



Sweden
Sverige

BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN SOUTH AFRICA 2023

A REPORT FROM TEAM SWEDEN IN SOUTH AFRICA

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KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in South Africa

Rupa Thakrar Bagoon, Kudakwashe Koke

Embassy of Sweden in South Africa

Håkan Juholt

76% response rate

Current business climate

Slightly adverse business climate sentiment due to challenging operational environment

Industry turnover

67%

of Swedish companies expect their industry turnover to increase

Future investments

40%

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

Globally valued success factors

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

Brand Sweden

86%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Distributors
2. Service providers
3. Suppliers

Local conditions with least satisfaction

1. Local content requirements
2. Customs procedures
3. B-BBEE regulations

Environmental considerations

63%

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

Corruption

– Very low incidents

Human rights violation and labour rights abuse

– Very low

FOREWORD

Creating sustainable value through collaboration has been Sweden's principal message and this is reflected in its relationship with South Africa. In a world where technological advancement, climate change, supply chain disruptions, changing demographics, and domestic social instability continuously determine the business environment, Sweden remains one of the leading countries in developing solutions and advocating for sustainability to become the core of doing business in the future.

From the end of 2021 to 2022, South Africa's economy was experiencing recovery that was supported by growth within the services sector. However, despite the recovery, the economy has struggled to return to pre-Covid levels of performance. This is because, over the past year, the South African economy has been exposed to a series of global and local disruptions, including slowing global growth, geopolitical tensions, acute electricity supply challenges, inefficiencies within state-owned enterprises, and climate change, among others. Based on the local statistics authority, StatsSA, the South African economy – in GDP terms – has only expanded by 0.9 per cent since the outbreak of Covid-19.

What has been One of South Africa's biggest challenges is energy security. Since 2007, South Africa has been experiencing electricity supply shortages that have resulted in the loss of what could have been productive hours for economic growth. Currently, the shortages are so severe that consumers are experiencing between 8-12 hours of no electricity per day. In response to the severe electricity shortages, the president has appointed a new ministry responsible for significantly reducing the severity and frequency of load-shedding as a matter of urgency. The focus remains on creating a reliable baseload capacity that can support the current demands.

On the policy front, the South African government has made significant improvements on domestic revenue mobilisation, removed licensing requirements for embedded power generation, announced a plan to create a mechanism for private sector participation in transmission infrastructure, completed the spectrum auction, and has taken steps to improve third-party access to the country's ports and freight network. Anti-corruption measures in response to the judicial recommendations of the Commission of Inquiry into Allegations of State Capture have also been announced in October 2022.

Additionally, South Africa must swiftly address the grey listing of the country by the Financial Action Task Force (FATF) in February 2023. While this is not expected to have permanent effects on the growth outlook, it could imply potential risks such as reputational damage, increased transaction costs for businesses (already faced with an environment of high input costs), and a negative impact on foreign flows, posing an additional burden on the already struggling economy. These are likely to become key topics as the country prepares for national elections in 2024.

We hope that this survey gives an overview of the perception of international companies operating in South Africa. As "Team Sweden" in the region, we are constantly looking for new avenues of collaboration and growth focusing on sustainability, technology, and innovation. We are in constant engagement with stakeholders from both the public and private spaces locally, creating platforms that are conducive to enhancing commercial relationships between the two countries. Our appreciation and commitment towards sustainability continues an upward trajectory with companies indicating an increase in the local demand for sustainable products and services.



Håkan Juholt
Ambassador



Rupa Thakrar Bagoon
Trade Commissioner

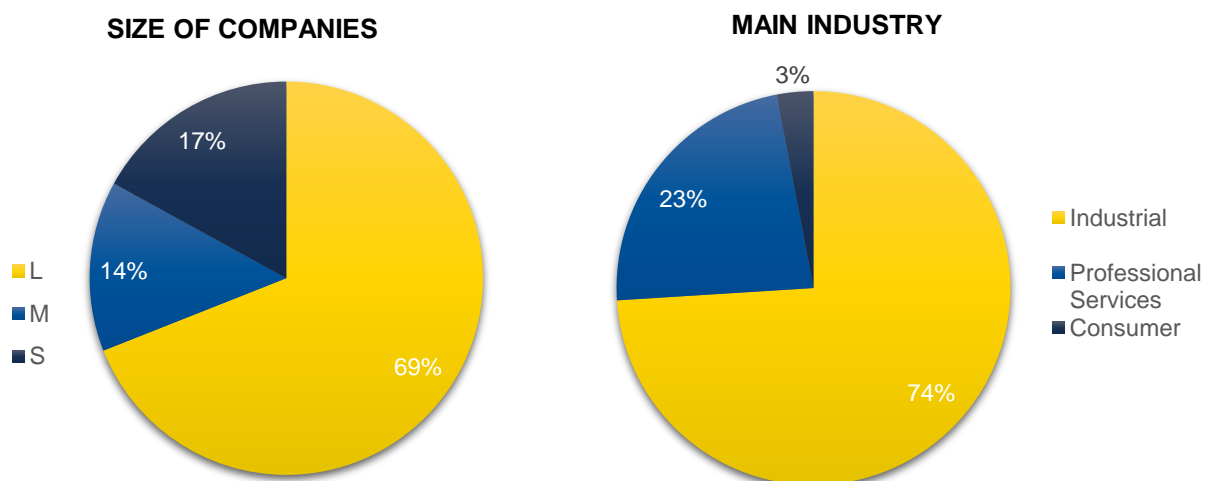
ABOUT THE SURVEY

The presence of Swedish companies in South Africa is largely through the industrial sector

An increase in Swedish “newcomers” shows appreciation of South Africa

For the past four years, Team Sweden has been conducting a Business Climate Survey with the purpose of gathering information from Swedish companies with operations in South Africa. The survey enables an informed understanding of the local commercial environment citing pertinent issues affecting the trade in goods and services between Sweden and South Africa.

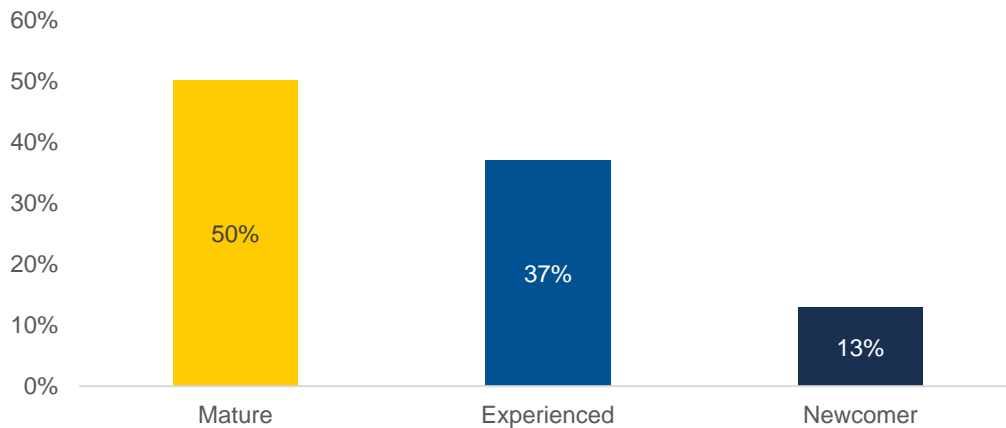
This report has been prepared based on the Swedish companies' responses to the economic outlook, market, local success factors, and sustainable business practices. Additionally, the report indicates Swedish companies' perception of the South African economic situation and business prospects and how these may vary across industries, size of the company, and target customer segments. Besides giving an outlook of how Swedish companies plan on developing their local business operations in the short to medium term, the report also seeks out the perceived success factors within the South African market in addition to exploring sustainability-related aspects and how they are interpreted within the market.



NOTE: Global employees. 69% Large >1000. 14% Medium 250-1000. 17% Small 0-249

This year, the survey is based on a 76 per cent response rate after having been sent out to about 50 Swedish companies operating in South Africa directly through subsidiaries. The size of the companies is split among large, medium, and small companies. Because of the global nature of the enterprises, large companies make up the bulk of the respondents accounting for 69 per cent. Medium and small companies represent 14 and 17 per cent respectively. Additionally, most of the respondents fall within the Business to Business or Business to Government segments. Only three per cent of the companies that responded deal directly with their consumers. This is common amongst Swedish companies in South Africa as they rely largely on third-party partners and distributors for local customer interaction.

AGE OF COMPANIES



NOTE: Mature (-2000). Experienced (2002-2016). Newcomer (2017-)

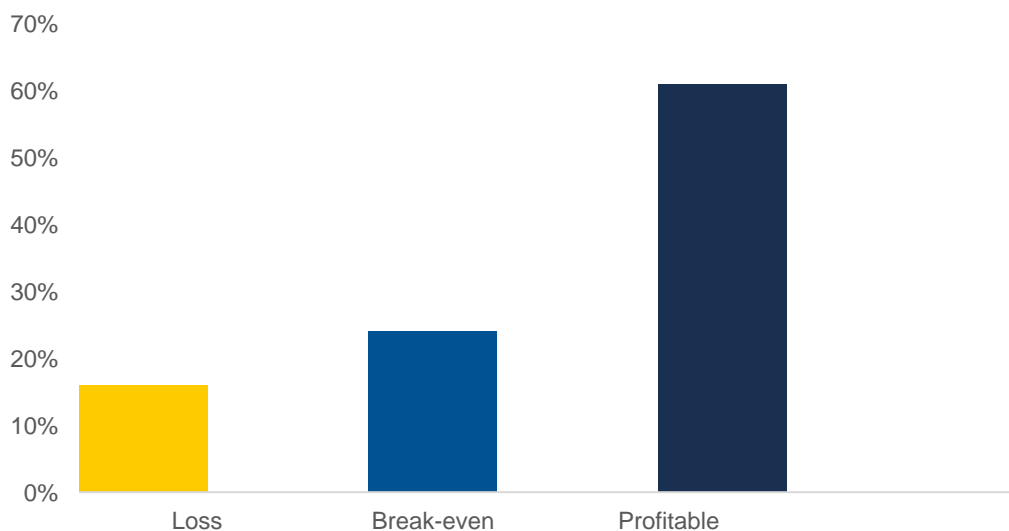
Compared to last year, the portion of companies defined as 'newcomers' into the South African market has increased. These new entrants see South Africa as an emerging market with decent infrastructure and unlimited potential. Overall, the survey seeks to elaborate on the prevailing economic environment as described by Swedish companies in South Africa. We hope that this report will allow you to explore how different companies within different industries are affected by changes in the business climate and what they expect to see in the future.

ECONOMIC OUTLOOK

As projected last year, Swedish exports – industrial, professional services and consumer goods increased in demand

The performance of the South African economy significantly improved this past year due to the global recovery from the Covid-19 pandemic as China eased its lockdown procedures. However, the country's persistent electricity crisis continues to pose significant risks to its economic outlook alongside global supply chain shocks due to geopolitical tensions such as the Russo-Ukraine war, rising inflations causing slow global growth, fiscal risks, and inefficiencies in state-owned enterprises. The South African government remains committed to seeing growth in the short to medium term. This includes expanding the country's baseload generation capacity, improving investments in strategic infrastructure, promoting industrial expansion, and strengthening enabling conditions by minimising red tape.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN SOUTH AFRICA IN 2022?



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure 16% Loss, 24% Break-Even and 61% Profitable.

SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

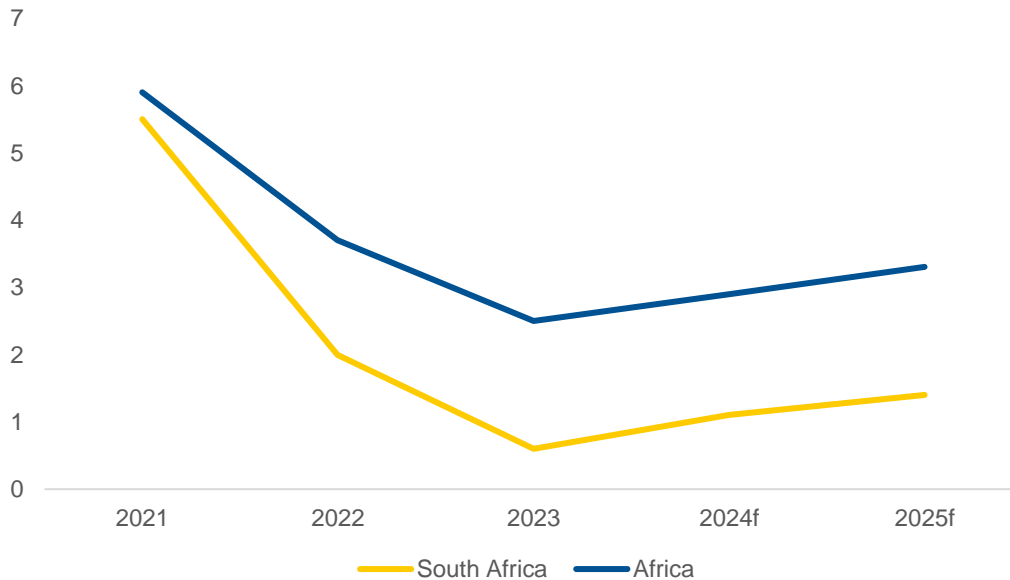
Most Swedish companies operating in the region are steadily recovering from the interruption caused by the pandemic and riots. This is evident by the 14 per cent increase in companies generating a profit while 11 per cent more managed to break-even this year.

An unprecedented energy crisis continues to negatively impact the local economy

The National Treasury's forecast projected a decline of 0.9 per cent in the first quarter of 2023 while the South African Reserve Bank projects a less optimistic 0.3 per cent. This is due to high inflation rates and increased global food and fuel prices causing strain on consumers as consumer goods

businesses take on higher costs for backup power. GDP will average 1.2 per cent over the next two years based on the successful implementation of structural reforms under Operation Vulindlela, lifting the electricity generation licencing threshold to 100MW, corporatising Transnet National Ports Authority, implementing new e-visa system and overhauling the water-use license system.

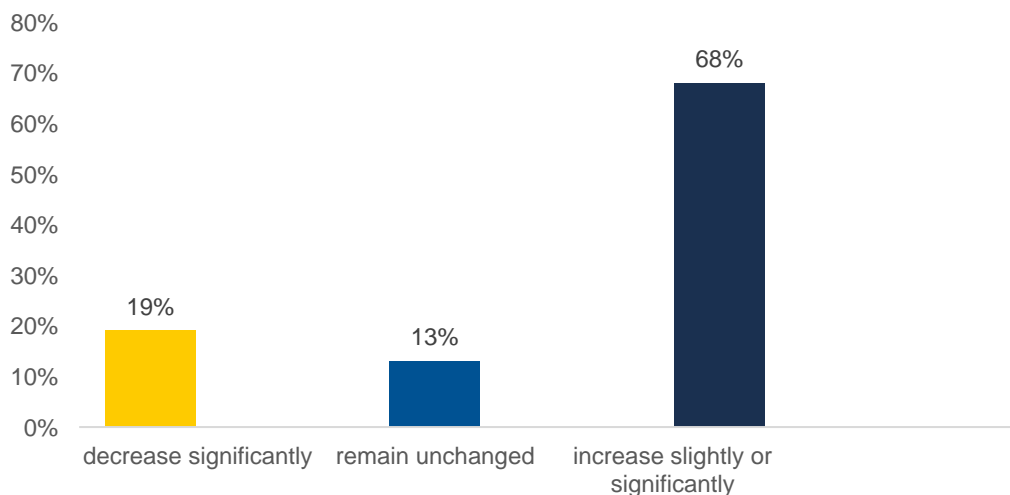
PROJECTED GDP GROWTH IN SOUTH AFRICA



NOTE: Constant prices .SOURCE: Oxford Economics 10 May 2023

Personal services, finance, real estate, business services, and agriculture were the most significant positive contributors to growth in 2023. The electricity, gas, and water supply industry were down 6.3 per cent, with production hampered by load shedding and infrastructure problems affecting electricity and water distribution. Trade activity decreased by 3.6 per cent as load-shedding worsened, with negative results from retail, motor trade, tourist accommodation, restaurants, fast food, and catering. Economic activity in the mining, quarrying, and construction sectors still lags pre-Covid-19 production levels.

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 38. "Don't know/Not applicable" responses are included but not shown in figure. 18% decrease, 13% unchanged and 68% increase.

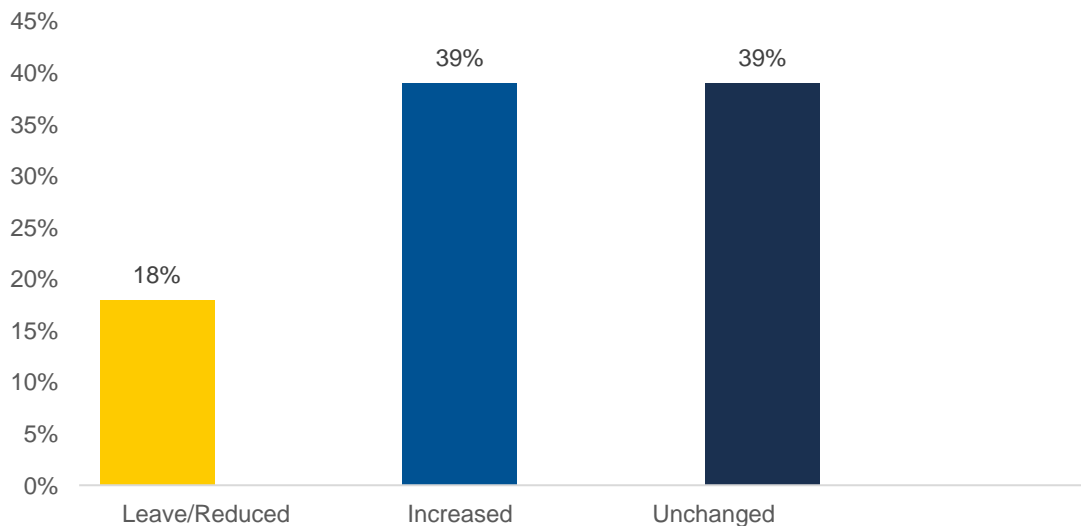
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

Many Swedish subsidiaries that maintained an unchanged revenue expectation last year succumbed to the economic challenges and now contribute to the 18 per cent of companies expecting a decline in their revenues in the 2023-2024 financial year. Larger companies, however, maintain an optimistic outlook and are operating under the assumption that their industries will expand over the next 12 months. Positive trends in business performance are expected once energy security is restored. Overall, demand for Swedish exports is forecasted to increase for both industrial and professional services driven by the need for tools enabling local economic resuscitation.

Infrastructure challenges threaten plans for future growth of investment

Investment plans are decreasing for the short term as most companies fear operations being halted by a lack of energy supply and the increasing threat of a grid collapse. All medium-sized companies plan to maintain the current level of investment activities, while 40 per cent of the large companies plan on maintaining and increasing investment. Most of the investment will be targeting professional services and industrial sectors, with nothing indicated in the consumer sector. No new companies are planning to increase their investments over the short term but will maintain their level of investment. On the other hand, 50 per cent of the mature companies operating in South Africa plan on increasing investment over the next year.

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 38. "Don't know/Not applicable" responses are included but not shown in figure. 18% level 39%increased and 39% unchanged.

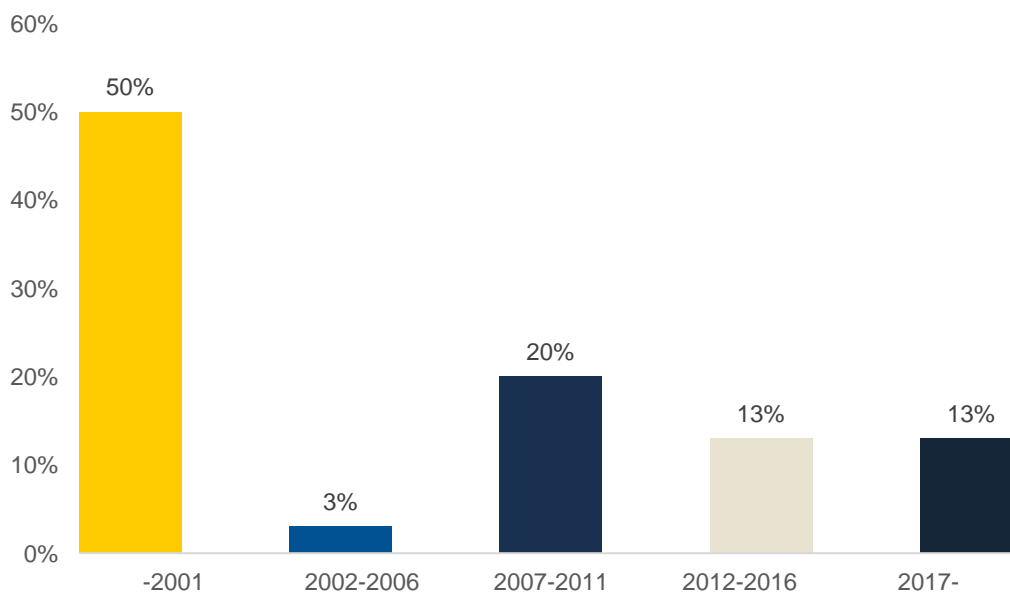
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

THE MARKET

Swedish companies have been present for over a century in South Africa

Hosting the largest concentration of multinational companies in the region, South Africa's legacy as a commercial hub remains an attractive market even for Swedish companies looking to export into the African region. This is in addition to a stable legislative and regulatory environment protecting international investment. Swedish-South African commercial relations date back over a century. During this period, Swedish companies have contributed to local growth aspirations. The growth of Swedish companies in South Africa came in phases. The pioneering group entered the country at the start of the 20th century. The industrial proceeded with a wave focusing on expanding the local industrial capacity over the last 40 years. Today, there is a mix of Swedish companies because of increased globalisation that allows small and medium-sized companies to explore new markets.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN SOUTH AFRICA?

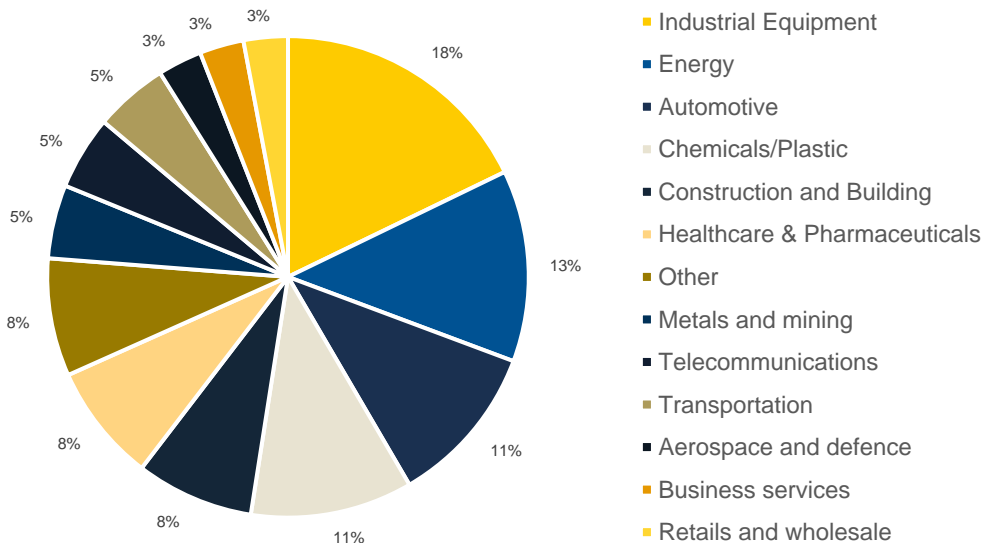


NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

Based on responses from the survey, many Swedish companies were established in South Africa before the turn of the century. For much of this period, the character of companies was traditional, large multinational corporations with a large global footprint focused principally on industrial activities. Over time, this has changed as more companies have now established, with an uptake in medium and smaller-sized businesses exploring the market. The opportunity for shared ownership has also increased the chances of more companies launching in South Africa both from a shared risk perspective and in compliance with the Broad-Based Black Economic Empowerment (B-BBEE) legislation.

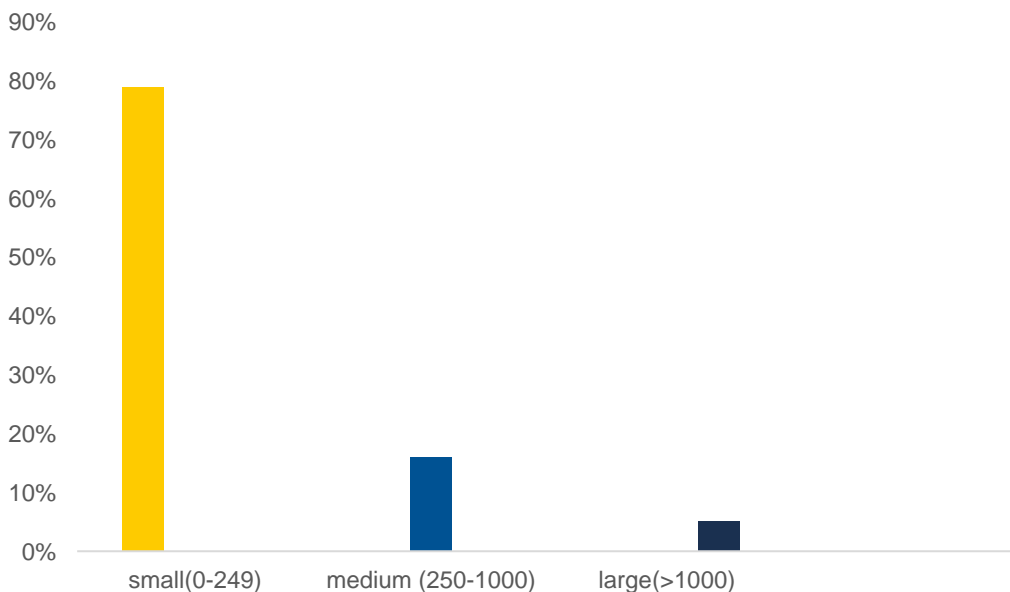
WHAT IS YOUR COMPANY’S MAIN INDUSTRY IN SOUTH AFRICA?



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

Companies identified as active within the industrial equipment space constitute the biggest individual category of Swedish companies in South Africa. There remains, however, an even distribution of companies regarding activities across industries in South Africa. Most Swedish companies across the various sectors are traditionally OEM suppliers depending on high import volumes, but this is beginning to change as more focus is now on developing local capacities and partnerships, either in manufacturing or assembly. Additional participation for Swedish companies is through distributors who hold different licencing agreements allowing them to trade products and services of Swedish origin.

SWEDISH FIRMS’ LOCAL NUMBER OF EMPLOYEES IN SOUTH AFRICA IN 2023

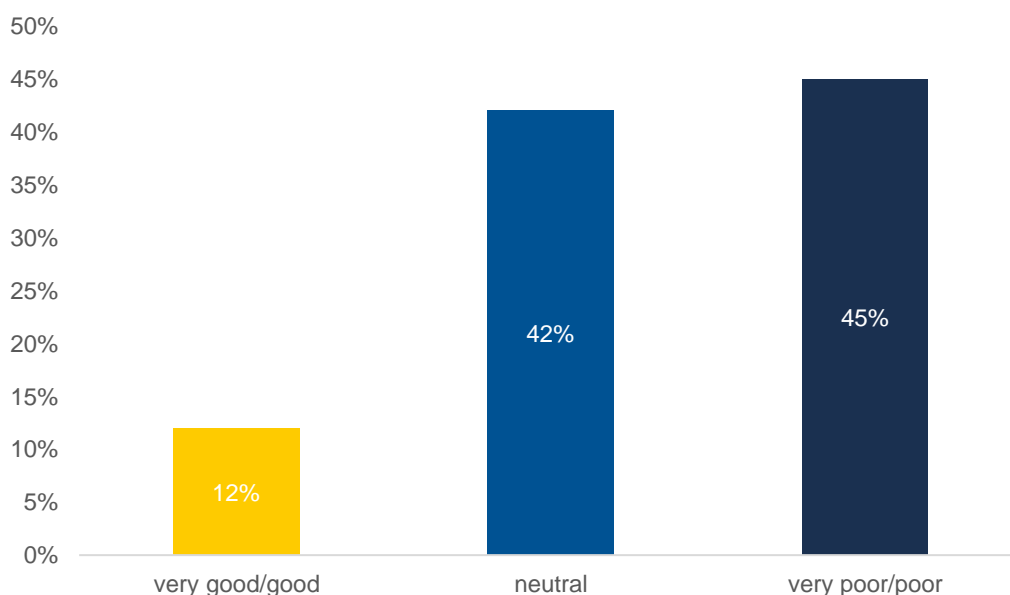


NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

Due to the nature of business, smaller companies with local employees of up to 250 individuals from most Swedish companies in South Africa. Of the companies that responded, five per cent have over 1000 employees each. Cumulatively, Swedish companies employ an estimated 10,000 employees in South Africa directly, with numbers multiplying extensively if the survey includes distributors and other third-party channels. Indications are that a significant contribution to South Africa's intentions to reduce unemployment which has been as high as 35 per cent in the period after the pandemic. Local initiatives such as artisanal training by some of the larger Swedish OEMs in the country have assisted in reducing the skills gaps that are currently restraining the local industrial potential.

Compared to 2022, the relative stability of the BCI indicates

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN SOUTH AFRICA?



NOTE: The number of respondents for this question was 33. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

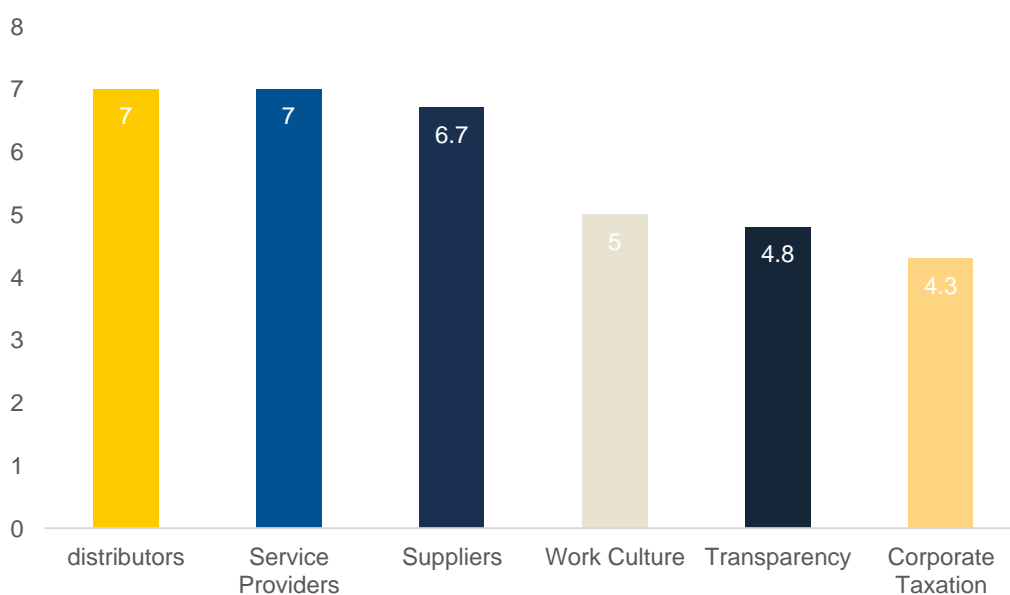
South Africa continues to suffer the effects of corruption and economic mismanagement, Covid-19, recession, the Russo-Ukraine War, and rolling blackouts. The lack of a dependable power supply remains a threat to investors despite Moody's classification of the country's investment outlook as stable. Regardless of these challenges, South Africa remains a major market because of its large population of more than 60 million people, a sophisticated, resilient financial system, and a well-established manufacturing sector.

Intellectual property protection, financial systems, and availability of service providers remain attractive elements for Swedish companies in South Africa

Like most emerging economies, South Africa is a constantly evolving market with significant defining characteristics that make it preferable to Swedish companies. With one of the most liberal constitutions in the world, South Africa presents itself as an ideal destination for Swedish companies due to the prevailing respect for the rule of law. Additionally, being the regional financial capital, South Africa's infrastructure allows for seamless capital movement, investment, and repatriations. Two areas that are developing within the South African market where Swedish companies have indicated are the transition towards a more digital economy and the development of personnel skills for this within the local labour force.

On the other hand, personal safety remains a concern as the country experiences high levels of violent crime. Other problematic elements are the labour market regulations concerning work permits for foreign personnel scheduled to work locally in different capacities. Preferential procurement regulations have also made it increasingly difficult for not just Swedish but internationally owned companies to do business within the local market.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN SOUTH AFRICA?



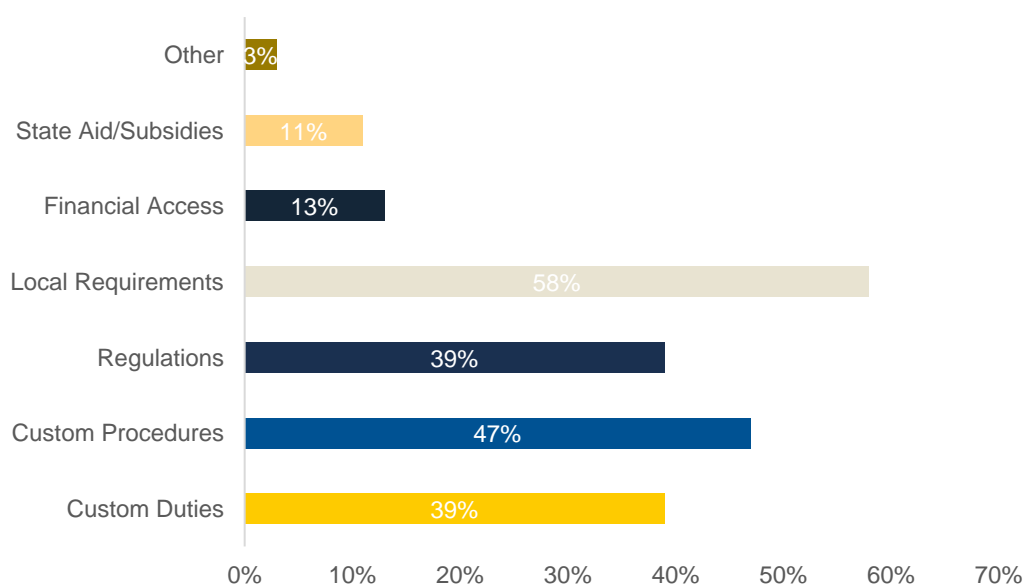
NOTE: The number of respondents for this question was 38.
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

As depicted in the illustration, different conditions make the South African market preferable for Swedish companies. Intellectual property protection, a stable financial system, and accessibility to service providers, distributors, and suppliers are some of the leading attractions that make South Africa a preferable market destination for Swedish subsidiaries. This is in addition to the availability of key personnel, a stable financial system, and customs regulations. However, the survey also noted that there are some limitations regarding personal safety, transparency and equal treatment, licencing, and physical infrastructure that need to be developed.

Need to develop the local business environment negatively impacting the ability for trade

Swedish companies in South Africa currently operate in an environment that is sometimes perceived as not conducive to international companies. Much of the regulatory environment is in support of developing local businesses mainly through the implementation of the Broad-Based Black Economic Empowerment (B-BBEE) legislation encouraging the participation of previously disadvantaged individuals. According to Swedish companies, local requirement demands are the most notable barrier. Where possible, Swedish companies have either sold off a portion of their business to local partners or have developed complementary relationships in assembly, distribution, and manufacturing.

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 38.
SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

Based on the responses, up to 50 per cent of Swedish companies providing industrial services have cited that local requirements and regulations have created barriers to their ability to trade. In recent discussions, something that has come up in relation to obstacles impeding trade is the increasing availability of counterfeits on the market. This is mainly because of the disruptions to the normal supply chains because of the war in Europe. Customers are now looking for replacements from alternative sources exposing themselves to counterfeit products.

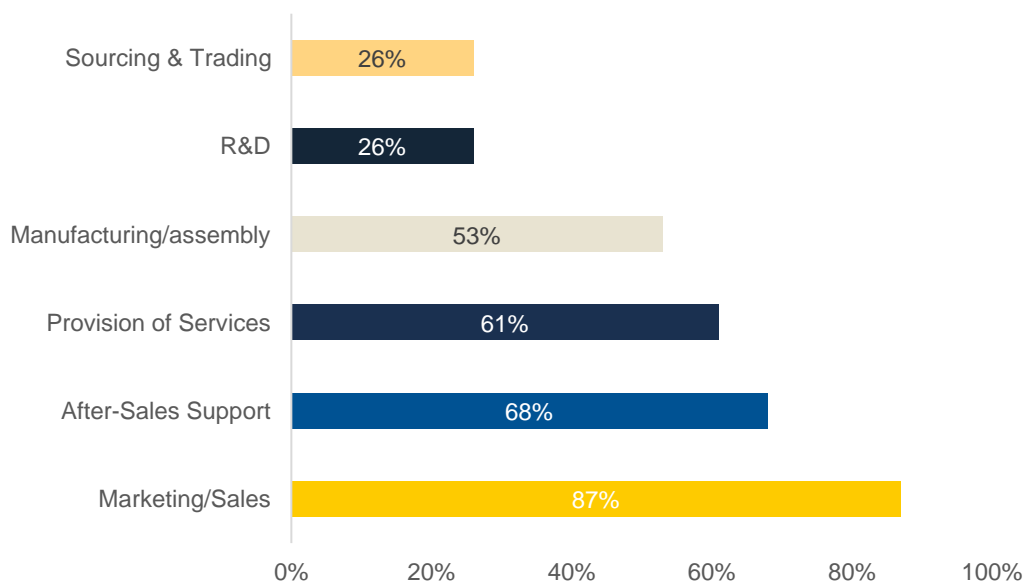
HOW SWEDISH COMPANIES SUCCEED IN SOUTH AFRICA

Swedish companies are predominantly involved in marketing and sales activities locally.

South Africa is a leading destination for Swedish companies because of its stable business operating environment compared to its peers in the region. On the same topic, it is important to note globalisation has exposed the region to foreign entities and created competition for international companies to capture market share. Being a transitional economy like many other emerging markets, consumers in South Africa have become increasingly diverse, have higher purchasing power, and therefore, now have evolved in their demands. Furthermore, processes like globalisation and digitalisation are disrupting traditional sales and marketing models across industries. Disruptive trends continue to be realised among global companies while successful business practices may need improvement to retain market success.

The case is no different in South Africa, where the market profile has evolved into a predominantly upper-middle-class economy despite the high levels of inequality. Additionally, the diverse nature of the South African economy presents opportunities for Swedish companies to operate within multiple sectors. For most high-value projects in the energy and construction industries, the leading customer group has been from the public sector. This is, however, changing as some of these projects are now co-developed by both the private and public sectors through public and private partnerships. In industries such as mining and transport, there have been a lot of B2G and B2B engagements, and the retail industry has been through B2C engagements.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

Swedish companies in South Africa indicate that up to 73 per cent of the responding subsidiaries are involved in some form of marketing or sales-related activity on behalf of the parent companies back in Sweden. Additional activities involving Swedish companies in the market include after-sales

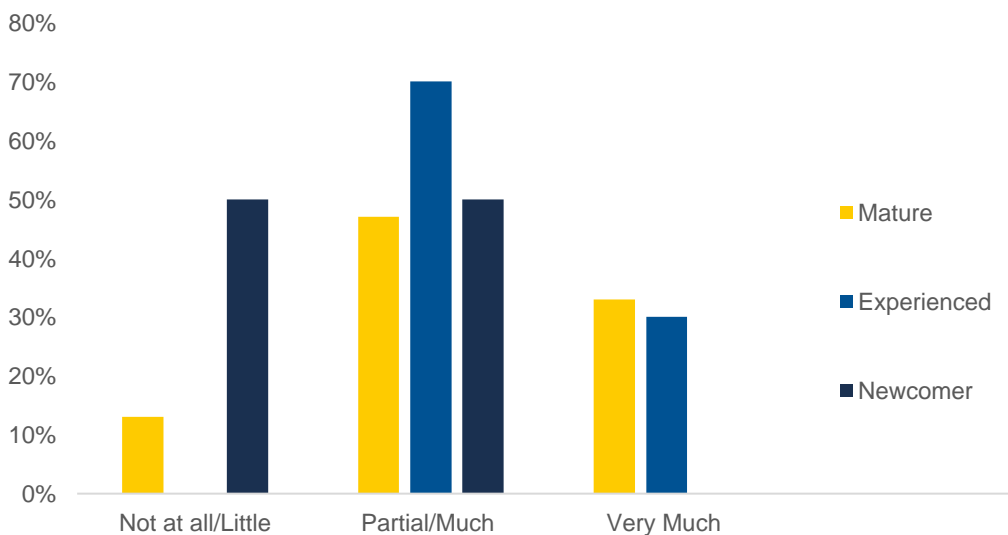
provision, services provision, manufacturing and assembly, sourcing, trading, and lastly, research and development. To better understand Swedish company activities, all the large Swedish companies in South Africa have marketing and sales activities. Half of the small and medium-sized companies have local production. This is in addition to the 40 per cent of large companies involved in local manufacturing activities. Swedish subsidiary activity also extends to research and development, with 27 per cent of small companies and 33 per cent of large companies involved.

Due to the changes in customer demands, Swedish companies have gone the extra mile to include after-sales support as part of their service offering as a way of relationship building and customer retention. This is in addition to the 47 per cent whose core operations comprise service provision. Furthermore, up to 40 per cent of the responding companies identified South Africa as either sourcing or trading destination leveraging on different value chain efficiencies in logistics, pricing, and availability. Moreover, the strategic location and access to markets with increased importance nearby make South Africa an attractive regional manufacturing and distribution hub for companies with a multimarket footprint in Sub-Sahara Africa.

Being identified as a Swedish brand has positive implications for Swedish companies operating in South Africa

Sweden is already well-known, so Swedish businesses in South Africa usually don't need to spend time explaining Sweden, which is an advantage in itself. This is especially true when it comes to Sweden's reputation as having a tradition of innovation, research, and strong companies. Sweden is also a politically and financially stable country. Sweden ranks at the top of several global indexes, from innovation to sustainability, entrepreneurship, and economic development. Another advantage Swedish companies may be prone to overlooking is that the business climate in Sweden is good.

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 38. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

ACTING SUSTAINABLY

South African customers are increasingly considering sustainability in purchase decisions

Sustainability and South Africa have been making the front pages around the world recently. Less than three years ago, Cape Town came dangerously close to running out of water entirely, and earlier this year, there were severe floods in KwaZulu Natal that claimed close to 450 lives. These illustrate South African struggles to manage the complex, multi-faceted, and long-term transformation in reaction to climate change. While the South African National Development Plan (NDP) sets the goal of a “...transition to an environmentally sustainable, climate-change resilient, low-carbon economy and just society”, the country remains entrenched on a highly unsustainable path as one of the most carbon-intensive countries in the world. This is primarily from using fossil fuels (primarily coal), energy-intensive value chains, and carbon-intensive transport systems. From a social perspective, in addition to severe levels of unemployment, South African society is also one of the most unequal in the world.

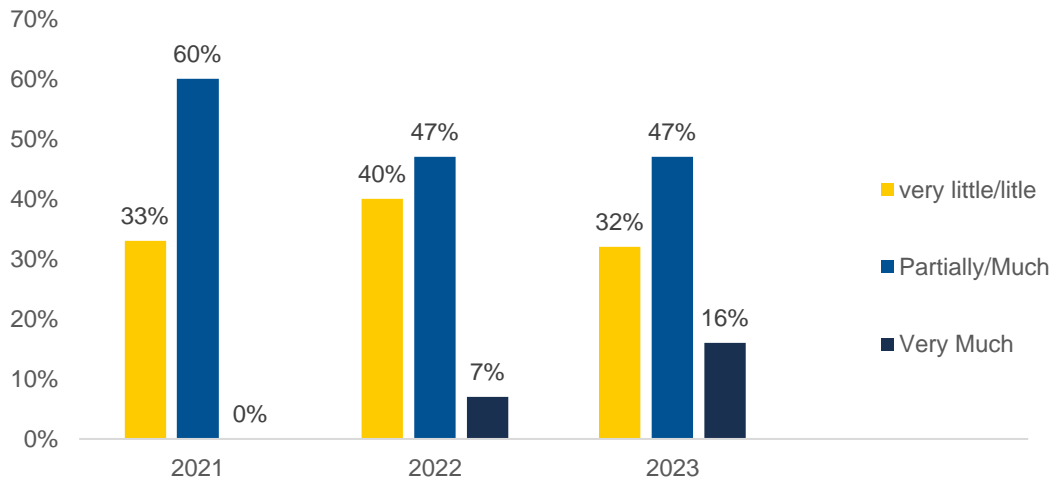
From a business perspective, it is important to note that the nature of business is changing. For years, for most, the focus of the business was pure profit. This was business as usual. Then the triple bottom line became trendy: people, profits, planet. In South Africa, planning for the social aspects of a business's operations is increasingly becoming more mainstream. The need to consider and account for a business's impact and reliance on natural capital and a functioning natural environment is now encouraged as companies are now measured on their contribution towards corporate social responsibility and investment.

The South African government has put different forms of legislation to promote sustainable engagement within companies operating in the market in concurrence with the country's National Framework for Sustainable Development. Designated sustainability legislation allows for companies to be part of the national sustainability agenda as prescribed by the United Nations Sustainable Development Goals. As an example, all companies conducting B2G forms of interaction must align to the B-BBEE legislation which encompasses sustainability elements such as human resource upskilling and other forms of corporate social investment.

As noted by the World Bank's inequality report, South Africa remains one of the most unequal nations globally. This is largely due to its history as an apartheid state, where the country was characterised by a significant degree of inequality along racial lines. To address this, the government is implementing different reforms supporting the local native populations. South Africa was also rated as one of the most unequal states by the World Bank with a consumption Gini coefficient of 0.63. This is a cause for concern, and it has been an important element that Swedish companies have been addressing in the market through various strategies including the hiring of local staff and different corporate social responsibility programs.

The uptake for additional sustainability matters such as becoming increasingly environmentally friendly and adopting industry 4.0 technologies has been slow. One respondent made it clear that while the use of IT-based services has increased in the domestic market, it remains constrained in the commercial sector due to cybersecurity threats. Some affected industries include the automotive and aerospace supply chain manufacturers where IP security and NDA constraints from OEMs are of concern. Lack of clear policy from major OEMs to tier 1 and 2 suppliers in these industries regarding local or international cloud services means uptake of new technologies in these markets is almost non-existent.

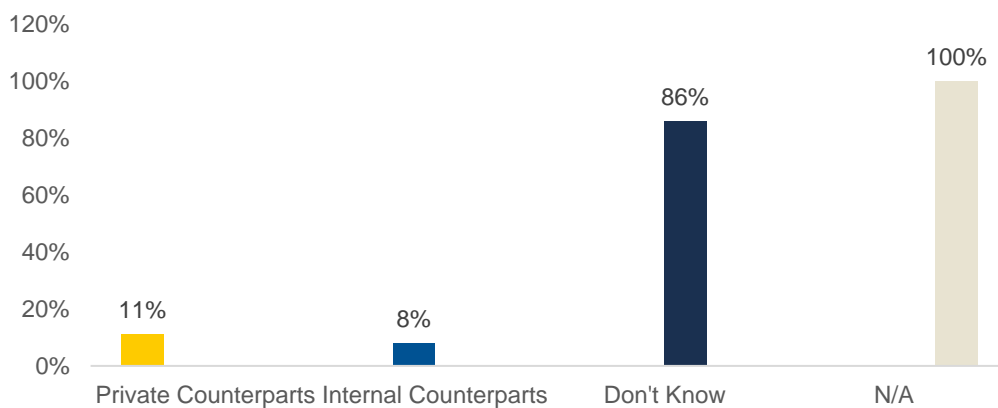
TO WHAT EXTENT DO CUSTOMERS IN SOUTH AFRICA CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



The majority of Swedish companies are unaware of any form of corruption when doing business in South Africa

Corruption is one of the main barriers to trade for Swedish companies in South Africa. According to the report, a combined 27 per cent of the respondents indicate having encountered some form of corruption at different levels, both from internal and external stakeholders. Up to 73 per cent noted that they did not know whether they were exposed to corruption.

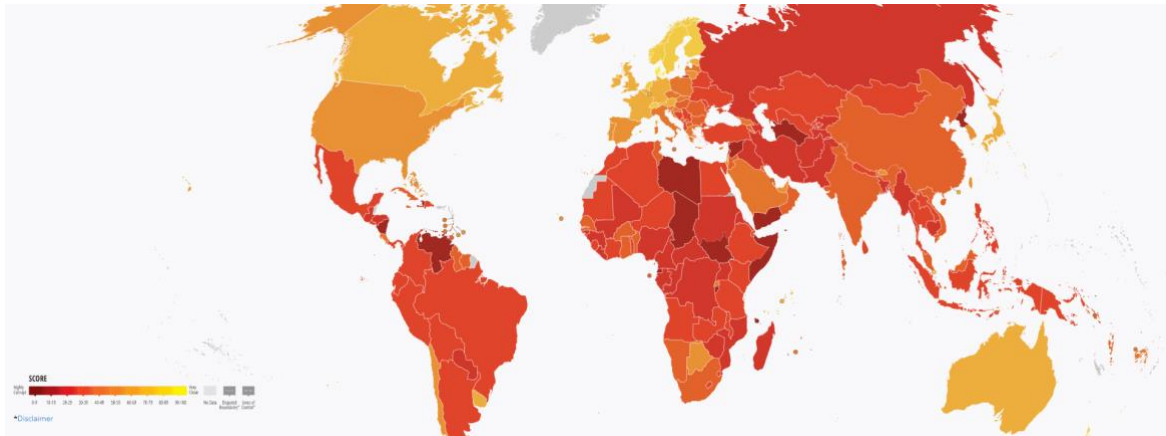
HAS YOUR COMPANY IN SOUTH AFRICA BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 38. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

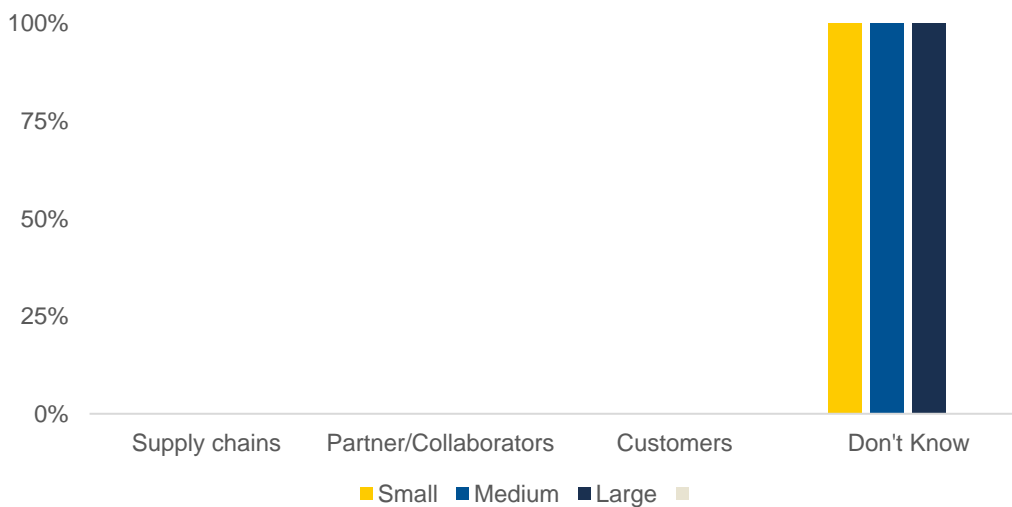
CORRUPTION PERCEPTION INDEX 2022



SOURCE: Transparency International.

Swedish companies have not encountered the violation of human or labour rights.

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 38. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in South Africa 2023.

The Human Rights Commission in South Africa firmly expresses how inequality fuels racism and racial polarisation. The government has failed to take meaningful measures to improve the protection of social and economic rights of its citizens which undermines the large unemployment rate in the country. Multinational companies in the country must adhere to certain regulations to conduct business in South Africa such as BBBEE, Labour Relations Act, Employment Acts etc. The adherence of these statutory requirements has ensured Swedish companies do not experience violation of human rights in their supply chain, partner collaborations and customer interactions.

In conclusion, sentiment remains low amongst Swedish companies based on persistent load-shedding and challenging economic conditions amid rising interest rates and cost pressures. Some of the drivers of negative sentiment such as strained geo-diplomacy could be resolved in the coming months, while current constraints on business conditions such as load-shedding could look somewhat better in 2024 and may support an improvement in confidence over time. The overall message however is optimistic in that Swedish companies see the challenges as opportunities for innovation and development.

CONTACT US

BUSINESS SWEDEN

ask.southafrica@business-sweden.se

EMBASSY OF SWEDEN

ambassaden.pretoria@gov.se

