

## 1. General Information

The Free State of Bavaria (Freistaat Bayern), which makes up the entire southeast part of Germany with a surface area of 70,550 km<sup>2</sup>, is geographically the largest of the country's 16 states. It is also Germany's second most populated federal state, after Nordrhein-Westfalen. Bavaria accounted for approximately 16% of the national population in 2023. That year, the gross domestic product (GDP) per capita was EUR57,343 for its 13.44 million inhabitants. Bavaria shares borders with Austria, the Czech Republic, and four other federal states, namely, Baden-Württemberg, Hessen, Thuringia, and Saxony.

Bavaria is divided into seven administrative regions: Oberfranken, Mittelfranken, Unterfranken, Bayerisch Schwaben with Allgäu, Oberpfalz, Oberbayer, and Niederbayern. In 2023, the nominal GDP of Bavaria was EUR768.47 billion, having grown by 7.21% y-o-y between 2022 and 2023. With Munich as its capital city, Bavaria is one of Europe's most advanced economic regions and is home to global players like Adidas, BMW, Audi, and Airbus. Bavaria had the lowest unemployment rate of 3.4% in Germany in 2023. Germany's national unemployment averages 5.3 %.

**Table 1: Summary of Bavaria, 2023**

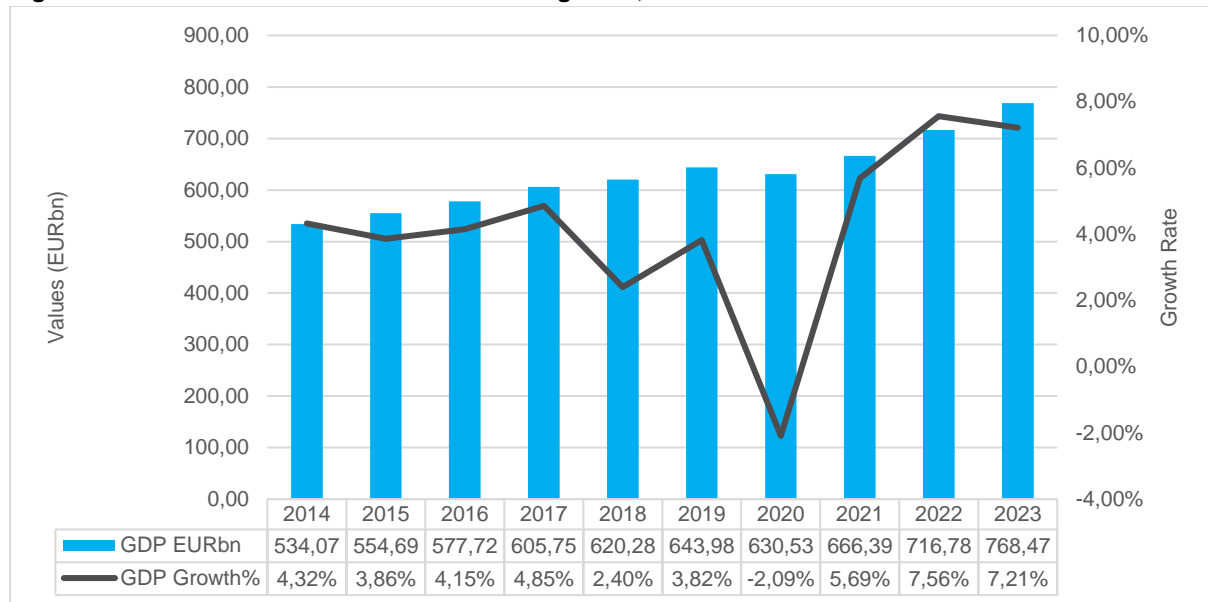
Minister-President	Dr Markus Söder, MdL
Capital	Munich
Population (2023)	13,435,062 (15.87% of Germany)
Area	70,550 km <sup>2</sup>
Official unemployment rate (2023)	3.4%
Real GDP (2023)	EUR768.47 billion
GDP per capita (2023)	EUR57,343
Economic growth (2023)	7.21%
Exports (2023)	EUR228.82 billion
Imports (2023)	EUR241.28 billion

Source: Federal Statistical Office of Germany, 2024; Bayerische Staatsregierung, 2024

## 2. Economic Overview

Historically, economic growth in Bavaria has often been stronger than has been the case in Germany as a whole, and the expectation is that Bavaria will continue to grow at a faster rate than the national economy in the future. This is due to the prominence of high-growth sectors in the region, such as vehicle construction, and information and communications. In 2020, Bavaria's GDP declined by approximately 2.09%, largely from the impact of Covid-19. However, the regional economy bounced back in 2021, recording a GDP growth rate of 5.69%. Further growth was evident in 2023, when the economy grew by 7.21% from a GDP value of EUR716.78bn in 2022 to EUR768.47bn in 2023.

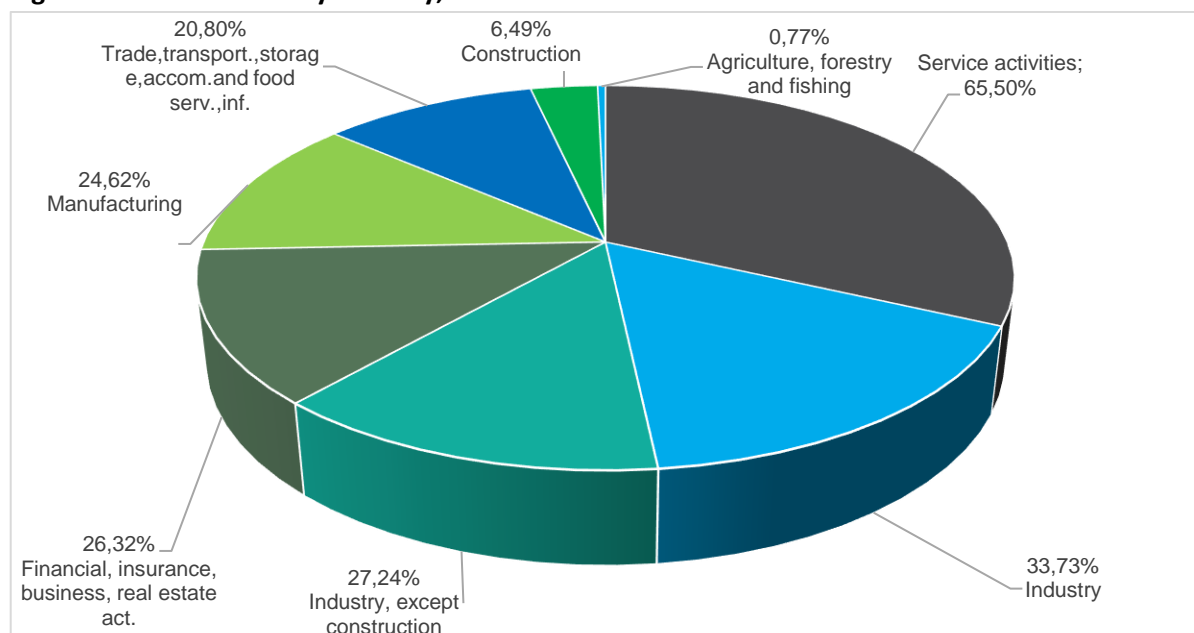
**Figure 1: Bavaria's nominal GDP and economic growth, 2014–2023**



Source: Federal Statistical Office of Germany, 2024

The sectors with the largest contributions to Bavaria's Gross Value Added (GVA) in 2023 were service activities, with a 65.50% share; industry (33.73%); and industry, except construction (27.24%).

**Figure 2: Bavaria's GDP by industry, 2023**



Source: Federal Statistical Office of Germany, 2024

## KEY SECTORS

Highlights of Bavaria's key industries are provided below:

**Automotive:** Bavaria-based original equipment manufacturers (OEMs) are among the most innovative automotive manufacturers in the world in the fields of electromobility, networked vehicles, and autonomous driving. Four of the ten companies and institutions with the most patent applications in 2021 come from the automotive industries in Bavaria. One landmark project is the Digital Motorway Test Bed between Nuremberg and Munich. The combination of modern road infrastructure and the latest communication technology makes the Digital Motorway Test Bed a unique opportunity for practical trials for the automotive industry, suppliers, telecommunications companies, and research facilities. In addition to electromobility, Bavaria is focusing especially on hydrogen as the energy carrier of the future, thus making a pioneering contribution to the mobility revolution.

**Bioeconomy:** The bioeconomy is based on natural material cycles; it consistently uses residual and waste materials and considers the limitations of natural resources. Replacing fossil fuels with renewable raw materials has many economic advantages. Bioeconomic innovations create new jobs and reduce dependence on fossil resources. Regional value chains are gaining importance and the worth of domestic raw materials is being reaffirmed. Agriculture and forestry are being strengthened as producers of renewable raw materials. Due to the cross-industry nature of the bioeconomy, however, this also applies to many other core Bavarian industries. Stable and sustainable jobs will be created in the food, wood, paper, leather, textile, and chemical industries, as well as in the energy and waste disposal sectors.

**Electrical industry:** The electrical industry is one of the largest industrial sectors in Germany and has a wide-ranging, very dynamic, and innovative portfolio. A large part of the total turnover of the manufacturing sector is accounted for by the road vehicle construction sector at 21.5%, ahead of the mechanical engineering sector at 11.5%, the chemical industry at 10.8%, and the electrical industry at 10.5%. Employing 872,000 people (more than 21% of whom are engineers), the sector is the second largest employer in Germany's processing industry. The German electrical industry benefits particularly from future trends such as the increasing fusion of production and information technology (Industry 4.0).

**Energy technology:** Energy provision in Germany will change rapidly over the next few years. The transition to alternative energies presents great investment potential and will give a huge boost to energy technology. Bavaria is in an outstanding position and offers energy technology companies ideal growth opportunities. All the key energy sources are represented in Bavaria: hydraulic power, photovoltaics, wind energy, biomass, solar thermal energy, ambient heat, and geothermal energy for electricity and heat generation. Bavaria is leading the way in hydraulic power and generated almost 12 million kilowatt hours from it in 2010 – more than any other German state. By the end of the same year, almost 40% of Germany's total solar power capacity was installed in Bavaria. Wind power in Bavaria is still a relatively small segment compared to the two giants of hydraulic and solar power.

**Information technology:** Customers of the information and communications technology (ICT) sector come from the automotive industry, medical technology, financial services, and many other sectors. Large numbers of companies in all these economic fields are based in Bavaria. In a study, the European Commission named Munich the top center for the ICT segment in Europe. Around 380,000 people work in 20,000 companies in the sector in Bavaria today. The spectrum of ICT companies in Bavaria is large. These are international corporations; small and medium-sized companies; start-ups, which include service, development, and distribution in the software and hardware fields; microelectronics and telecommunications; embedded software, and software-based processes.

**Aerospace and satellite navigation:** Bavaria is home to leading global systems companies and is the location for numerous suppliers and technical service providers. Manufacturers of special equipment are based in Bavaria, as are leading international scientific and educational institutions. The Bavarian state government provides unique framework conditions for the industry with a wide range of support measures. As part of the High-Tech Agenda Plus (HTA+) for example, Bavaria will provide additional funding for the aerospace sector in the coming years, to promote disruptive innovations as well as technological advancements, among other things. The focus is on the construction of aircraft, aircraft engines, helicopters, and spacecraft.

Source: *Invest in Bavaria, 2024.*

## COMPANIES IN BAVARIA

Approximately one-fourth of German DAX-listed companies are headquartered in Bavaria. Major international companies like Adidas, Audi, BMW, Airbus, MAN, and Siemens are based in the state.

Forbes Global 2000 provides an annual record of the world's 2000 largest corporations that are publicly listed. The largest publicly traded Bavarian companies, according to the Forbes 2000 global rankings in 2024, are listed in Table 2:

**Table 2: Bavarian companies according to Forbes 2000 global rankings, 2024**

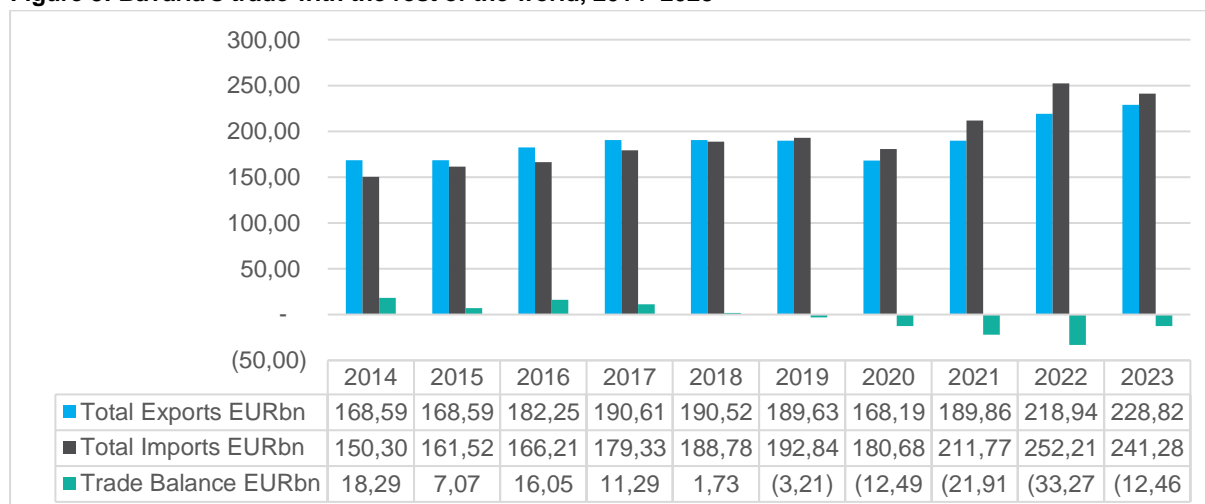
Global Rank	Company Name	Sales (USDbn)	Profits (USDbn)	Assets (USDbn)	Market Value (USDbn)	Sector
31	Allianz	148.2	9.7	1.1trn	113.8	Insurance
61	Bayerische Motoren Werke (BMW)	168.3	11.6	274.7	65.8	Automotive (Automotive and Suppliers)
68	Siemens	84.4	8	156.3	148.2	Engineering, Manufacturing
96	Munich RE	70	5	298	65.1	Banking and Financial Services
448	Infineon	16.9	2.8	31.4	52.2	Semiconductors
744	Siemens Energy	34.6	-2.4	54.2	21.5	Capital Goods
892	Adidas	23.4	\$145.3m	19.9	44.5	Clothing, Shoes, Sports Equipment

Sources: Forbes 2000, 2024

### 3. Bavaria's Global Trade

In 2023, Bavaria was the second largest exporter among the 16 states in Germany with exports valued at EUR228.82bn, accounting for approximately 14% of the country's total exports. Similarly at an associated cost of EUR241.28bn Bavaria's imports accounted for approximately 18% of Germany's total import costs incurred in 2023, making it the second largest importer among Germany's 16 federal states. As can be seen in Figure 3, Bavaria was a net exporter between 2014 and 2018. In 2023, the region recorded a trade deficit of EUR12.46bn.

**Figure 3: Bavaria's trade with the rest of the world, 2014–2023**



Source: Federal Statistical Office of Germany, 2024

Bavaria's top export category in 2023 was passenger cars and mobile homes, valued at EUR39.78bn and equivalent to 17.39% of all export receipts earned by the state in 2023. Apparatus for generating and distributing electricity placed second, at a value of EUR17.49bn (7.64%). Chassis, engines, and other parts for motor vehicles were third at a value of EUR14.37bn (6.28%). These figures are presented in Table 3.

Apparatus for generating and distributing electricity dominated Bavaria's global imports in 2023, at a cost of EUR24.11bn. This was equivalent to 9.99% of all import costs incurred by the state in 2023. Electronic Components placed second at a cost of EUR18.17bn (a share of 7.53%), while passenger cars and mobile homes were in third place at a value of EUR17.60bn (7.29%).

**Table 3: Top 10 products exported and imported by Bavaria, 2023**

BAVARIA TOP EXPORT PRODUCTS, 2023				BAVARIA TOP IMPORT PRODUCTS, 2023			
RANK	PRODUCT	VALUE, 2023 (EURbn)	% SHARE, 2022	RANK	PRODUCT HS4:	VALUE, 2023 (EURbn)	% SHARE, 2022
1	Passenger cars and mobile homes	39.78	17.39%	1	Apparatus for generating and distributing electricity	24.11	9.99%
2	Apparatus for generating and distributing electricity	17.49	7.64%	2	Electronic Components	18.17	7.53%
3	Chassis, engines, and other parts for motor vehicles	14.37	6.28%	3	Passenger cars and mobile homes	17.60	7.29%
4	Machines	10.59	4.63%	4	Chassis, engines, and other parts for motor vehicles	17.26	7.15%
5	Medical devices and orthopaedic devices	7.38	3.22%	5	Petroleum and. natural gas	8.18	3.39%
6	Measurement, control, and regulation technology. products	7.24	3.16%	6	Electrotechnical products	6.05	2.51%
7	Pharmaceutical products	6.13	2.68%	7	Iron, sheet metal, and metal products	6.04	2.50%
8	Goods made from plastics	5.82	2.54%	8	Office machines and data processing machines	6.00	2.49%
9	Estimates for non-response	4.78	2.09%	9	Pharmaceutical products	5.97	2.47%
10	Iron, sheet metal, and metal products	4.66	2.03%	10	Estimates for non-response	5.86	2.43%
	<b>TOTAL EXPORTS</b>	<b>228.82</b>	<b>100.00%</b>		<b>TOTAL IMPORTS</b>	<b>241.28</b>	<b>100.00%</b>

Source: Federal Statistical Office of Germany, 2024

Regarding key export markets, the United States was the leading destination market for Bavaria's exports in 2023, which at a value of EUR28.44bn in 2023 were equivalent to 12.43% of all export receipts. This can be seen in Table 4. Austria followed in second place, with exports reaching a total value of EUR18.74bn (8.19%), while China was third, with exports to this nation reaching a total value of EUR17.44bn (7.62%). South Africa was Bavaria's 37<sup>th</sup> largest export market in 2023, with the African country importing EUR0.94bn (or EUR943.51m) worth of Bavarian goods in this year.

China was the leading import source market for Bavaria's imports in 2023, with imported goods from China totaling EUR35.55bn in this year. This was equivalent to 14.73% of all import costs incurred by Bavaria in 2023. Austria followed in second place with imports costing EUR18.93bn (7.85%), while the Czech Republic was in third place, with Bavaria having imported goods from that country valued at EUR16.74bn (6.94%) in 2023. South Africa was

Bavaria's 30<sup>th</sup> largest import source market in 2023, with the German state importing goods worth EUR1.78bn from the African country in this year.

**Table 4: Top 10 countries importing from and exporting to Bavaria, 2023**

Destination Markets				Source Markets			
Rank	Country	Value (EURbn)	% Share, 2023	Rank	Country	Value (EURbn)	% Share, 2023
1	United States of America	28.44	12.43%	1	China	35.55	14.73%
2	Austria	18.74	8.19%	2	Austria	18.93	7.85%
3	China	17.44	7.62%	3	Czech Republic	16.74	6.94%
4	Italy	15.17	6.63%	4	Italy	14.37	5.95%
5	France	15.04	6.57%	5	Poland	13.79	5.72%
6	United Kingdom	11.67	5.10%	6	United States of America	13.70	5.68%
7	Poland	11.07	4.84%	7	Hungary	12.97	5.37%
8	Netherlands	9.44	4.12%	8	Netherlands	11.58	4.80%
9	Czech Republic	7.95	3.48%	9	France	8.60	3.56%
10	Spain	7.15	3.12%	10	Slovakia	5.90	2.45%
37	South Africa	0.94	0.41%	30	South Africa	1.78	0.74%
<b>Total Exports</b>		<b>228.82</b>	<b>100.00%</b>	<b>Total Imports</b>		<b>241.28</b>	<b>100.00%</b>

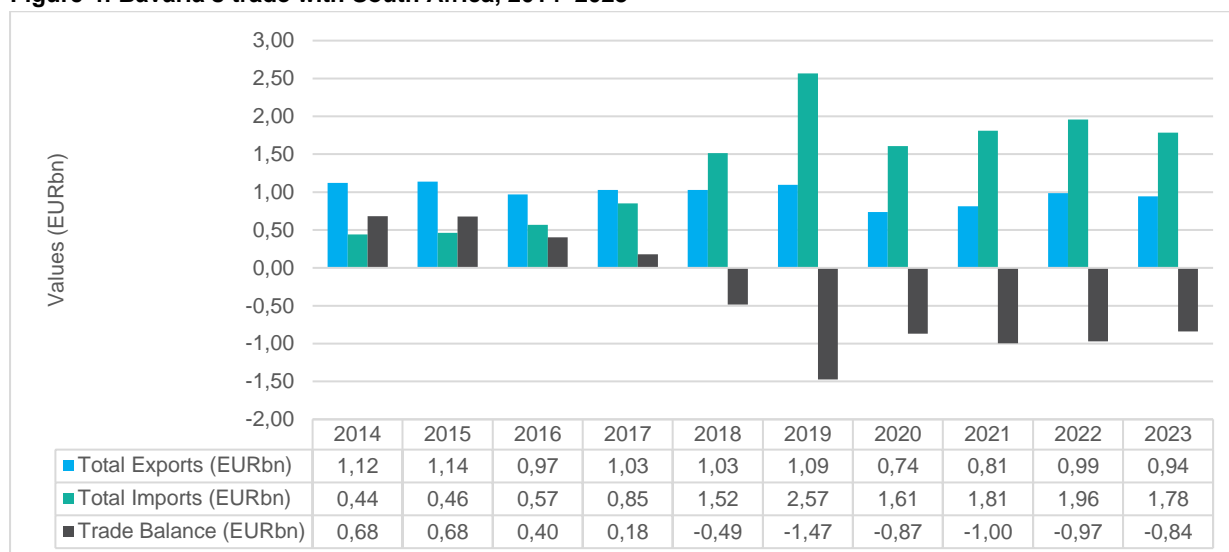
Source: Federal Statistical Office of Germany, 2024

#### 4. Bavaria's Trade with South Africa

South Africa is Bavaria's most important trading partner on the African continent. More than 40 Bavarian companies are represented and have branches in South Africa (State of Bavaria South Africa Office, 2024).

In 2023, Bavarian exports to South Africa amounted to EUR0.94bn, whereas its imports from South Africa cost approximately EUR1.78bn. Until 2017, Bavaria's exports to South Africa exceeded its imports from the country, as seen in Figure 4. Between 2022 and 2023, Bavaria's exports and imports to and from South Africa declined by 4.50% and 8.98% respectively.

**Figure 4: Bavaria's trade with South Africa, 2014–2023**



Bavaria South Africa Office, 2024).

Table 5 shows that Bavaria's dominant export category to South Africa in 2023 was passenger cars and mobile homes valued at EUR195.05m, equivalent to 20.67% of all export receipts from South Africa. The category of chassis, engines, and other parts for motor vehicles placed second at a value of EUR129.37m (13.71%), followed by machines valued at EUR94.58m (10.02%).

Passenger cars and mobile homes dominated Bavaria's imports from South Africa in 2023 at a cost of EUR1,281.37m. This was equivalent to 71.82% of all Bavaria's costs from South African imports in 2023. End products placed second at a cost of EUR191.11m (10.71%), while in third place were imports of semi-finished goods at a value of EUR88.95m (4.99%).

**Table 5: Top 10 products exported from Bavaria to South Africa, 2023**

BAVARIAN EXPORTS TO SOUTH AFRICA, 2023				BAVARIAN IMPORTS FROM SOUTH AFRICA, 2023			
RANK	PRODUCT HS4:	VALUE, 2023 (EURm)	% SHARE, 2023	RANK	PRODUCT HS4:	VALUE, 2023 (USDm)	AVE GROWTH %, 2018-2022
1	Passenger cars and mobile homes	195.05	20.67%	1	Passenger cars and mobile homes	1281.37	71.82%
2	Chassis, engines, and other parts for motor vehicles	129.37	13.71%	2	End products	191.11	10.71%
3	Machines	94.58	10.02%	3	Semi-finished goods	88.95	4.99%
4	Electricity generation and distribution devices	77.84	8.25%	4	Fresh fruit, excluding tropical fruits	39.28	2.20%
5	Measurement, control, and regulation technology products	60.00	6.36%	5	Chemical precursors,	32.63	1.83%
6	Iron, sheet metal, and metal products	36.09	3.83%	6	tropical fruits	31.97	0.0179196
7	Goods made from plastics	25.04	2.65%	7	Vegetable preparations and vegetable preserves	11.79	0.66%
8	Medical devices and orthopaedic devices	24.76	2.62%	8	Aluminium and aluminium alloys, with waste, scrap	9.92	0.56%
9	Pumps and compressors	23.16	2.45%	9	Raw materials, including waste	8.61	0.48%
10	Hoists and conveyors	19.64	2.08%	10	Additional estimates for exemptions	7.57	0.42%
	<b>TOTAL EXPORTS</b>	<b>943.51</b>	<b>100.00%</b>		<b>TOTAL IMPORTS</b>	<b>1784.25</b>	<b>100.00%</b>

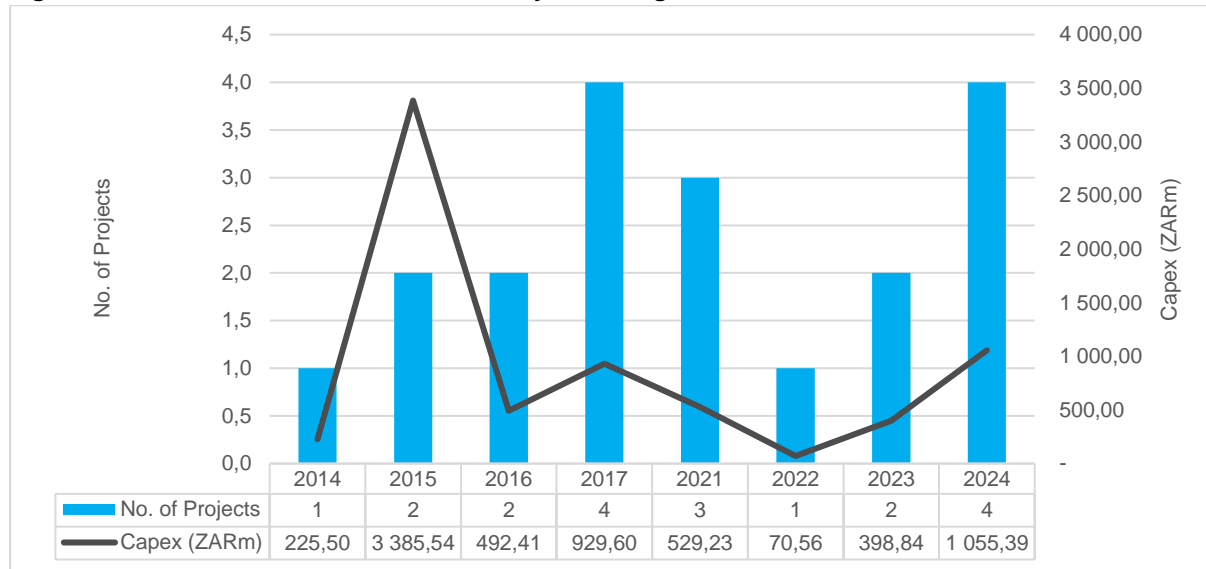
Source: Federal Statistical Office of Germany (2024)

## 5. Investments

### 5.1. Bavarian FDI in South Africa

This section examines FDI trends between Bavaria and South Africa from January 2014 to August 2024. During the period under consideration, Bavaria invested in 19 projects in South Africa. These projects involved a cumulative capital investment of ZAR7.09bn and resulted in the creation of 2,727 jobs. The greatest amount of capex was recorded in 2015 which resulted in 533 jobs. This can be seen in Figure 5.

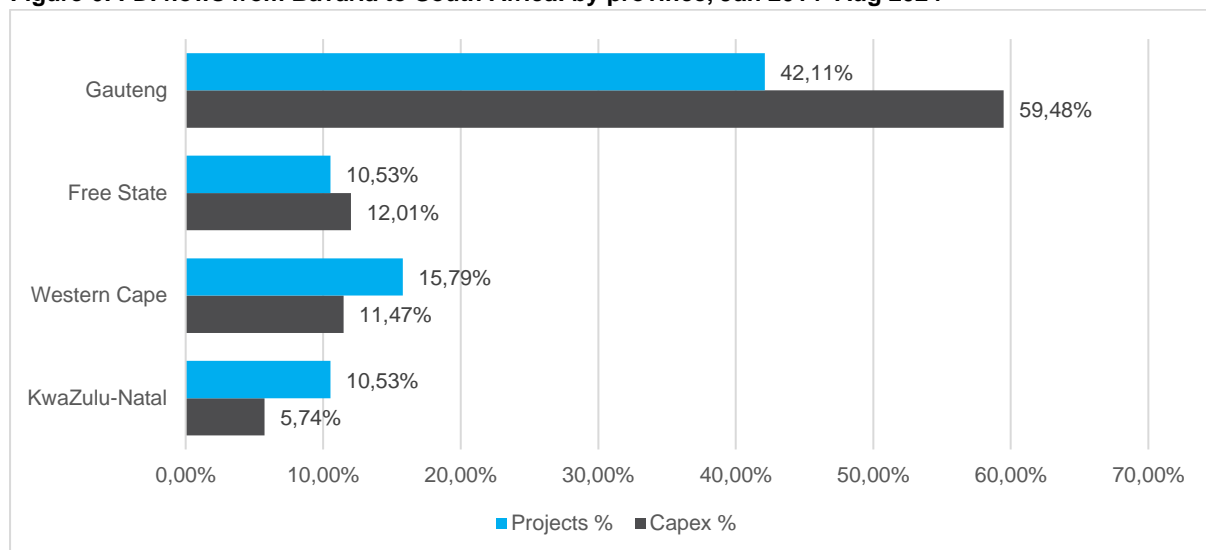
**Figure 5: Bavarian FDI in South Africa, January 2014–August 2024**



Source: fDi Markets, a service from The Financial Times (2024). All Rights Reserved

Gauteng was the top destination in South Africa for FDI from Bavaria between January 2014 and August 2023. The province benefited from eight projects which amounted to 42.11% of the total number of Bavarian FDI projects in South Africa. These investments were worth ZAR4,215.43m, which amounted to 59.48% of capex in that time. This was followed by the Free State with two projects worth a share of 10.53% of the total number of projects, amounting to ZAR851.37m (12.01%) in capex. The Western Cape placed third with three projects which represented 15.79% of the total number of projects and accounted for ZAR813.02m in capex.

**Figure 6: FDI flows from Bavaria to South Africa: by province, Jan 2014–Aug 2024**



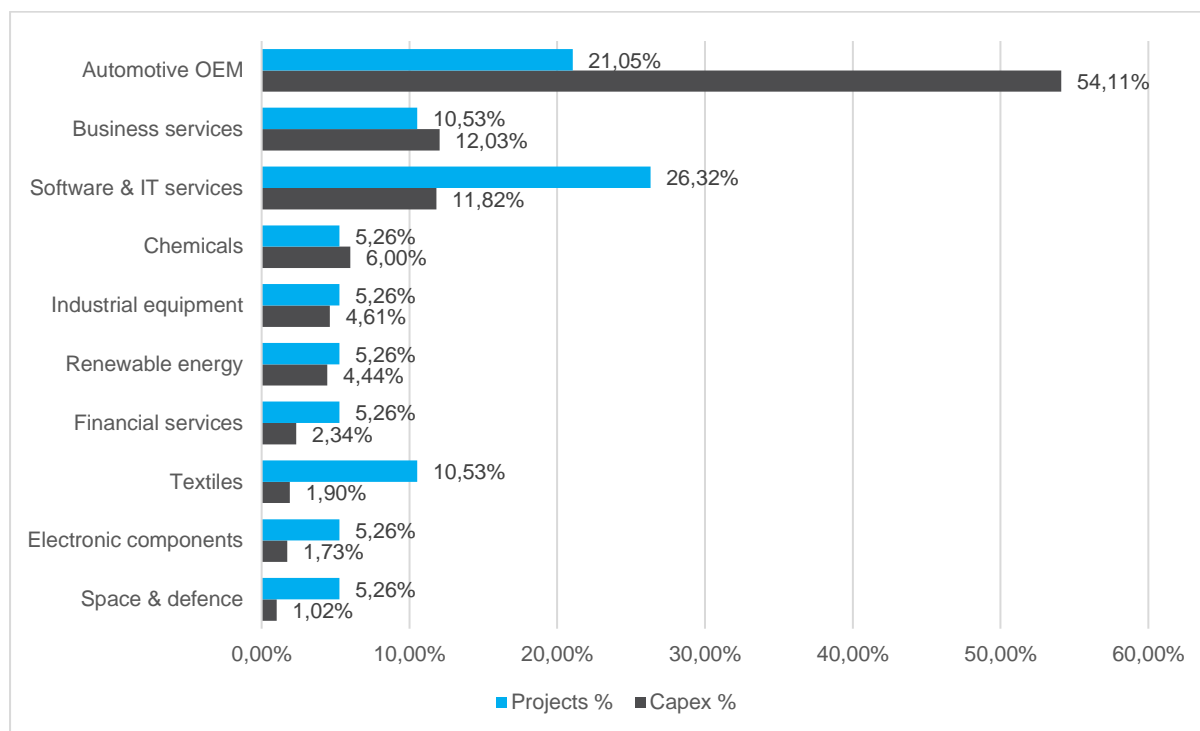
Source: fDi Markets, a service from The Financial Times (2024). All Rights Reserved

As shown in Figure 7, South Africa's automotive OEM sector was the top recipient of Bavarian FDI which was worth ZAR3,835.00m and represented 54.11% of the capex invested in South Africa between 2014 and 2024. The business services sector followed with investments in two projects, amounting to a 10.53% share worth ZAR852.90m in total capex. The software and IT services sector was the largest recipient of FDI when measured



by the number of projects. This sector benefited from five projects, representing 26.32% of the total number of projects, which were worth ZAR837.60m and equivalent to an 11.82% share of the total capex.

**Figure 7: FDI flows from Bavaria to South Africa: by sector, Jan 2014–Aug 2024**



Source: fDi Markets, a service from The Financial Times (2024). All Rights Reserved

When ranked according to the amount of capex invested in South Africa, Bayerische Motoren Werke (BMW) and BMW South Africa were the leading companies, having accounted for ZAR3,445.36m and ZAR615.13m respectively in the period between January 2014 and August 2023. Plan.Net and Metronomia followed, with each company having invested ZAR426.45m in capex, as can be seen in Table 6.

**Table 6: Bavarian companies investing in South Africa, Jan 2014–Aug 2023**

RANK	COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)	JOBS
1	Bayerische Motoren Werke (BMW)	Automotive OEM	2	3 445.36	1 067
2	BMW South Africa	Automotive OEM	3	615.13	229
3	Plan.Net	Business services	1	426.45	13
4	Metronomia	Business services	1	426.45	13
5	Afrox	Chemicals	1	424.92	383
6	Nagarro	Software & IT services	1	381.97	300
7	Netsch Southern Africa	Industrial equipment	1	326.74	67
8	IBC Solar	Electronic components	1	314.47	28
9	Allianz Trade (Euler Hermes)	Financial services	1	165.67	80
10	Ideematec	Electronic components	1	122.72	134
<b>TOTAL</b>			<b>19</b>	<b>7 087.08</b>	<b>2 727</b>

Source: fDi Markets, a service from The Financial Times (2024). All Rights Reserved

## 5.2. South Africa's FDI in Bavaria

A total of four South African companies, which are listed in Table 7, invested in Bavaria between January 2014 and August 2024. These companies invested in four projects at a value of ZAR961.82m. Furthermore, it was estimated that 101 jobs were created from these projects.

**Table 7: FDI flows from South Africa to Bavaria, Jan 2014–Aug 2024**

DATE	INVESTING COMPANY	SOURCE PROVINCE	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
2019 Dec	Praelexis	Western Cape	Software & IT services	Business Services	3.07	3
2018 Dec	myResilience	Gauteng	Software & IT services	Sales, Marketing & Support	16.87	10
2017 Oct	Entersekt	Western Cape	Software & IT services	Sales, Marketing & Support	23.01	11
2009 Sep	Palletways	Gauteng	Transportation & Warehousing	Logistics, Distribution & Transportation	918.87	77
<b>TOTAL</b>					<b>961.82</b>	<b>101</b>

Source: fDi Markets, a service from The Financial Times (2024). All Rights Reserved

## 5.3. Bavaria's FDI in the Western Cape

Available data indicates that three companies from Bavaria invested in the Western Cape between January 2014 and August 2024. These investment projects, which were in the business services, space and defense, and renewable energy sectors of the economy, cumulatively accounted for ZAR813.02m and resulted in the creation of 105 jobs, as shown in Table 8.

**Table 8: Bavarian companies investing in Western Cape between Jan 2014 and Aug 2024**

DATE	INVESTING COMPANY	DESTINATION CITY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
Aug-24	Plan.Net	Cape Town	Business services	Business Services	426.45	13
Nov-23	Hensoldt South Africa	Stellenbosch	Space & defence	Sales, Marketing & Support	72.10	64
Jan-17	IBC Solar	Cape Town	Renewable energy	Sales, Marketing & Support	314.47	28
<b>TOTAL</b>					<b>813.02</b>	<b>105</b>

Source: fDi Markets, a service from The Financial Times (2024). All Rights Reserved

## 5.4. Western Cape's FDI in Bavaria

As shown in Table 9, two Western Cape companies invested in two projects between January 2014 and August 2024 in Bavaria. The total capex involved in these projects was ZAR26.08m, resulting in the creation of 14 jobs.

**Table 9: Western Cape companies investing in Bavaria between Jan 2014 and Aug 2024**

DATE	INVESTING COMPANY	SOURCE CITY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
Apr 2023	Praelexis	Stellenbosch	Software & IT services	Sales, Marketing & Support	3.07	3
Dec 2018	Entersekt	Stellenbosch	Software & IT services	Sales, Marketing & Support	23.01	11
<b>TOTAL</b>					<b>26.08</b>	<b>14</b>

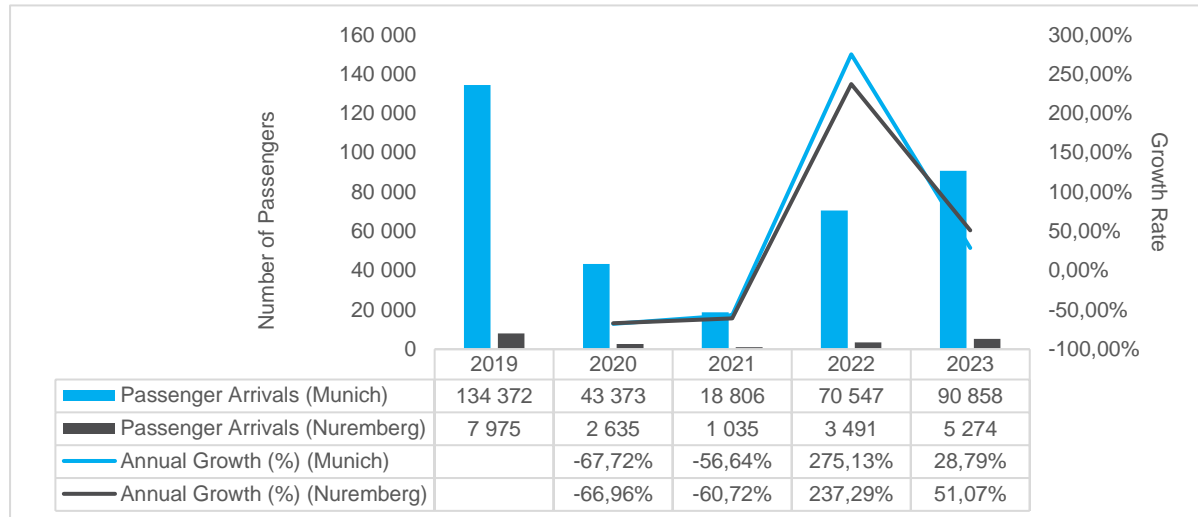
Source: fDi Markets, a service from The Financial Times (2024). All Rights Reserved

## 6. Tourism

### 6.1. Bavarian Passenger Arrivals in South Africa

During the past five years, the largest number of Bavarian passengers arriving in South Africa were from Munich. In 2023, a total of 96,132 passengers travelled from Bavaria to South Africa, which represented an increase of 29.84% when compared to 2022. This can be seen in Figure 8.

Figure 8: Bavarian passenger arrivals in South Africa, 2019–2023

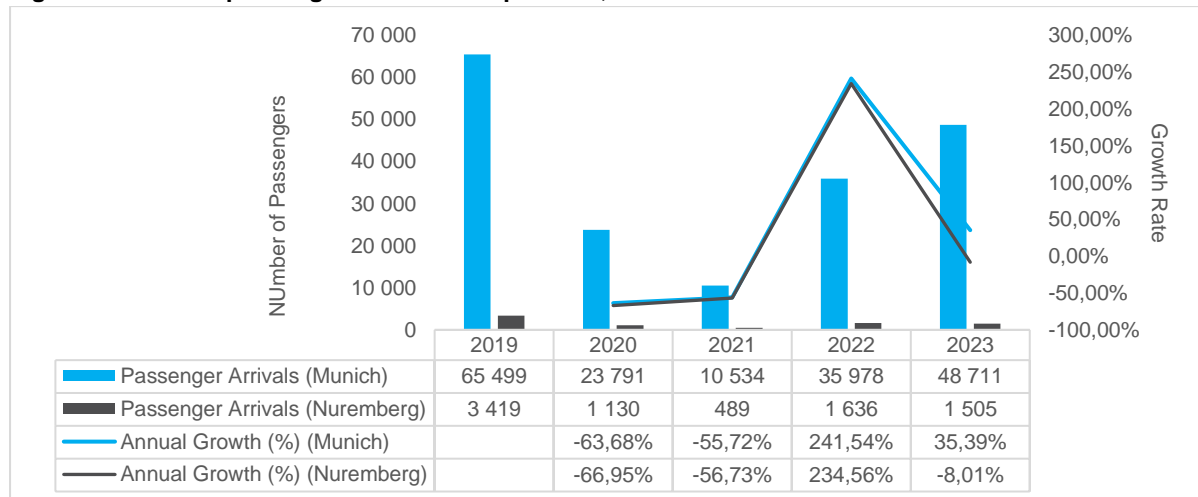


Source: OAG Traffic Analyser, 2024

### 6.2. Bavarian Passenger Arrivals in Cape Town

Cape Town International Airport welcomed 48,711 passenger arrivals from Munich and 1,505 from Nuremberg in 2023. Visitors from Munich increased by 35.39% y-o-y, whereas the number of passengers from Nuremberg declined by 8.01% in the same period. This is illustrated in Figure 9.

Figure 9: Bavarian passenger arrivals in Cape Town, 2019–2023



Source: OAG Traffic Analyser, 2024

**Disclaimer:** Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.