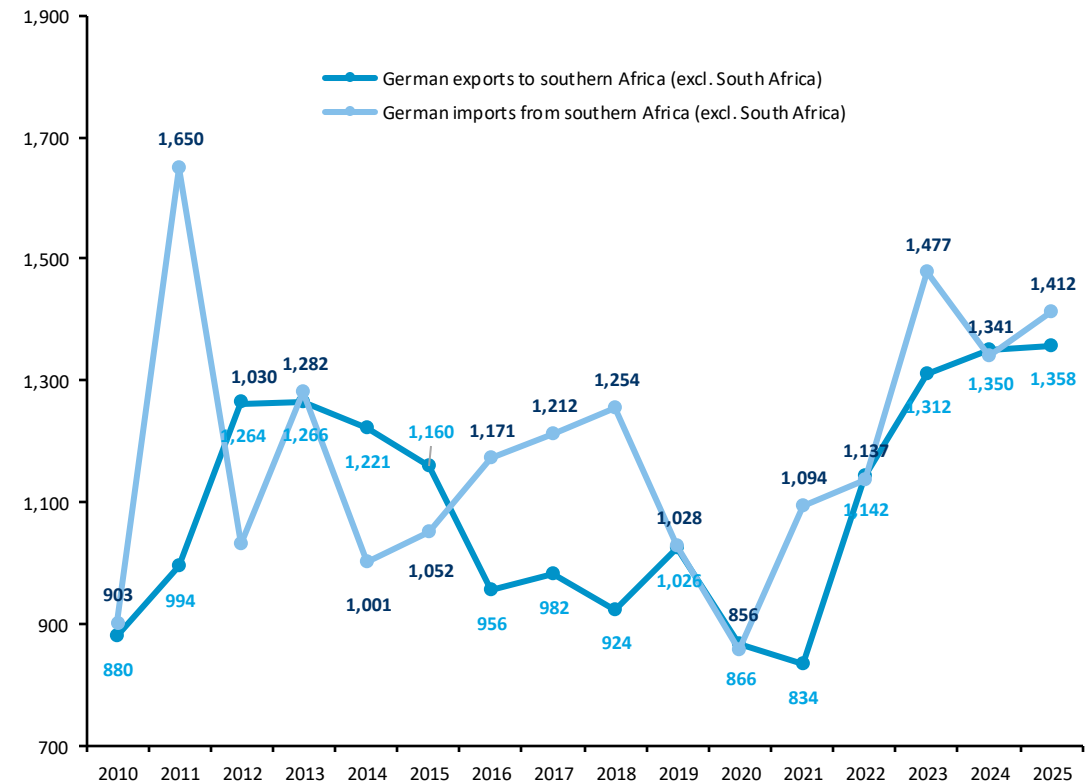
Macroeconomic outlook

- Beyond South Africa, Southern Africa offers selective growth opportunities, particularly in mining, energy, infrastructure and regional logistics.
- Countries such as Namibia, Zambia, Mozambique and Botswana benefit from resource-driven investment, but remain more volatile and risk-sensitive than South Africa.
- Regional integration initiatives, including the AfCFTA, are widely recognized for their long-term potential, though short-term business impact remains limited.
- Overall, the macroeconomic outlook for Southern Africa points to gradual improvement rather than a broad-based upswing, reinforcing a selective and risk-aware market approach.

Trade with Germany

- Bilateral trade between Germany and Southern Africa (excluding South Africa) has been volatile over the past decade, reflecting global shocks, pandemic effects and pronounced commodity price cycles rather than structural shifts in the relationship.
- After a downturn in 2020 and renewed weakness in 2023, trade volumes have recovered in recent years, underlining the resilience of bilateral trade ties despite a challenging global environment.

Figure 19: Bilateral trade Southern Africa – Germany (in EUR million)



Source: UN Comtrade

ABOUT US

Southern African-German Chamber of Commerce and Industry

The German Chamber of Commerce and Industry for Southern Africa (AHK Southern Africa) is part of the worldwide network of German Chambers of Commerce Abroad (AHK) with 150 locations in 93 countries. It was founded in 1952 and since then has supported around 600 member companies in their international business as an important platform for bilateral economic exchange.

AHKs in Germany are closely linked to the network of German Chambers of Industry and Commerce (IHKs). Together, IHKs and AHKs support German companies in establishing and expanding their business relations with foreign countries.

The umbrella organization of the IHKs is the Association of German Chambers of Industry and Commerce (DIHK), which also coordinates and supports the AHK network.

The close cooperation with the German trade associations also ensures that the AHKs maintain close connections to companies and markets.

www.suedafrika.ahk.de/en/

Germany Trade & Invest

Germany Trade & Invest (GTAI) is the economic promotion agency of the Federal Republic of Germany, supporting both German companies and international investors in their global business activities.

GTAI promotes Germany as a leading business location worldwide while assisting foreign companies in setting up operations in Germany through tailored advice and project support. At the same time, GTAI provides German businesses - particularly small and medium-sized enterprises (SMEs) - with comprehensive market intelligence, including analyses of foreign markets, legal and tax frameworks, as well as information on tenders and investment opportunities.

Through its headquarters in Berlin and a global network of nearly 60 offices worldwide, GTAI plays a key role in strengthening Germany's international competitiveness and fostering cross-border economic cooperation.

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