

MARKET ENTRY GUIDE

Doing Business in South Africa

A practical guide for European companies entering
Southern Africa

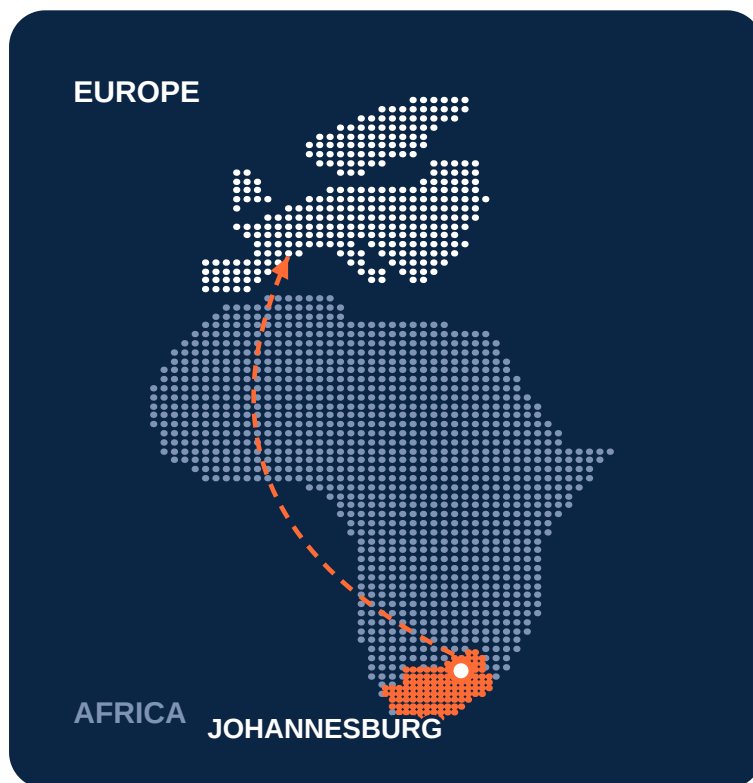


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CONNECTING BUSINESS
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THE CASE FOR SOUTH AFRICA

Africa's headquarters for European companies

South Africa is the continent's most industrially advanced economy, and the operational headquarters for European companies with serious African ambitions. It combines a developed financial sector, world-class logistics and a familiar legal system, at the gateway to a continent of 1.4 billion people.

**62M**

People in the domestic market, the base of a much wider regional play.

360M+

People in the SADC regional economy, reached from a South African base.

Level III

ATIS rating: a Mature Industrial Hub, the highest category on the continent.

The complexity is real, with B-BBEE, currency volatility and energy risk, but it is navigable. Verified partners make it manageable.

WHY SOUTH AFRICA

Europe's African headquarters

The most sophisticated financial system

The JSE is Africa's largest stock exchange and among the top 20 globally. Major banks operate across the continent.

World-class logistics

The Port of Durban is Africa's busiest container port. The Durban to Johannesburg corridor moves goods to the interior.

The SADC gateway

Companies established here gain preferential access to 15 additional SADC markets.

A familiar legal system

Roman-Dutch and English common law, with direct air links to every major European city.

ATIS Level III

ProdAfrica rates South Africa a Mature Industrial Hub, reflecting its institutions and trade compliance depth.

Musina-Makhado SEZ

A special economic zone on the Zimbabwe border for steel, ferrochrome and aluminium, linking to Central Africa's minerals.

STEP 1

Legal and regulatory framework

Registration	Through CIPC on the BizPortal, typically 5 to 10 working days.
Entity types	Private company (Pty) Ltd is the standard, with no minimum share capital. Also branch, representative office (liaison only) and public company.
Corporate tax	27%, administered by SARS.
VAT	15% standard rate. Input VAT is recoverable for registered vendors.
Dividends tax	20% for non-residents, reduced by tax treaties with most EU member states.
Capital gains	22.4% effective rate for companies.
Labour	45-hour working week, fair-process termination, and annual Employment Equity reporting for designated employers.

Confirm current rates with SARS or a local adviser before structuring an investment.

B-BBEE: the scorecard that shapes procurement

Public procurement

Government and state-owned contracts require B-BBEE compliance. A low level is a clear disadvantage in tenders.

Private supply chains

Large corporates apply preferential procurement, so suppliers need to know where they sit in the framework.

STEP 2

Your entry strategy options

A. Distributor or agent

Appoint a verified, B-BBEE compliant distributor. The fastest route, but check that it has real market reach, not only a certificate.

B. Procurement and sourcing

Source from verified manufacturers, processors or service providers: mining equipment, automotive components, agri-processing, textiles.

C. Direct investment with a B-BBEE partner

Set up a South African entity with a compliant ownership structure. Special Economic Zones add tax and infrastructure incentives.

D. Regional headquarters

Use Johannesburg or Cape Town as the base for SADC-wide activity, backed by logistics, talent and institutions.

Most market entrants partner with a verified South African company that provides the B-BBEE credentials, while the European partner brings technology, capital or market access.

STEP 3

Key sectors for European companies

Mining and critical minerals

Largest known reserves of platinum group metals, chromium, manganese and vanadium, all critical raw materials for the EU.

Technology and AI

Sandton, Rosebank and Cape Town's Silicon Cape produce fast-growing companies, including African-language AI.

Agribusiness and food

A leading exporter of citrus, wine, deciduous fruit and processed food, with EU phytosanitary compliance embedded.

Textiles and fashion

A sector in revival, driven by nearshoring, with Durban as the natural export point.

Education and skills

Wits, UCT, Stellenbosch and UKZN produce talent in engineering, finance, law and technology.

Infrastructure and logistics

Rail, ports, roads and energy are in a major investment cycle with private sector participation.

Anchored by Johannesburg Park Station

Looking for partners in these sectors? [Search the ProdAfrica directory.](#)

STEPS 4 AND 5

Verify partners and know the institutions

ProdAfrica B2B Directory

Verified South African companies with structured profiles and direct contacts. [Search the directory.](#)

CIPC BizPortal

Public registry: registration number, directors and registered address.

B-BBEE certificate

Valid for 12 months. Confirm the agency's accreditation with the B-BBEE Commission.

South Africa's free press

Business Day, Financial Mail, Daily Maverick and amaBhungane often surface issues early.

Key institutions

CIPC	Company registration and verification
SARS	Tax registration, VAT, customs and PAYE
DTIC	Investment incentives, SEZ information and B-BBEE policy
InvestSA	Investment promotion, one-stop shop for foreign investors
IDC	Development finance for industrial investment
Coega	Operator of the Coega SEZ, with automotive, energy and logistics clusters
B-BBEE Commission	Verification of B-BBEE certificates and compliance

STEP 6

South Africa-specific red flags

B-BBEE fronting

Misrepresenting ownership or management to gain a higher level is a criminal offence but remains a documented risk. Verify independently.

State Capture legacy

Companies tied to captured networks carry reputational and legal risk under the UK Bribery Act, FCPA or EU standards.

Load shedding and energy

Electricity constraints remain an operational risk. Budget for generators, solar or backup power.

Currency volatility

The rand is a volatile emerging market currency. Plan hedging for rand revenues or costs.

Skills shortages

Despite high unemployment, engineering, finance and technology skills are scarce. Plan recruitment time.

Navigable complexity, not a reason to stay away.

CHECKLIST

Due diligence checklist

Legal and identity

- CIPC registration verified on BizPortal
- SARS tax reference confirmed
- Directors and address verified

B-BBEE

- Certificate verified with the issuing agency
- Validity date confirmed
- Fronting risk assessed

Operational and financial

- Bank reference from a recognised bank
- Export history with buyer references
- Sector accreditation (SABS, FSCA, NASSA)

Risk

- State Capture exposure assessed
- Energy backup confirmed
- Currency hedging in place

Digital and media

- Directory profile verified
- Adverse media check completed
- Legal review by a South African attorney

Verify first, then commit.

A QUESTION TO TAKE AWAY

Which South African sector fits your first move, and which partner will you verify first?



ProdAfrica B2B Intelligence Hub

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