

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

SOUTH AFRICA

Africa South

Dialogue | Trust | Partnership

office@lordwaverley.com

www.lordwaverley.com

WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Johannesburg / Gauteng	Financial and commercial capital, Africa's largest stock exchange (JSE)	Financial services, corporate headquarters, manufacturing
Cape Town / Western Cape	Tech, tourism and agri-export hub with relatively strong municipal governance	Technology, tourism, agro-processing, renewable energy
Durban / eThekweni, KwaZulu-Natal	Africa's busiest container port and logistics gateway	Port logistics, manufacturing, petrochemicals
Richards Bay, KwaZulu-Natal	Major bulk-export port for coal and minerals	Bulk commodity export logistics, aluminium smelting
Northern Cape renewable-energy corridor	Utility-scale solar and wind development zone	Solar and wind IPP generation
Gauteng / Mpumalanga mining and industrial belt	Established mining, steel and energy-sector heartland	Platinum-group metals, coal, manganese, chrome mining
Special Economic Zones (Coega, Dube TradePort, Saldanha Bay and others)	Government-designated manufacturing and export-processing zones with tax and customs incentives	Export manufacturing, automotive, agro-processing, logistics

INVESTOR ENTRY ROUTES

- InvestSA / Department of Trade, Industry and Competition (dtic) registration and facilitation
- SPECIAL ECONOMIC ZONE (SEZ) INCENTIVE PACKAGES: Tax, customs and infrastructure benefits at designated zones
- Renewable-energy independent power producer (IPP) procurement rounds via the Department of Mineral Resources and Energy
- AGOA DUTY-FREE US MARKET ACCESS: Now extended for one additional year, with continued uncertainty over the separate 30% reciprocal US tariff
- Black Economic Empowerment (BEE)-compliant equity-partnership structuring, a standard and necessary route for most sectors
- JSE listing or capital-markets participation for portfolio and growth-equity investors

MARKET-ENTRY OBSERVATION

South Africa's economy is on a gradual, improving trajectory: Treasury projects real GDP growth of 1.6% in 2026, up from an estimated 1.4% in 2025, with growth expected to average 1.8% over the medium term and reach 2% by 2028, driven primarily by household consumption, resilient private investment, and easing domestic supply constraints as rail and port capacity recovers. Eskom's power-supply turnaround is a genuine success story: the utility has reported extended stretches without load shedding, a material improvement after years of rolling blackouts that constrained growth and investor confidence. Even so, structural challenges persist - unemployment remains around 33%, and public debt stands above 70% of GDP.

The external environment has turned more difficult. The United States imposed a 30% reciprocal tariff on South African goods in 2025, the highest rate applied to any African country, and South Africa's government is still negotiating to lower it. AGOA itself was extended for only one additional year in early 2026, with Trade Minister Parks Tau welcoming the extension while explicitly warning

that 'the short nature of the extension' creates continued uncertainty. This sits alongside a politically consequential 2026 local government election cycle, widely described locally as a 'watershed year' and a direct test of the Government of National Unity (GNU) coalition formed after the ANC's 2024 vote share fell to around 40% nationally - with some analysts projecting it could fall further, to around 30% in key provinces such as Gauteng and KwaZulu-Natal.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
The United States' 30% reciprocal tariff on South African goods, the highest rate imposed on any African country, combined with AGOA's uncertain one-year extension	Directly threatens export competitiveness for US-facing manufacturers and agricultural exporters, with the rate still under negotiation and no resolution guaranteed	Diversify export-market exposure beyond the US where feasible; monitor tariff-negotiation developments directly rather than assuming AGOA renewal alone resolves the issue
The 2026 local government elections are widely framed as a referendum on the Government of National Unity coalition, with a realistic scenario of further ANC decline and potential coalition instability in key metros (Johannesburg, Tshwane and others already have unstable local coalitions)	Could affect policy continuity, municipal service delivery, and the broader reform agenda depending on the outcome	Monitor election outcomes and coalition dynamics directly, particularly in metros relevant to the investment; avoid assuming current GNU-level policy stability extends automatically to local government
Persistently high unemployment (around 33%) and public debt above 70% of GDP	Limits consumer-demand growth in some segments and constrains government fiscal capacity for public co-investment	Favour export-oriented or higher-income-segment consumer models; treat government co-financing commitments as fiscally constrained
Ongoing governance and corruption concerns, including the active Madlanga commission corruption probe and factional ANC infighting	Adds reputational and counterparty-due-diligence considerations, particularly for government-linked contracts	Apply enhanced counterparty due diligence on government-adjacent contracts and state-owned-enterprise partnerships
Possible changes to Black Economic Empowerment (BEE) policy under discussion, which the Treasury-outlook analysis flags as a factor that could alienate business if poorly managed	Creates some near-term uncertainty in an area that is nonetheless a standard, long-established feature of the South African market	Engage experienced local BEE-compliance advisors and monitor policy-reform developments directly
Logistics bottlenecks at Transnet rail and ports, though improving	Even with recovery underway, residual capacity constraints can affect export-dependent supply chains	Factor logistics-capacity risk into supply-chain planning even as the recovery trend continues
Crime and, in agricultural areas, farm-attack risk remain flashpoints in the public and political discourse	A standing operating-environment consideration, particularly for rural or high-value-asset operations	Apply standard security risk-management practices appropriate to sector and location

INVESTOR RISK NOTE

South Africa's investment case in 2026 is one of genuine, measurable improvement running into genuine, concrete new risk. Eskom's sustained reduction in load shedding and Treasury's modestly accelerating growth forecast are real and welcome developments after years of power-crisis-driven stagnation. But the US relationship has deteriorated sharply: a 30% tariff - the highest imposed on any African country - remains in place pending negotiation, and the one-year AGOA extension, while a reprieve, was explicitly flagged by South Africa's own trade minister as creating continued uncertainty rather than resolving the underlying exposure. Export-oriented investors, particularly in agriculture and manufacturing, should treat this as a live, unresolved risk rather than a settled matter.

Domestically, the 2026 local government elections carry real stakes for policy continuity. The Government of National Unity has held together since 2024, but continued ANC electoral decline and already-unstable coalitions in major metros mean investors should not assume current national-level political stability automatically extends to the local-government level where many regulatory and service-delivery decisions are actually made. Neither risk is acute in the way seen elsewhere in this series, but both are concrete, current, and worth monitoring directly rather than assuming South Africa's relative size and institutional depth insulate it from either.

MARKET ACCESS

InvestSA's facilitation role, a deep and liquid capital market via the JSE, and well-established Special Economic Zones give South Africa the most institutionally mature investment-entry infrastructure in the region, reinforced by Eskom's improving power-supply reliability and a genuinely diversified industrial and services base.

South Africa's position as Africa's most developed logistics and financial hub, anchored by the Durban and Richards Bay ports and the JSE, continues to make it the natural regional base for investors seeking broader Southern African and SADC market access, notwithstanding the current US trade-policy headwinds.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
InvestSA / Department of Trade, Industry and Competition (dtic)	Primary FDI facilitation and investment-promotion coordination	Central registration and incentive-coordination contact for new entrants
Government of National Unity (GNU) coalition / Office of the President (Cyril Ramaphosa)	National executive authority, currently a multi-party coalition facing a consequential 2026 electoral test	Monitor coalition stability and the 2026 local-election outcome directly
Eskom	National power utility, now reporting sustained improvement and extended periods without load shedding	Monitor continued power-supply reliability as a leading investment-climate indicator
Transnet	National rail and port logistics operator, in a gradual recovery from prior capacity constraints	Monitor rail and port capacity trends for export-dependent supply chains
South African Reserve Bank (SARB)	Monetary policy and banking supervision	Confirm current monetary-policy stance and banking-sector conditions
National Treasury	Fiscal policy and the Medium-Term Budget Policy Statement	Monitor budget cycles and growth-forecast revisions
Department of Trade, Industry and Competition (dtic) trade negotiators	US tariff and AGOA negotiation	Monitor tariff-negotiation developments directly as a key near-term risk variable

CURRENT INTERNATIONAL BUSINESS CHANNELS

The European Union, China, the United States and the United Kingdom are South Africa's largest trade partners, with the broader African continent also a major export destination reflecting South Africa's regional economic hub role. The US relationship, while historically significant and still substantial, is currently strained over tariff policy and broader diplomatic friction, including South Africa's contested position regarding the 2026 G20. China remains a major investment and trade partner, and the BRICS grouping (of which South Africa is a member) continues to shape its broader international-partnership strategy.

INVESTOR PROFILE BEST SUITED

South Africa is best suited to investors seeking the region's most diversified, institutionally mature economy - across financial services, manufacturing, renewable energy, mining and logistics - with genuine capital-markets depth and improving power-supply reliability, and who are comfortable navigating standard BEE-compliance requirements.

It is a weaker near-term fit for investors with concentrated exposure to the US export market given current tariff uncertainty, or for those requiring assured political continuity at the municipal level given the stakes of the 2026 local government elections.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm the Sector and Entry Vehicle

Determine whether InvestSA registration, an SEZ incentive package, an IPP procurement route, or a JSE capital-markets route fits the project.

STEP 2: Engage InvestSA and the Relevant Sector Body Early

Open parallel conversations with InvestSA/dtic and, where relevant, the Department of Mineral Resources and Energy or SEZ authorities.

STEP 3: Assess US Trade Exposure and BEE-Compliance Requirements

For export-oriented investment, model current 30% US tariff exposure and AGOA uncertainty; structure BEE-compliant equity partnerships from the outset.

STEP 4: Secure the Licence, Incentive Agreement or Capital-Markets Structure

Finalise the specific legal and commercial structure for the chosen entry route.

STEP 5: Launch and Monitor

Begin operations while tracking the 2026 local election outcome, US tariff-negotiation progress, and Eskom/Transnet performance trends.

WAVERLEY'S ROLE

- Independent due-diligence and structuring advisory across InvestSA, SEZ and IPP entry routes
- Introductions to InvestSA/dtic, Eskom, Transnet and relevant sector-regulator counterparts

- Ongoing monitoring of US tariff-negotiation developments, the 2026 local election cycle, and power/logistics-infrastructure performance
- Coordination with experienced local legal, tax and BEE-compliance advisory specialists

INVESTOR CALL TO ACTION

Investors seeking exposure to South Africa's diversified industrial, financial-services and renewable-energy base, amid an improving power-supply environment and a consequential election cycle, are invited to engage Waverley for a confidential structuring consultation.

INTELLIGENCE → STRUCTURING → LICENSING → MARKET ENTRY

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Current pipeline items Waverley is tracking include further renewable-energy IPP procurement rounds; continued Transnet rail and port capacity recovery; the outcome of US tariff and AGOA-renewal negotiations; the 2026 local government election results and their effect on GNU coalition stability; and potential BEE-policy reform developments.

POSITIONING

Waverley approaches South Africa as the region's most diversified and institutionally mature economy, genuinely improving on the power-supply front even as it navigates a consequential election cycle and a serious US trade-policy headwind.

Our role is to help investors capture the diversification and improving-infrastructure story while structuring explicitly around current US tariff exposure and the political stakes of the 2026 local elections rather than treating either as a settled backdrop.

SELECTED SOURCES

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- Farming Portal, "Trump Hits South Africa with 30% Tariffs - No African Country Has a Higher Rate"