



# Business Climate Survey South Africa



# Business Climate Survey for Swedish companies in South Africa 2026

A report from Team Sweden in South Africa

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# 32 respondents

(total +2,250 respondents for 41 markets)

## Current business climate

Positive views on the current global business climate are rising

## Industry turnover

75%

of Swedish companies expect their industry turnover to increase

## Future investments

66%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

## Globally valued success factors

1. Cost efficiency
2. Partnerships/local relationships
3. Sales competence

## Brand Sweden

62%

of Swedish companies abroad consider Brand Sweden beneficial for business

## Local conditions with high satisfaction

1. Suppliers
2. Financial system
3. Service providers

## Local conditions with least satisfaction

1. Labour market regulations
2. Personal safety
3. Physical infrastructure

## Environmental considerations

37%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

## Corruption

– Very Low risk

## Human rights violation and labour rights abuse

– Very Low risk

# Foreword

South Africa remains an important strategic partner for Sweden and a key anchor economy in sub-Saharan Africa. As the country advances its reform agenda and deepens political cooperation, the bilateral relationship continues to be defined by longstanding commercial ties, shared values, and a mutual interest in sustainable and inclusive growth.

The 2026 Business Climate Survey provides a timely view of how Swedish companies assess the operating environment during a period of gradual economic recovery. While structural constraints remain, particularly in infrastructure, skills, and regulation, the survey points to continued resilience and measured confidence among established Swedish firms in the market.

The Swedish-South African economic relationship is anchored in innovation, sustainability, and responsible business conduct. Swedish companies contribute not only through commercial activity, but also through skills development, industrial capability, and support for more resilient value chains in sectors central to South Africa's reform agenda.

This report provides policymakers, companies, and other stakeholders with a factual assessment of the current business climate. It highlights both the opportunities and the operating constraints facing Swedish companies in South Africa, while underscoring the importance of local engagement, adaptability, and long-term commitment.

Team Sweden remains committed to supporting Swedish companies in South Africa and to strengthening bilateral economic cooperation that advances competitiveness, sustainable growth, and shared prosperity.



**H.E. Amb. Anna Karin Enestrom**  
Swedish Ambassador  
to South Africa



**Jabulane Hadebe**  
Acting Country Manager,  
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Johannesburg, South Africa.

# Executive summary

The 2026 Business Climate Survey indicates that Swedish companies in South Africa remain cautiously optimistic: confidence is improving, investment intentions are holding up, and the market continues to be viewed as strategically important despite a still demanding operating environment.

The survey is based on responses from 32 Swedish companies, most of them with an established local presence and many with long operating histories in the country. The respondent base is weighted toward industrial and engineering-related sectors, reinforcing South Africa's continued relevance for Swedish capabilities in mining, energy, transport, and industrial services. Financial performance remains comparatively resilient. In addition, 75 per cent of respondents expect industry turnover to increase over the next 12 months, while 66 per cent plan to raise investment, indicating continued strategic commitment even in a low-growth macroeconomic context.

Operating conditions remain mixed. Swedish companies report relatively high satisfaction with South Africa's financial system, suppliers, and service providers, but continued challenges related to infrastructure constraints, personal safety concerns, and labour market regulation. In this environment, competitiveness depends less on brand alone and more on cost efficiency, local relationships, and strong commercial execution. Brand Sweden remains valuable, but primarily as an amplifier of trusted local delivery rather than a stand-alone advantage.

Sustainability remains relevant, but its commercial impact is uneven across the market. Environmental considerations influence purchasing decisions in some segments, while social sustainability, labour practices, and governance are attracting closer scrutiny. Respondents report limited direct exposure to corruption or human rights or labour rights violations, but the share of companies indicating uncertainty suggests that visibility across wider value chains remains incomplete and that continued due diligence is necessary.

Overall, the survey suggests that Swedish companies continue to see South Africa as a resilient and strategically significant market. Near-term operating conditions remain challenging, but improving reform momentum, a stronger basis for operational recovery, and the country's regional role continue to support long-term confidence.

**“ Africa is a key growth region for SKF One Africa, and South Africa plays a strategic role as our operational and service hub. This foundation enables us to sustainably support and expand our business across the mining, food and beverage, and pulp and paper industries. ”**

**Silas Santana**  
Director Engineering, Lubrication Business and Service One Africa  
SKF South Africa

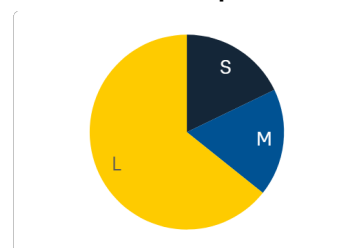
# About the survey

## Swedish companies in South Africa report improving confidence and continued long-term market commitment

- The 2026 Business Climate Survey captures the views of 32 Swedish companies operating in South Africa. Respondents reflect a market presence dominated by established firms: 64 per cent are large companies, while medium-sized and small companies each account for 18 per cent. This mix points to a Swedish business community anchored by longstanding multinational players, but still open to smaller and more agile entrants.
- Industrial companies account for 67 per cent of respondents, underlining South Africa's continued relevance for Swedish capabilities in engineering, mining, transport, and energy. Professional services represent 19 per cent and consumer-focused firms represent 15 per cent, indicating a gradually broader Swedish commercial footprint.
- The respondent base also reflects a mature market: 68 per cent of companies established operations before 2004, 17 per cent entered between 2005 and 2020, and 14 per cent have entered since 2021. This suggests that South Africa continues to attract new Swedish interest while remaining anchored by a deep base of long-established firms.
- Over the past 12 months, South Africa's business environment has shown signs of recovery, supported in part by stronger political coordination following the formation of the Government of National Unity in June 2024. For Swedish companies, however, the operating environment remains constrained by structural bottlenecks, including energy and water reliability, logistics inefficiencies, regulatory friction, and skills shortages.
- The rise in planned investment suggests that many Swedish firms are responding pragmatically by strengthening operational resilience through self-generation, automation, skills development, and other de-risking measures. This reinforces South Africa's role not only as a domestic market, but also as a regional base for firms seeking scale, continuity, and access to wider value chains across sub-Saharan Africa.

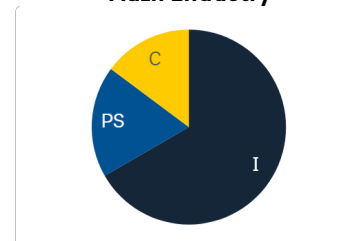
Overall, the survey provides a useful snapshot of how Swedish companies assess the business climate, investment conditions, and growth outlook in South Africa. It suggests that the Swedish business community remains committed to the market, while recognising that long-term opportunity will depend on how effectively firms navigate structural constraints and translate reform momentum into tangible commercial outcomes.

Size of companies



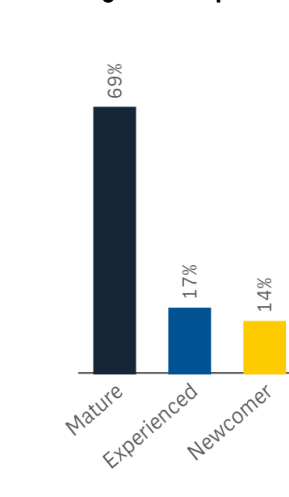
NOTE: Global employees. Large >1,000. Medium 250-1,000. Small 0-249.

Main Industry



NOTE: Industrial 67%. Professional services 19%. Consumer 15%.

Age of companies



NOTE: Mature (<2004). Experienced (2003-2020). Newcomer (2021-).

# Economic outlook

## Swedish companies remain cautiously optimistic as operating conditions gradually improve

Over the past decade, South Africa's business environment has been weighed down by energy shortages, water stress, and transport and logistics inefficiencies. These constraints have limited growth, raised operating costs, and weakened business confidence, prompting a broad reform agenda aimed at improving infrastructure performance and operational reliability.

A key inflection point came in 2021, when licensing thresholds for embedded electricity generation were lifted, enabling projects of up to 100 MW to proceed without prior approval. The policy shift accelerated private renewable investment and helped ease one of the most significant constraints on industrial activity. This reform path was formalised through *Operation Vulindlela*, launched in late 2020 to unblock regulatory delays and modernise network industries. Phase Two, which began in 2024, places greater emphasis on implementation in areas such as municipal electricity distribution and port reform, with the objective of improving reliability, efficiency, and investor confidence.

Because energy, water, transport, and digital infrastructure are closely interconnected, progress in one area tends to support productivity in others. This underlines the importance of coordinated reform: more reliable power, better logistics, and stronger utility performance together create a more stable environment for industrial operations, investment, and trade. These reforms have started to produce visible results. Energy supply has become more stable than in prior years, supported by a growing private renewable pipeline and gradual improvements in municipal electricity performance in major cities.

Transport and logistics reforms have also begun to ease long-standing bottlenecks. Progress in port operations and greater private-sector participation in rail are improving throughput and supporting South Africa's position as a regional export and distribution hub, even though performance remains uneven. Water system upgrades and improved monitoring in selected industrial corridors have further supported reliability, although supply constraints remain a material concern in parts of the country.

Taken together, these developments suggest a business environment that is improving but still far from frictionless. For investors, the implication is not that South Africa's structural challenges have been resolved, but that reform momentum is beginning to translate into more credible operational gains.

## Structural reforms are supporting a gradual improvement in the macroeconomic outlook

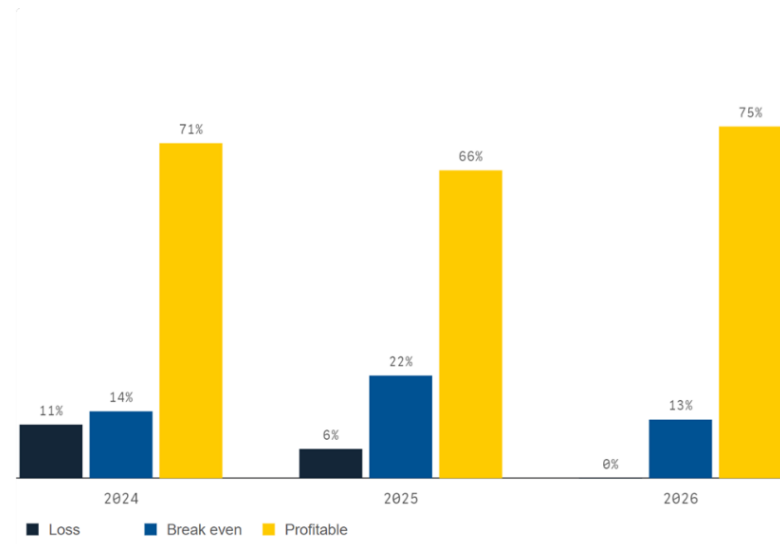
South Africa's macroeconomic outlook remains modest, but it is being supported by gradual gains in electricity supply, logistics, and inflation stability. Growth forecasts remain modest by emerging-market standards, yet the direction of travel is improving and matters for investor confidence.

Improved electricity reliability has been complemented by some progress in logistics, including steps to expand private access to rail infrastructure and improve port efficiency. These changes are beginning to reduce friction in trade and industrial operations, although their full effect will depend on sustained implementation.

Inflation has also eased, creating room for a less restrictive monetary environment and somewhat better conditions for investment. Relative to many regional peers, this combination of moderating inflation and improving infrastructure reliability strengthens South Africa's case as a destination for long-term capital.

The combined effect is a more stable operating environment than in recent years, even if underlying structural constraints remain significant. For business, that means lower disruption risk, somewhat better planning visibility, and a stronger basis for measured expansion. Survey results from Swedish companies help show how these macroeconomic shifts are translating into business performance and expectations on the ground.

### How would you describe your company's financial performance in South Africa in 2025?



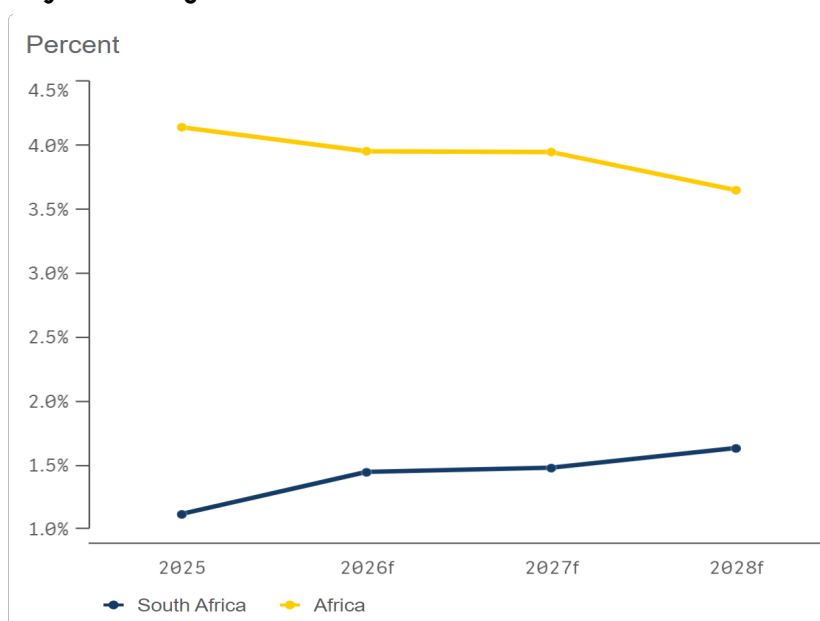
NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

Reported financial performance remains comparatively resilient. While the share of profitable companies eased slightly in 2025, losses also declined and expectations for 2026 strengthened further, with no respondents anticipating a loss. This points to a business community that remains commercially viable and increasingly confident in its near-term outlook.

## South Africa's growth outlook remains modest, but its regional role is strategically important

South Africa remains one of Africa's largest and most systemically important economies. Its performance matters beyond its own borders because of its role in regional trade, investment flows, industrial value chains, and services. Forecasts point to gradual improvement rather than rapid growth, supported by better electricity supply, reform momentum, and selective public and private investment. For Swedish companies, the long-term attractiveness of South Africa therefore rests less on headline GDP growth and more on the country's depth, infrastructure base, and regional gateway function.

## Projected GDP growth in South Africa

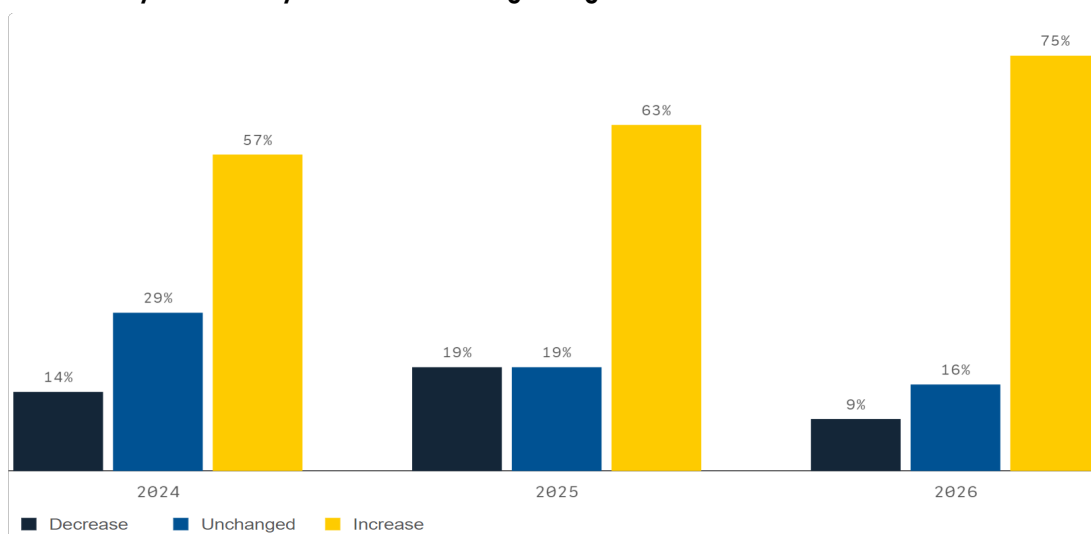


NOTE: Constant prices and exchange rate, US\$.  
SOURCE: World Bank, Oxford Economics, GDP, 20 March 2026

South Africa's regional weight continues to support its relevance as a hub for trade, capital, and supply chains across the continent. For established Swedish firms, this strengthens the rationale for using the country as a base for service delivery, customer support, and broader market access. For newer entrants, South Africa offers a comparatively mature platform from which to engage faster-growing African markets, provided firms can manage local operational risks effectively.

## Turnover expectations reinforce a more positive near-term market outlook

Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry in South Africa regarding turnover?



NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

Expectations for industry turnover have strengthened materially over the past three years, rising from 57 per cent in 2024 to 63 per cent in 2025 and 75 per cent in 2026. This suggests that Swedish companies increasingly see scope for growth, supported by better demand conditions, improved operational stability, and South Africa's continued regional role. This optimism is spread across a varied respondent base, with broad representation from smaller firms and from sectors such as metals and mining, industrial equipment, automotive, business services, consumer goods, and energy. The pattern suggests that confidence is not limited to one niche but is visible across several parts of the Swedish business presence in South Africa.

## What is shaping business confidence and performance?

Several factors are supporting a better outlook, even as external and domestic risks remain elevated:



### Macroeconomic environment (interest rates and inflation)

Lower interest rates and easing inflation improved financing conditions and reduced cost pressures for companies, supporting investment and expansion decisions



### Policy stability and policy certainty

Political stability through the formation of a Government of National Unity has enhanced the confidence of investors



### Exchange rate movements

Exchange rate volatility creates opportunities for international companies that are export – oriented to leverage the competitive pricing advantage gained through a depreciated currency



### Domestic demand and sector performance

Stronger consumer demands in vehicle sales and sector (energy, transport and water) rebounds have supported business conditions



### Global economic conditions and trade dynamics

Geopolitical tensions in the Middle East and US-imposed tariffs heighten uncertainty for export-oriented companies, while South Africa has remained resilient and maintained stable global demand for mined commodities.



### Financial and institutional strength

The removal of South Africa from the FATF grey listing has provided long-term investors with the stability and confidence they require to continue their activities in the country



### Infrastructure and logistics performance

Improvements in construction, logistics and service delivery support both public and private investment momentum



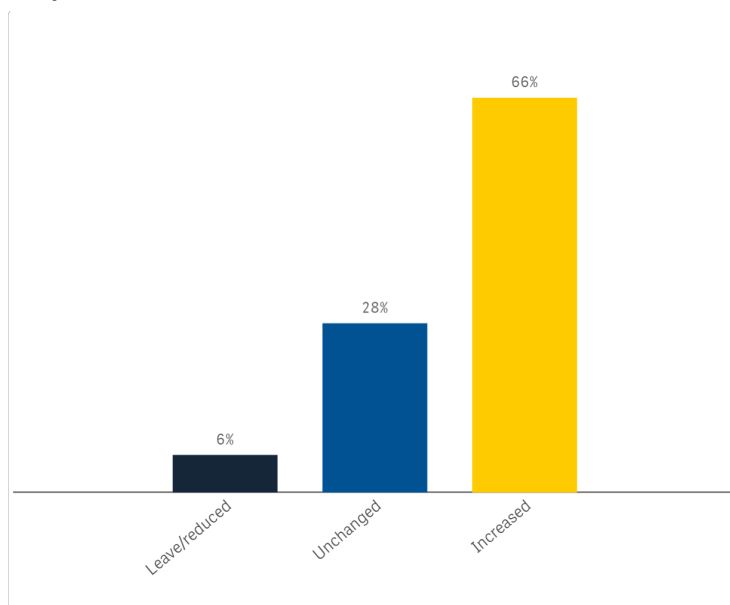
### Structural socio-economic factors

Effective reform implementation results in a boom in international tourism creating employment opportunities through service sectors

### Government initiatives continue to support international investment, but implementation remains decisive.

The South African government continues to position itself as open to foreign investment through targeted reforms, selective incentives, and a stronger emphasis on clean energy, industrial development, and sustainable value chains. For international companies, however, their effectiveness depends on policy clarity and implementation.

Against this backdrop, investment sentiment among Swedish firms remains positive. Sixty-six per cent of respondents plan to increase investment over the next 12 months, while 28 per cent expect to maintain current levels and only a small minority anticipate reducing investment levels.

**What are your company's investment plans for the coming 12 months in South Africa, compared to the past 12 months?**

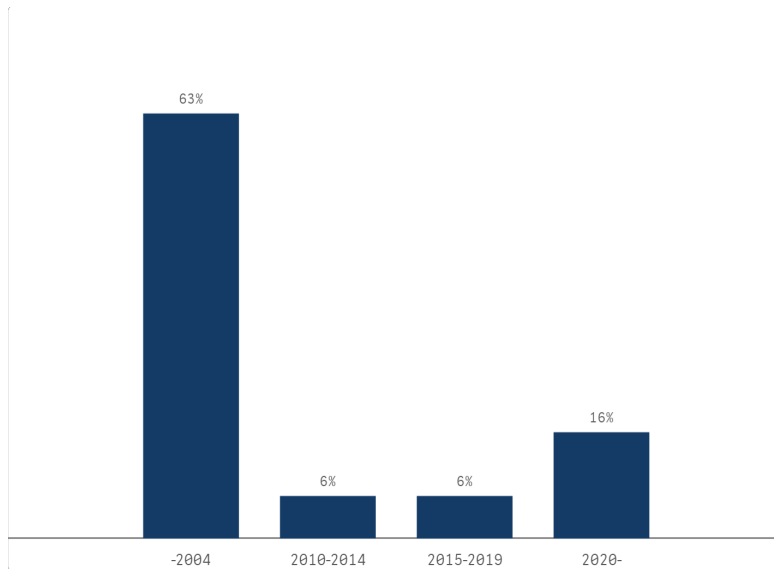
NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

This investment appetite signals sustained confidence in South Africa despite low growth and ongoing operational challenges. It also suggests that firms are prioritising targeted investments that improve resilience, efficiency, and local competitiveness rather than maintaining existing operations. In practice, this is likely to involve continued investment in energy reliability, automation, digital capabilities, and skills development to reduce exposure to structural bottlenecks and support future growth.

# The market

Broader market indicators such as the South African Chamber of Commerce and Industry's (SACCI) business confidence index also point to improved sentiment. The index rose sharply in late 2025 and remained elevated into early 2026, suggesting that the operating environment has become somewhat more supportive than in previous years. Recent gains have been driven by a mix of stronger import activity, firmer share prices, and selective resilience across parts of the economy, even as some manufacturing and export indicators remain under pressure. The overall picture is one of improvement, although conditions remain uneven across sectors.

## In what year did your company establish operations in South Africa?

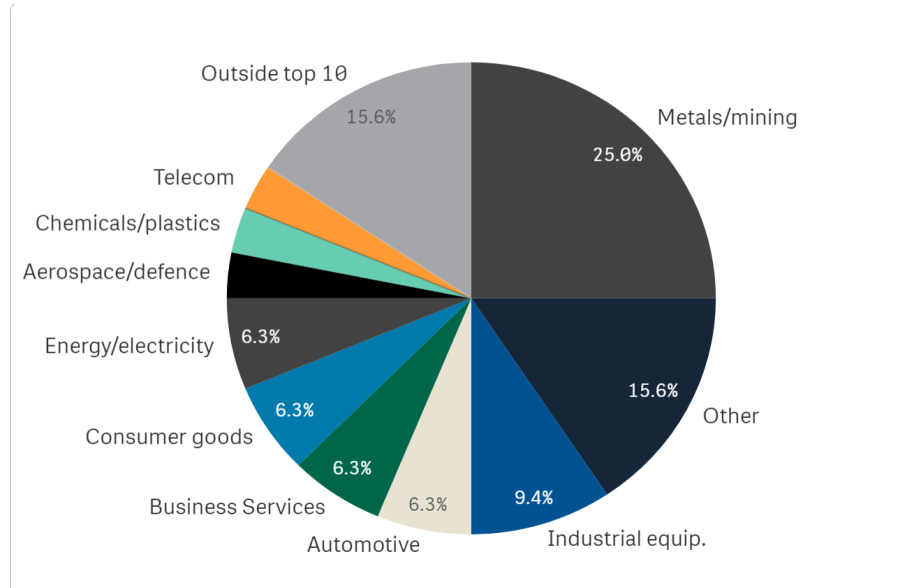


NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

For Swedish companies, these indicators broadly reinforce the survey's broadly positive outlook. They help explain why many firms continue to regard South Africa as a resilient and strategically important market despite the persistence of structural constraints. The distribution of establishment years also shows that South Africa is primarily a mature market for Swedish firms. Deep local experience, established networks, and operational continuity remain defining features of the Swedish business footprint, even as a smaller wave of newer entrants has emerged in recent years.

## The Swedish business footprint is concentrated in industrial and technical sectors

### What is your company's main industry in South Africa?



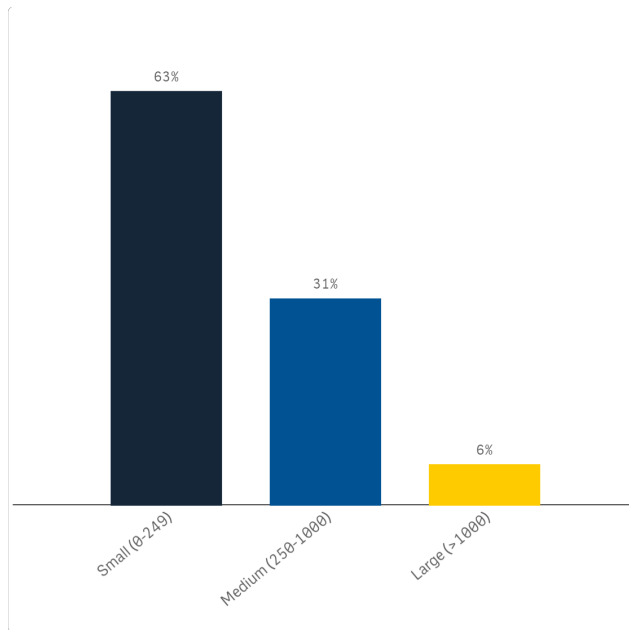
NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026.

The sector profile is led by metals and mining, followed by industrial equipment and a spread across automotive, business services, and energy. This reflects the close fit between Swedish industrial strengths and South African demand in sectors where reliability, engineering capability, and long-term service matter. This concentration is also visible in trade flows, where machinery, mechanical equipment, and transport-related goods remain important Swedish exports to South Africa. Taken together, the survey and trade data point to a durable industrial relationship in which Swedish capabilities remain closely aligned with South Africa's resource, infrastructure, and manufacturing needs.

### Swedish firms' local workforce distribution in South Africa

Most Swedish companies in South Africa operate with relatively lean local workforces. Sixty-three per cent employ between 0 and 249 people, indicating an operating model focused on specialised delivery, regional management, and technical support rather than large-scale direct employment. A further 31 per cent of firms have medium-sized operations, suggesting a meaningful base of companies with broader delivery capacity and deeper local commitment. Only a small share of Swedish companies operate at very large scale locally, typically reflecting longstanding industrial players with manufacturing, assembly, or other deeper operational commitments in the market.

### Swedish firms' local number of employees in South Africa in 2026

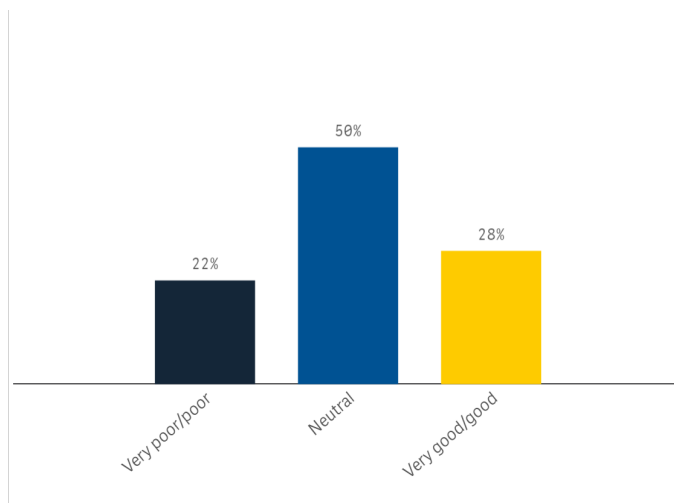


NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

## Business sentiment is improving, but operating risks remain material

Survey responses point to a balanced but still cautious market mood. Half of respondents describe the current business climate as neutral, suggesting that many firms see improvement, but are waiting for more consistent progress on infrastructure, logistics, and implementation before becoming decisively more positive. A smaller group sees the environment as good or very good, while others continue to assess conditions negatively, particularly where exposure to logistics costs, regulatory burden, or capital intensity is higher. The split underscores that operating conditions vary materially by sector and business model.

### How do you perceive the current business climate in South Africa?



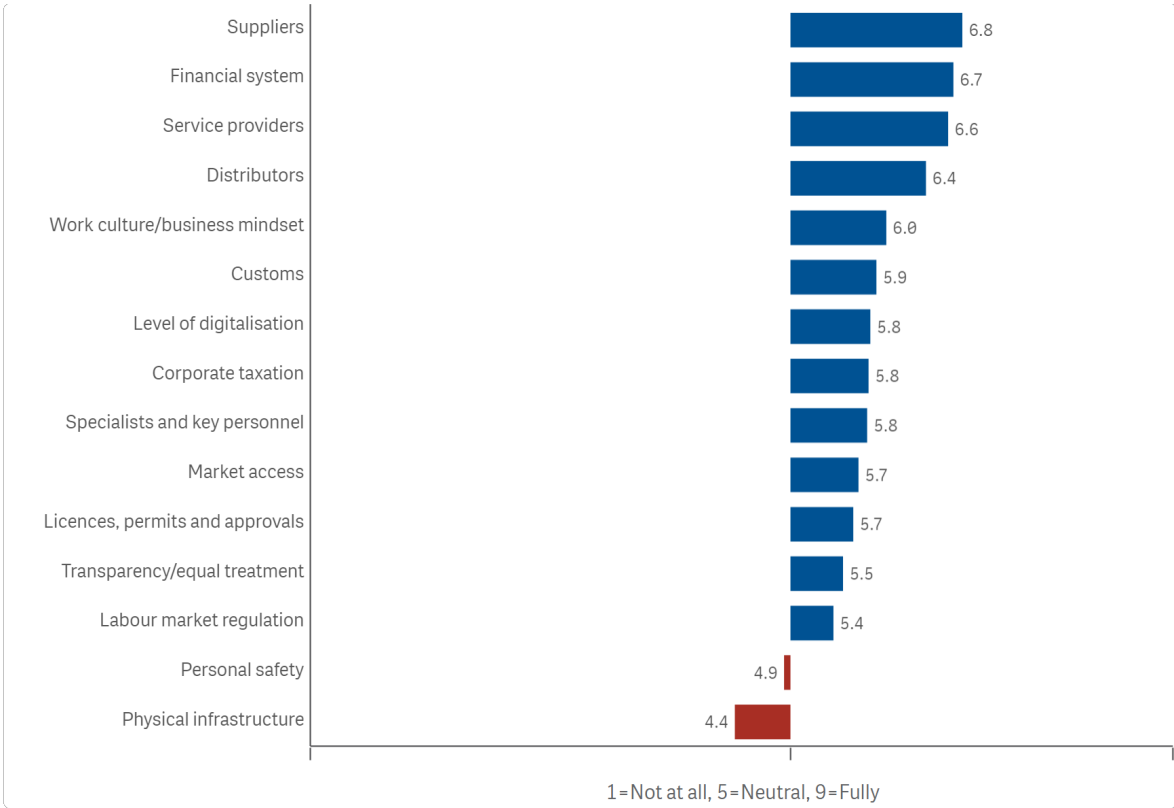
NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

Compliance remains an important part of the operating environment, including local content requirements, empowerment regulations, and trade-related administrative requirements. Even so, South Africa continues to offer strategic value through its industrial depth, financial sophistication, and regional reach. For Swedish companies, the opportunity remains compelling for firms able to combine long-term commitment with disciplined risk management and strong local execution. In practical terms, that means investing in trusted partnerships, staying close to regulatory developments, and building resilience into core operations.

## Operational conditions show clear strengths, but also persistent friction points

Survey responses show a clear hierarchy in how companies assess local operating conditions. The strongest scores are concentrated in commercially critical enablers, while weaker ratings are linked to infrastructure, safety, and administrative complexity. Suppliers and the financial system remain the strongest enablers, reflecting the depth of South Africa’s commercial ecosystem and the continued relative strength of its banking and business services infrastructure. Service providers and distributors also score relatively well, reinforcing South Africa’s importance as a commercially capable base for firms operating across the region. At the same time, firms continue to report pressure from infrastructure instability and regulatory friction, which reduce operational efficiency and increase management complexity.

How well do the following conditions meet the needs of your company in South Africa?



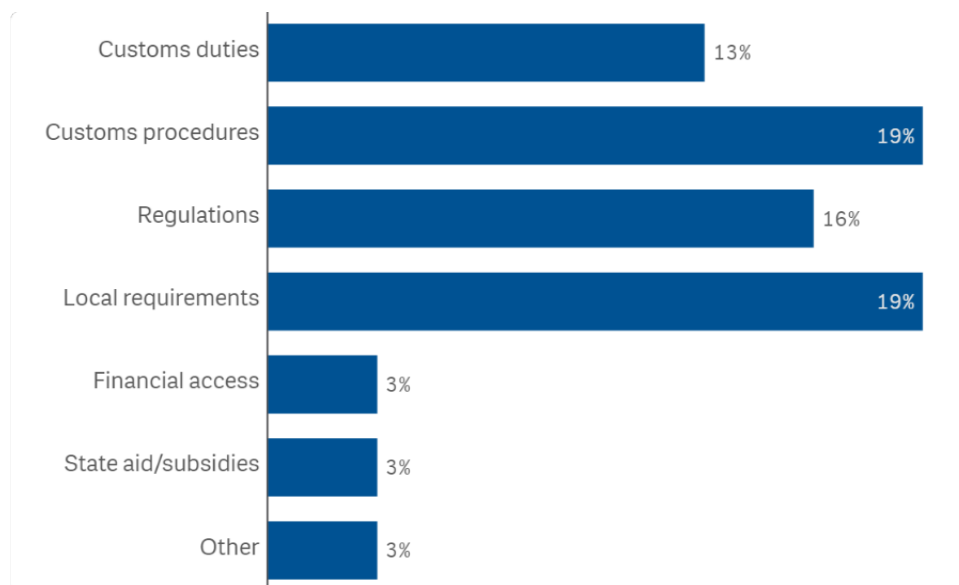
NOTE: The number of respondents for this question was 32.  
 SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

The weakest-rated areas remain physical infrastructure and personal safety, underscoring that operational risk in South Africa is still shaped as much by practical delivery conditions as by market opportunity. Mid-range scores for market access and licensing or permit processes suggest that administrative complexity continues to slow execution. For many companies, this makes local knowledge, careful planning, and strong local intermediaries especially valuable. For Swedish firms, the implication is clear: operational success depends on combining strong local partnerships with selective investment in logistics, security, and other risk mitigation measures that protect continuity.

## Trade barriers continue to affect the flow of operations

Trade administration has improved in some areas, but Swedish companies still report barriers that affect efficiency and predictability. The most frequently cited constraints are customs procedures and local content requirements, followed by broader regulatory requirements and customs duties.

**Has your company in the past year encountered trade barriers in South Africa with a noticeably negative impact on operations, in any of the following areas?**



NOTE: The number of respondents for this question was 32.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

## Key operational and trade-related constraints

### Customs procedures and local content requirements

The prominence of customs-related issues suggests that technical execution at the border remains a bottleneck, especially for imported machinery, specialised equipment, and other high-value industrial inputs. Local content requirements and empowerment-related requirements add a further layer of complexity, particularly for firms that depend on imported inputs or globally integrated supply chains.

### Financial access and financing conditions

By contrast, financial access appears to be a comparatively minor constraint, reinforcing the view that South Africa's private financial system remains one of the market's stronger fundamentals.

## Additional policy and market access considerations

### Visa regulations and access to skilled labour

Visa processes and long administrative lead times continue to affect some companies' ability to deploy specialist skills efficiently. This is particularly relevant for firms that rely on technical mobility, short-term expert support, or regional coordination roles.

### Policy certainty and investor confidence

Broader policy discussions continue to shape investor sentiment, even where legal protections remain in place. For international companies, predictable communication and consistent implementation matter as much as policy design itself.

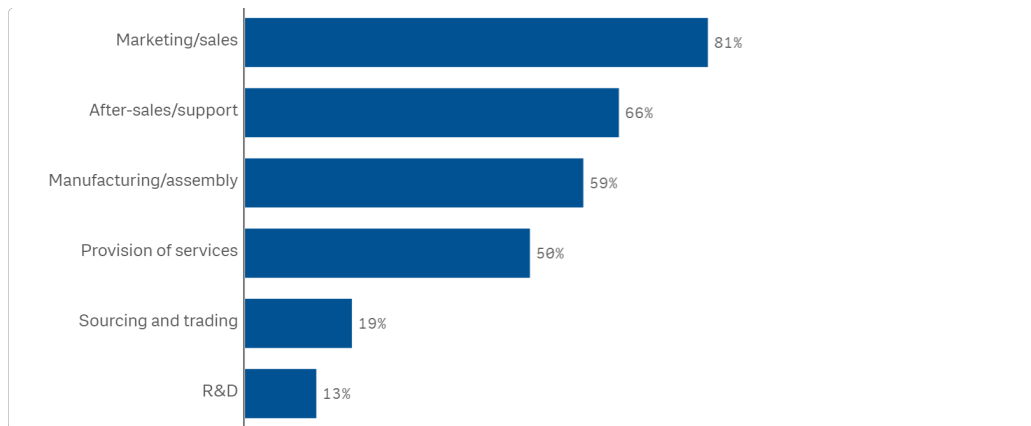
In this context, Team Sweden continues to play an important role in helping companies interpret the market, navigate the regulatory environment, and identify practical growth opportunities.

# How Swedish companies succeed in South Africa

## Swedish companies compete through customer proximity and targeted local presence

For many Swedish firms, success in South Africa depends on staying close to customers, understanding local demand, and building durable commercial relationships. This is reflected in the strong emphasis on sales, service, and after-sales support across the respondent base. Manufacturing and assembly also remain important parts of the local operating footprint, particularly in engineering and capital goods. At the same time, more upstream or research-intensive activities tend to remain concentrated elsewhere in global value chains.

### Operational footprint of Swedish firms in South Africa



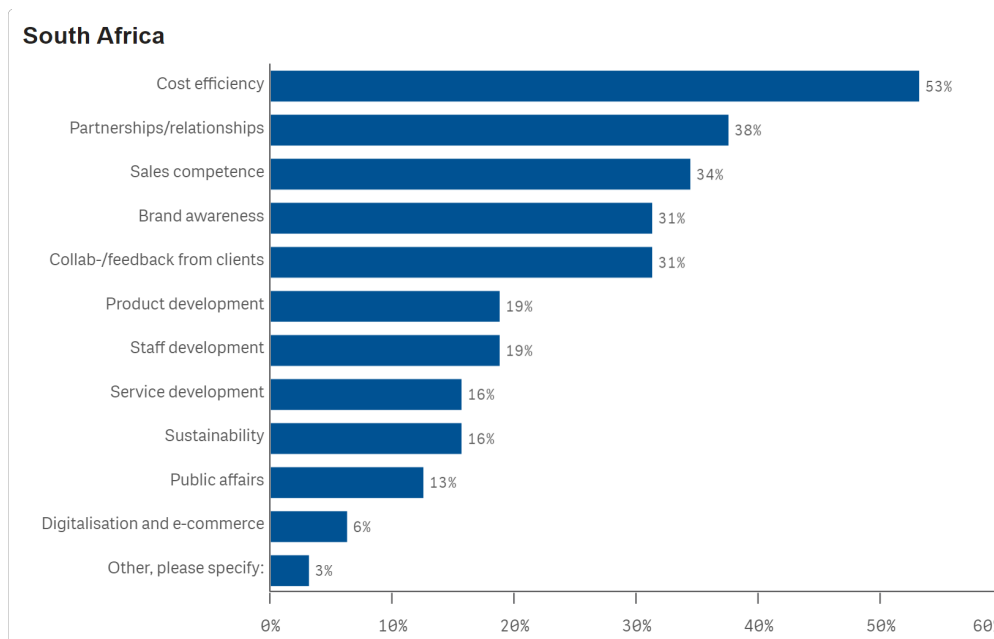
NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

Taken together, this operating model shows that South Africa serves not only as a commercial market, but also as a platform for local service delivery, customer support, and selected operational functions with regional reach.

## Competitiveness depends on cost discipline, partnerships, and strong local execution

The survey sends a clear message: in South Africa, competitiveness is driven above all by cost efficiency and strong partnerships. Advanced technology matters, but it is not sufficient without a business model adapted to local market realities. Cost efficiency ranks highest because the market remains price-sensitive and operationally demanding. Currency volatility, infrastructure constraints, and competitive intensity all increase the importance of lean cost structures, local adaptability, and resilient delivery models.

### To date, which of the following areas have been important in maintaining competitiveness in South Africa?



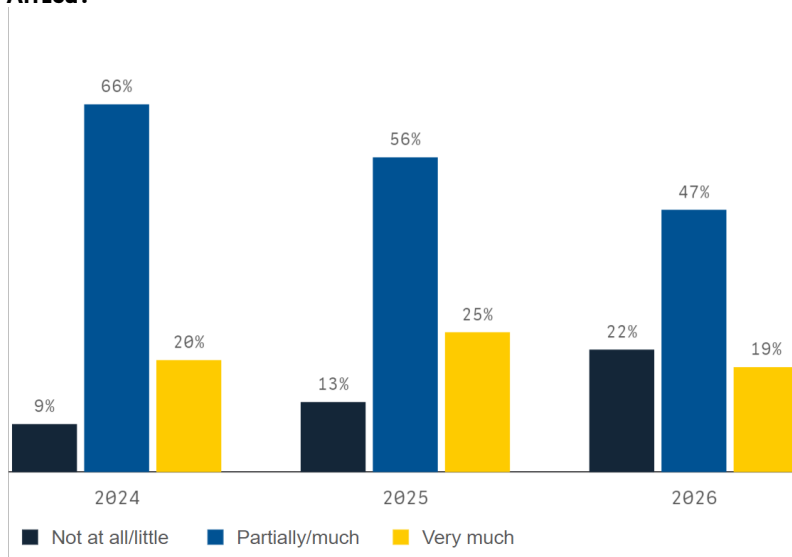
NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

Partnerships and local relationships are equally central. Trusted local counterparts help companies navigate regulation, access supply chains, understand procurement dynamics, and build commercial credibility in a market where relationships play an important role. Sales competence, brand awareness, and close client collaboration further reinforce performance. In practice, this means that commercial agility, local presence, and consistent execution matter at least as much as product strength.

## Brand Sweden remains valuable, but its effect is increasingly dependent on local execution

Brand Sweden continues to carry positive associations in South Africa, particularly around quality, reliability, innovation, sustainability, and responsible business conduct. These attributes remain helpful in sectors where trust, technical credibility, and long-term performance matter. Its value, however, is greatest when it reinforces strong local performance rather than substituting for it. Reputation may open doors, but competitiveness still depends on delivery, responsiveness, and customer relevance on the ground.

### To what extent would you estimate that the “Swedish brand” contributes to your business in South Africa?



NOTE: The number of respondents for this question was 32. “Don’t know/Not applicable” responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

#### Where the Swedish brand continues to add value

Brand Sweden is especially valuable in segments where governance, lifecycle value, and technical quality influence buying decisions. This is particularly relevant in industrial equipment, energy, transport, digital solutions, and sustainability-linked services. In these areas, the Swedish brand can support customer access, strengthen trust with decision-makers, and help firms defend a higher-value position.

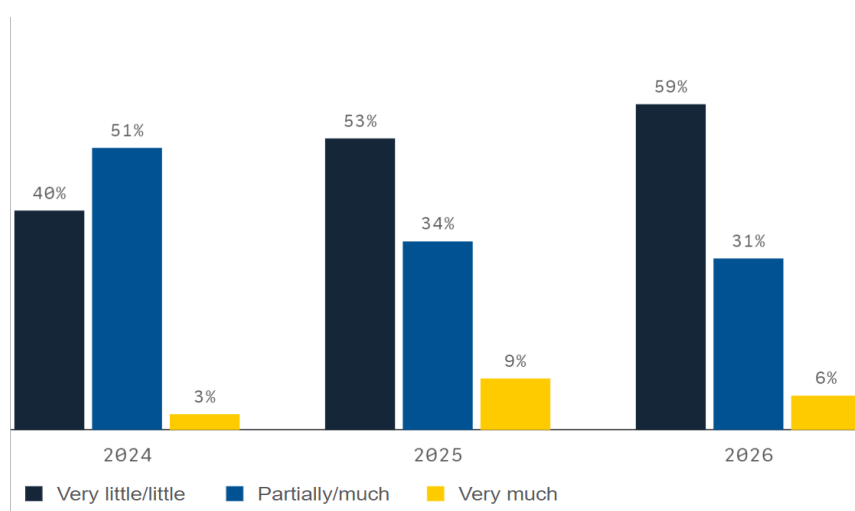
The survey results reinforce this view: Brand Sweden remains a meaningful commercial asset, but not a stand-alone source of advantage. Its benefits are most visible where established Swedish firms combine strong reputations with local presence, technical capability, and long-term commitment. Overall, Brand Sweden still adds value in South Africa, but primarily as an amplifier of trusted local execution.

# Acting sustainably

## Sustainability remains a differentiator, but its commercial impact is uneven

For Swedish companies in South Africa, sustainability is increasingly about operational practice rather than brand positioning alone. It now encompasses compliance, resilience, implementation credibility, and alignment with both EU requirements and local development priorities.

**In your view, to what extent do customers in your industry in South Africa consider environmental aspects of a product or service in their purchasing decision?**



NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

### Environmental considerations matter, but rarely drive purchasing decisions independently

The survey suggests that environmental considerations matter in some segments but are not yet a primary purchasing driver across the market. In many cases, they remain secondary to price, procurement requirements, and operational reliability. For Swedish firms, this means that sustainability propositions are most persuasive when tied to practical customer value such as efficiency, durability, lower long-term operating costs, and resilience in local operating conditions.

### Social sustainability and supply-chain accountability are gaining prominence

Social sustainability often carries greater weight. Labour practices, workplace safety, skills transfer, and governance are increasingly important to how companies are assessed by customers, regulators, and partners, increasing the importance of traceability and credible implementation. Overall, sustainability remains a relevant source of differentiation for Swedish companies, but its commercial effect depends on whether companies can translate it into tangible business value and are backed by credible governance.

## Corruption remains a governance risk, but reported direct exposure is limited

Corruption remains part of South Africa's broader governance risk environment, particularly in areas linked to public institutions and procurement. For international firms, the practical implication is less about frequent direct exposure than the need for strong compliance, disciplined counterpart selection, and robust controls in higher-risk interactions.

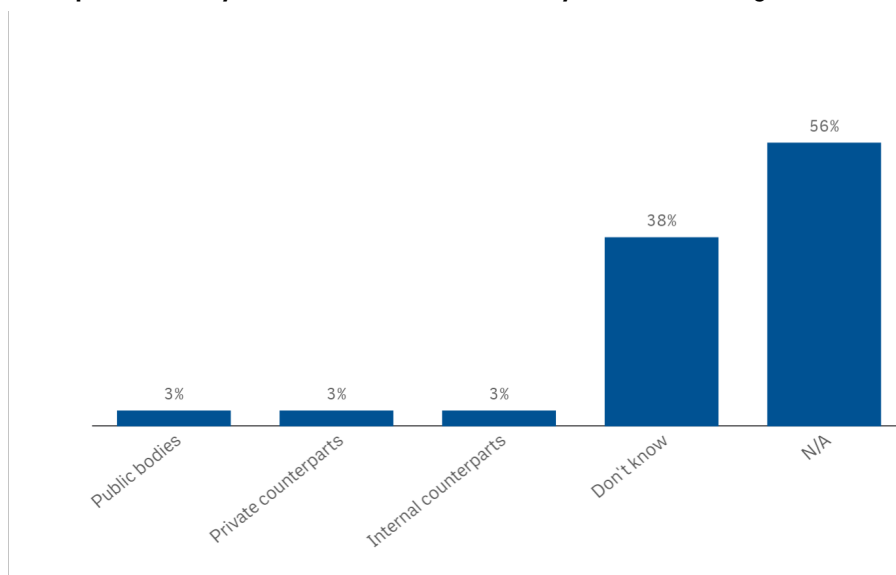
### Reported direct exposure remains limited

Most respondents report no direct exposure to corruption in day-to-day operations. At the same time, the relatively high share of respondents who are uncertain suggests that visibility remains limited in some parts of the operating environment.

### Why continued vigilance still matters

This points to an important distinction: corruption may not be a frequent direct experience for most Swedish firms, but it remains a systemic risk that requires continued vigilance and strong governance.

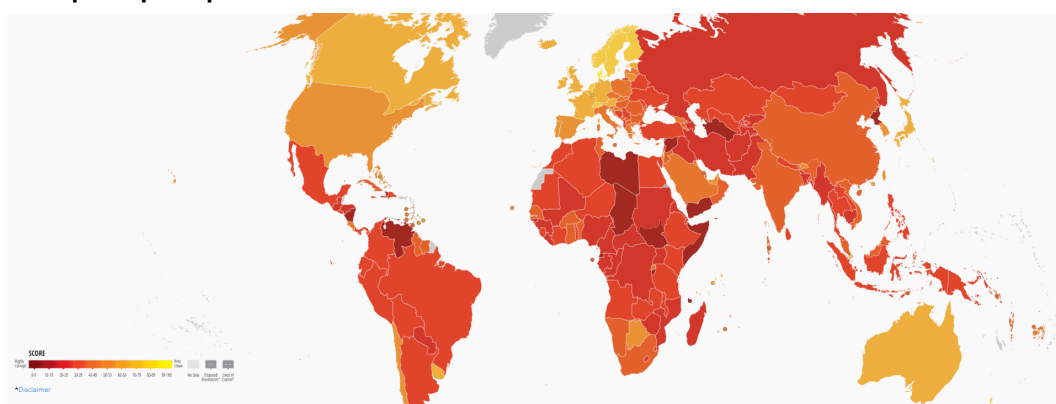
### Has your company in South Africa been exposed to corruption such as, but not limited to, attempts of bribery or fraud in contacts with any of the following areas?



NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

This company-level picture is best understood alongside broader governance indicators, which help explain why due diligence and compliance remain important even where day-to-day exposure appears limited.

### Corruption perception index 2025



NOTE: The Corruption Perceptions Index scores countries on a scale from 0 to 100, where higher scores indicate lower perceived levels of public sector corruption.  
SOURCE: Transparency International

Transparency International's 2025 CPI score for South Africa points to continued concerns around public-sector governance and implementation capacity. The lack of marked improvement reinforces the case for disciplined risk management rather than complacency. For companies and investors, the CPI reinforces the need for strong compliance systems, clear internal controls, and disciplined engagement practices when operating in South Africa. It also highlights the importance of careful due diligence, especially in interactions involving public institutions, procurement processes, and other higher-risk interactions.

Taken together, the CPI and survey findings point to an important distinction: corruption remains a recognised governance risk at the national level, but its direct operational impact on Swedish firms appears more limited. This makes continued vigilance essential, even where day-to-day exposure is low.

## Human rights and labour rights oversight requires stronger transparency, traceability, and enforcement

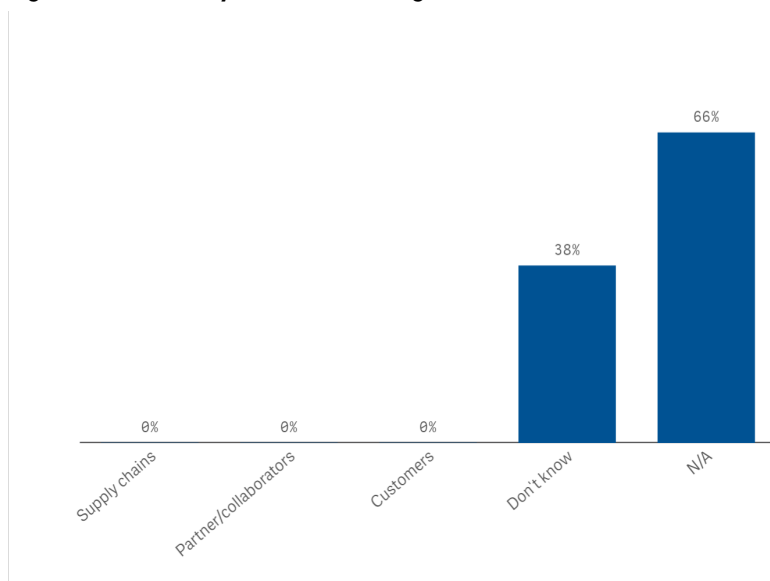
As EU due diligence requirements continue to reshape expectations for responsible business conduct across global value chains, accountability is extending well beyond Europe to non-EU operations, suppliers, and business partners. The EU's Corporate Sustainability Due Diligence Directive (CSDDD) reinforces a risk-based approach that requires companies to identify, prevent, mitigate, and address adverse human rights and environmental impacts across their operations and value chains. For South Africa, this raises the importance of stronger labour governance, more consistent enforcement, and closer alignment with international standards for responsible investment.

In practice, the most relevant risks are often linked less to extreme violations in formal corporate operations and more to uneven visibility and enforcement across wider labour ecosystems. These risks can include weak occupational health and safety compliance, insufficient contractor oversight, informal or precarious work arrangements, inadequate supplier monitoring, and limited traceability beyond immediate counterparties.

South Africa has a well-established legal framework protecting workers, including prohibitions on forced labour and child labour, but enforcement remains uneven and occupational safety concerns persist in higher-risk settings, particularly where subcontracting, informal working arrangements, or weaker local oversight are present.

Against this backdrop, survey responses from Swedish companies suggest that direct exposure to human rights violations or labour rights abuses in South Africa remains limited within their own reported operations. Sixty-six per cent of respondents said such issues had not affected their operations, and no company reported a confirmed violation involving supply chains, partners, collaborators, or customers. At the same time, 38 per cent said they did not know whether such incidents had occurred. This level of uncertainty is significant: it suggests that while serious incidents may be uncommon in firms' immediate operating environments, visibility becomes weaker further down the value chain, where risks are often harder to detect and monitor.

### Has your company in South Africa encountered any form of human rights violations and/or labour rights abuse in any of the following areas?



NOTE: The number of respondents for this question was 32. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2026

For Swedish firms, the implication is not that the risk can be ignored, but that it must be managed through stronger due diligence systems. This includes more systematic supplier screening, clearer contractual expectations, clearer grievance and escalation mechanisms, and deeper engagement with contractors and business partners where labour conditions are harder to monitor. As international requirements continue to tighten, competitive advantage will increasingly depend on demonstrating not only strong internal standards, but also credible traceability, monitoring, and remediation across the wider value chain.

## Conclusion

The 2026 Business Climate Survey confirms that South Africa remains a strategically important market for Swedish companies, even in a low-growth and operationally complex environment. The findings point to resilient business confidence, continued investment intent, and a long-term commitment to the market, supported by South Africa's role as a regional hub for industrial activity, service delivery, and wider market access.

For Swedish firms, the implication is clear: long-term competitiveness in South Africa will depend on cost efficiency, trusted local partnerships, customer proximity, and consistent delivery. Brand Sweden, sustainability, and strong governance remain important assets, but their value is greatest when translated into operational performance and customer relevance.

Companies that combine resilience, adaptability, and long-term commitment will be best positioned to benefit as South Africa's reform agenda and regional importance continue to evolve.

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