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US Business Value in the Sub-Saharan Africa Region

Executive summary

US firms treat their South African operations as a platform for serving Sub-Saharan Africa (SSA), not as a domestic-only presence. Across AmCham's cross-sector survey, 96% of respondents use South Africa as a regional hub and 57% already earn meaningful revenue from other African markets (AmCham SA 2026a). The features that generate this regional value – trade-agreement access, established hub infrastructure, critical-minerals value chains, services and intellectual-property delivery, and a research base – are structurally regional. By contrast, the domestic feature most often raised as a deterrent, B-BBEE, is a South African ownership and procurement framework that does not extend to a firm's Zambian, Kenyan or Nigerian operations, and firms themselves rank it below infrastructure and political uncertainty as a concern (AmCham SA 2026a).

The pharmaceutical sector illustrates the same pattern in concentrated form: a WHO-compliant South African base offers a route into an African pharmaceutical market forecast to reach roughly US$31 billion by 2029, alongside a clinical-research ecosystem whose output benefits US firms directly (AmCham SA 2026b; IQVIA 2025). The principal risk to this value proposition is not domestic to the region but sits on the US side – tariff escalation and the withdrawal of research and health funding (CNBC 2025; MSF Access 2025).

The bilateral foundation

The regional argument rests on a deep and well-established economic relationship. US firms in South Africa are long-standing: the mean firm age is 40 years, the oldest surveyed firm has operated for 124 years, and 44% predate 1994, with most operating as wholly owned subsidiaries rather than joint ventures (AmCham SA 2026a). They are also material employers and investors – a median of 107 staff, the largest at 2,080, and 39% generating over R1 billion in revenue in the past year (AmCham SA 2026a).

The structure of trade reflects healthy integration rather than weakness. In 2024, about 42% of US goods imports from South Africa (US$6.1 billion) were industrial supplies and critical minerals feeding US manufacturing, not finished consumer goods, so the US goods deficit largely represents inputs that enable higher-value US output (AmCham SA 2026a). The United States simultaneously runs a services trade surplus of US$1.33 billion and an investment-income surplus of US$1.26 billion with South Africa (2024), underpinned by strong exposure to South African equity and bond markets (AmCham SA 2026a). This established base is what makes South Africa a credible regional platform rather than a stand-alone market.

The core reframe: South Africa as an SSA operating platform

The cross-sector report characterises South Africa as a **"Gateway to Africa"**, and the figures behind that framing are among the most regionally relevant findings (AmCham SA 2026a):

- **96% of surveyed US firms use their SA operations to serve the wider continent** – only 4% do not – spanning Southern, Eastern and Central Africa.
- **25% also serve non-African markets from SA**, and 92% of those firms (12 of 13) reach the European Union from their South African base.
- **57% derive meaningful revenue from regional (non-SA African) markets** – 21% high (31–100% of revenue) and 36% moderate (11–30%); only 44% are minimal.

Regional reach of US firms' South African operations

Indicator	**Finding**
Use SA as a regional hub	96% (only 4% do not)
Regional revenue – high (31–100%)	21% of firms (8 of 52)
Regional revenue – moderate (11–30%)	36% of firms (14 of 52)
Regional revenue – minimal (0–10%)	44% of firms (17 of 52)
Serve non-African markets from SA	25% (13 of 52); 92% of those serve the EU
Benefit from trade agreements via SA presence	73% currently or expect to

Source: AmCham SA 2026a.

For well over half of these firms the South African investment already functions as an SSA revenue engine, not a domestic-only operation. The regional platform is the value proposition.

What drives the regional value

Five drivers explain why a South African footprint converts into regional engagement and returns.

1. **Trade-agreement access is the multiplier**

73% of firms benefit, or expect to benefit, from trade agreements because of their SA presence – AfCFTA, AGOA and South Africa's own preferential trade network (AmCham SA 2026a). This is the mechanism that turns an SA investment into a regional one:

- PepsiCo uses SA's trade agreements and proximity to reach more than 80 export destinations (AmCham SA 2026a).
- Ford leverages AGOA for duty-free exports to the US while serving right-hand-drive African markets from its SA assembly plant (AmCham SA 2026a).

2. **Physical hubs that radiate outward**

The case studies are regional operating nodes, not stand-alone SA businesses (AmCham SA 2026a):

- **ADM** – its Johannesburg operation is the knowledge, sales, logistics and production hub serving 10+ African countries, with SA anchoring one of five continental hubs. ADM has reached 15% market share (with partnerships including Monster Energy) and plans to expand from one to three factory shifts, potentially adding 45+ jobs.
- **Microsoft** – a Continental Tech Hub using SA's ICT skills and infrastructure to serve operations across Africa.
- **Massmart** – SA as the entry point for its Sub-Saharan African operations.
- **PepsiCo** – acquired Pioneer Foods' manufacturing and distribution to serve growing African consumer markets.

3. **Critical-minerals value chains with a regional logic**

Platinum group metals, chromium, manganese and rare earths connect directly to US reindustrialisation, and few global suppliers exist (AmCham SA 2026a). Strategically motivated

US investment – the US International Development Finance Corporation's US$50 million into the Phalaborwa Rare Earths Project, and Wheaton Precious Metals' US$530 million streaming deal (including US$450 million for the Platreef project, providing access to platinum, palladium, rhodium, nickel, gold and copper) – reflects the Southern African mineral belt story, which extends well beyond South Africa's borders (AmCham SA 2026a).

4. Services, IP and intra-company delivery

US services exports to South Africa grew from US$1.9 billion in 2020 to US$3.5 billion in 2024 – roughly 17% a year – led by travel (US$974 million), financial services (US$710 million), charges for intellectual-property use (US$443 million) and other business services (US$421 million) (AmCham SA 2026a). This mix reflects core US strengths, and much of it flows through intra-company channels: 73% of subsidiaries import technical, R&D and business services from their US parent, while fewer than 20% export services back – a pattern that both drives the US services surplus and equips SA subsidiaries to operate competitively in regional markets (AmCham SA 2026a).

5. An innovation and R&D gateway

US firms use South Africa as a global research base across sectors. ADM runs field trials on South African farms that feed its global R&D "Matrix", partners with local universities, and cites a regulatory environment that supports faster innovation cycles, positioning SA as a testing ground for products destined worldwide (AmCham SA 2026a). The pharmaceutical sector shows the same pattern at greater scale, examined next.

Sector spotlight: pharmaceuticals and healthcare

The pharmaceutical sector illustrates the regional-platform logic in concentrated form: a South African base that meets international manufacturing and research standards gives US firms a route into one of the world's faster-growing regional health markets, while the domestic frictions remain SA-specific (AmCham SA 2026b).

A fast-growing regional market

- South Africa is a WHO Good Manufacturing Practice–compliant gateway to the SADC region – the qualification that lets a South African operation credibly serve regional demand and access the broader continental market (AmCham SA 2026b).

- The wider African pharmaceutical market is forecast to reach roughly US$31 billion by 2029 (6.19% CAGR, 2025–2029), among the faster-growing pharmaceutical markets globally (IQVIA 2025).
- South Africa's own market was about US$3.5 billion in 2024, growing 4.7% year on year (IQVIA 2025). It is moderately concentrated – the top 10 firms hold roughly 51.9% of sales across a base of about 265 firms – with the retail channel accounting for 83% of sales (AmCham SA 2026b; InvestSA 2020).

Pharmaceutical sector at a glance

Indicator	**Finding**
SA pharmaceutical market (2024)	~US$3.5bn; 4.7% year-on-year growth (IQVIA 2025)
African market outlook (by 2029)	~US$31bn; 6.19% CAGR, 2025–2029 (IQVIA 2025)
Market structure	Top 10 firms ≈ 51.9%; ~265 firms; 83% retail channel
SA manufacturing standard	WHO GMP–compliant – gateway to SADC
Member-firm clinical activity	27 studies; 6,000+ participants; 200+ sites; 85% Phase 3

Sources: AmCham SA 2026b; IQVIA 2025; InvestSA 2020.

US–SA pharmaceutical trade dynamics

Between 2017 and 2024, South Africa's imports of pharmaceuticals and related organic chemicals from the United States ranged from about US$274 million to US$395 million a year, peaking in 2021 (US$395 million) during the pandemic before easing to US$281 million in 2024 (AmCham SA 2026b; Trade Map 2025). Finished medicaments in retail form were consistently the largest category (US$120–146 million), followed by blood products and vaccines, while organic active ingredients and intermediates (US$37–60 million) support local formulation. India's share of South African pharmaceutical imports has risen steadily as the EU's has declined and the US share has held broadly stable, reflecting a shift toward lower-cost manufacturing hubs (AmCham SA 2026b; Trade Map 2025).

Clinical research as a high-value engagement channel

South Africa has an established clinical research ecosystem – strong medical universities, the South African Medical Research Council, and well-developed regulatory and ethical review (AmCham SA 2026b). It is attractive to global pharma for its diverse patient populations, high disease burden in priority areas (HIV, TB and non-communicable diseases), experience with large-scale internationally accredited trials, and a cost structure where sponsor funding stretches further than in many markets (AmCham SA 2026b).

- Member firms report, in aggregate, 27 ongoing clinical studies with over 6,000 participants across more than 200 sites, 85% of them late-stage Phase 3, alongside the Public Health Enhancement Fund's training of 101 medical doctors and 101 postgraduate researchers (AmCham SA 2026b).
- **The research output benefits US firms directly** – US-headquartered Gilead Sciences' Lenacapavir HIV-prevention trial in South Africa reported 100% efficacy (Aurum Institute 2024).
- Africa remains significantly under-represented in global clinical research, so substantial untapped potential remains for firms that build capacity now (AmCham SA 2026b).

A regional operating and skills model

- **Regional distribution.** Member firms' local activity centres on secondary packaging operations for distribution across the African market, including a technology-transfer partnership for local vaccine manufacturing that built formulation, quality-assurance and regulatory skills to international standards (AmCham SA 2026b).
- **Cross-border professional development.** Virtual health summits, symposia and continuing-education programmes draw practitioners, pharmacists and nurses from across Southern African countries (AmCham SA 2026b).

Local manufacturing constraints

The domestic manufacturing base is small and has undergone "functional downgrading" since 1994, with more than 30 plant closures and at least 6,500 jobs lost, leaving over two-thirds of pharmaceutical sales import-dependent (AmCham SA 2026b). Firms cite a SAHPRA registration backlog that can delay approvals for up to three years – even for products already cleared by the US FDA, where some African regulators complete registration in six months – alongside singleexit-price regulation, infrastructure constraints and National Health Insurance uncertainty. A recurring theme is misalignment between the dtic, which promotes localisation, and Department of Health procurement, where price still dominates tender outcomes (AmCham SA 2026b).

The regulatory-harmonisation opportunity

Firms currently register products country-by-country across Africa, each with distinct requirements – fragmentation that raises the cost of operating regionally. The industry view is that continental regulatory harmonisation, paired with manufacturing specialisation by comparative advantage, would unlock economies of scale and accelerate access to medicines, with South Africa well placed to benefit under AfCFTA (AmCham SA 2026b).

Channels for deeper bilateral engagement

Member firms identified concrete channels for US–South African pharmaceutical collaboration (AmCham SA 2026b):

- Vaccine and pharmaceutical manufacturing collaborations to strengthen supply-chain resilience and pandemic preparedness.
- Joint research initiatives between universities and research institutes.
- Intra-company workforce and professional development from US headquarters to SA operations.
- Aligning localisation policy with procurement practice to create effective investment incentives.
- Leveraging SA as an AfCFTA gateway with the manufacturing capacity to serve the growing continental market.

Why B-BBEE does not undercut the regional case

The evidence supports this on three levels.

- **Structurally.** B-BBEE is a South African statutory framework governing ownership and procurement within South Africa. A firm running Zambian, Kenyan or Nigerian operations from a Johannesburg hub is not subject to B-BBEE on that regional business, so SSA and SADC engagement is insulated from it by design.

- **Even within SA, it is not the binding constraint.** In the cross-sector survey, firms ranked B-BBEE and crime as less problematic than infrastructure and political uncertainty (AmCham SA 2026a).
- **Sectoral illustration (pharma).** Pharmaceutical firms reiterate commitment to B-BBEE and transformation, but note that ownership carries heavy scorecard weight while multinationals with publicly traded parents cannot easily transfer subsidiary ownership. They suggest weighting ownership differently given strong contributions in skills and supplier development (AmCham SA 2026b). This is an ownership-rules friction internal to South Africa – it shapes how a firm structures its SA entity, not whether it can serve the region from that base.

The honest counterweight

The regional gateway logic depends in part on continuity of the trade and funding framework. The cross-sector survey's leading *bilateral* concerns were tariffs, AGOA uncertainty, donor-funding pullback and regulatory shifts, and more than half of firms saw recent US policy statements as a negative influence (AmCham SA 2026a).

The pharmaceutical sector sharpens the same point. Threatened US pharmaceutical tariffs – announced in August 2025 as potentially reaching up to 250% on foreign-manufactured drugs, against a current EU rate of 15% – would raise costs for products reaching South Africa through US distribution networks, even though little US-labelled product is US-made (CNBC 2025; NBC News 2025). More acutely, 2025 cuts to PEPFAR, USAID and related research grants put at least 39 HIV and TB clinical research sites at risk, with member firms reporting that US-funded research and HIV programme support has largely halted in South Africa (MSF Access 2025; AmCham SA 2026b). Firms flagged the health-security stakes, including the risk of a global HIV resurgence (AmCham SA 2026b).

The through-line is consistent: the principal risk to the SSA value proposition is not domestic to the region – it is uncertainty on the US side about the trade and funding arrangements that make South Africa an attractive base in the first place.

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