AUTOMOTIVE TRADE MANUAL

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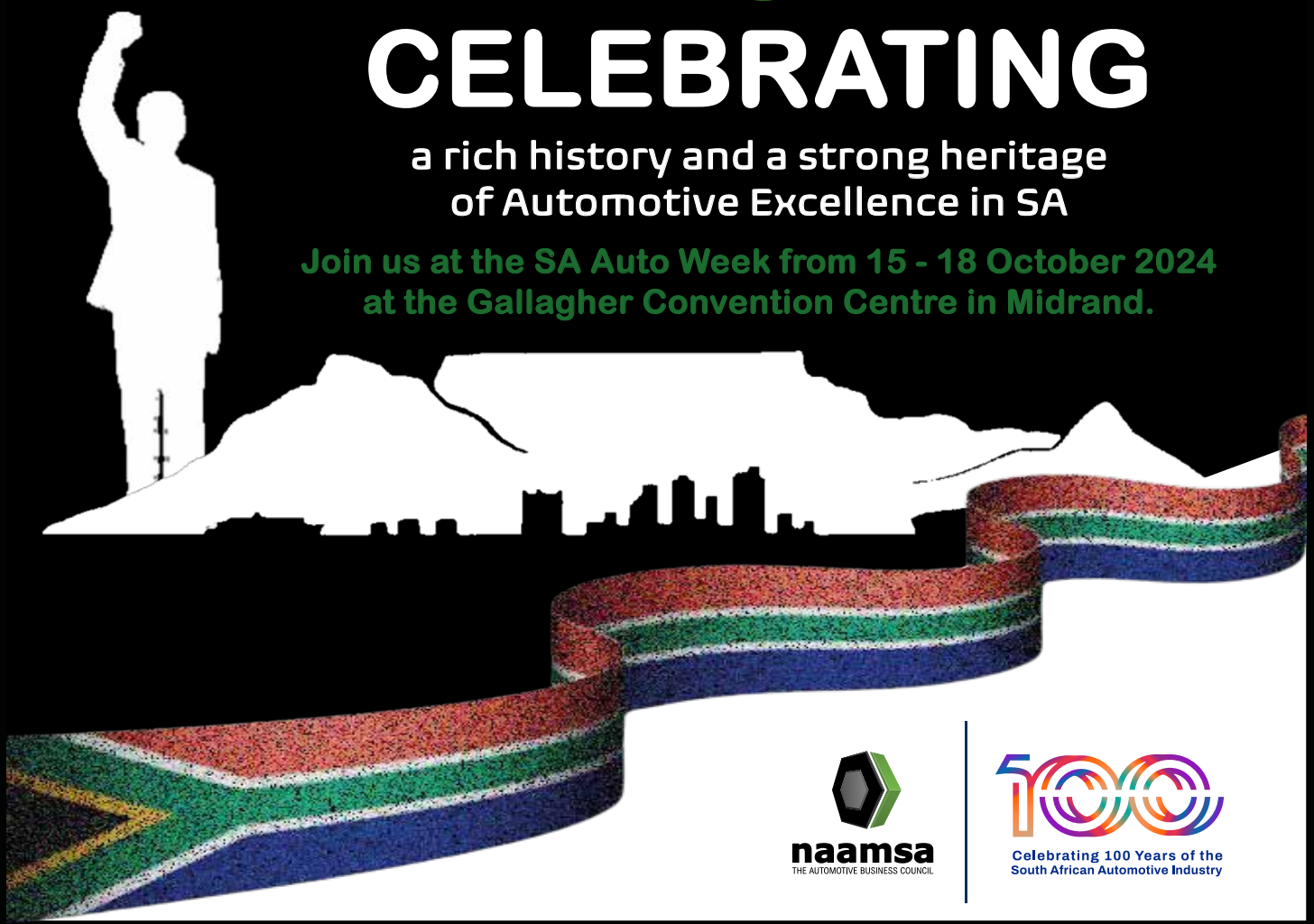

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CONTENTS

ABBREVIATIONS

AAAM	African Association of Automotive Manufacturers
AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
AIEC	Automotive Industry Export Council
AIS	Automotive Investment Scheme
APDP	Automotive Production Development Programme
APDP2	Automotive Production Development Programme Phase 2
ASCCI	Automotive Supply Chain Competitiveness Initiative
BELN	Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia
BEV	Battery Electric Vehicle
CBU	Completely Built-up
CKD	Completely Knocked Down
CPI	Consumer Price Index
DTIC	Department of Trade, Industry and Competition
EPA	Economic Partnership Agreement
EV	Electric Vehicle
EU	European Union
FCEV	Fuel Cell Electric Vehicle
FDI	Foreign Direct Investment
FOB	Free on Board
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HEV	Hybrid Electric Vehicle
ICE	Internal Combustion Engine
IDZ	Industrial Development Zone
MERCOSUR	Mercado Común del Sur – Common Market of South America
MIDP	Motor Industry Development Programme
NAACAM	National Association of Automotive Component and Allied Manufacturers
naamsa	The Automotive Business Council
NEV	New Energy Vehicle
OEM	Original Equipment Manufacturer (Vehicle Manufacturer)
OICA	International Organisation of Motor Vehicle Manufacturers
PGM	Platinum Group Metal
PHEV	Plug-in Hybrid Electric Vehicle
SA	South Africa
SAAM	South African Automotive Masterplan
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	South African Revenue Service
USMCA	US-Mexico-Canada Agreement
WTO	World Trade Organisation

AUTOMOTIVE TRADE MANUAL
– 2024 –
SOUTH AFRICA PUBLICATION

Author: Dr Norman Lamprecht

The *Automotive Trade Manual – 2024 – South Africa* publication, previously produced and compiled by the Automotive Industry Export Council (AIEC), will from 2024 onwards be published as a newly branded publication under the auspices of **naamsa** | The Automotive Business Council. As the acknowledged source of key automotive trade data and other information, this publication, like the 17 publications since 2007, provides a comprehensive overview of the export and import performance of the South African automotive industry under the Automotive Production Development Programme (APDP) and APDP Phase 2 (APDP2). Among the topics covered in the Manual are the top automotive export destinations, the major countries of origin, the main export trade blocs, the top automotive products being exported and imported, as well as the top growth markets and products. The Manual further explores the impact of the trade arrangements currently enjoyed by South Africa in the trade of vehicles and related automotive components.

A fundamental driver of success in an ever-changing global and domestic landscape is the ability to analyse and interpret data, which is a powerful tool to propel a business's success. A slew of challenges is currently reshaping the trajectory of the automotive industry, globally and in South Africa, exerting pressures that are fundamentally transforming its landscape. The more complex and uncertain the world becomes, the greater the demand for clear insights from data to provide a more predictable roadmap through economic disruption and political turmoil. Converting data to insights, therefore, is imperative, as the strategic and operational value of data grows exponentially once it has been refined, processed and transformed by way of unlocking learnings and discernments to improve operational efficiencies. By leveraging the actionable insights secured through data analytics, businesses can gain a competitive edge which can ultimately be the difference between market leadership and market parity.

This publication provides a wealth of market intelligence and serves as an essential source of information on the South African automotive industry for national and international stakeholders seeking to develop sustainable business models and growth strategies.

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SOUTH AFRICA AND ITS AUTOMOTIVE INDUSTRY

The South African economy navigated through a turbulent landscape in 2023, a year characterised once again by unprecedented economic challenges and worldwide uncertainties. The impact of slowing global growth owing to escalating geo-political tensions, supply chain disruptions, inflationary pressures and multi-year high interest rates has reverberated across all sectors of the economy, including the automotive sector.

With climate change as the defining challenge of our time, a pivotal step towards sustainability and growth is to establish new energy vehicle (NEV) manufacturing within the domestic context. In this regard, the South African automotive industry experienced some noteworthy developments in 2023. The pulse of this dynamic sector accelerated as the industry surged forward with the release of the DTIC's Electric Vehicle White Paper, November 2023. The White Paper outlines a comprehensive electric vehicle roadmap for South Africa and the structure of a suite of policy interventions tailored to the automotive industry. The primary goal of the White Paper is to set a course to transition the automotive industry from primarily producing Internal Combustion Engine (ICE) vehicles to a dual platform that includes electric vehicles (EVs) in the production and consumption mix, alongside ICE vehicles in South Africa by 2035. This vision is aligned with the foundational objectives outlined in the South African Automotive Masterplan (SAAM), the strategic framework implemented from 2021 to 2035 to shape the nation's automotive industry.

The White Paper aims to unlock the full potential of NEVs in South Africa. This step not only supports the country's efforts to combat climate change but also aligns the domestic automotive industry with the changing demand in export markets, along with positioning South Africa as a key player in the global shift towards sustainable transportation.

The economic muscle of the South African automotive industry, with its economic gains far outweighing its fiscal costs, cannot be underplayed. Benefits of the manufacturing sector as the engine of the economy include its synergies with most other productive economic sectors, along with positive spill-over effects to non-manufacturing sectors as well. As the largest manufacturing sector in the country's economy, a substantial 21,9% of value addition within the domestic manufacturing output was derived from vehicle and automotive component manufacturing in 2023, while the broader automotive industry's contribution to the GDP comprised 5,3% (3,2% manufacturing and 2,1% retail).

Despite a constrained economic environment undermining the domestic new vehicle market's ability to fully recover to pre-pandemic levels in 2023, record high vehicle exports ensured that the automotive industry outperformed the rest of the manufacturing sector. The export value of vehicles and automotive components increased by R43,5 billion, or 19,1%, from the R227,3 billion in 2022 to a record R270,8 billion in 2023, comprising 14,7% of total South African exports. Vehicle exports increased by 47 809 units to a record 399 594 units in 2023, up from the 351 785 units exported in 2022, while the vehicle export value increased by R46,9 billion from R157,0 billion in 2022 to a record R203,9 billion in 2023. Automotive component exports, however, reflected a decline of R3,4 billion from R70,3 billion in 2022 to R66,9 billion in 2023. The domestic automotive industry exported to 148 countries in 2023, down from the 152 destinations in 2023, with the export value more than doubling in the case of 29 of these countries from 2022 to 2023. South African automotive trade under the APDP2, amounting to a significant R520,5 billion in 2023, comprised 16,7% of South Africa's total trade GDP, up from 16,5% in 2022.

The introduction of an investment allowance for new EV investments, set to commence in March 2026, to claim 150% of qualifying investment spending in the first year, is a crucial step in attracting investments,

fostering innovation, and enhancing the growth of the sector within South Africa. Foreign direct investment (FDI) allows the transfer of technology, which serves as a vital enabler for the domestic automotive industry, as it establishes a lasting interest in driving growth. Investment by the seven original equipment manufacturers (OEMs), with technology embodied in the investment, amounted to R5,2 billion in 2023, while the component sector received investments of R4,2 billion.

The automotive industry is widely regarded as one of the industrial policy success stories of South Africa's democratic era. The following table highlights the significant social and economic contribution made by the domestic automotive industry to the South African economy for 2022 and 2023. A comparison is also provided with 1995, when the Motor Industry Development Programme (MIDP) was implemented, to highlight the substantial achievements to date, with particular reference to the industry's export performance.

Key performance indicators under the MIDP, APDP and APDP2 - 1995 and 2022 to 2023

Indicator	Performance		
	1995	2022	2023
Broader automotive industry contribution to GDP	6,5%	4,9%	5,3%
Vehicle and component production as % of South Africa's manufacturing output	22,1%*	21,7%	21,9%
Average monthly employment by vehicle manufacturers	38 600	33 321	33 509
Automotive component sector employment	65 500	83 362	82 560
Capital expenditure – vehicle manufacturers	R847 million	R7,1 billion	R5,2 billion
Capital expenditure – component sector	R100 million*	R4,5 billion	R4,2 billion
Total South African new vehicle sales	399 967 units	529 541 units	531 787 units
Total South African vehicle production	389 392 units	555 885 units	633 332 units
South Africa's vehicle production as % of Africa's vehicle production	85,0%	54,4%	54,1%
South Africa's global vehicle production ranking	20th	22nd	22nd
South Africa's global vehicle production market share	0,73%	0,65%	0,67%
Vehicle ownership ratio per 1 000 persons	102*	182	182
Vehicle parc (number of registered vehicles)	6,0 million	13,0 million	13,1 million
Total automotive export revenue	R4,2 billion	R227,3 billion	R270,8 billion
Automotive export revenue as % of total South African export revenue	4,1%	12,4%	14,7%
Number of export destinations	63	152	148
Number of export destinations with export values more than doubling year-on-year	0	29	29
Top automotive export destination in Rand value terms	Germany	Germany	Germany
Total South African vehicle exports	15 764 units	351 785 units	399 594 units
Value of vehicle exports	R0,9 billion	R157,0 billion	R203,9 billion
Top vehicle export destination in volume terms	China	UK	Germany
Value of automotive component exports	R3,3 billion	R70,3 billion	R66,9 billion
Top automotive component export category in Rand value terms	Stitched leather seats	Catalytic converters	Catalytic converters
Top automotive trading partner (imports and exports) in Rand value terms	Germany	Germany	Germany
Top automotive trading region (imports and exports) in Rand value terms	EU	EU	EU
Top country of origin for total automotive imports in Rand value terms	Germany	Germany	Germany
Top country of origin for vehicle imports	Germany	India	India

Source: AIEC, Econometrix, **naamsa**/Lightstone Auto, NAACAM, OICA, SARS, StatsSA *Estimates

As far as 2024 is concerned, several global externalities remain persistent, creating an uncertain backdrop for the year once again, including sluggish global growth, a bullish inflationary environment and soaring geo-political tensions. The global economy is expected to remain relatively weak in 2024, but an easing in global inflation could see a softening in interest rates in the second half of the year which would support the South African automotive industry's export performance.

On the domestic front, the outlook for the automotive industry in 2024 is cautiously optimistic, although it remains intricately linked to broader economic conditions, and hence, needs adaptability to effectively respond to diverse market conditions. While emerging trends are anticipated to continue, the year is also marked by national elections in South Africa. A year of two halves is anticipated, consisting of a taxing first half, but with brighter economic prospects expected during the second half of the year. Despite various challenges and elements of economic uncertainty, OEMs and importers will continue to launch new products into the marketplace. As the wheels of innovation turn at a rapid pace, the pursuit of the high road scenario will remain imperative to thrive in an age of reinvention.

A year of two halves is anticipated, consisting of a taxing first half, but with brighter economic prospects expected during the second half of the year.

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naamsa | The Automotive Business Council represents the collective, non-competitive interests of the new motor vehicle industry in South Africa. All major multi-national automotive corporations operating in South Africa are members of **naamsa**. In 2021, **naamsa** changed its naming convention from the previous National Association of Automobile Manufacturers of South Africa, as it now represents a wider community of stakeholders than only vehicle manufacturers, as was previously the case. In transforming its traditional role, **naamsa** has expanded its membership base since 2021 to also include associate members, whether an individual, a firm, a company or a corporate body, to forge stronger partnerships between its manufacturing and associate members.

Since 2022, **naamsa**, in terms of common law, was incorporated as a not-for-profit company, operating under the governing provisions of the Companies Act and a registered Memorandum of Incorporation. **naamsa** NPC was accordingly formed and registered to house the activities, assets and reserves of the organisation as an industry body representing the interests of all its members. **naamsa's** vision is to be the most credible thought leader and a respected partner of a globally competitive and transformed automotive industry that contributes to the sustainable development of South Africa. It is **naamsa's** mission to play a transformative role towards a cleaner, safer, and sustainable industry that creates prosperity for the people of South Africa with its purpose to responsibly advocate for just mobility solutions. The new **naamsa** will strive to achieve the following objectives:

- To promote, advance, protect and represent the interests of all its members;
- To promote trade, and to foster and stimulate the promotion and growth of the automotive industry;
- To actively participate in conversations and activities that advance the automotive industry's competitiveness domestically and globally;
- To act as a portal for expert knowledge on automotive industry regulations;
- To collect, process, and circulate statistical information and other key automotive industry data in compliance with the requirements of the South African law and in accordance with the automotive industry's reporting guidelines; and
- To proactively communicate the role and the importance of the automotive industry, using reliable data and information.

naamsa's three assets include the South African Auto Week, **naamsa** Dreams Academy, and the Autolytics Bank. More information on **naamsa** and its activities can be accessed at www.naamsa.co.za.

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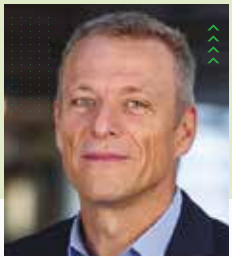

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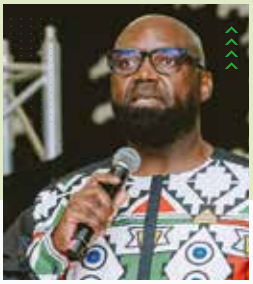

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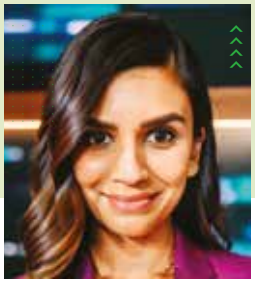

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A CENTURY OF VEHICLE MANUFACTURING

The development of the automotive industry has been a remarkable story of innovation, entrepreneurship, and economic growth in South Africa. In the annals of South Africa's automotive history, few names resonate as deeply as Ford and General Motors (GM). These giants of the industry carved their paths into the nation's collective consciousness, shaping the landscape of mobility and commerce. This year (2024) marks the centenary celebration of vehicle manufacturing in the country. This landmark occasion commenced in 1924, when domestic assembly operations began with the iconic Model T Ford, making waves among early automobile enthusiasts, utilising completely knocked down (CKD) kits imported from Canada. This pioneering move not only made Ford the first global vehicle manufacturer to establish operations in South Africa, but also introduced the continent's first assembly line of any kind.

Ford assembly operations began on 19 January 1924 at a planned rate of 10 cars per day, and the first domestically produced models went on sale in March that year. The company had 21 office staff along with 70 people in the assembly plant, and it turned out 1 446 vehicles in the first 12 months. The company's commitment to domestic production and adaptation to market demands propelled its growth and popularity.

General Motors made its initial foray into South Africa in 1926, introducing Chevrolet vehicles to the burgeoning automotive market. GM's strategy included a domestic assembly operation in setting up a plant to meet the demand for affordable and reliable cars. The coastal location of Port Elizabeth (Gqeberha) in the Eastern Cape allowed for the easy importation of components. This strategic approach laid the groundwork for GM's long-term presence and brand recognition in South Africa.

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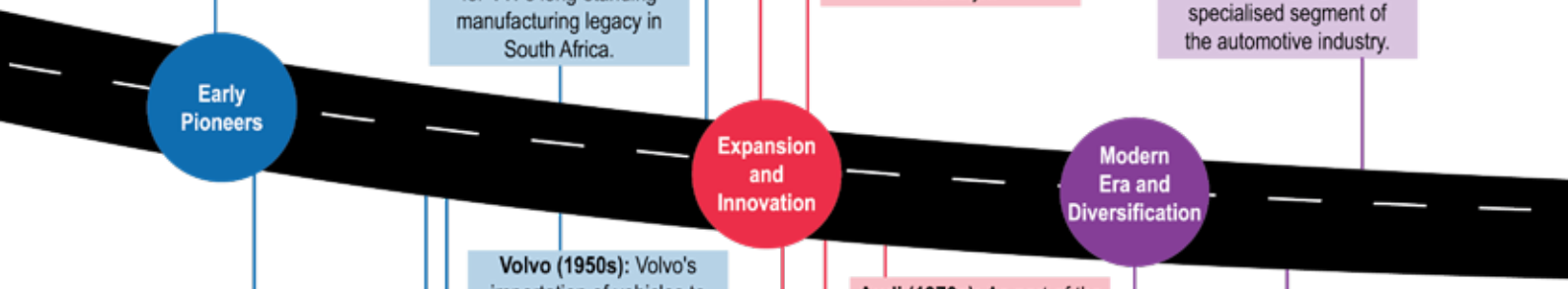
Celebrating 100 Years of the
South African Automotive Industry

South Africa's automotive industry has undergone significant transformations over the years, positioning the country as a key player in the global automotive landscape. In 1947, South Africa was ranked seventh out of 141 countries in terms of global vehicle use, with a ratio of 26 persons per one car.

In the 1960s, South Africa emerged as a formidable automotive producer, manufacturing 120 000 vehicles, surpassing other developing countries. This marked the beginning of a trajectory that would see significant growth and evolution in the industry. However, it was not until the 1970s and 1980s that the industry experienced notable phases of government support, including incentives for increased local content and protectionist measures to nurture domestic manufacturing capabilities.

Record-breaking milestones, such as the achievement of 143 373 new vehicle sales in 1964 and the contribution of 3,3% to the GDP by the automotive sector in 1975, underscored the industry's growing significance. However, challenges such as the disinvestment by major players like General Motors and Ford in 1979 due to sanctions against South Africa, highlighted the complexities of operating in a globalised environment.



Ford (1924): Ford stands as one of the earliest automotive pioneers in South Africa, establishing manufacturing operations in 1924. Over the years, Ford's presence has expanded, contributing significantly to the domestic automotive landscape.

Datsun (1959): First Datsun assembled in Durban.

Mercedes-Benz (1958): Mercedes-Benz established its first assembly plant in East London in 1958.

Volkswagen (1950s): Volkswagen's entry in the 1950s marked a pivotal moment, with the assembly of the first VW Beetle in Uitenhage in 1951. This event laid the foundation for VW's long-standing manufacturing legacy in South Africa.

FIAT and Datsun (1965): Both companies open factories and operations in Rosslyn.

Isuzu: Isuzu's focus on bakkies (pick-up trucks) and commercial vehicles, initially under General Motors, highlights a specialised segment of the automotive industry.

General Motors (1926): GM established its first assembly plant in Port Elizabeth (Gqeberha) in 1926, joining Ford as the early pioneers of vehicle manufacturing in South Africa.

Volvo (1950s): Volvo's importation of vehicles to South Africa in the 1950s, expanded to domestic assembly operations, showcasing the brand's commitment to the market.

Audi (1970s): As part of the Volkswagen Group, Audi's presence in South Africa dates back to the 1970s.

Jeep: Jeep's association with adventure and off-road capabilities, under the Chrysler Group (now Stellantis), has resonated with South African consumers for decades.

Toyota (Early 1960s): Toyota began manufacturing vehicles in South Africa in 1966, becoming a pioneering brand known for reliability and innovation.

BMW (1968): BMW's domestic assembly of vehicles started in 1973, introducing luxury and performance-oriented models to South African consumers.

Chrysler Plant (1937): Opened a plant in Johannesburg.

Peugeot (1929): Entered SA market as part of National Motor Assemblers.

Nissan (Early 1960s): Nissan's entry into domestic manufacturing in early 1965 added diversity to the automotive offerings, contributing to the brand's growth in the market.

Hyundai (1990s): Hyundai's entry in the 1990s brought a range of vehicles and domestic assembly operations, catering to evolving consumer preferences.

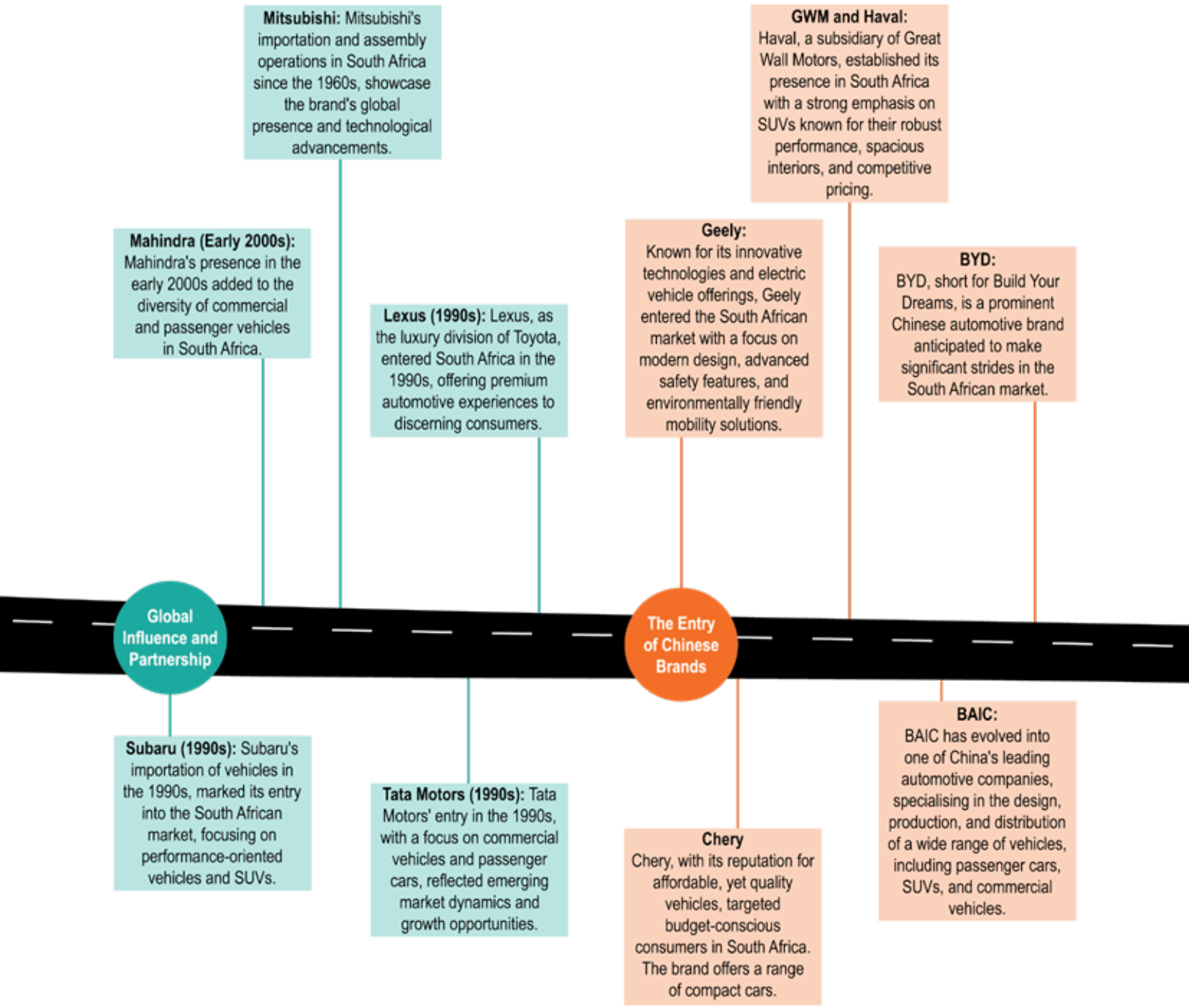
Kia (1990s): Kia's establishment in the 1990s added to the diversity of automotive choices, with a focus on affordability and quality.

SAMAD (1946): Formed to manufacture Studebaker in Uitenhage.

CD (1949): CDA plant opened in East London to manufacture Mercedes-Benz.

Honda (1960s): Honda's importation, and later, local assembly operations in the 1960s contributed to its presence as a reliable and innovative brand in South Africa.

Land Rover: Land Rover's long-standing presence in South Africa, focusing on off-road and luxury SUVs, reflects a niche segment of the automotive market.



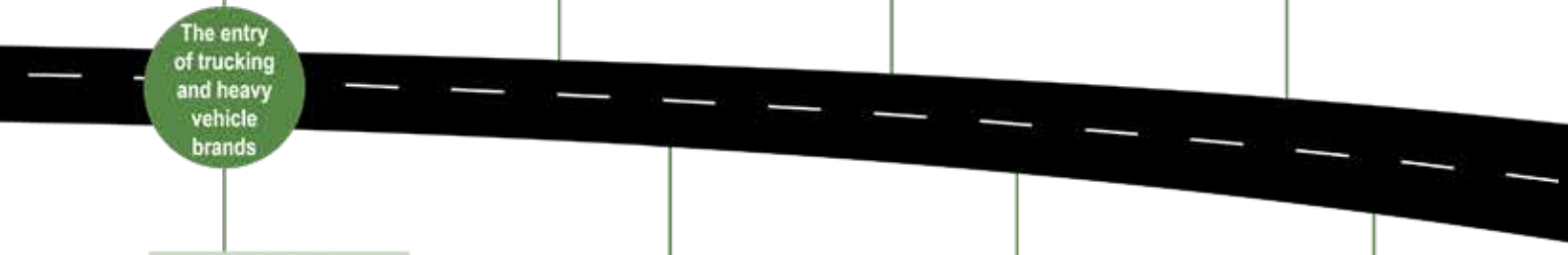
The late 1980s and early 1990s ushered in Phase VI of the local content programme, emphasising value-based calculations and encouraging domestic OEMs to increase local content. This period laid the groundwork for the Motor Industry Development Programme (MIDP) implemented in 1995, marking a significant structural shift and integration into the global automotive arena. The MIDP fuelled exports, leading to substantial growth in vehicle production, component exports, and investments by OEMs.

By 2006, South Africa boasted eight operating OEMs producing 21 models, supported by over 400 component manufacturers. The automotive sector became the country's largest manufacturing sector, contributing approximately 7,5% to the GDP. The all-time, record-breaking level for domestic new vehicle sales at 714 315 units along with record vehicle production, vehicle exports, automotive component exports, and investments by the OEMs were recorded.

Looking ahead, South Africa's automotive industry is poised for a new era with the implementation of the South African Automotive Masterplan (SAAM) 2021-2035 and the Automotive Production Development Programme (APDP) Phase 2. These initiatives provide a roadmap for sustainable growth, emphasising EV production, long-term policy certainty, and strategic partnerships to navigate the evolving automotive landscape.

The release of the Electric Vehicle White Paper in 2023 and the introduction of an additional investment allowance for EV investments in 2026 demonstrate South Africa's commitment to embracing electric mobility and fostering a conducive environment for EV manufacturing. These measures align with global trends towards sustainable transportation, and position South Africa as a hub for innovative automotive technologies in the years to come.

The trucking and heavy vehicle industry in South Africa has witnessed a dynamic evolution with the entry of various brands, each contributing to the country's logistics, infrastructure, and economic development. This section explores the journey of key trucking and heavy vehicle brands as they entered and established their presence in the South African market.



The entry of trucking and heavy vehicle brands

Mercedes-Benz Trucks made its mark in South Africa in 1961, leveraging its German engineering heritage to deliver reliable, efficient, and technologically advanced heavy vehicles. The brand's focus on safety, comfort, and productivity resonated with the domestic market, establishing it as a leader in the heavy vehicle segment.

MAN Trucks, part of the Volkswagen Group, established its presence in South Africa in 1962, offering a range of heavy-duty trucks and commercial vehicles known for their robustness and performance. The brand's focus on customer support, aftermarket services, and technological advancements enhanced its competitiveness in the market.

Hino Trucks, a subsidiary of Toyota, entered South Africa in the 80s, offering a range of medium and heavy-duty trucks known for their Japanese engineering precision, durability, and performance. The brand's commitment to quality, innovation, and customer service contributed to its success in the domestic trucking industry.

Scania Trucks entered South Africa in 1995, introducing a lineup of trucks and buses renowned for their performance, reliability, and fuel efficiency. The brand's emphasis on sustainable transport solutions, including alternative fuels and hybrid technologies, aligned it with evolving industry trends.

Daimler Trucks, encompassing brands like Freightliner and Fuso, established a presence in South Africa in 1961, leveraging its global expertise in commercial vehicles and logistics solutions. The brand's diverse product lineup, from light trucks to heavy-duty rigs, caters to a wide range of transport needs in the market.

Isuzu Trucks, with a long-standing presence in South Africa under various ownerships, continued its legacy of manufacturing durable, reliable, and versatile trucks for various applications. The brand's focus on domestic assembly, aftermarket support, and customer satisfaction solidified its position in the commercial vehicle market.

UD Trucks, a subsidiary of the Volvo Group, has a rich history in South Africa dating back to the 90s. The brand's legacy of reliability, durability, and performance has made it a trusted name in the commercial vehicle sector. UD Trucks entered South Africa with a range of medium and heavy-duty trucks, catering to diverse industries.

Volvo Trucks entered South Africa in 2001, bringing a legacy of innovation, sustainability, and safety to the country's roads. The brand's commitment to fuel efficiency, emission reduction, and driver comfort positioned it as a preferred choice for long-haul transport and logistics operations.

SOUTH AFRICAN ECONOMY

The South African economy continued to face fiscal and economic challenges in 2023 as it grappled with low economic growth, high levels of unemployment, an energy crisis, unstable commodity prices, and a variety of external issues. With household spending comprising about two-thirds of GDP, demand remained constrained. Increased private sector investment in electricity generation capacity supported the demand side, but households experienced strain due to elevated prices and high interest rates. The supply side of the economy, however, proved to be more resilient than initially expected, indicating that the wheels continued turning, albeit at a sluggish pace.

Census 2022, the fourth South African population and housing census after the advent of democracy, released on 10 October 2023, reflected that the country's population increased from 51,77 million in 2011 to 62,03 million in 2022, a growth rate of 1,8% in the intercensal period. Females constituted 51,5% of the total population, while males made up the remaining 48,5%. Gauteng and KwaZulu-Natal had the highest populations at 15 million and 12,4 million respectively, while the Northern Cape had the smallest with 1,3 million. The median population age increased to 28 years in 2022, from 25 years in 2011, suggesting a consistent increase over time and an overall increase of three years.

Following a pronounced recovery, with a GDP growth rate of 4,9% in 2021 from the COVID-19 affected 2020, the domestic economy decelerated to 1,9% in 2022, and to a below-potential 0,6% in 2023. During the first half of 2023, economic activity surprised to the upside, but the growth impetus was halted, and then reversed, by the restrictive monetary policy of the South African Reserve Bank (SARB). Many headwinds plagued the economy during the year, including the energy crisis, record fuel prices, elevated interest rates, a lacklustre job market and low confidence levels among households and businesses. The economic narrative has remained largely disappointing, and despite several industries having become more resilient against energy constraints and other challenges, the economy struggled to gain sustainable momentum. The following table highlights South Africa's key economic indicators for 2022 and 2023.

Key economic indicators – 2022 to 2023

Indicator	Performance	
	2022	2023
South Africa's GDP (market prices)	R6 628,6 billion	R6 970,2 billion
GDP growth rate	1,9%	0,6%
Consumer Price Index (CPI)	6,9%	6,0%
Interest rate (Repo rate)	7,0%	8,25%
Prime interest rate	10,5%	11,75%

Source: South African Reserve Bank, StatsSA

Policymakers around the world battled elevated inflation in 2023, caused largely by surging energy and food prices following Russia's invasion of Ukraine in 2022. As monetary policy actions and frameworks are key to keep inflation expectations anchored, the US Federal Reserve has taken very aggressive action to tame inflation throughout the past two years. Between March 2022 and July 2023, the Federal Open Market Committee implemented its most aggressive rate-rising cycle in 40 years and raised the federal funds target rate by 525 basis points. Public debt remains one of the great problems of the current era with the existing unprecedented debt load. As a result, virtually all the world's major economies remain in a very vulnerable state.

The highly volatile commodity, energy and financial markets directly affected the domestic economy. Resultantly, from 2022, headline inflation began to accelerate persistently amid higher food and transport prices. Weak domestic economic growth, and a fragile fiscal position also contributed to the pressure on the South African Rand. Consequently, the longer-than-expected policy hiking cycle in South Africa was partly in response to a highly volatile Rand exchange rate against major currencies. The SARB implemented a tighter monetary policy stance by increasing interest rates in an attempt to contain inflation. With a 10th consecutive hike since November 2021, the SARB raised its benchmark interest rate to a 14-year high of 8,25% in May 2023, given upside inflation risks.

The Consumer Prices Index (CPI) breached the upper end of the SARB's inflation target range of 3% to 6% during the first half of 2023 but eased to well within the SARB's target range during the last six months of the year, to average at 6,0% in 2023, compared to 6,9% in 2022. The SARB prefers to anchor expectations close to the 4,5% midpoint of its inflation target range. Inflation expectations remain a key metric watched by policymakers to decide on interest rates. Inflation in South Africa is expected to moderate gradually to 5,0% in 2024, owing to the easing of global trends weighing on prices' growth, combined with ongoing weak domestic consumer spending. However, the SARB is expected to continue with a hawkish policy stance before commencing with a shallow interest rate cut towards the middle of 2024.

The Rand exchange rate has been highly volatile due to domestic infrastructure challenges, as well as the unstable global economic conditions associated with the Russia-Ukraine geopolitical conflict, and towards the end of the year, the GAZA geopolitical conflict. The South African Rand depreciated against major global currencies for the larger part of the year, however, it recovered some of its losses and traded at higher average levels at year-end. A stable Rand is key to inflation. For currency comparison purposes, the following table reveals the movement of the Rand against the currencies of the South African automotive industry's main trading partners, namely, the EU, the UK, the US, Japan and China from 2019 to 2023.

Currency indices for the Rand versus major trading partners (foreign currency: Rand – annual averages) - 2019 to 2023

Currency	2019	2020	2021	2022	2023
Euro	16,17	18,77	17,48	17,20	19,95
Index 2019	100	116	108	106	123
UK Pound	18,44	21,09	20,32	20,18	22,94
Index 2019	100	114	110	109	124
US$	14,45	16,46	14,78	16,36	18,45
Index 2019	100	114	102	113	128
Japan (100 Yen)	13,26	15,42	13,47	12,47	13,15
Index 2019	100	116	102	94	99
Chinese Yuan	209,10	238,35	229,17	242,81	260,53
Index 2019	100	114	110	116	125

Source: South African Reserve Bank

The global economic cycle is expected to bottom out in the first half of 2024. Lower inflation, central bank easing and modest economic growth are therefore expected for 2024. Emerging markets may become more attractive throughout the year due to a widening growth differential with advanced economies, along with the demand for diversification away from the developed economies.

A notable improvement in South Africa's economic growth outlook is unlikely for 2024, but at a projected 1,2%, it would still be stronger than 2023 in line with lower average inflation, paving the way for gradual

monetary easing. An acceleration in critical infrastructure reforms remains imperative to lift the country's potential growth rate. South Africa's GDP growth forecast is anticipated to average 1,4% from 2024 to 2026, suggesting that the sub-1% years are over. Given the challenges in South Africa, the projected economic growth prospects for 2024 and beyond, albeit modest, demonstrate just how resilient the South African economy and its people are.

Optimism remains that concerted efforts, such as the renewed collaboration between business and government to urgently tackle key current challenges relating to energy, infrastructure and transport logistics, could assist in promoting a more predictable economic environment which would enable much higher levels of investment, growth and job creation.

The projected economic growth prospects for 2024 and beyond, albeit modest, demonstrate just how resilient the South African economy and its people are.

AUTOMOTIVE EVENTS 2024

As an exporting economy, it is clear that South Africa needs exports to propel the level of economic growth that its economy demands. Export-led growth is required to drive industrialisation, as exports generate jobs and income opportunities, while improving the competitiveness of participating enterprises that have to compete on a global stage. Exporting companies also have greater access to markets and opportunities, and the risks they face are less concentrated. However, international competitiveness is crucial to grow the manufacturing sector and its value addition within supply chains.

Automotive events and exhibitions, as professionally organised business platforms, offer immense value, as they are essentially about finding new customers at a sector gathering, building understanding of the market direction, and investing in the branding and image building of the company. These events feature the latest in automotive technology and design, and attract industry executives, manufacturers and enthusiasts from around the world. Events offer participating exhibitors the unique opportunity of being part of an international showcase of the latest developments and state of the art know-how, and for visitors to research and explore the products and services that could add value to their businesses. They also provide an ideal platform for industry leaders to converge, enable networking and business opportunities, and allow consumers to gain a first-hand glimpse of future developments and trends in the automotive industry.

Must-attend national and international events on the calendar of the domestic automotive community in 2024 include the following:

South Africa:

- Festival of Motoring is scheduled to take place from 30 August to 1 September 2024 at the Kyalami Grand Prix Circuit in Johannesburg (www.safestivalofmotoring.co.za).
- South African Auto Week is scheduled to take place from 15 to 18 October 2024 at Gallagher Convention Centre, Midrand, Gauteng (www.naamsa.co.za).
- Automechanika Johannesburg, coinciding with the Futureroad Expo Johannesburg, is scheduled to take place from 19 to 21 November 2024 at Johannesburg Expo Centre, Nasrec (www.automechanikasa.co.za).

International:

- Automechanika Frankfurt in Germany is scheduled to take place from 10 to 14 September 2024 (www.automechanika.messefrankfurt.com).
- Automechanika Dubai in the UAE is scheduled to take place from 10 to 12 December 2024 (www.automechanikadubai.ae.messefrankfurt.com).

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THE SOUTH AFRICAN NEW VEHICLE MARKET

Economic factors are the most important aspects affecting new vehicle sales, and these include interest rates, unemployment rates, GDP growth rates, disposable income, and exchange rates. Following sound rebounds, with year-on-year increases of 22,2% in 2021 and 14,0% in 2022 from the COVID-19 affected 2020, the new vehicle market was still 1,3% below the pre-pandemic level when 2023 commenced. Despite an upbeat start to the year and predictions that new-vehicle sales would return to pre-COVID levels in 2023, the resilience of the South African new vehicle market finally yielded to the pressures of a strained economic environment and financially vulnerable consumers during the second half of 2023. Consequently, new vehicle sales inched up by only 0,4% in 2023 to 531 787 units, compared to the 529 541 units in 2022, and was now likely to take four years to recover to the pre-pandemic level of 536 612 units in 2019. On a positive note, heavy commercial vehicle sales already exceeded the pre-pandemic level in 2022, supported by the increased reliance on road transport due to rail inefficiencies.

Sales of passenger cars and light commercial vehicles (LCVs), which contributed 65,3% and 28,5% to the total market, respectively, in 2023, declined year-on-year by 4,4% in the case of passenger cars, but increased by 11,6% in the case of LCVs. The South African truck and bus market, comprising 6,2% of the total market, increased year-on-year by 9,1% in 2023. New vehicle sales through the dealer channel, which is representative of consumer activity, comprised 83,8% of total sales in 2023, followed by 10,1% attributed to the vehicle rental industry, 3,1% to industry corporate fleets, and 3,0% to government. The following table reveals the sales of passenger cars and commercial vehicles from 2019 to 2023.

Sales of passenger cars and commercial vehicles – 2019 to 2023

Year	Passenger cars	Light commercial vehicles	Medium and heavy commercial vehicles and buses	Total new vehicle sales
2019	355 379	153 221	28 012	536 612
2020	246 540	110 912	22 754	380 206
2021	304 341	133 077	27 075	464 493
2022	363 681	135 711	30 149	529 541
2023	347 388	151 492	32 907	531 787

Source: **naamsa**/Lightstone Auto

The prioritising of economic considerations plays a crucial role in shaping consumer behaviour, and consequently, alters the affordability dynamics driving new vehicle sales. In 2023, price-sensitive consumers increasingly adopted a "wait-and-see" approach in their purchasing decisions. This was steered by the rising cost of living diminishing disposable income and putting pressure on private buyers' finances, as well as the economic slowdown that dissuaded businesses from replacing their vehicle fleets. OEMs and importers offered a wide range of attractive incentives and discounts on vehicles, from luxury to budget cars, while financial institutions stimulated buying activity via innovative finance schemes. Chinese and Asian brands continued gaining momentum in several market segments, as were budget-friendly derivatives of popular models.

The dynamic market changes continued to be driven by evolving customer behaviour and needs. As increases in interest rates changed the affordability model for consumers, downsizing purchases remained a significant factor linked to consumers being more selective and financially conscious in their vehicle

choices. Intelligent demand along with digital knowledge are progressively reshaping the new vehicle buying journey. The composition of the South African vehicle market in 2023, therefore, reflected the growing popularity of less expensive, smaller cars, sport utility vehicles (SUVs) and crossovers, and light commercial vehicles. Alongside faster economic growth and moderate inflation, lower interest rates would go a long way to support the new vehicle market in 2024.

The trading environment in South Africa is extremely competitive compared to global standards. In 2023, there were no less than 46 passenger car brands and 2 172 model derivatives, the greatest selection of market-size ratio found globally. Similarly, in the light commercial vehicle segment, for the same period, there were 23 brands, with 525 model derivatives to choose from. OEMs continue to introduce a growing range of model variations and body shapes for each model to give customers a greater ability to personalise the vehicle that they purchase. While new light vehicle price inflation rose to 6,2% in 2023, up from 4,6% in 2022 due to economic cost pressures, it was still aligned with the CPI of 6,0% in 2023. Total new vehicle revenue, based on the available list price, amounted to R289,3 billion in 2023.

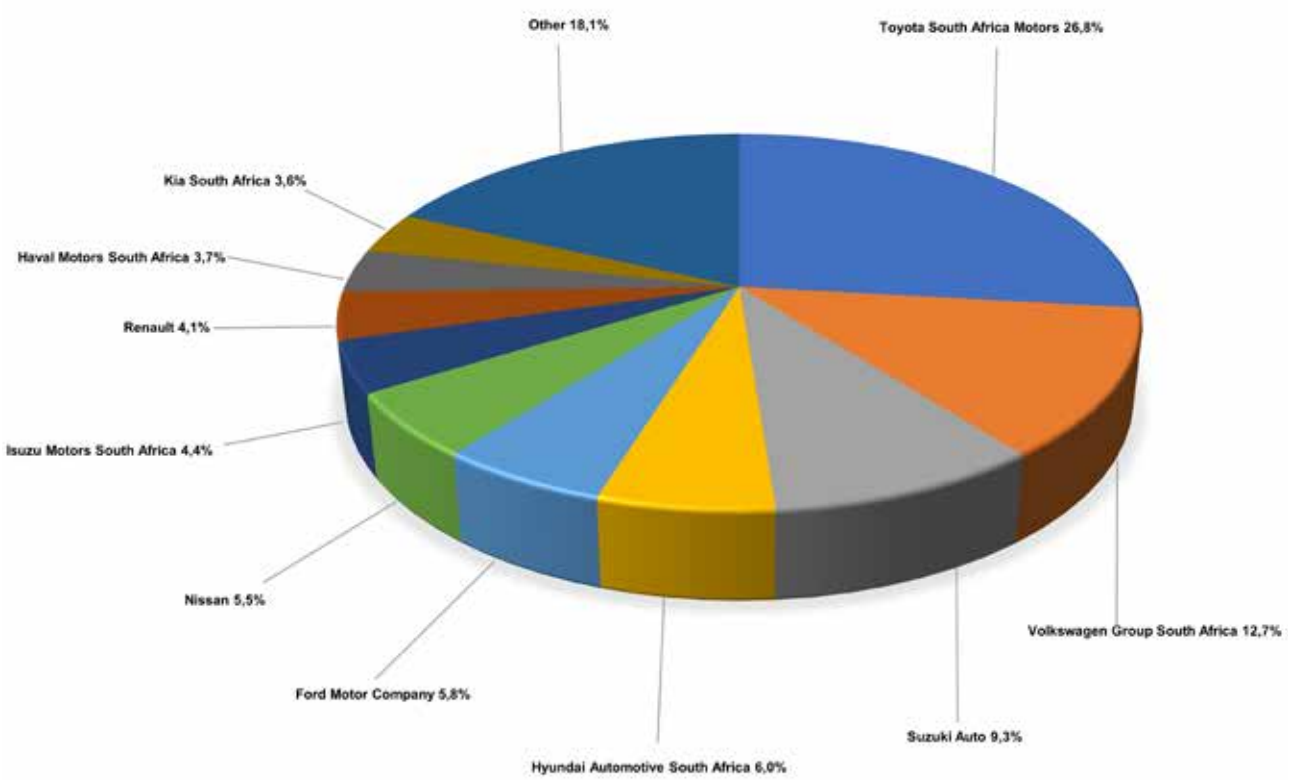
At the end of 2023, South Africa had a vehicle parc (number of registered vehicles) of 13,13 million, of which 7,79 million, or 59,3%, comprised passenger cars. The average age of the passenger car parc in 2023 increased to 10 years and eight months while the commercial vehicle parc increased to 10 years and nine months; and overall, the age of the total vehicle parc increased to 10 years and eight months. The vehicle ownership ratio in South Africa is in the order of 182 vehicles per 1 000 persons.

There are some clear brand and model favourites among customers, as the Toyota Hilux remained the most popular choice among South African car buyers in 2023, with sales of 37 382 units, followed by the Ford Ranger, with sales of 24 618 units, and in third place, the top-selling passenger car, the Volkswagen Polo Vivo, with sales of 23 904 units. The Toyota Hilux has been the top selling model for 11 straight years in 2023. An interesting phenomenon is that South African motorists are more inclined to drive light commercial vehicles (bakkies), which have both commercial and leisure vehicle applications, than passenger cars. In the domestic passenger car market, Toyota, for the second consecutive year surpassed Volkswagen in 2023. Out of the top 10 selling vehicles in 2023, eight were South African-built passenger cars and light commercial vehicles. The top 10 most popular models sold included five light commercial vehicle models, namely, the Toyota Hilux, Ford Ranger, Isuzu D-Max, Toyota Hi-Ace, and Nissan NP200, and five passenger cars, namely, the Volkswagen Polo Vivo and Polo, Toyota Corolla Cross, Suzuki Swift (imported) and the Toyota Starlet (imported).

In the battle for supremacy, Toyota maintained its leadership position for the 44th year of consecutive overall market leadership in 2023, with a market share of 26,8%, its highest domestic market share in the company's history, followed by Volkswagen Group of SA and Suzuki Auto. The absence of the premium brands in the rankings underlines the reality that affordability appears to be driving new vehicle sales in the domestic market. The following graph reveals the market shares of the top 10 OEMs/importers in the country in 2023.

Intelligent demand along with digital knowledge are progressively reshaping the new vehicle buying journey.

New vehicle market share - 2023



Source: **naamsa**/Lightstone Auto

In 2023, new diesel passenger car and light commercial vehicle sales accounted for 33,7% of the market share of total light vehicle sales, up from 30,0% in 2022. NEV sales reflected another impressive increase of 65,7% from 2022 to 2023, following the significant year-on-year increase of 421,7% in 2022. Sales of battery electric vehicles increased to 929 units in 2023, up from 502 units in 2022, but the segment remained stymied by the lack of more affordable models. NEV sales share, by 21 brands, as a percentage of total new vehicle sales, breached the 1% mark in 2023, increasing to 1,45%, up from 0,88% in 2022.

While total NEV sales are marginal as a percentage of total new vehicle sales, the clearly articulated government support in its EV White Paper will go a long way to accelerate investment and lead to much greater interest in NEV technology and solutions. Electric vehicle technology leads the cleaner mobility field, and the global transition towards EVs is inevitable. The only way to ensure a successful automotive manufacturing base in South Africa is to keep up with global technological developments, and the country's rapid adaption is therefore critical for the domestic automotive industry's long-term success and growth. In addition, the domestic automotive industry's transition to NEVs is also indicative of the important role the sector plays in decarbonising road transport to achieve carbon neutrality by 2050.

The following table reveals the diversity of drivetrain sales in the South African NEV landscape from 2019 to 2023.

New energy vehicle sales – 2019 to 2023

	2019	2020	2021	2022	2023
Plug-in hybrids	72	77	51	122	333
Traditional hybrids	181	155	627	4 050	6 484
Battery electric vehicles	154	92	218	502	929*

Source: **naamsa**/Lightstone Auto
*Including 23 e-MCV/HCV vehicles

The domestic truck and bus sector is poised for significant transformation in the coming years, driven by technological advancements, regulatory changes, sustainable initiatives and shifting customer demands. Maintaining competitiveness will require a concerted effort to navigate these challenges and to embrace opportunities for innovation.

The sector is characterised by a large number of players in a relatively low volume environment. In 2023, the medium commercial vehicle segment consisted of 14 brands with 156 model derivatives to choose from; in the heavy commercial vehicle segment there were 11 brands with 110 model derivatives; in the extra-heavy commercial vehicle segment there were 17 brands with 365 model derivatives; and in the bus segment there were eight brands with 33 model derivatives.

Medium and heavy commercial vehicles are regarded as productive assets and essential capital inputs in the economy. There is therefore a strong focus on the total cost of ownership, given the intrinsic link between a country's logistical costs and its productivity, competitiveness, and sustainable economic growth.

The transport sector enables economic growth and industrial development by facilitating the movement of people and goods, but the sector is a major emitter. As the main cost driver fuel accounts for about 67% of commercial vehicle fleet costs. As the world seeks more sustainable transportation solutions, embracing electric and other alternative solutions vehicles is not just an option, it is a strategic move that can positively impact a company's bottom line, reputation, and contribution to a greener future. Transport in South Africa is the third-largest emitting sector, with more than 90% of emissions stemming from road transport. However, the current upfront purchasing price of alternative-power source vehicles is much higher than the ICE equivalent, and this remains a major hurdle before the lower running and maintenance cost benefits could be enjoyed. However, South Africa's future transport sector needs to be decarbonised, while simultaneously managing demand and improving the efficiency, reliability, and affordability of transport as a service. An encouraging trend is the increasing introduction of electric trucks in the country since 2022.

The South African truck and bus market reflected an increase of 2 758 units, or 9,1%, up from the 30 149 units in 2022 to 32 907 units in 2023. However, the sector reflected mixed performance across the various segments in 2023. Overall, sales in the medium commercial vehicle segment reflected a year-on-year decline of 0,7%; the heavy commercial vehicle segment declined by 8,3%; the extra-heavy vehicle segment increased by a substantial 21,5%; while bus sales increased by 6,3% in 2023. The weak performance in the medium and heavy commercial vehicle segments reflected the low growth economic environment. The extra-heavy commercial vehicle segment, comprising 56,1% of total truck and bus sales, was the best-performing segment overall in 2023, capitalising on the increased shift to road transport due to rail inefficiencies. The road freight sub-sector, on average, accounted for approximately 87% of total freight transportation in the country in 2023, up from 84%in 2022, and this upward trajectory is set to continue.

The following table reveals the sales of medium, heavy, extra-heavy commercial vehicles and buses from 2019 to 2023. Toyota topped the medium commercial vehicle segment, Isuzu the heavy commercial vehicle segment, Daimler Truck Southern Africa the extra-heavy commercial vehicle segment, and MAN was the leader in the bus segment in the South African market in 2023.

Sales of medium and heavy commercial vehicles and buses – 2019 to 2023

	Market				
	MCV	HCV	XHCV	Buses	Total
2019	8 690	5 041	13 350	931	28 012
2020	6 735	4 091	11 200	728	22 754
2021	7 520	4 982	13 908	665	27 075
2022	8 308	5 956	15 191	694	30 149
2023	8 251	5 460	18 458	738	32 907

Source: **naamsa**/Lightstone Auto

The transport sector is of utmost importance to the South African economy, as the inability to effectively move products to and from markets comes at a cost that has a negative effect on the whole economy, as it increases the costs for importers and exporters. Should these costs be passed on to the end consumer, it would result in upward pressure on inflation, with further negative links to disposable income and interest rate levels in the economy. A well-functioning logistics sector therefore remains a pre-requisite to facilitate higher economic growth in the country.

A well-functioning logistics sector therefore remains a pre-requisite to facilitate higher economic growth in the country.

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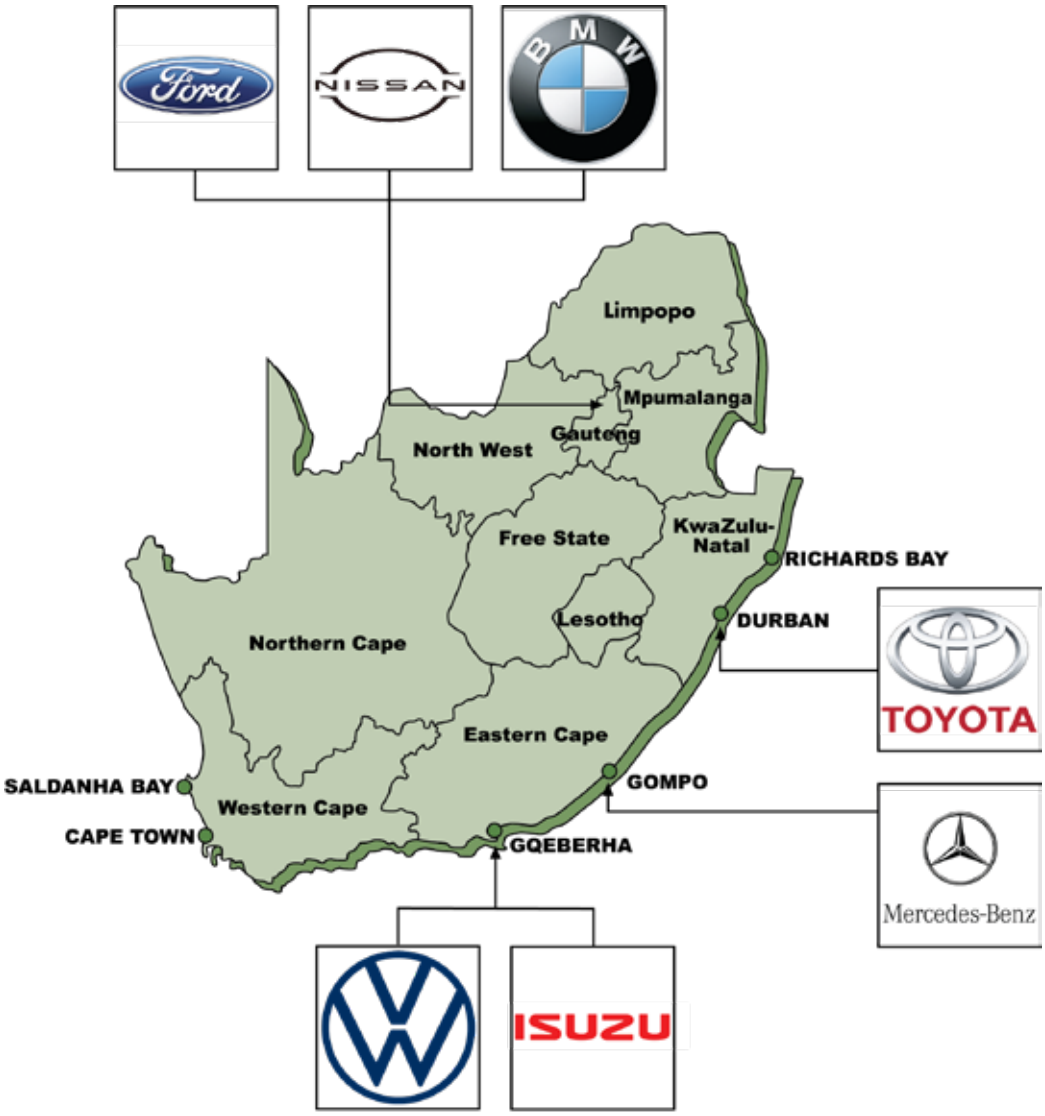

As the most advanced and broad-based economy in Africa, with strengths in areas such as science and technology and a strong industrial profile, South Africa presents a compelling case as an investment hub in the emerging market landscape. The country's capacity for renewable energy projects and the considerable private sector appetite for this offers unique opportunities and potential for growth. With its highly developed infrastructure, skilled workforce, deep capital markets, and dynamic and youthful population, as well as the aggressive expansion of South African businesses into growing African markets, the country offers an enticing opportunity for investors.

South Africa is not only the largest automotive manufacturing hub on the African continent but is also highly integrated into the global supply chain that draws components from across the world. With its well-established industry associations and structures, dedicated long-term automotive policy regime, and favourable trade agreements, the automotive industry has been and will remain the mainstay for the country's manufacturing sector. In 2023, there were seven operating multinational OEMs with CKD automotive manufacturing plants in South Africa, with two more on the horizon. The presence of vehicle and automotive component production in the country supports upstream and downstream linkages to various other economic activities. The automotive industry supports an ecosystem of ancillary industries

and indirect jobs in the regional economies of mainly three provinces, namely, Gauteng, the Eastern Cape and KwaZulu-Natal, contributing to diversifying and stimulating provincial and local economies.

Incentives, administered by the DTIC, are uniform throughout the country, while regional support mechanisms address the specific needs of the industry in the various geographic areas. Each province has its own unique industrial makeup and individually contributes to the image and package that South Africa offers.

Gauteng

Gauteng is the smallest, richest, and most urbanised of all the South African provinces. The economy of Gauteng is larger than the economies of KwaZulu-Natal and Western Cape combined. With its excellent manufacturing base, access to various logistics corridors, and links to established distribution networks, the province contributes 33,1% to the country's GDP. It is also the most populous, being home to 15,10 million people, or 24,3% of the national population of 62,03 million in 2023. Johannesburg is the capital of the Gauteng province, while Pretoria is the administrative capital of South Africa. Most overseas visitors enter South Africa via OR Tambo International Airport, the continent's biggest airport. The City of Tshwane metropolitan area, which includes Pretoria, is home to many government departments and services.

The highest diversity in the country's automotive profile is found in the province, housing three OEMs and the majority of first- and second-tier automotive component suppliers in the country. The automotive sector is expected to gain further momentum in the province with the establishment of the Tshwane Automotive City (TAC), which will serve as an integrated logistics framework, focusing on the inland ports and manufacturing hubs linked to the rail corridors linking Tshwane with strategic ports in South Africa and the Southern African Development Community (SADC). The Automotive Industry Development Centre (AIDC) manages the Automotive Supplier Park in Rosslyn, Pretoria, which is an automotive hub that currently houses 13 automotive component manufacturers, suppliers and OEM service providers, and will also deliver and operate the TAC. The Tshwane Automotive Special Economic Zone (TASEZ), adjacent to the Ford Motor Company of Southern Africa's Silverton vehicle plant in Pretoria, housing 10 automotive component manufacturing companies, officially entered into full operation in 2022.

KwaZulu-Natal (KZN)

As one of the country's most popular holiday destinations, KwaZulu-Natal has the second largest economy after Gauteng, accounting for 15,95% of the national GDP. It is also the second most populated of South Africa's provinces, with a share of 20,0%, or 12,42 million, of the country's 62,03 million population.

KwaZulu-Natal has two major harbours – the port of Durban, which handles the largest volume of sea-going traffic of any port in Southern Africa, and Richards Bay, which is an important coal-export harbour. The port of Durban, the continent's largest container port, is modern and well equipped, and is the country's primary import and export hub for most OEMs and independent vehicle importers in South Africa. Richards Bay is a second coastal entry point to the province and represents South Africa's busiest bulk port.

The King Shaka International Airport and the Dube TradePort at La Mercy provide easy access to Durban and also to international markets. The Dube TradePort Special Economic Zone (SEZ) is Africa's first purpose-built aerotropolis. It is the only facility in Africa that brings together an international airport, a cargo terminal, warehousing, offices, a retail sector, hotels, and an agricultural area – all enhancing South Africa's manufacturing and export capabilities. A new development in the province, located in close proximity to the Toyota SA Motors plant, includes the KwaZulu-Natal Automotive Supplier Park, aimed at centralising production, assembly, sequencing and warehousing.

Eastern Cape (EC)

Contributing 7,6% to the country's GDP, the Eastern Cape is the second largest province and the fifth largest economy in the country. The province is the fourth most populous province with 7,23 million, or 11,7%, of the country's 62,03 million population. The province is well served logistically, with airports situated in Gqeberha, Gompo, Mthatha and Bisho, and with ports situated in Gqeberha, Coega and Gompo. The Coega IDZ is the largest IDZ in the country and is the main catalyst for socio-economic development in the Eastern Cape, while the East London IDZ, one of the country's leading specialised industrial parks, has also established an Automotive Supplier Park. IDZs offer tax-related and land-leasing benefits, as well as excellent export locality, and play a vital role in promoting economic growth, attracting investments and driving industrialisation.

The AIDC Eastern Cape is an implementing arm for the Eastern Cape Provincial Government's development plan that provides dynamic and outcomes-driven skills. The Eastern Cape is the hub of South African automotive manufacturing, which is the lifeblood of the province. The OEMs and their component suppliers, along with their surrounding network of raw material suppliers, logistics providers, and supporting services, have ripple effects into other businesses as well. The Eastern Cape OEMs once again accounted for the biggest proportion of light vehicle production, as well as light vehicle exports in 2023.

Automotive clusters – key automotive features – 2023

Key automotive features	Gauteng	KZN	EC
Number of OEMs (manufacturing plants)	BMW SA Nissan SA Ford Motor Company of Southern Africa	Toyota SA Motors	Volkswagen Group Africa Mercedes-Benz SA Isuzu Motors SA Ford Motor Company of Southern Africa engine plant
Medium, heavy, extra-heavy commercial vehicle and bus companies	Babcock, Ford, Hyundai Automotive, Iveco, JMC, MAN Truck & Bus, MarcoPolo, Powerstar SA, Scania, Sinotruk, Stellantis, Tata Trucks, UD Trucks, and VECH South Africa	Bell Equipment, MAN Truck & Bus, Toyota, and Volvo Group Southern Africa	FAW Trucks, Isuzu Motors, Daimler Truck Southern Africa and Volkswagen Group Africa
Number of automotive component suppliers	200	80	150
Motor vehicle parc as % of South Africa's total vehicle parc of 13,13 million vehicles	38,4%	13,4%	6,5%
Passenger car sales as % of total 2023 passenger car sales of 347 388 units	34,7%	14,2%	3,9%
LCV sales as % of total 2023 LCV sales of 151 492 units	32,6%	12,4%	4,8%
MCV/HCV sales as % of total 2023 MCV/HCV sales of 32 907 units	39,9%	12,4%	3,0%
Light vehicle production by OEMs in the province as % of total 2023 light vehicle production of 599 631 units	29,9%	28,3%	41,8%
Light vehicle exports by OEMs in the province as % of total 2023 light vehicle exports of 398 795 units	32,5%	18,7%	48,8%

Source: AIEC, **naamsa**/Lightstone Auto

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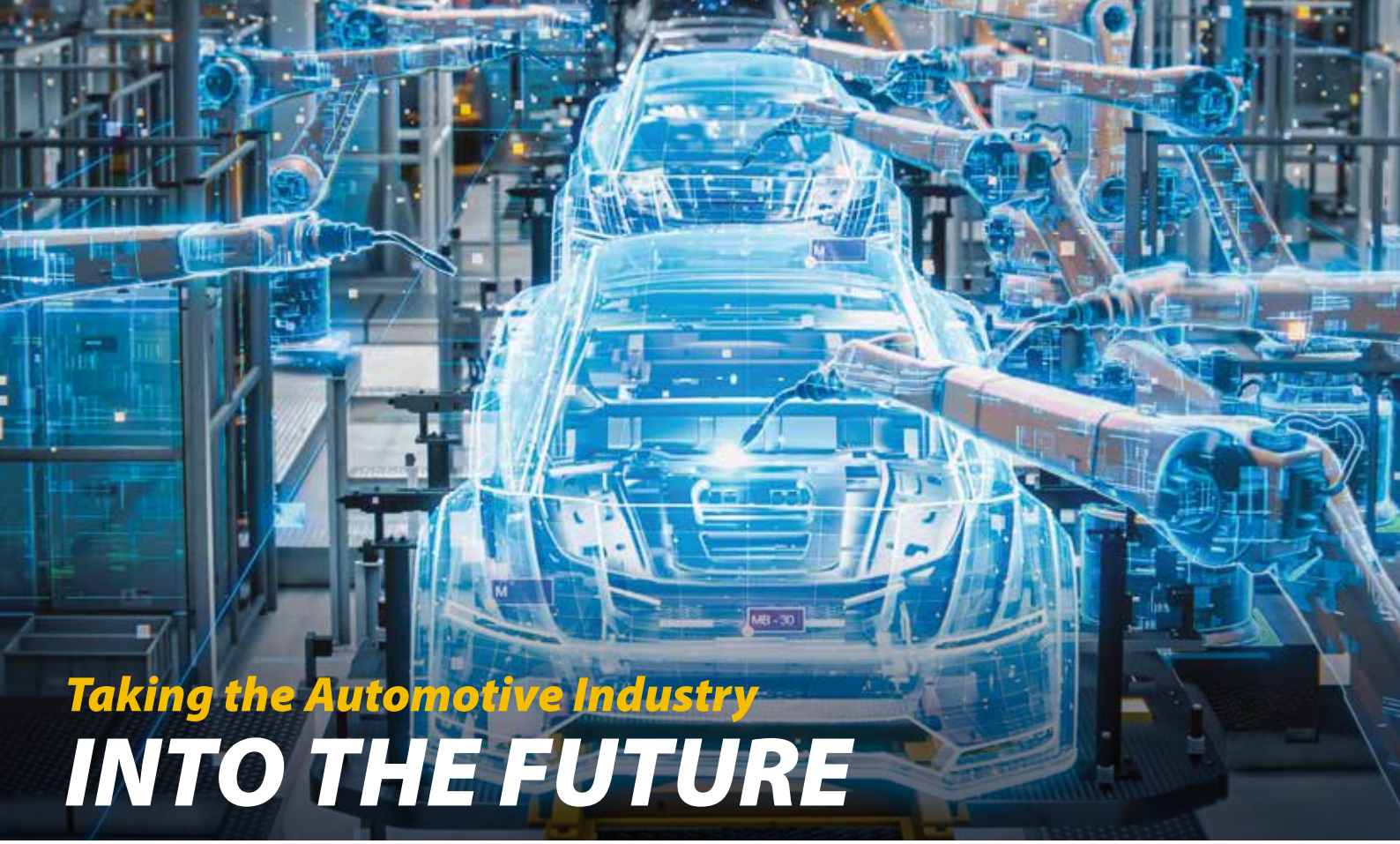

Taking the Automotive Industry

INTO THE FUTURE

Established in 1940, the Industrial Development Corporation is the largest development finance institution in sub-Saharan Africa. The Corporation provides funding to entrepreneurs, businesses and project developers, among others. Through its Automotive & Transport Equipment Strategic Business Unit (SBU), the Corporation offers a range of funding support to businesses operating in this sector.

Our objective:

To activate and expand industrial capacity in the South African automotive sector by offering flexible funding solutions. This includes providing funding and development support to businesses ranging from Original Equipment Manufacturers (OEMs) through all tiers of their component supply chains.

Who can apply for funding?

- *Automotive projects with funding needs of up to R1.5 billion (ZAR).*
- *New projects: Debt or equity funding to support project development for start-ups (equity would depend on strategic nature of the project).*
- *Existing businesses: Debt funding applications for expansions and funding of existing businesses.*
- *Any Automotive OEM aiming to establish itself as a local manufacturer.*
- *Automotive Component Manufacturers (Tier 1 to Tier 3, accessories, aftermarket, vehicle conversions, etc.).*

APPLICATION STEPS:

1. ***Submit a Business Plan***
2. ***Basic Assessment of Business Plan (High level desktop analysis)***
3. ***Due Diligence Investigation (In-depth analysis: Market, Technical, Financial, Environmental, Legal, etc.)***
4. ***Credit Committee (Approve / Reject)***
5. ***Legal Agreements***
6. ***Disbursement***

Targeted Outcomes

- *Increased vehicle production volume in South Africa.*
- *Deeper and wider localisation of automotive components in South Africa in support of the masterplan.*
- *Developmental outcomes (job creation, youth and women involvement, B-BBEE, etc.).*
- ***Support for organisations in the transition towards New Energy Vehicle (NEV) manufacturing/supply, including advancements through 4iR technologies.***

Our in-depth specialised knowledge of the global, regional and local automotive industry enables the Automotive & Transport Equipment SBU to support project development. The SBU nurtures relationships with industry stakeholders ensuring access to networks that include national and municipal government agencies and the private sector, in support of our business partners' needs.

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AUTOMOTIVE POLICY REGIME

The automotive industry is a key sector of the economy for every major country in the world, shaped by government policy interventions and based on the realities of the sector, such as economies of scale, patterns of demand, the location, as well as cost competitiveness issues. From an economic point of view, it is a strategic industry and contributes to a significant portion of a country's GDP. South Africa has developed and maintained a world-class automotive manufacturing value chain through ongoing government support and constructive collaboration with global OEMs, component manufacturers and labour. The automotive industry has the potential to catalyse South Africa's industrial development, hence, the South African government fully realises the importance of a healthy and growing automotive industry as a large-scale employer, the largest manufacturing sector in the country's economy, and a very successful exporter. The ongoing high levels of investments by global vehicle brands in the country are key, considering the current automotive technology revolution and globally competitive landscape, and will provide partnering opportunities for domestic companies through the automotive value chain.

Whilst the automotive industry has a positive impact on the South African economy, the cost to the fiscus is offset by the revenues earned through taxes collected. During the five-year period from the 2017/18 tax year to the 2021/22 tax year, corporate income and personal income taxes collected from the automotive industry covered the cost of industrial support provided through the APDP and APDP2, providing a net-neutral position for the fiscus while creating substantial economic gain.

The Automotive Production Development Programme Phase 2 (APDP2) operates within the framework of the South African Automotive Masterplan (SAAM), which was implemented on 1 July 2021, and which provides the incentive framework for the industry for the period from 2021 to 2035. One of the attractions of South Africa's various automotive policy regimes over the past three decades has been its long-term vision and consistency. The APDP2 is a Trade-Related and Investment Measure (TRIM) which allows for safe and secure foreign direct investment and allows for duty rebates for the localisation of activities. TRIMs are policy tools that have played a crucial role in the efforts to advance industrial development and in the creation of backward and forward linkages, in enhancing technology transfer, contributing to increasing employment, and addressing balance-of-payments concerns. These measures could be designed to attract FDI, encourage entrepreneurship, and foster the growth of domestic industries. Moreover, these measures have been critical for effective industrial policies, and have been widely deployed by various economies at some time in their industrialisation processes. Although trade arrangements assist in shaping the domestic automotive industry's export patterns, it is more the automotive TRIMs policy that drives the export patterns. The TRIMs policy is inherently aimed at trade facilitating, as it allows for imports and exports on a more sustained basis, which is the basis for long-term trade partnerships.

The SAAM 2035 vision is the achievement of "a globally competitive and transformed industry that actively contributes to the sustainable development of South Africa's productive economy, creating prosperity for industry stakeholders and broader society". The vision of the SAAM can be classified into four components. The first component is the improvement of the industry's global competitive position. The second component is related to the industry's contribution to the transformation of the South African economy, and which includes employment equity through the greater inclusion of Black-owned firms. The transformation levels that have been set must be adhered to in order to participate in the benefits of both the APDP2 and AIS. The third component is related to the sustainable development of the South African economy, and includes aspects such as industry growth, employment levels, skills development, and environmentally friendly products and processes. The fourth component is related to the shared prosperity created by the industry and includes the financial health and wellbeing of firms within the value chain, the fair remuneration of employees, and the holistic contribution of the value chain to the South African fiscus.

A key summary of the SAAM 2021-2035 objectives is as follows:

- Grow South African vehicle production to 1% of global production by 2035;
- Increase local content in South African manufactured vehicles to 60%;
- Double automotive employment in the supply chain;
- Improve automotive industry competitiveness levels to that of leading international competitors;
- The transformation of the South African automotive value chain; and
- Deepen value-addition within South African automotive value chains.

The automotive sector recognises that the SAAM vision can only be realised if the six development objectives are met. Achieving the SAAM objectives will require careful coordination and a close working relationship between government, the private sector and organised labour. Six industry development pillars have been identified as critical to the realisation of the SAAM. The six pillars relate to:

- local market optimisation,
- regional market development,
- localisation,
- infrastructure development,
- industry transformation, and
- the development of industry-required technologies and skills.

Seven workstreams, chaired by the CEOs of **naamsa** member companies, have been established. The industry-required technologies and skills pillar has been divided into two separate workstreams. The workstreams, feeding into the Executive Oversight Committee meetings, chaired by the Minister of Trade, Industry and Competition, support the execution of the SAAM 2021-2035 to grow the domestic automotive industry.

The APDP2 contains many elements similar to the previous APDP policy regime. The APDP2 consists of the following four pillars that drive the programme:

- Import Duty (domestic industry protection);
- Volume Assembly Localisation Allowance (VALA) (duty rebate mechanism);
- Production Incentive (PI) (duty rebate mechanism); and
- Automotive Investment Scheme (AIS) (cash grant).

The four key elements of the APDP2 may be described as follows:

Tariffs: There is a set tariff regime on vehicles and automotive components imported into South Africa. Import duties on vehicles and automotive components will remain at 25% on light vehicles and 20% on original equipment components through 2035. A preferential agreement under the SADC-EU EPA and SACUM-UK EPA has resulted in imported vehicles from the EU and the UK paying only 18% duty. These tariffs are meant to provide adequate protection to justify continued domestic vehicle manufacturing. The purpose of the tariff structure under the APDP2 is to incentivise industry, and not to generate revenue.

Volume Assembly Localisation Allowance (VALA): This support is based on local value-addition. The VALA is set at 35% of local value-add for OEMs above 10 000 vehicles produced annually per plant from

2026 on. Transition was set at 40% in 2021 and will reduce annually to 35% by 2026. This will provide a support level of 3,2% at 40% local content but could increase to 4,2% if local content increases to 60%.

Production Incentive (PI): Government has decided to adjust its incentives to ensure the development of automotive component suppliers, as well as to support those suppliers exporting into automotive supply chains elsewhere in the world. The APDP2 also supports the export of SKD kits to regional markets, provided that the kit comprises a complete vehicle. The production incentive benefit on components has been increased from 20% to an effective 25% by increasing the benefit factor for components from 50% to 62,5%. This results in a 5% support level at 20% duty. For OEMs manufacturing vehicles, the PI remains at 50% at a duty rate of 25% (also 5% support at a 40% LVA). Duty credits in the form of a Production Rebate Certificate (PRC) have replaced Production Rebate Credit Certificates (PRCCs) under the APDP2. The vulnerable status PI benefits of high material-content products, which received additional support in the transition from the MIDP to the APDP, have been removed.

"Value-added" has been defined in simple terms as the manufacturer's selling price less the value of non-qualifying material and imported components. The OEM production incentive is calculated through the supply chain and is earned by the OEM who pays the suppliers' import duty via a quarterly duty account. In the case of suppliers, the component manufacturer earns the rebates for component exports and/or the manufacture of replacement parts.

Automotive Investment Scheme (AIS): The AIS is designed to grow and develop the automotive industry through investment in new and/or replacement models and automotive components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain. The AIS represents the only industry support that is of physical cost to the fiscus in the form of a non-taxable cash grant of 20% of the value of qualifying investment in productive assets by light motor vehicle manufacturers, and increased support of 25% of the value of qualifying investment in productive assets by component manufacturers and tooling companies, as approved by the DTIC. Investments in NEV projects can earn a cash grant of 30%. This support is available to encourage investments by OEMs and component manufacturers in a manner that supports productive capacity upgrading. For an OEM to claim the AIS, a minimum annual volume of 50 000 units is required.

The total investment approved since the inception of the AIS until the end of 2023, amounted to R108,6 billion, while the sum total of incentives approved since inception amounted to R28,9 billion. Since inception, 710 projects have been approved under the AIS, creating 28 891 additional jobs. The DTIC implemented a change to the AIS guidelines in 2017, applicable to all new applications approved from 1 September 2017, which requires applicants to maintain base-year employment levels throughout the entire incentive period, from the application stage until claim periods.

A competitiveness improvement cost grant of 15% of qualifying costs will also be available for automotive component manufacturers. The objective of this benefit is to enhance the competitiveness of component manufacturers through the improvement of processes, products, quality standards, and related skills development through the use of business development services. The grant is a function of the expenditure incurred by component suppliers to improve competitiveness and must be linked to a new or replacement model of a light vehicle manufacturer.

The SAAM 2021-2035 also covers medium and heavy commercial vehicles, but VALA and PI incentives do not apply to the MCV/HCV assembly operations. The APDP2 applies to only light vehicles (passenger cars and light commercial vehicles), although components produced for heavy commercial vehicles also qualify for the PI, as does the manufacture of local tooling. A PI, under the same regulations applicable to light vehicles, can be earned on components produced for trucks. The PI, however, is earned by the component manufacturer and is not passed through to the heavy commercial vehicle manufacturer, as is done for light vehicles. The level of protection on heavy commercial vehicles has been set at 20% import duty,

which is lower than the level on light commercial vehicles and passenger cars, which attract an import duty of 25%, as well as a maximum ad valorem duty of 30%, depending on the free on board (FOB) value. Domestic assembly operations of trucks and buses, based on a SKD definition, receive the benefit of the duty-free importation of all driveline components, which include the engines, transmissions, drive-axles and gearboxes. However, tyres that are manufactured domestically, attract a 15% import duty.

The SAAM 2035, which was developed before the bans of fossil-fuelled ICE vehicles in the EU and UK were announced, set the objective of more than doubling the domestic production of vehicles to increase economies of scale, and therefore, the domestic component industry's international competitiveness. The South African automotive industry at present is facing a complex challenge: how to transition both its automotive market and productive capacity to EVs, while simultaneously achieving the objectives outlined in the SAAM 2035. The imperative is to decarbonise the economy along with the inevitable transition to NEVs to safeguard the industry's exports.

Policy regulation is a big lever for NEV adoption, giving confidence to consumers, OEMs, automotive component suppliers and investors in the ecosystem. The DTIC's EV White Paper outlines a comprehensive electric vehicle roadmap for South Africa, tailored to the automotive industry. The primary goal of the White Paper is to set a course to transition the automotive industry from primarily producing ICE vehicles to a dual platform that includes EVs in the production and consumption mix, alongside ICE vehicles in South Africa by 2035. An electric vehicle stimulation policy is something the sector has been working towards for some time. As South Africa's most successful non-commodity manufacturing industry, it is critical to the domestic economy that the automotive industry achieves its potential through 2035.

As South Africa's most successful non-commodity manufacturing industry, it is critical to the domestic economy that the automotive industry achieves its potential through 2035.

NEV's are undoubtedly the

way of the future.

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GLOBAL NEW VEHICLE MARKET ENVIRONMENT

After three years of challenges, the global automotive industry has weathered the storm remarkably well in coping with issues ranging from semi-conductor shortages, inventory challenges, and supply chain disruptions, to raw material price swings. The automotive industry is subject to rapid transformation driven by technological advancements, regulatory changes, market demands, interest rates, and global events. In today's fast-paced, interconnected world, it's almost impossible to envision life a century ago without the modern conveniences we now take for granted, such as computers, high-speed internet, smartphones, air travel, and vehicles, which are so fundamental to everything we do. Over the past century, privately owned light vehicles have transformed modern society by providing independence and freedom of mobility. Heavy commercial vehicles, again, remain the most flexible, responsive economic mode of transport for the vast majority of goods and freight. They are also essential to the functioning of the larger, integrated logistics and transport system.

Although the supply of semi-conductors remained constrained, the worst of the fallout seemed to have settled from mid-2023 onwards. However, demand still exceeded the supply of several chip types, and the semi-conductor shortage could stretch into 2024. Demand for more advanced semi-conductors is expected to increase as vehicles become more complex and it could impact the automotive industry again. Semi-conductors are essential components that power various electronic systems in vehicles. Newer technology vehicles, including electric vehicles, have more complex electrical architectures, domain controllers and specialised chips to support such features as advanced driver assist systems, autonomous driving functions and connected infotainment systems. In general, EVs also use more semi-conductors than their ICE-powered counterparts. As the world addresses environmental concerns and the need to reduce carbon emissions, OEMs are increasingly adopting electrified powertrains, driving the demand for specialised semi-conductor components tailored to EVs.

Vehicle production in 2023 improved as OEMs and their suppliers have adapted to the current environment and have ramped up their production schedules with improved inventory to compensate for the shortages in 2021 and 2022. Global vehicle production increased by 10,3% to reach 93,5 million vehicles in 2023, up from the 84,8 million units produced in 2022, exceeding the pre-pandemic level of 91,9 million vehicles in 2019. Vehicle production reflected double-digit increases in all major regions in 2023, except for the America's region. Globally, passenger car production increased by 10,5%, from 61,6 million units in 2022 to 68,0 million units in 2023. Light commercial vehicle production increased by 8,8%, from 19,7 million units in 2022 to 21,4 million units in 2023, heavy commercial vehicle production reflected a gain of 13,8%, from 3,3 million units in 2022 to 3,8 million units in 2023, while bus production reflected an increase of 22,4%, from 253 451 units in 2022 to 310 193 units in 2023.

Eighteen countries exceeded the one million vehicle production mark in 2023, which is regarded as the international benchmark. China, with production of 30,2 million units comprised nearly one third of global vehicle production, and comfortably remained the world's biggest market in 2023, followed by the US with 10,6 million units, and Japan with 9,0 million units.

South African vehicle production increased by 13,9%, from 555 885 units in 2022 to 633 332 units in 2023, exceeding the global year-on-year increase in global vehicle production of 10,3% in 2023. The country's global vehicle production market share thus increased from 0,65% in 2022 to 0,67% in 2023, but its global vehicle production ranking remained at 22nd. In terms of global LCV production, South Africa was ranked 15th with a market share of 1,2%. South Africa remained the dominant market on the African continent,

and accounted for 633 332 vehicles, or 54,1% of the total African vehicle production of 1 171 422 vehicles in 2023.

South Africa forms part of the group of countries producing below one million vehicles per annum and is regarded as a global second-tier player. Under the SAAM 2035, the objective is to produce 1% of global vehicle production, or 1,4 million vehicles, per annum by 2035, which should substantially improve the country's status and global vehicle production ranking. The following table reveals global vehicle production by country for 2022 and 2023.

Global vehicle production by country – 2022 to 2023

Country	Total units produced 2022	Total units produced 2023	Passenger cars	Commercial vehicles
1. China	27 020 615	30 160 966	26 123 757	4 037 209
2. USA	10 052 958	10 611 555	1 745 171	8 866 384
3. Japan	7 835 539	8 997 440	7 765 428	1 232 012
4. India	5 457 242	5 851 507	4 783 628	1 067 879
5. South Korea	3 757 049	4 243 597	3 908 747	334 850
6. Germany	3 677 820	4 109 371	4 109 371	-
7. Mexico	3 509 101	4 002 047	903 753	3 098 294
8. Brazil	2 369 769	2 324 838	1 781 612	543 226
9. Spain	2 219 436	2 451 221	1 907 050	544 171
10. Thailand	1 883 515	1 841 663	580 857	1 260 806
11. Indonesia	1 470 146	1 395 717	1 180 355	215 362
12. France	1 383 173	1 505 076	1 026 690	478 386
13. Turkey	1 352 648	1 468 393	952 667	515 726
14. Canada	1 233 360	1 553 026	376 588	1 176 438
15. Czech Republic	1 224 456	1 404 501	1 397 816	6 685
16. Iran	1 064 215	1 188 471	1 087 295	101 176
17. Slovak Republic	982 194	1 080 000	1 080 000	-
18. UK	876 614	1 025 474	905 117	120 357
19. Italy	796 394	880 085	541 953	338 132
20. Malaysia	702 275	774 600	724 891	49 709
21. Russia	609 082	729 864	526 439	203 425
22. South Africa	**555 885**	**633 332**	**336 980**	**296 352**
Global	**84 830 376**	**93 546 599**	**68 020 265**	**25 526 334**

Source: **naamsa**/Lightstone Auto, OICA

Although weighed down by slow consumer spending, high interest rates and disruption to supply chains due to geopolitical tensions, the electric vehicle market's soaring sales supported global new vehicle sales, as governments and consumers tried to mitigate the worsening effects of climate change. Sales of internal combustion engine (ICE) vehicles reached their apex in 2017 and are now in long-term decline. Global new vehicle sales grew by 11,9% and totalled 92,7 million units in 2023, up from the 82,9 million units sold in 2022 and exceeded the pre-pandemic level of 2019 by 0,7%. The following table reveals that all major regions, with the exception of Africa and South America, reflected robust growth from 2022 to 2023.

Global vehicle sales by region – 2022 to 2023

Region	Total sales 2022	Total sales 2023	% change 2023/2022
Europe	15 079 901	17 898 967	+18,7%
North America	16 927 732	19 187 705	+13,4%
South America	3 949 128	4 059 591	+2,8%
Africa	1 075 388	1 049 842	-2,4%
Asia	45 838 945	50 528 563	+10,2%

Source: OICA

China remained by far the largest single-country new vehicle market in the world by selling almost as many vehicles as in the European and US markets combined. New vehicle sales in China grew by 12,0% to 30,09 million units in 2023, compared to the 26,86 million units in 2022. All North American markets and several markets in Europe and Asia reflected substantial double-digit year-on-year increases in 2023. The introduction of the Inflation Reduction Act in the US in 2022 contributed to support a general change of direction in the market. Similarly, the EU's 2030 emission deadline mandates a move to EVs, with similar discussions around decarbonisation happening in China and India.

Toyota's total vehicle sales increased to a new industry record of 11,23 million units in 2023, allowing the company to retain its position as the leading vehicle manufacturer in the world, ahead of the Volkswagen Group, which recorded 9,24 million sales, followed by the Hyundai Motor Group with sales of 7,32 million units, comprising the Hyundai, Kia and Genesis brands. Toyota's figures include Hino trucks and those of minicar manufacturer Daihatsu, while the VW Group includes MAN and Scania trucks, and a commercial vehicles division.

EV sales continued to rise sharply by another 35% to 14,2 million units in 2023, up from 10,5 million units in 2022. This ongoing rapid growth meant that the overall share of electric light vehicles in the market rose from 13% in 2022 to 15,8% in 2023. In 2023, Tesla sold 1,81 million EVs followed by China's BYD with 1,57 million units. The Tesla Model Y has emerged as the best-selling car in the world overall in 2023. The EV market, however, is set to move from the first-adopter phase, with an average yearly sales growth rate of around 50%, to mass adoption, with annual growth rates expected to slow down to around 10%. This stage will see a more price-conscious consumer base, higher vehicle trade volumes, and increased competition. The majority of all global automotive OEMs have committed to electrification by 2030. China has been a major driver of the global NEV market, with robust domestic industry and government support. The Chinese government has set ambitious targets for NEV adoption and is investing heavily in charging infrastructure. Several European countries offer incentives, and the EU is working on common standards for charging infrastructure. The US has seen a growing interest in EVs, with both traditional OEMs and new players entering the market. Government incentives, infrastructure development, and collaboration with private companies are key factors in the growth of the US EV market.

While China, Europe and the US account for about 90% of the global EV sales, China was the frontrunner, accounting for 8,4 million of the world's electric car sales in 2023. More than half of the electric cars on the road worldwide, are now to be found in China. The country has already exceeded its 2025 targets for NEV sales. Compared with 2021 predictions, Europe and China are already one year ahead of where they expected to be, while the US is four years ahead. By 2030, estimates are that sales of BEVs and PHEVs will make up half of the global total, three years sooner than predicted in 2021.

EVs are now spreading quickly to all sectors of road transport, from motorcycles to heavy trucks, and are also picking up in emerging economies, like India, Thailand and Indonesia. The global shift to e-mobility is primarily driven by governments on the back of emission reduction commitments, increasing air pollution

concerns in cities and the continued volatility of the crude oil price. Zero-emission vehicle mandates are at the heart of policies driving the early uptake of EVs in key regions. EV adoption is set to soar in the coming years, with more than 100 million passenger EVs expected on the roads by 2026. By 2030, there will be around 244 million EVs on the road, rising to around 731 million by 2040. Innovations and advancements in EVs are gaining velocity, with more options set to become available.

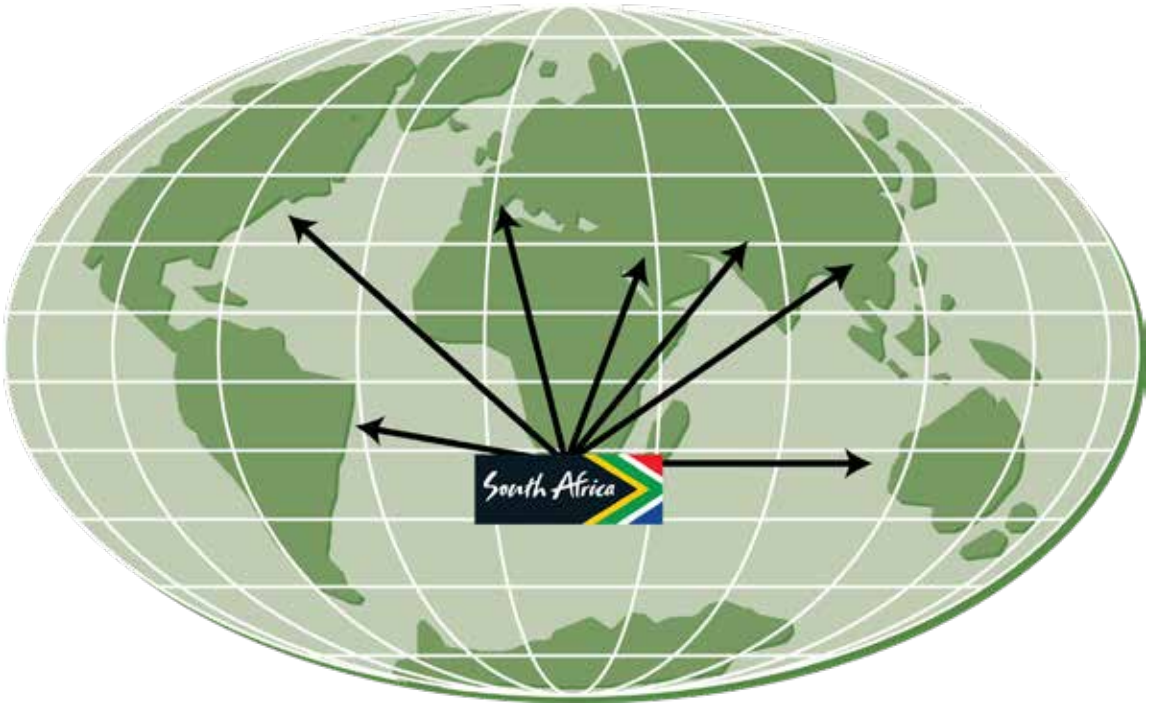
However, while global sales of EVs may increase to such levels, there may be differences in the distribution of ICE and EVs at a regional level, with many parts of the developing world likely to transition at a slower pace. Currently, EV adoption, in terms of new sales, vary widely depending on the market. Some countries are moving much faster, including the Nordics, China, Germany, South Korea, France and the UK. EVs and batteries are now a central part of many countries' industrial policy, and competition to attract investment will increase in the coming years.

China has an exceptionally strong presence in the global EV supply chain, stretching from critical mineral mining to EV battery component production and on to EV manufacturing. As NEVs gain traction, OEMs invest billions in NEV battery plants, factories, technology and supply chains. It is expected that by 2030, there will be US$1,3 trillion invested in EVs and batteries. This seismic shift is compelling OEMs to redefine their business models, adapt to evolving consumer needs, and embrace transformative megatrends. Concurrently, a burgeoning ecosystem is emerging, encompassing charging solutions and infrastructure, and cutting-edge battery technologies. This landscape is being further enriched by the influx of technological startups and digital solution providers.

China has in many ways already achieved a dominant position in terms of the refining of many of the minerals underpinning these new technologies, as evidenced in their approximate 80% share of cobalt, 60% of lithium and more than 90% of manganese added-value mineral compounds, over and above having a head start over the control of the mineral feedstock resources located in Africa and elsewhere. This dominance also extends to most of the Rare Earth Elements (REE) which are required for the permanent magnet motors used in many BEV's, where China has significant control and power. All in all, China is by far the leading producer of critical minerals 12 (a term defined in the US), dominating the production of these minerals. The combination of China's dominance, along with the geopolitical instability related to some of these minerals, is consequently causing many individual OEMs and Tier 1 suppliers to secure deals to lock in supply. Most investments are aimed towards securing the future supply chain of critical materials necessary for EV production and the co-development of technological innovations.

The demand for EVs has implications for the geopolitics of critical raw materials like lithium, cobalt, and rare earth elements. Countries with significant reserves of these materials gain strategic importance. The European Critical Raw Materials Act is the EU's response to the US Inflation Reduction Act (IRA), which has significantly enhanced battery supply chain initiatives and EV demand in the US. The EU now realises that, in a globally competitive landscape, a local materials supply is necessary to ensure local battery grade product is available for Europe. Africa is still at an early stage in this mobility transition but with its rich deposits of minerals and potential markets, it can become a key player in the global EV value chain, if a favourable ecosystem for the fast uptake of EV and related green businesses can be developed in time. The transition to EVs is seen as an opportunity to spur innovation, drive economic growth, and position South Africa, along with Africa, as a leader in smarter mobility solutions.

EXPORTS



The world is nearing the midpoint of what was intended to be a transformative decade to meet climate and other key global development goals by 2030. Despite signs of resilience earlier in 2023, the impact of policy tightening to reduce inflation cooled economic activity during the latter part of the year. The global economy reflected positive growth in 2023, but with significant disparities between countries and regions. Economic activity was hindered by high interest rates in several economies, commodity price volatility, and persistent geopolitical tensions. Furthermore, the resurgence in the use of industrial policy and the urgency related to meeting climate commitments resulted in changes to trade policies. The use of trade restrictive measures, both in the form of tariffs and non-tariff measures, have risen along with an increase in subsidies. These inward-looking policies have impeded the growth of international trade. Another factor influencing global trade is the lengthening of supply chains, as global trade has been influenced by the way supply chains respond to shifts in trade policy and geopolitical tensions. The increasing importance of securing critical minerals for the energy transition has also affected prices and contributed to market volatility in these commodities.

With the South African automotive industry's major focus on exports to obtain higher volumes and economies of scale benefits, vehicle and automotive component export growth in 2024 will remain a function of the direction and performance of global markets. Global growth is forecast to slow from 3,0% in 2023 to 2,9% in 2024, well below the historical (2000 - 2019) average of 3,8%. According to the IMF, advanced economies are expected to grow at 1,5% in 2024, while emerging markets and developing economies are projected to grow by 4,1% in 2024. While the global economy is in a better place in 2024 than in 2023, as the risk of a global recession has receded, largely because of the strength of the US economy, mounting geopolitical tensions could create fresh near-term threats for the world economy. The resilience and the precarious nature of the current economic environment, amid accelerating divergence, will continue to be tested in 2024. Though global inflation is easing, growth is stalling, financial conditions remain tight, global tensions are deepening, and inequalities are rising. Although the expectations for high inflation have been trimmed back in all regions, regional growth outlooks vary widely, and no region is slated for very strong growth this year.

EXPORTS TO REGIONS

South Africa's trade policy aims to support industrial development, sustainable economic growth, decent well-paying jobs and economic inclusion. It seeks to improve the balance in the country's trade by increasing exports of higher value-added manufactured goods. Multilaterally, South Africa has adopted a development approach that seeks to address existing imbalances in the rules by securing policy space to pursue industrialisation and to ensure that new challenges are addressed fairly and equitably. South Africa is a member of the 164-member WTO and supports the principles of a rules-based multilateral trading system, where independent arbitration, rather than power relations resolves disputes. The key to the legitimacy and sustainability of the WTO lies in its ability to advance the developmental interests of developing countries that will constitute new sources of global growth and prosperity in the world economy. Meeting this challenge will serve to strengthen the multilateral, rules-based trading system, enhance its legitimacy, and also create the basis for economic growth from which all WTO members can benefit.

South Africa has advantageous access to world markets through free trade agreements (FTAs) with major markets such as Europe and the UK, and a preferential trade arrangement with the US. South Africa is also a member of the Southern African Development Community (SADC) and the Southern African Customs Union (SACU). The country is regarded as a geographic gateway to the rest of the continent and is strategically positioned for access to the African market. South Africa's trade negotiations are conducted alongside its country partners in SACU, comprising Botswana, eSwatini, Lesotho, and Namibia, following the renewed SACU Agreement in 2004 that requires SACU to negotiate all trade agreements as a bloc. SACU, at present, enjoys FTAs with the 27-country EU, the UK, as well as the European Free Trade Association (EFTA), comprising Iceland, Lichtenstein, Norway and Switzerland. SACU is also part of the 15-country SADC free trade area, has a preferential trade agreement (PTA) with the Common Market of South America (Mercosur), comprising Argentina, Brazil, Paraguay, Uruguay and Venezuela, while South Africa also enjoys duty-free and quota-free entry into the US market under the African Growth and Opportunity Act (AGOA), a unilateral trade preference programme.

The information and tables on the following pages reveal the South African automotive industry's trade patterns with major trading blocs, including the EU, which remains the South African automotive industry's main trading partner, Africa, SADC, the US-Mexico-Canada Agreement (USMCA) region, and Mercosur.

South Africa has advantageous access to world markets through free trade agreements (FTAs) with major markets such as Europe and the UK, and a preferential trade arrangement with the US.

European Union (EU)

The European Union (EU) as a bloc, including the UK to facilitate historical comparisons, remained South Africa's largest trading region in 2023, with the Economic Partnership Agreements (EPAs) with the EU and the UK, enhancing these trade relationships. The region accounted for R147,1 billion, or 54,3%, of the total automotive exports of R270,8 billion in 2023. Since three out of every four vehicles were destined for the EU along with 42,8% of the total automotive component export value in 2023, developments in the region have a quantifiable impact on the South African automotive industry. In February 2023, the European Parliament formally approved the banning of the sale of new ICE vehicles in the region by 2035, with some countries already commencing with the ban from as early as 2029 onwards. The UK has delayed its ban on the sale of petrol and diesel passenger cars, originally scheduled for 2030, for five years to enter into force in 2035, aligning the end of combustion-engine passenger car sales with that of commercial vehicles. The South African automotive industry, therefore, needs to align with the overall technology shift of global value chains in which the OEMs operate to safeguard the country's future vehicle exports.

According to the International Organisation of Motor Vehicle Manufacturers (OICA), vehicle production in the EU, including the UK, increased by 12,8% from 13,6 million units in 2022 to 15,3 million units in 2023, which was still 17,9% below the pre-pandemic level of 17,7 million units in 2019. The region's global market share of vehicle production increased to 16,4% in 2023 from 16,0% in 2022. Germany, with vehicle production of 4,11 million units, led the region's production, followed by Spain with 2,45 million units, and France with 1,51 million units. Ten of the key EU markets recorded double-digit year-on-year vehicle production increases in 2023.

New vehicle sales in the EU increased by 13,8% from 13,3 million units in 2022 to 15,1 million units in 2023, which was still 13,4% below the pre-pandemic level of 18,4 million units in 2019. Europe's new vehicle market appears to be normalising, and achieved a notable milestone last year, with new vehicle sales reaching their highest level since the pandemic. Growth was driven by strong double-digit demand for new vehicles in the majority of markets. Much of the growth in Europe's new car market in 2023 was driven by BEVs, which accounted for 15,7% of total market share. However, the impact of high interest rates and a cut in EV grants could be seen in the slower new vehicle sales growth recorded in Germany, which remains the largest market for new vehicles in the region. The following tables reveal the EU's vehicle production and sales for 2022 and 2023, as well as the vehicle production and sales for the top five vehicle production countries in the region.

EU and UK vehicle production and sales – 2022 to 2023

	2022	2023	% change 2023/2022
Vehicle production	13 608 762	15 344 611	+12,8%
Vehicle sales	13 295 670	15 128 471	+13,8%

Source: OICA

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THE AUTOMOTIVE BUSINESS COUNCIL

Celebrating 100 Years of the South African Automotive Industry

Vehicle production and sales – top EU countries – 2022 to 2023

Country	Vehicle production		Vehicle sales	
	2022	2023	2022	2023
Germany	3 677 820	4 109 371	2 963 748	3 204 298
Spain	2 219 436	2 451 221	958 978	1 127 868
France	1 383 173	1 505 076	1 926 554	2 209 102
Czech Republic	1 224 456	1 404 501	219 172	255 676
Slovak Republic	982 194	1 080 000	90 074	101 942

Source: OICA

An EPA between a group of countries in SADC and the EU entered into force on 10 October 2016, replacing the Trade Development and Cooperation Agreement (TDCA). The SADC EPA group of countries does not consist of the entire SADC bloc, but rather members of the SACU, namely, Botswana, eSwatini (formerly Swaziland), Lesotho, Namibia, and South Africa, plus Mozambique, with an option for Angola to join in future. The EPA has a strong focus on regional integration and the fostering of regional value chains in the SADC EPA group of countries. While the SADC-EU EPA is a reciprocal trade agreement, meaning that both the EU and the SADC EPA group offer preferential market access to each other, the EU provides greater preferential and duty-free access, while the SADC EPA group is allowed to maintain protection of sensitive sectors. To allow for the continuation of preferential trade between South Africa and the UK after Brexit, the SADC-EU EPA had been replicated into a new agreement with the UK to avoid trade disruption, which entered into force on 1 January 2021. The new trade agreement with the UK is called the SACUM–UK EPA.

Up to 2016, trade with the EU was governed by the trade chapter of the TDCA which became effective on 1 January 2000. The automotive part of the TDCA was only concluded on 15 December 2006. As a result, the 3% import duty on original equipment components and the 4,5% duty on aftermarket parts were reduced to duty-free on 15 December 2006, while the 10% import duty on passenger cars was reduced to 3,5% on 15 December 2006, further reduced to 1,5% on 1 January 2007, and was reduced to zero in January 2008. South Africa, in turn, granted the EU a 7% preference on passenger cars and light commercial vehicles, and an 8% preference on medium and heavy commercial vehicles and buses. Original equipment components received no preference, but a large number of aftermarket automotive parts qualified for lower import duties. In order to qualify for zero tariffs into the EU and the UK, South African vehicles and automotive components must contain at least 60% local content with respect to the rules of origin. The definition of local content includes South African raw materials, labour, parts, transport, manufacturing costs and profit margins, as well as the value of components and sub-components originally sourced from the EU or the UK.

The built-in 5-year review of the SADC-EU EPA Review formally commenced in November 2021, and parties have exchanged indicative lists of issues of interest for the review. South Africa was seeking improvements on the rules of origin, export tax provisions and market access. The EU's interests were rule-making in areas such as investment, competition and sustainable development. There have been delays with the commencement of the review process, as the EU commissioned an ex-post evaluation of the Agreement to assess the areas of the Agreement that functioned successfully and areas that need to be reviewed. A SADC-EU EPA Trade and Development Cooperation meeting took place on 8 and 9 February 2024, and the Parties agreed to pursue the process in terms of Article 116, "Revision Clause" of the Agreement which provides for the review of the Agreement in its entirety. The Parties agreed to undertake the review in three thematic areas which include: trade in goods, trade-related issues and institutional matters.

To progress the harmonisation of trade relations with Western Europe, SACU signed an FTA with the European Free Trade Association (EFTA), which came into force on 1 May 2008. The SADC–EU EPA has been largely replicated in an agreement with the EFTA group of countries, namely Iceland, Lichtenstein, Norway and

Sweden. The EFTA offered South Africa full duty- and quota-free access for industrial products. For its part, South Africa offered the EFTA what it had already offered the EU and the UK on both processed agricultural products and industrial products, with some marginal adjustments. The FTA has a number of benefits for South African exporters, which include duty-free market access for SACU products, including vehicles and automotive components, to EFTA markets. Automotive exports to EFTA markets further decreased to R47,5 million in 2023, down from R421,0 million in 2022. Norway currently has the most ambitious law yet to ban the sales of all new petrol and diesel cars by 2025, and the decline in ICE vehicle exports and associated components to the country could be attributed to the fact that the impact on exports occurs in advance of the implementation date of the legislation.

The following table reveals that total automotive exports (vehicles and components) to the EU and the UK amounted to R147,1 billion in 2023, increasing by R13,88 billion, or 10,4%, from the R133,2 billion export value in 2022. Exports in Euro terms decreased by 4,8% year-on-year in 2023, reflecting a decline in real terms. Vehicle exports to the EU and the UK increased in volume terms by 18,0%, from the 255 709 units exported in 2022 to 301 639 units exported in 2023, and in value terms increased by R17,2 billion, or 17,0%, from R101,3 billion in 2022 to R118,5 billion in 2023. Automotive component exports decreased by R3,34 billion, or 10,5%, from the R31,9 billion in 2022 to R28,6 billion in 2023, mainly due to the decline in catalytic converter exports to the region. Exports to the 13 new member countries, forming part of the expanded EU, comprised R7,5 billion, or 5,1% of the R147,1 billion export value in 2023, compared to the R8,8 billion export value in 2022.

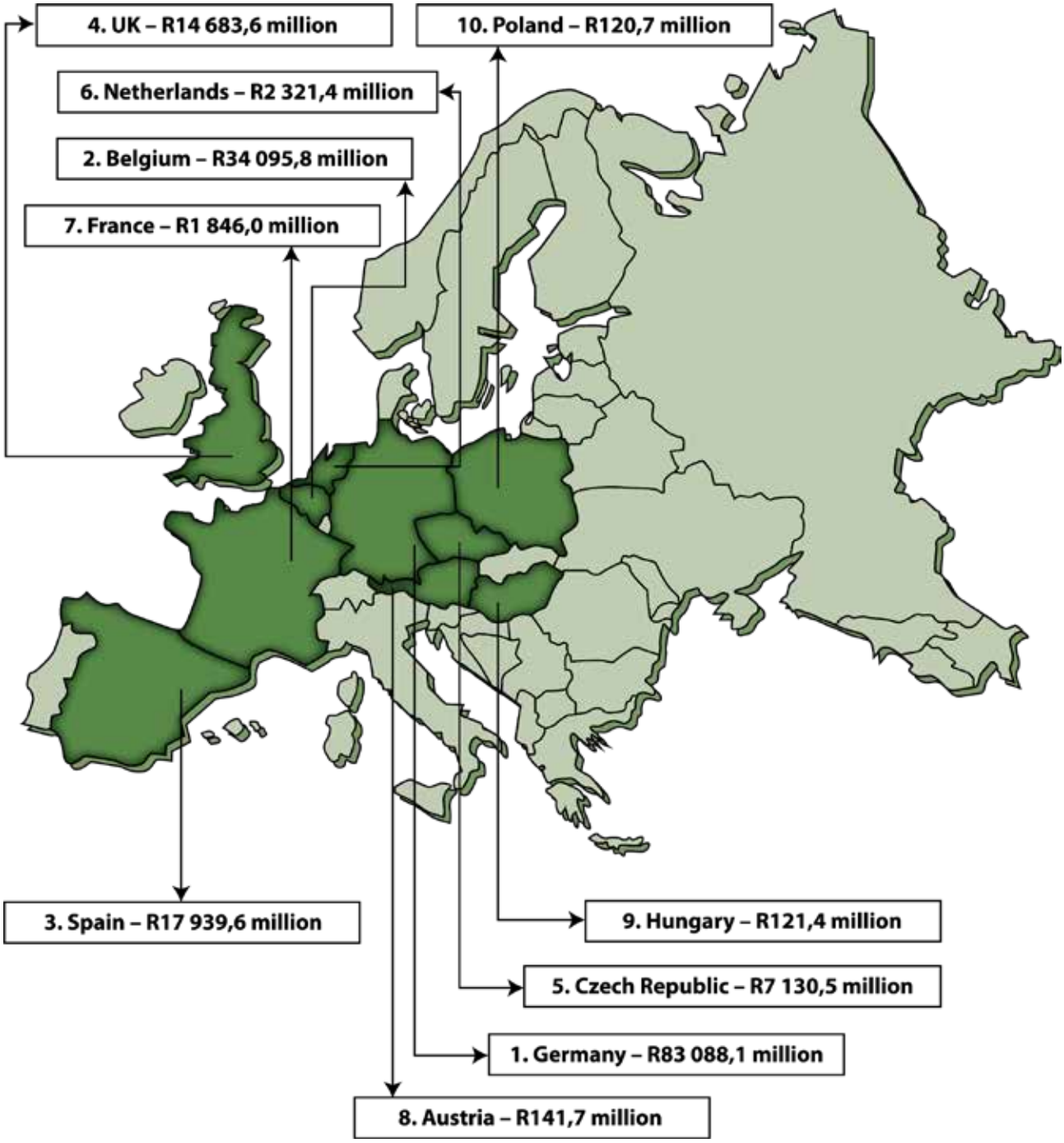
Vehicle exports to the EU and the UK increased in volume terms by 18,0%, from the 255 709 units exported in 2022 to 301 639 units exported in 2023.

Exports to the EU by product category – 2019 to 2023

Component	2019	2020	2021	2022	2023
Total (R million)	**129 702,8**	**105 040,7**	**124 749,5**	**133 229,7**	**147 105,3**
Total (average Euro million)	**8 021,2**	**5 596,2**	**7 136,7**	**7 746,0**	**7 373,7**
Air conditioners	0,8	7,2	1,3	4,1	0,5
Alarm systems	16,9	5,1	7,1	2,5	5,5
Automotive glass	413,7	423,5	438,3	450,8	328,0
Automotive tooling	208,3	210,5	205,6	179,0	153,8
Axles	406,4	309,2	443,0	413,1	695,9
Batteries	28,4	55,3	46,9	48,6	7,1
Body parts / panels	337,5	74,0	102,5	122,8	228,2
Brake parts	74,3	38,2	22,1	16,0	20,7
Car radios	0,2	0,3	0,2	0,4	0,1
Catalytic converters	15 153,2	18 801,8	25 372,8	22 932,3	18 828,3
Clutches / shaft couplings	347,8	345,0	405,6	333,5	428,9
Engines	35,2	47,6	156,1	49,5	141,6
Engine parts	1 353,8	791,1	1 616,1	1 773,1	2 073,7
Filters	168,7	199,0	229,2	135,4	168,9
Gaskets	25,8	24,6	37,3	17,7	10,6
Gauges / instruments / parts	53,7	19,4	23,8	18,0	35,6
Gear boxes	17,6	35,0	22,3	23,3	19,2
Ignition / starting equipment	33,9	27,4	20,5	26,5	23,6
Jacks	1,0	0,7	0,9	0,2	0,3
Lighting equipment / parts	128,6	74,0	92,5	111,3	86,7
Radiators / parts	847,4	750,1	716,1	707,2	763,8
Road wheels / parts	191,8	91,5	41,5	46,4	34,3
Seats	3,1	5,9	4,3	4,5	4,5
Seat belts	1,0	0,9	1,2	0,9	3,3
Shock absorbers / suspension parts	410,2	321,5	278,8	217,8	220,2
Silencers / exhausts	211,8	124,2	188,7	186,3	300,4
Springs	15,6	26,1	25,6	24,4	15,6
Steering wheels / columns / boxes	8,6	11,6	13,6	71,0	22,5
Stitched leather seats / parts	160,2	53,9	23,7	48,5	20,6
Transmission shafts	155,1	131,7	141,6	198,3	142,9
Tyres	784,3	793,5	953,7	1 167,0	936,6
Wiring harnesses	21,4	24,7	30,4	42,2	72,9
Other parts	3 196,0	2 454,1	2 660,0	2 528,1	2 763,6
Light vehicles	104 888,0	78 759,0	90 396,0	101 317,8	118 546,0
Medium / Heavy vehicles	2,5	3,1	30,2	11,2	0,9

Source: AIEC, **naamsa**, SARS

Top export destinations in the EU with export values – 2023 (R million)



Source: **naamsa**, SARS

Africa

In 2023, Africa comprised the domestic automotive industry's second-largest export region, accounting for R42,8 billion, or 15,8% of the total automotive exports of R270,8 billion. The automotive export value to the continent increased by a significant 22,5%, from the R34,9 billion in 2022 to R42,8 billion in 2023. In addition to completely built-up vehicles and automotive component exports, the domestic automotive industry has also been expanding its footprint in Africa by exporting semi-knocked down (SKD) kits for assembly in some countries in partnership with South African OEMs.

With a population of 1,43 billion people, a GDP of about US$3,1 trillion, economic growth improving to 4% in 2024 from 3,2% in 2023, according to the IMF, and with six of the top 10 best-performing economies in the world being forecast to come from the continent in 2024, Africa remains a priority focus for the South African automotive industry. The continent at present is witnessing a revolutionary transformation in transportation infrastructure, with highways, railways, and airports being developed at an unprecedented pace, linking cities and regions, and facilitating the seamless movement of goods and people. Cities are experiencing a resurgence in urban planning and development, while increased access to high-speed internet and the deployment of cutting-edge telecommunication infrastructure is unfolding. Africa is set to become home to five of the world's 41 megacities with populations in excess of 10 million people by 2030. The continent is also embracing environmentally friendly solutions to meet its growing energy demands, as evident in the rapid expansion of renewable energy projects across the continent.

For the second consecutive year, vehicle production in Africa showed the highest percentage increase of all regions, increasing by 14,5%, from 1,02 million units in 2022 to 1,17 million units in 2023, exceeding the pre-pandemic level of 1,09 million units in 2019. The continent's market share comprised 1,3% of global vehicle production in 2023. South Africa with the production of 633 332 units, accounted for 54,1% of Africa's total vehicle production, and Morocco with the production of 535 825 units, accounted for 45,7% of the total. However, in 2023, Morocco with production of 471 950 passenger cars again exceeded South Africa's passenger car production of 336 980 units.

New vehicle sales in Africa declined by 2,4% from 1,08 million units in 2022 to 1,05 million units in 2023, the only region reflecting a year-on-year contraction in 2023. In South Africa, the continent's dominant market, new vehicle sales increased year-on-year by a modest 0,4% in 2023, followed by Morocco reflecting a 0,1% year-on-year increase while in Egypt new vehicle sales decreased by a substantial 50,9%. New vehicle prices in Egypt tripled over the past two years due to a foreign exchange crisis along with an all-time high inflation of nearly 40% in 2023, linked to the impact of geo-political disruptions. The following tables reveal Africa's vehicle production and sales for 2022 and 2023, as well as the vehicle production and sales for the top two countries in Africa for 2022 and 2023.

Africa vehicle production and new vehicle sales – 2022 to 2023

	2022	2023	% change 2023/2022
Vehicle production	1 022 783	1 171 422	+14,5%
Vehicle sales	1 075 388	1 049 842	-2,4%

Source: OICA

Vehicle production and sales – top African countries – 2022 to 2023

Country	Vehicle production		Vehicle sales	
	2022	2023	2022	2023
South Africa	555 885	633 332	529 541	531 787
Morocco	464 864	535 825	161 409	161 504

Source: OICA

Africa is a continent with a rapidly growing population and a burgeoning middle class driving the demand for transportation. The continent's new vehicle market potential, however, poses significant challenges, as up to 85% of vehicle sales consist of used vehicles in most sub-Saharan countries, driven by affordability issues and weak regulation. However, Africa's shared mobility sector, which includes services like ride-hailing and car-sharing, is set to see the second fastest growth after Asia, driven by rapid urbanisation. Ride-hailing services in Africa are gaining popularity, with more customers abandoning their private or public modes of transport due to mobility-sharing advantages such as convenience, reduced travel costs, less traffic congestion and lower emissions.

In view of the high level of old, unregulated used vehicles, the continent's transportation sector is a significant source of air pollution and greenhouse gas emissions. The challenge for the continent remains to push for more sustainable mobility, and to avoid the risk of becoming the dumping ground for the world's unwanted used ICE vehicles, as the demand for fuel-efficient and low-carbon emissions grow. As a result, several African countries have implemented supportive policy and regulatory frameworks to stimulate e-mobility as a more sustainable and environmentally friendly way to transport people and goods. The expanding e-mobility sector is catching on across Africa, with Kenya, Ghana, Morocco, and Rwanda leading the charge toward sustainable transportation. The introduction of tax waivers on the import of electric and hybrid vehicles demonstrates this interest.

African exports lack diversity, with more than 50% of the export value concentrated in only seven primary products. Africa represents 17,9% of the world's population but accounts for only 2,9% of global GDP and 1% of the global output of manufactured products such as steel and automobiles. The cost of transportation in Africa is on average 50% to 175% higher than in other parts of the world, as a result of poor infrastructure. Addressing Africa's logistical infrastructure challenges could unlock economic benefits, including increased investment in mining, improved transportation networks, increased export capabilities and increased revenue and job creation, while also benefiting other sectors like manufacturing and construction.

Africa needs to industrialise, beneficiate and diversify its exports. At present, intra-Africa trade at around 16% is low, mainly due to a lack of awareness of export opportunities, trade preferences, e-commerce, non-tariff barriers, and varying regulations. However, Africa is on the brink of its most significant economic period in terms of its role in the world economy, and supply chains are the beating heart of economic development. African integration remains very important to enable African countries to overcome the limits of small, fragmented economies. African markets remain vital to African exporters, and the majority of the products are value-added manufactured products. Developing and growing domestic and regional capabilities would therefore see more people become economically active.

The African Continental Free Trade Area (AfCFTA) stands out as a powerful tool to address the intricate challenges within the region's trade and supply chain infrastructure. The AfCFTA entered into force on 30 May 2019, the operational phase was launched on 7 July 2019, and trading under the AfCFTA commenced on 1 January 2021, committing countries to eliminate 90% of tariffs on goods, to progressively raising trade and services, and address a host of non-tariff barriers. Once a country starts to trade, subject to the finalisation of the necessary legal requirements on products where the rules of origin have been agreed to, its commitments will apply retrospectively from 1 January 2021. The AfCFTA is the largest free trade area

in the world, both by area and by number of participating countries. Once fully implemented, it will be the fifth-largest economy in the world. With growing consumer populations, increasing urbanisation, and a wealth of untapped natural resources and development capacity, there is significant scope for investment.

The AfCFTA aims to integrate regional trade blocs to unlock synergies to drive more intra-African trade and enable countries to derive mutual benefits from trade in goods and services. The aim is to create liberalised economies through an enabling regulatory framework to enable the fluid movement of people, goods and services under the AfCFTA. By eliminating barriers to trade in Africa, the objective of the AfCFTA is to significantly boost intra-Africa trade, particularly trade in value-added production and trade across all services sectors of Africa's economy. It will enable higher value-add supply chains and more diversified exports, allowing member states to reduce historical commodity dependence. The potential of the AfCFTA to enhance trade and development is significant, but it depends on its effective implementation, including harmonising the regulatory framework to attract investment into infrastructure, and particularly, trade infrastructure. Governments will therefore have to play their part to incentivise trade between African countries, which will ultimately stimulate regional economies across the continent.

To date, 54 of the 55 AU members have signed, and 47 of these members have ratified the agreement. Libya, Sudan, South Sudan, Somalia, Madagascar, Liberia, Benin and Guinea-Bissau remain unratified. Up to the end of 2023, 44 tariff offers covering 90% of the tariff book have been verified by the AfCFTA Secretariat to be in accordance with the agreed modalities for tariff liberalisation. Final implementation of the Schedules of Tariff Concessions will be undertaken when the remaining 10% category of the tariff books (7% sensitive products subject to a longer period of liberalisation and 3% excluded products) have been finalised. The 12th Council of Ministers of Trade directed that the tariff offers covering the 7% and 3% should be submitted by September 2024 to enable the necessary bilateral negotiations. The AfCFTA will be reviewed every five years after its entry into force by State Parties, to ensure effectiveness, achieve deeper integration, and adapt to evolving regional and international developments. May 2024 will mark the fifth year since the Agreement entered into force on 30 May 2019. This means that work towards the review of the Agreement is expected to commence in due course.

The agreed rules of origin amount to 92,3%, with 7,7% of the rules of origin remaining outstanding with regard to textile, clothing and automotive products. Negotiations are underway to finalise the rules of origin on these sectors. An Automotive Task Force has been established to provide technical advice on all options related to the outstanding automotive rules of origin, and the Task Force will report activities and progress to the Council of Ministers, the highest decision-making body. The finalisation of these sectors is imperative, as no preferential trade can take place under the AfCFTA until the rules of origin for a sector have been finalised. Rules of origin are rules and regulations that determine the economic nationality of a product and specify the conditions that a product needs to fulfil to be considered as originating in the free trade area.

South Africa negotiates as part of the Southern African Customs Union (SACU), which means its five member states have to develop common negotiating positions. SACU achieved a common offer covering 90% of its tariff book in February 2023. The offer was formally submitted to the AfCFTA Secretariat for verification. The Extra-Ordinary Session of the AfCFTA Council of Ministers held on 31 May 2023 in Nairobi, Kenya, endorsed SACU's Tariff Offer that was verified to be compliant with the modalities for tariff liberalisation. South Africa gazetted the SACU Provisional Schedule of Tariff Concessions on 26 January 2024, and launched the start of preferential trade under the AfCFTA on 31 January 2024 at the Port of Durban. South Africa and SACU Member States will now be able to trade preferentially with countries that have finalised the necessary domestic legislation to date, namely, Algeria, Cameroon, Egypt, Mauritius, Tanzania, Ghana, Kenya, Rwanda and Tunisia. It will provide South African exporters with new market access opportunities to key markets in the African continent beyond SADC and can unlock growth in the economy, whilst providing market access in turn, for other African countries to the South African market. Amid the increasing importance of intra-Africa trade, 31 countries are expected to start preferential trading under the AfCFTA by end 2024.

The development of value chains in Africa is essential for the growth of the automotive industry on the continent. Regional integration and value chains will only develop when leading car manufacturing countries in Africa, such as South Africa, Morocco and Egypt, support other automotive progressive African countries, such as Ghana, Tunisia, Kenya, Rwanda, and Ivory Coast, to spur their respective automotive industries through investments and the sharing of knowledge. Typically, manufacturing multiplies employment, and for every job created, many more are created in the vertical supply chain. The coming into effect of the AfCFTA offers an excellent platform for the development of regional value chains on the continent.

The independent African Association of Automotive Manufacturers (AAAM) was established in November 2015. It is the only African entity that focuses on the expansion and deepening of the automotive industry across the continent, by working with governments to shape and implement policies that will attract investors, unlock the economic potential of the continent, and align a global network of stakeholders committed to the development of the automotive industry in Africa. The recognition of its role and importance has seen AAAM membership grow from 17 in 2020 to 63 in 2023. The AAAM is currently assisting several prospective African countries with the formulation of automotive policy development options aimed at replicating an automotive ecosystem similar to the South African model, involving OEMs, suppliers, financiers, government and other relevant industry role-players. The AAAM has worked in Nigeria, Ghana, Kenya, Egypt and Ethiopia, and more recently, with other member states, including Ivory Coast, Rwanda, Gabon, Namibia, Botswana and Lesotho. Building the automotive market also hinges on having the correct policies in place, and the AfCFTA has been one of the drivers of this, providing a mandate to industrialise the continent.

The following table reveals South African automotive exports to the African continent. Annual comparisons should note that the 2020 to 2023 total automotive export data to Africa provides two comparisons: one comparison excludes exports to Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia (BELN countries) in line with the revised publishing format of South African trade data provided by SARS, and the other comparison includes exports to BELN countries to facilitate historical comparisons. Although SACU is a customs union allowing for the free movement of goods between member states, trade with the BELN countries is regarded as imports and exports for statistical purposes only.

Total automotive exports to Africa, excluding BELN country data, increased by a substantial R4,97 billion, or 24,2%, from R20,56 billion in 2022 to R25,53 billion in 2023, while total automotive exports, including BELN country data, increased by R7,86 billion, or 22,5%, from R34,90 billion in 2022 to R42,76 billion in 2023. Automotive component exports to the continent increased by 4,0%, from R16,59 billion in 2022 to R17,26 billion in 2023. Vehicle exports to African countries increased from 22 563 units in 2022 to 25 381 units in 2023. The value of vehicle exports in the following table includes sales to BELN countries, which recorded a year-on-year increase in vehicle sales of 23,2% in 2023, and the export value of vehicles, therefore, increased year-on-year by 38,2% in 2023.

Vehicle exports to African countries increased from 22 563 units in 2022 to 25 381 units in 2023.

Exports to Africa by product category – 2020 to 2023

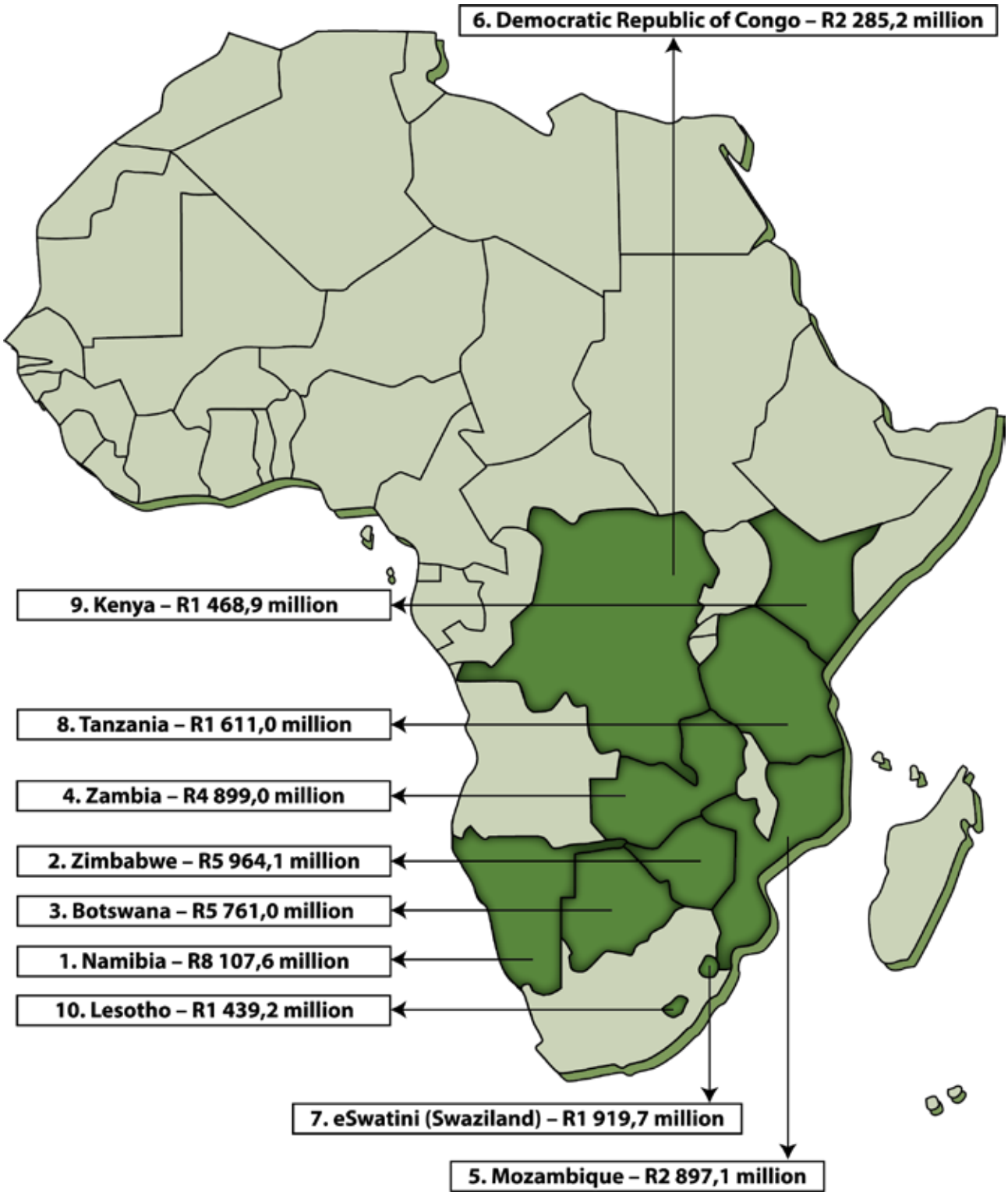
Component	2020*	2021*	2022*	2023*	2020**	2021**	2022**	2023**
Total (R million) Including BELN country data					29 632,4**	34 961,9**	34 901,9**	42 757,2**
Total (R million) Excluding BELN country data	17 422,7*	20 704,8*	20 558,3*	25 532,1*				
Air conditioners	13,2	17,2	15,8	27,3	31,4	31,2	37,5	53,2
Alarm systems	46,1	50,1	59,1	86,2	65,7	74,6	88,0	117,0
Automotive glass	19,1	21,0	22,9	30,9	94,9	84,5	88,6	110,7
Automotive tooling	167,7	236,4	297,3	301,1	250,0	352,8	464,4	450,8
Axles	42,6	79,1	100,2	102,5	69,5	109,5	138,4	147,0
Batteries	201,2	211,5	262,0	314,3	356,0	371,5	447,3	487,0
Body parts / panels	45,6	35,0	69,0	179,1	147,1	111,5	163,7	307,3
Brake parts	89,3	110,1	119,9	153,2	198,7	233,9	253,6	304,0
Car radios	3,0	2,1	10,6	25,5	19,6	19,2	23,1	33,6
Catalytic converters	123,8	123,1	125,9	222,5	165,7	170,4	180,3	290,0
Clutches / shaft couplings	60,5	71,2	83,5	68,0	145,8	163,3	184,0	167,4
Engines	317,5	363,0	485,4	477,3	438,9	447,7	569,5	641,4
Engine parts	510,5	579,2	686,7	664,2	785,8	906,7	1 077,4	1 062,3
Filters	182,5	226,4	247,0	244,3	313,4	395,2	430,1	408,4
Gaskets	105,4	128,6	131,4	126,5	143,6	170,0	180,0	177,4
Gauges / instruments / parts	335,1	382,9	432,6	496,8	437,7	513,4	576,2	660,8
Gear boxes	70,6	131,2	131,8	133,0	108,7	185,8	252,4	225,6
Ignition / starting equipment	108,6	96,6	113,5	118,4	242,6	238,2	258,4	276,0
Jacks	21,6	24,6	31,5	24,4	29,1	34,1	56,0	37,9
Lighting equipment / parts	54,5	85,5	91,7	83,7	114,5	160,0	185,0	187,0
Radiators / parts	63,8	39,3	58,1	43,5	109,3	96,4	113,3	106,5
Road wheels / parts	29,3	41,2	48,5	37,1	55,4	68,4	83,7	68,7
Seats	11,5	16,4	19,1	23,3	22,4	25,6	30,7	34,2
Seat belts	3,1	3,2	5,0	4,0	6,0	5,8	8,7	8,4
Shock absorbers / suspension parts	38,4	57,6	79,9	86,2	108,4	125,9	157,9	174,1
Silencers / exhausts	7,3	9,0	12,5	10,0	14,3	18,6	22,7	23,7
Springs	20,1	23,4	31,0	69,4	28,8	33,4	43,4	89,9
Steering wheels / columns / boxes	15,9	21,8	22,8	19,9	39,7	51,7	59,1	56,8
Stitched leather seats / parts	5,4	8,9	14,6	20,8	14,2	19,9	26,3	38,3
Transmission shafts	523,0	603,0	769,4	858,4	704,4	818,6	962,5	1 103,3
Tyres	575,6	682,8	819,4	828,0	1 205,6	1 320,9	1 494,0	1 580,8
Wiring harnesses	21,8	23,3	27,5	31,9	64,2	67,3	66,8	67,3
Other parts	3 512,4	3 969,1	4 626,9	4 690,6	6 048,7	7 066,3	7 864,1	7 764,8
Light vehicles	7 743,4	9 736,0	8 762,1	12 525,9	13 125,2	15 731,8	15 649,3	21 625,8
Medium / Heavy vehicles	2 333,3	2 495,0	1 743,7	2 403,9	3 927,1	4 737,8	2 665,5	3 869,8

Source: AIEC, **naamsa**, SARS

*Comparison excluding BELN (Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia) country exports

**Comparison including BELN (Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia) country exports

Top export destinations in Africa with export values – 2023 (R million)



Source: **naamsa**, SARS

Southern African Development Community (SADC)

The Southern African Customs Union (SACU) and neighbouring markets in the Southern African Development Community (SADC) play a significant role in the South African automotive industry's exports to Africa. Automotive exports to SADC comprised R37,9 billion, or 88,7%, of its total export value of R42,8 billion to the African continent in 2023. Intra-African trade accounts for merely 16% of all African trade, and about three quarters of it occurs within regional trading blocs, of which automotive trade in SADC is a case in point. The current longstanding regional integration initiatives between the countries of southern Africa include SACU, with the member states Botswana, eSwatini, Lesotho, Namibia and South Africa, and a free trade area among the 15 SADC countries. Regional market development is one of the six key pillars under the SAAM 2021-2035. The benefits of regional integration include the freer movement of goods, increased levels of intra-regional trade, exposure to a larger market, and economic development.

The export value of vehicles and automotive components to nine of the 15 countries within SADC exceeded the R1 billion level in 2023. Once a vehicle is exported, it creates opportunities for servicing, replacement part exports and adequately trained technicians in the export destination countries. SADC countries have consistently featured as top South African export destinations for automotive products over the past three decades, mainly due to the close proximity, relatively easy access by road and rail, and free trade, subject to rules of origin. South Africa's participation in the SADC allows access to a market of about 389 million people, and an estimated regional GDP of US$810 billion.

The SADC includes the following 15 countries: Angola, Botswana, Democratic Republic of Congo, eSwatini (formerly Swaziland), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. South Africa joined the SADC in August 1994. The SADC Protocol on Trade was signed on 24 August 1996, and amended in the years 2000, 2007 and 2008, with the specific simplification of rules of origin and other matters. The SADC protocol on trade was implemented in 2000, and 98% of tariff lines have been fully liberalised since 2012. Only Angola, the Democratic Republic of Congo (DRC) and the Comoros had been excluded from the trade protocol. However, Angola was seeking accession. The objective of the SADC Trade Protocol is to liberalise intra-regional trade. South Africa favours high rules of origin thresholds across key sectors to promote regional value chains. The current rules of origin for SADC in terms of vehicles is a maximum of 60% non-originating material (40% originating materials or local content), expressed as a percentage of the ex-works price, plus a completely knocked down (CKD) assembly rule. For automotive components, the rule is a maximum of 50% imported content. It is important to note that each country has its own unique circumstances, challenges, and opportunities. Strategies for promoting manufacturing growth in the automotive industry should be tailored to the specific context, and involve a comprehensive approach that addresses infrastructure, finance, policies, skills, technology, sustainability and partnerships.

There are eight significant Regional Economic Communities (RECs) recognised by the African Union (AU), and most AU markets are enrolled in two or more RECs, with the high costs of compliance and administration making intra-Africa trade less competitive. The AfCFTA is based on founding principles and explicitly states that this arrangement will, amongst other things, be member-driven and that the agreed terms of the RECs must be preserved. In those RECs which have formed FTAs, customs unions or common markets, trade in goods will remain under their respective regimes. This is an important aspect, as it means that the State Parties retain the right to conclude trade agreements with third parties. When continental trade has been fully liberalised, the rules of origin will also be harmonised, which would grant all 54 AfCFTA members preferential trade access to each other's markets, to the extent set out in the agreement.

Regarding the ongoing Tripartite Free Trade Area (TFTA) initiative, including SADC, the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), the negotiations for regional integration preceded the start of the negotiations for the AfCFTA. The two important elements discussed were the rules of origin and offers for the elimination of import tariffs between countries, to create preferential market access. Each of the three RECs currently has their own set of rules of origin, particularly pertaining to the automotive industry. As an FTA can ultimately have only one set of rules, this means that the current rules have to be consolidated. Eleven countries, including South Africa, have ratified the agreement with three more needed to attain the ratification threshold for the agreement to enter into force. In terms of how the TFTA relates to the AfCFTA, the two agreements have different rules of origin for some products, and there are also different tariff rates that will be applied if the TFTA enters into force. At present, the main trading partnership impacted by the TFTA is between SACU and the EAC. The TFTA was recognised as one of the stages towards the establishment of the AfCFTA. The development of the AfCFTA, however, occurred at such a speed that it overtook any progress that had been made under the TFTA. The TFTA has not entered into force yet, but the AfCFTA, which was negotiated after the TFTA, has entered into force.

A major industrialisation opportunity for South Africa and the region is to develop regional critical-minerals-to-batteries value chains. Southern Africa is endowed with considerable mineral wealth that is necessary for the global green transition, both to produce lithium-ion batteries and various other energy sources necessary for the green industrial revolution. The transition to electric vehicles hinges on the availability of critical minerals, such as lithium, cobalt, copper, zinc, PGMs and rare earth elements, and will therefore render the region strategically positioned to become a key global supplier. Realising this opportunity will require a regional collaborative approach to critical mineral beneficiation. However, most of the minerals that are being mined are currently exported as raw materials, causing member states to miss opportunities for earning increased revenue from producing and exporting value-added products for the lithium-ion battery manufacturing value chain. By adding value through refining, processing, and manufacturing, South Africa and the region could secure a reliable supply chain of critical minerals, reduce dependence on imports, and position itself as a global industrial player in the EV value-chain transition from ICE to EVs.

Leveraging Southern Africa's mineral wealth alongside its emerging capacity to beneficiate these minerals can serve as the region's greatest contribution to the green industrial revolution, laying the foundation for a major bargaining opportunity between the African continent and the industrialised countries of the north and east. In so doing, both the access to and economics of critical minerals used in the green transition can be improved. The SADC region not only offers viable reserves of these critical minerals, but it also offers existing industrial capabilities around processing such minerals within the region. The opportunity then lies in developing a regional value chain for each of the critical minerals, relying on both existing capabilities and comparative advantages, as well as installing new capabilities, with a view to expand the region's industrial capacities and ensure that the region ultimately benefits by exporting higher value-added critical minerals to the global market.

The following table reveals South Africa's automotive exports to the SADC region. Annual comparisons should take account of the following: the 2020 to 2023 total automotive export data to the SADC provides two comparisons – one comparison excludes exports to Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia, in line with the revised publishing format of South African trade data provided by SARS, and the other comparison includes exports to BELN countries to facilitate historical comparisons. Although SACU is a customs union allowing for the free movement of goods between member states, trade with the BELN countries is regarded as imports and exports for statistical purposes only.

Total automotive exports to the SADC, excluding BELN country data, increased by R4,96 billion, or 31,5%, from R15,7 billion in 2022 to R20,7 billion in 2023. Total automotive exports, including BELN country data, increased by R7,85 billion, or 26,1%, from R30,1 billion in 2022 to R37,9 billion in 2023. The increase could mainly be attributed to a 23,2% year-on-year increase in the volume of vehicle sales in the BELN countries in 2023.

Exports to SADC by product category – 2020 to 2023

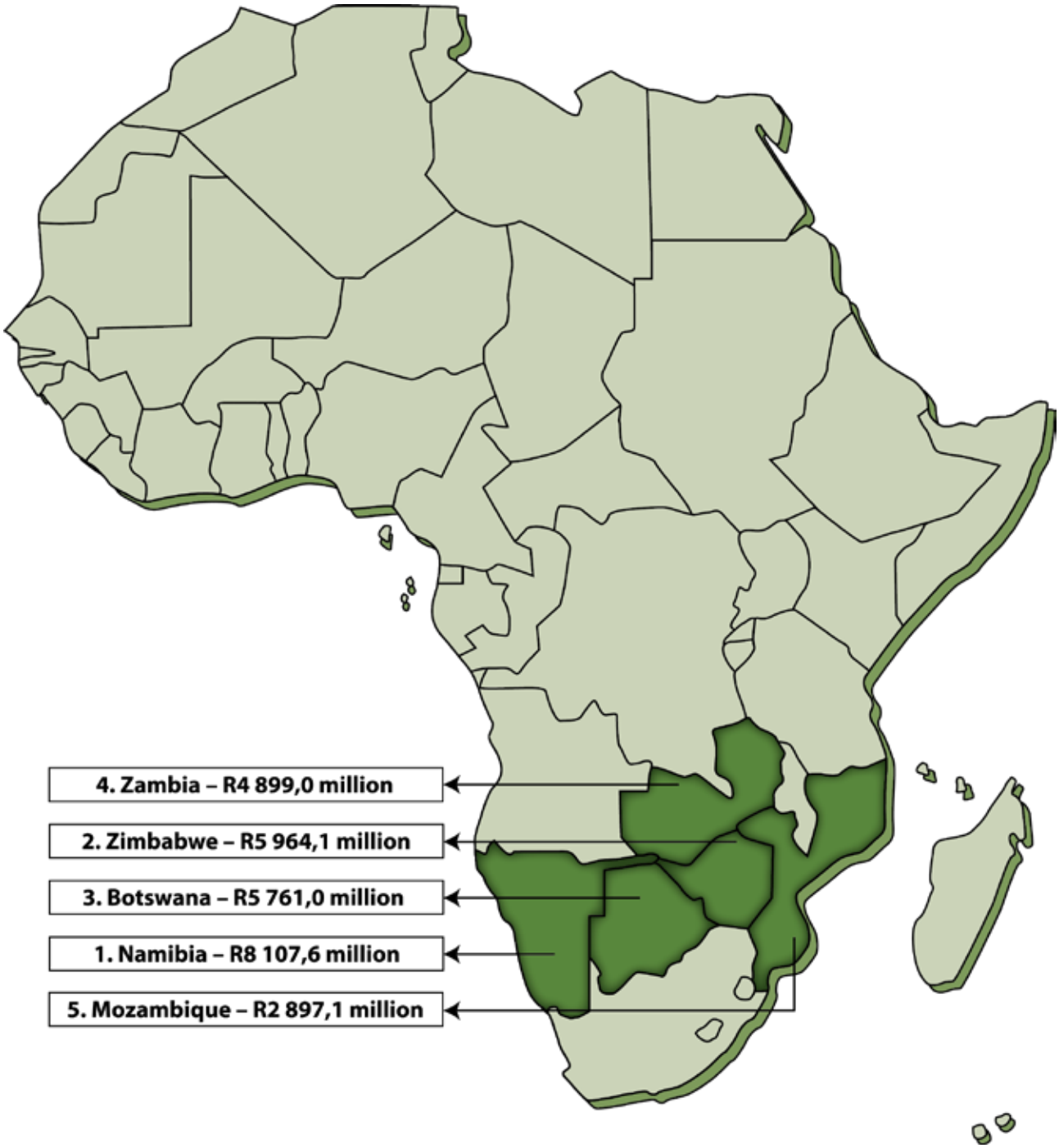
Component	2020*	2021*	2022*	2023*	2020**	2021**	2022**	2023**
Total (R million) Including BELN country data					24 052,0**	28 361,1**	30 083,5**	37 929,1**
Total (R million) Excluding BELN country data	11 843,8*	14 103,9*	15 740,0*	20 704,0*				
Air conditioners	10,8	13,4	13,4	24,7	29,0	27,4	35,2	50,6
Alarm systems	32,1	37,9	49,1	66,9	51,6	62,4	77,9	97,7
Automotive glass	13,4	15,5	18,3	26,4	89,2	78,9	84,0	106,2
Automotive tooling	128,9	178,8	225,8	255,8	211,1	295,3	392,8	405,5
Axles	39,9	70,9	91,4	95,9	66,7	101,3	129,7	140,4
Batteries	195,3	209,4	259,7	311,4	350,2	369,4	445,0	484,1
Body parts / panels	39,0	30,1	57,3	164,9	140,1	106,6	152,0	293,0
Brake parts	73,2	94,4	106,0	140,0	182,5	218,1	239,7	290,8
Car radios	2,4	1,8	8,3	14,4	19,0	18,8	20,8	22,5
Catalytic converters	103,6	105,5	109,0	186,9	145,5	152,8	163,5	254,3
Clutches / shaft couplings	50,2	60,2	75,6	60,9	135,4	152,2	176,1	160,4
Engines	307,8	345,0	475,1	448,5	429,2	429,8	559,2	612,6
Engine parts	413,1	459,7	574,6	557,5	688,4	787,2	965,3	955,5
Filters	164,2	199,9	219,6	219,6	295,1	368,7	402,7	383,8
Gaskets	89,4	113,2	116,2	116,2	127,6	154,6	164,7	167,1
Gauges / instruments / parts	278,0	327,3	351,8	422,9	380,1	457,9	495,5	586,9
Gear boxes	63,8	119,6	115,0	113,9	101,9	174,2	235,5	206,6
Ignition / starting equipment	96,1	86,6	104,7	109,0	230,1	228,3	249,6	266,6
Jacks	15,0	21,4	27,3	20,8	22,5	30,8	51,7	34,3
Lighting equipment / parts	41,6	73,7	77,0	71,7	101,5	148,2	170,3	175,0
Radiators / parts	54,3	33,6	52,3	39,3	99,8	90,7	107,4	102,3
Road wheels / parts	25,3	35,8	44,8	35,9	51,4	63,0	80,0	67,5
Seats	10,3	15,4	17,6	22,6	21,2	24,6	29,2	33,6
Seat belts	2,7	2,8	4,5	3,5	5,7	5,5	8,2	7,9
Shock absorbers / suspension parts	36,3	48,6	76,2	80,7	106,3	116,9	154,2	168,6
Silencers / exhausts	6,0	8,1	11,9	9,4	13,0	17,7	22,1	23,1
Springs	19,8	22,1	29,0	66,3	28,5	32,1	41,4	86,8
Steering wheels / columns / boxes	13,9	19,6	20,9	16,6	37,6	49,5	57,2	53,4
Stitched leather seats / parts	4,5	7,9	10,2	14,8	13,3	19,0	21,9	32,4
Transmission shafts	441,7	523,7	672,8	742,4	623,1	739,3	865,9	987,3
Tyres	445,5	541,8	661,1	702,0	1 075,4	1 179,9	1 335,7	1 454,7
Wiring harnesses	17,9	22,3	24,0	28,8	60,3	66,2	63,3	64,2
Other parts	2 907,7	3 326,0	3 886,8	4 050,3	5 444,1	6 423,2	7 124,0	7 124,6
Light vehicles	3 447,3	4 511,6	5 426,6	9 082,0	8 829,0	10 507,4	12 313,8	18 181,9
Medium / Heavy vehicles	2 252,8	2 420,3	1 726,1	2 381,1	3 846,6	4 663,2	2 648,0	3 846,9

Source: AIEC, **naamsa**, SARS

*Comparison excluding BELN (Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia) country exports

**Comparison including BELN (Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia) country exports

Top export destinations in SADC with export values – 2023 (R million)



Source: **naamsa**, SARS

US-Mexico-Canada Agreement (USMCA)

The United States-Mexico-Canada Agreement (USMCA) that came into force on 1 July 2020 is regarded as the most comprehensive and highest standard trade agreement ever negotiated. It updated, modernised, and rebalanced the North American Free Trade Agreement (NAFTA), which it replaced, to meet the challenges of the 21st-century economy. The USMCA bloc represented South Africa's third largest export region in 2023. In 2023, exports to the region amounted to R30,4 billion, or 11,2% of total automotive exports of R270,8 billion. Exports to the US, with R27,9 billion, or 91,9% of the total R30,4 billion, represented the major export destination in the region in 2023.

According to the International Organisation of Motor Vehicle Manufacturers (OICA), vehicle production in the USMCA bloc recorded a gain of 9,3%, from 14,8 million units in 2022 to 16,2 million units in 2023, with year-on-year increases of 25,9% in Canada, 14,0% in Mexico and 5,6% in the US. Vehicle production was dominated by the US, with production of 10,61 million vehicles, or 65,6% of the region's total.

New vehicle sales in the region increased by 13,4%, from 16,93 million units in 2022 to 19,19 million units in 2023 but remained 7,9% below the pre-pandemic level of 20,82 million units in 2019. In 2023, new vehicle sales reflected double-digit gains in all three markets and increased year-on-year by 24,6% in Mexico, by 12,9% in Canada and by 12,5% in the US. With EVs cemented as the lynchpin of future road transport in the EU by 2035, the US market has also gained momentum with the modernisation of its federal credit for electric vehicles, which is part of the broader Inflation Reduction Act (IRA). The IRA is estimated to contain as much as US$500 billion in available funding and tax breaks for US companies in a range of industries from EVs, EV components and renewable energy. In 2023, it was the first time that EV sales exceeded the one-million mark in the US. The following tables reveal the region's vehicle production and sales for 2022 and 2023, as well as the vehicle production and sales for the three countries for 2022 and 2023.

USMCA vehicle production and sales – 2022 to 2023

	2022	2023	% change 2023/2022
Vehicle production	14 795 419	16 166 628	+9,3%
Vehicle sales	16 927 732	19 187 705	+13,4%

Source: OICA

Vehicle production and sales – USMCA countries – 2022 to 2023

Country	Vehicle production		Vehicle sales	
	2022	2023	2022	2023
USA	10 052 958	10 611 555	14 230 324	16 009 268
Mexico	3 509 101	4 002 047	1 134 443	1 413 921
Canada	1 233 360	1 553 026	1 562 965	1 764 516

Source: OICA

The USCMA is sometimes characterised as "NAFTA 2.0", or "New NAFTA", since it largely maintains or updates the provisions of its predecessor with respect to intellectual property and digital trade. The USCMA modernised the former NAFTA by creating more balanced, reciprocal trade, supporting high-paying jobs for Americans, and growing the North American economy. A section that was changed relates

to the vehicle manufacturing industry, with greater incentives for vehicle production in the US (with quotas for Canadian and Mexican automotive production). The USMCA includes many innovative provisions designed to incentivise new US investments in the automotive sector, to promote additional purchases of US-produced automotive parts, to advance US leadership in automotive R&D, to support additional high-paying US jobs in the automotive sector, and to encourage OEMs and automotive component suppliers to locate the future production of electric and autonomous vehicles in the US.

The USMCA includes upgraded rules of origin for vehicles and automotive parts that promote the reshoring of vehicle and parts production and incentivises new investments in the US automotive sector. Under the rules of origin requirements stipulated in the USMCA, 75% of the materials used to manufacture a car will have to be produced in North America to be tax exempt, up from the 62,5% that had been required under NAFTA. Ultimately, by 2023, the agreement requires 75% of passenger car and light truck components to be manufactured in a USMCA country, without being subjected to tariffs. Decreased or eliminated tariffs reduce the costs of production and trade, which ultimately lowers retail prices for consumers and increases profits for companies.

One of the biggest hurdles in the electrification of the automotive industry has been public adoption due to the significant price tag of EV models. The US Inflation Reduction Act of 2022 (Public Law 117-169) amended the Qualified Plug-in Electric Drive Motor Vehicle Credit (IRC 30D), now known as the Clean Vehicle Credit, and added a new requirement for final assembly in North America that took effect on August 17, 2022. For new electric, fuel cell electric, and plug-in hybrid electric vehicles acquired, delivered, and placed in service after 16 August 2022, this final assembly requirement applies. The Act spells out attractive subsidies for companies investing in EV and EV component manufacture in the US, among other green technologies, and offers EV tax credits, contingent on the US production of batteries and critical minerals. Using minerals from China and Russia will disqualify vehicles from receiving the credits. The incentive has been designed to build a more localised supply chain. Over a dozen large-scale battery plants have been announced in the US, but mining project announcements are significantly lagging. Similar to semi-conductors, the increasing mineral output is a lengthy process. While it takes only 24 months to build a battery plant, it takes four to seven years to build a lithium mine. It might, therefore, take several years for the IRA policy to have a real impact on market growth.

With the Inflation Reduction Act of 2022, the US Internal Revenue Service (IRS) is issuing significant tax rebates for consumers, corporations, and government entities who move into battery-powered vehicles, incentivising more consumers to trade their ICE vehicle in for a BEV over the next decade. This new tax credit could help to drive EV prices down, increase EV adoption, and give OEMs the demand they need to transition to a BEV-heavy vehicle line-up, but that is only if they can quickly regionalise their supply chains to meet the new "manufactured in North America" clause. Individual consumers who buy a new qualifying EV from 2022 until 2032 can receive a tax credit of up to US$7 500. Commercial entities and government agencies can also cash in on the incentive, receiving a tax break of up to 30% of the vehicle sale price or US$40 000. This will entice many businesses and government organisations to upgrade their fleet to new, battery-powered vehicles. Finally, specific organisations, such as public schools and local transportation services, could receive a tax rebate equalling 100% of the vehicle cost. These credits, however, come with specific stipulations, such as that a certain percentage of the vehicle's battery components must be manufactured in North America, and it must meet the relevant battery mineral sourcing requirements.

The IRA Act is seen as the biggest overhaul of US automotive policy in a generation. If all goes according to plan, it will transform what Americans drive on the streets, and create economic injections for the states that manufacture those new vehicles and components. President Joe Biden has set a goal of making half of the nation's new sales zero-emission by 2030. As the energy transition gathers pace and is further developed, the market for critical minerals used in EVs and other green technology means that an overhaul of US economic policy towards Africa is imperative. Sub-Saharan Africa and southern Africa are endowed with enormous and rich mineral resources required in the manufacture of lithium battery technology. The

African Growth and Opportunity Act (AGOA) has served as the bedrock of trade relations between the US and sub-Saharan Africa, specifically in the support of regional integration and the stimulation of regional value chains. Trade is fostered when economies are diversified and will increase when more manufacturing takes place across Africa. AGOA has assisted the US to secure access to critical minerals, product value chains and investment opportunities; to provide US consumers with cheaper products; and to enable the US to contribute to African economic development as part of building a more inclusive global economy.

In Africa, those countries that qualify for the General System of Preferences (GSP) are also eligible for additional preferences under the African Growth and Opportunity Act (AGOA). AGOA, in combination with the GSP, allows duty-free, quota-free access to the US market for 6 500 tariff lines to African country participants, including the 3 500 products suitable for duty-free treatments from GSP beneficiaries and the additional 1 500 products eligible for Least Developed Countries. Notably, newly added "AGOA products" include items such as motor vehicles and selected automotive components. This increases the competitiveness of these goods in the US market, supporting the development of exports from Africa to the US, and providing an incentive for US businesses to source products from Africa.

In 2023, South Africa and 34 of the 49 sub-Saharan African countries were designated as eligible countries in terms of the Act. The objectives of AGOA include the expansion and deepening of the trade and investment relationship with sub-Saharan Africa to encourage economic growth and development, as well as regional integration, and to help facilitate the integration of sub-Saharan Africa into the global economy. The effective commencement date of the duty-free access provisions in terms of AGOA was 1 January 2001 to last until 30 September 2008, which was subsequently extended until 30 September 2015. In 2015, the programme was extended for a further 10 years to 2025 under the Trade Preferences Extension Act of 2015 that contained the AGOA Extension and Enhancement Act.

In view of the expiry of AGOA in September 2025, African countries seek the renewal of AGOA as a key means to promote African industrialisation and market access to the US. The US has reached preliminary agreement with African nations to extend their preferential trade access by another decade, pending approval by Congress. A longer term AGOA will provide predictability to the more than 450 000 American workers, 150 000 from American exports and 300 000 tied to US imports, whose jobs are linked to US-African trade. One of the motivations by African countries when arguing for a 10-year extension of AGOA as opposed to shorter cycles of renewal, is that it would give greater certainty to both domestic and American investors that they would be able to generate a return on their investment in that period, and also invest in sectors that require longer lead times in terms of market access. It should also be noted that the world and Africa are very different from when AGOA was first created. The South African government sought to conclude the renewal of the deal early in 2024, also indicating that the Accord's current iteration needs modernisation and stronger implementation.

AGOA's renewal will maximise the potential of the region benefiting from newly occurring shifts in regional and global supply chains. The AfCFTA, AGOA, and industrialisation all go hand in hand, but the challenge is finding the right configuration to make them mutually beneficial. The extension and long-term renewal of AGOA supports economic integration under AfCFTA, one of America's top strategic goals in Africa. It is widely recognised that the removal of barriers and harmonisation of trading rules would not only facilitate greater intra-African trade but would also offer a timely opportunity for the US to enhance its role in Africa's regional and global value chains. US companies, in particular, are looking to Africa to take advantage of its abundant supply of natural resources and large and youthful labour pool while building more resilient supply chains, especially on the green technology side. In this context, continued access to the US market under AGOA is more important than ever, and would also create increased imports from the US, hence building a major economic partnership between the US and sub-Saharan Africa. An early extension of AGOA will offer precisely the kind of market-friendly access that African companies and governments need at exactly the right time as the AfCFTA is beginning to take off to realise the potential of increased manufacturing and value chains in Africa.

As far as automotive trade between South African and the US is concerned, the US has consistently featured as one of the domestic automotive industry's top trading partners since the inception of the AGOA in 2001. In fact, the domestic automotive industry has been the major beneficiary of AGOA from a South African perspective. Since 2001, South African trade with the US has significantly increased. The duty rates in the US range from 2,5% on passenger cars to 25% relating to commercial vehicles. The rule of origin requirement is that 35% of the value added on the output should come from production activities in the country claiming AGOA preference. The 35% value-added can be met by including the production of raw materials from other AGOA beneficiaries.

Substantial two-way automotive trade has taken place between South Africa and the US since the inception of AGOA. South African automotive exports to the US increased by 497,4% between 2001 and 2023, while automotive imports from the US increased by 1 083,2%, proportionally much more than exports over the same period. AGOA's mutual benefits include enabling exports, encouraging investment in the region, enhancing private sector activity and economic growth, and ultimately, generating demand for US goods and services as the region's economies develop. US business interests are well represented in South Africa, with most of the leading multinational corporations actively participating in the South African economy. South Africa's continued eligibility in terms of AGOA is crucial, since it does support the continued growth and development of the automotive industry in South Africa and Africa. South Africa also provides the US with 25% of all its imports of nine critical minerals, including manganese and platinum. Therefore, AGOA is not only a one-way economic relationship where African countries, including South Africa, can access the US market, but also one where the US is able to rely on for its sourcing requirements.

The following table reveals that in 2023, exports to the USMCA bloc, at R30,4 billion, increased by R4,65 billion, or 18,1%, compared to the R25,8 billion exported in 2022, while in US Dollar terms, the increase was at 4,7% year-on-year in 2023, reflecting Dollar strength against emerging market currencies in 2023. The improved performance could be attributed to an increase in the export value of high-end models to the region in 2023, although the same models by BMW and Mercedes-Benz are being manufactured in both countries and are therefore no longer exported in large volumes from South Africa to the US.

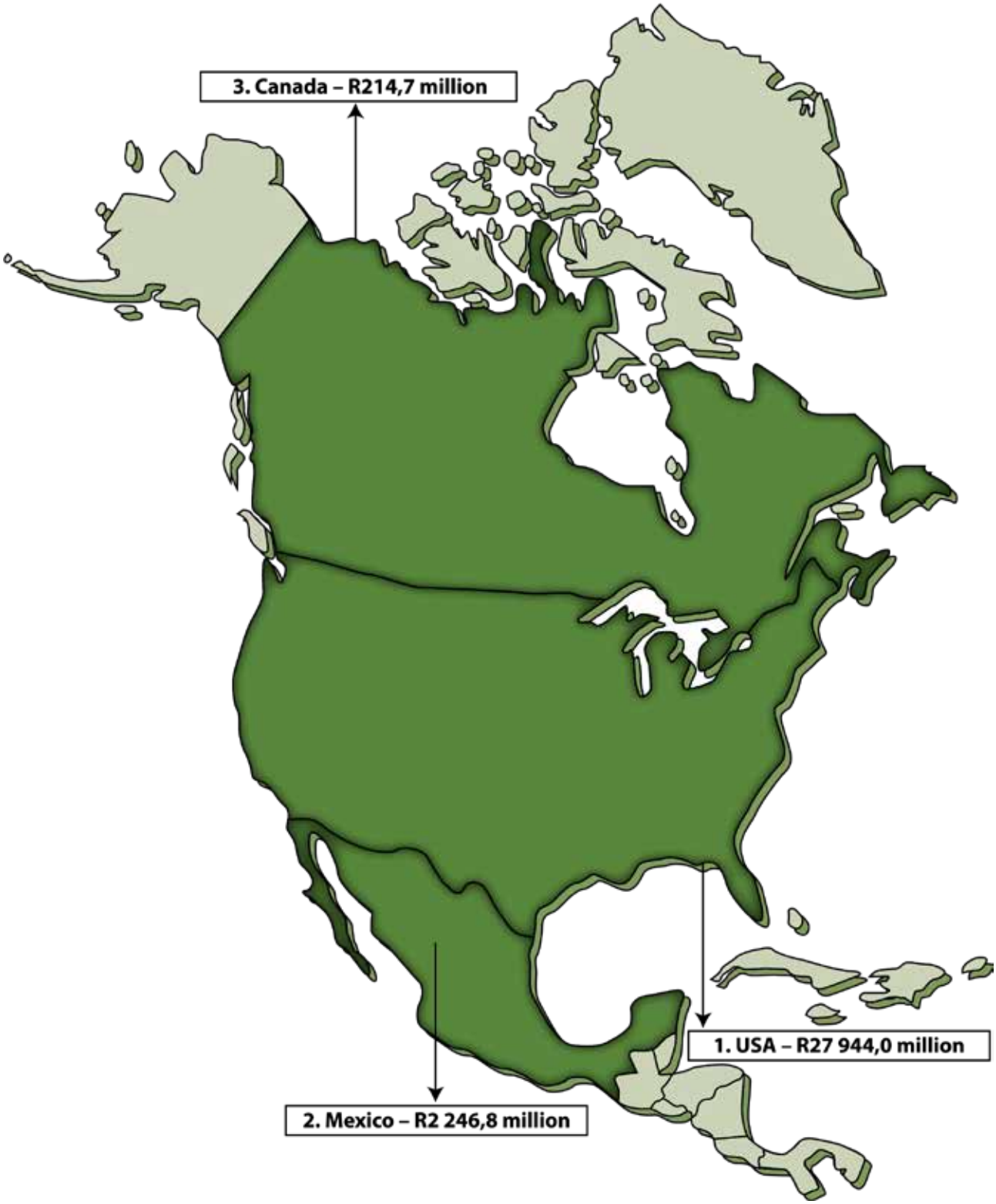
Substantial two-way automotive trade has taken place between South Africa and the US since the inception of AGOA.

Exports to USMCA by product category – 2019 to 2023

Component	2019	2020	2021	2022	2023
Total (R million)	**12 118,9**	**16 627,1**	**20 317,3**	**25 751,6**	**30 405,3**
Total (average US$ million)	**838,7**	**1 010,2**	**1 374,6**	**1 574,5**	**1 648,0**
Air conditioners	2,0	1,8	0,5	0,2	0,4
Alarm systems	4,7	1,9	1,7	4,0	1,9
Automotive glass	1,3	1,3	0,7	0,7	0,4
Automotive tooling	188,5	122,5	138,9	125,7	290,9
Axles	4,9	24,2	49,3	70,5	153,0
Batteries	0,1	0,1	0,1	0,1	1,0
Body parts / panels	8,5	3,9	1,1	12,3	1,7
Brake parts	7,8	0,7	1,6	5,7	13,0
Car radios	0,3	0,2	-	0,1	-
Catalytic converters	2 769,9	3 852,0	4 440,7	5 391,7	4 151,3
Clutches / shaft couplings	24,3	43,0	45,9	62,2	32,0
Engines	28,3	23,0	5,1	16,0	116,3
Engine parts	1 159,1	876,9	1 120,4	1 278,1	1 364,1
Filters	9,0	13,2	18,9	21,0	8,1
Gaskets	8,3	8,3	8,7	7,5	12,3
Gauges / instruments / parts	28,0	15,3	11,3	28,7	15,1
Gear boxes	56,0	36,4	54,8	59,8	89,5
Ignition / starting equipment	3,3	3,3	4,9	2,6	3,7
Jacks	0,6	0,3	0,4	2,3	0,6
Lighting equipment / parts	1,7	4,0	2,9	2,4	34,1
Radiators / parts	359,4	248,5	270,5	413,3	323,5
Road wheels / parts	11,2	1,6	1,7	8,0	1,2
Seats	3,5	21,1	0,6	0,6	0,7
Seat belts	0,1	0,1	-	0,5	0,1
Shock absorbers / suspension parts	18,7	53,0	6,9	5,2	5,8
Silencers / exhausts	84,1	91,9	124,0	141,3	194,8
Springs	0,6	0,4	0,8	10,7	2,9
Steering wheels / columns / boxes	10,2	1,7	1,3	0,1	14,2
Stitched leather seats / parts	13,3	20,5	14,5	5,2	2,3
Transmission shafts	56,2	27,8	33,0	39,7	100,4
Tyres	164,2	297,5	387,5	714,7	676,4
Wiring harnesses	18,9	9,1	5,5	2,5	10,1
Other parts	535,7	571,0	829,1	947,5	896,2
Light vehicles	6 535,0	10 250,0	12 731,6	16 370,0	21 882,4
Medium / Heavy vehicles	1,2	0,6	2,4	0,7	4,9

Source: AIEC, **naamsa**, SARS

Top export destinations in USMCA with export values – 2023 (R million)



Source: **naamsa**, SARS

Mercosur (Mercado Común del Sur - Common Market of South America)

Mercosur is an economic and political bloc comprising Argentina, Brazil, Paraguay, Uruguay and Venezuela, with Bolivia, Chile, Colombia, Ecuador, Guyana, Peru, and Suriname as associate members. The associate members receive tariff reductions but do not enjoy full voting rights or complete access to the markets of Mercosur's full members. Total automotive exports to Mercosur remained relatively small in the context of South Africa's overall automotive trade regime, and amounted to R2,92 billion, or 1,1% of total South African automotive exports of R270,8 billion in 2023. As the major automotive market in the region, exports to Brazil comprised R1,97 billion, or 67,3% of the total R2,92 billion export value in 2023.

According to the International Organisation of Motor Vehicle Manufacturers (OICA), vehicle production in Mercosur only marginally increased by 0,4%, from 2,96 million units in 2022 to 2,97 million units in 2023. Brazil, dominating production in the region, recorded a year-on-year decrease of 1,9% in vehicle production, as exports decreased by double-digits to Argentina, its major export market. Argentina recorded a sound increase of 13,8%, contributing to the positive vehicle production performance in the region.

New vehicle sales in the Mercosur region reflected a year-on-year increase of 2,8% from 3,9 million units in 2022 to 4,1 million units in 2023. Brazil, the major market in the region, reflected a year-on-year increase of 9,7% in 2023, assisted by a temporary government programme launched in June 2023 to lower vehicles prices through tax benefits. The following table reveals Mercosur's vehicle production and sales for 2022 and 2023, as well as the vehicle production and sales for the top two Mercosur countries.

Mercosur vehicle production and sales – 2022 to 2023

	2022	2023	% change 2023/2022
Vehicle production	2 958 117	2 970 263	+0,4%
Vehicle sales	3 949 128	4 059 591	+2,8%

Source: OICA

Vehicle production and sales – top Mercosur countries – 2022 to 2023

Country	Vehicle production			Vehicle sales
	2022	2023	2022	2023
Brazil	2 369 769	2 324 838	2 104 461	2 308 689
Argentina	536 893	610 725	395 562	439 173

Source: OICA

The Preferential Trade Agreement (PTA) between Mercosur and SACU entered into force on 1 April 2016 and covers in the order of 1 000 tariff lines, offering preferential margins of between 10% and 100% on these tariff lines. The PTA was initially concluded in 2004, and it was updated and signed in 2008. The PTA was the first trade agreement concluded by SACU as a single entity. This agreement was also the first with another developing region, giving meaning to the objectives of South-South cooperation. The PTA creates a basis for further integration and cooperation, including possible further exchanges of tariff preferences, and

possible cooperation in other areas. Automotive products are currently excluded from the arrangement on both parties' sides.

One of the latest acts of the Brazilian Administration in 2023 was the creation of a R$19 billion (Brazilian Real) tax incentive programme in the form of the Green Mobility and Innovation Program or "Mover" of 30 December 2023, to replace the Rota 2030. The Mover Program expands the requirements for the sustainable low-carbon development of the automotive fleet and stimulates the production of new technologies in the areas of mobility and logistics, based on the principles defined under the prior Rota 2030 Program. A waiver with incentives for companies that invest in decarbonisation and meet the program's mandatory requirements must be converted into financial credits by 2028. The R$19 billion tax waiver will be divided as follows:

- 2024 –R$3,5 billion
- 2025 – R$3,8 billion
- 2026 – R$3,9 billion
- 2027 – R$4,0 billion
- 2028 – R$4,1 billion

The Mover Program expands the sustainability requirements of the automotive fleet and includes benefits for the mobility and logistics sector as a whole. It also expands incentives for the production of less polluting vehicles, such as electric, hybrid and other alternative forms of low-carbon propulsion. The Mover has established mandatory requirements for the sale of new vehicles produced in the country and for the importation of vehicles. It has also developed a system of incentives for carrying out R&D activities for the mobility and logistics industries, a system for non-produced local automotive parts, and for the Brazilian National Industrial and Technological Development Fund (FNDIT) to be set up and managed by the Brazilian Development Bank (BNDES), under the coordination of the Ministry of Industry, Foreign Trade and Services (MDIC).

Among the new features is the measurement of carbon emissions "from well-to-wheel" by considering emissions throughout the cycle of the energy source used. Another innovation is that, as of 2027, the complete carbon footprint of vehicles sold in Brazil will be measured in a classification known as "cradle-to-grave". As a way of ensuring a "green taxation", a system of rewarding or penalising was instituted to facilitate the collection of IPI (Brazilian Tax on Industrial Products), based on indicators that take into account the source of energy for propulsion, energy consumption, engine power, recyclability, structural performance, and assistive technologies for driving. The rates will be defined by presidential decree in the coming months.

In order for companies to meet the Program's mandatory requirements, Mover will grant tax incentives in proportion to investments in R&D. This means that companies will have to spend between 0,3% and 0,6% of their revenue and each Real invested will entitle them to financial credits of between R$0,50 and R$3,20. These credits can be used to deduct any taxes administered by the Brazilian Internal Revenue Service. Mover also aims to attract industrial plants from other countries to Brazil. These companies will receive a financial credit equivalent to the import tax levied on the transfer of production cells and equipment, as well as IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Profits) rebates for the export of products and systems made in Brazil.

The import tax on the import of parts and components which are not locally produced may be reduced, provided that manufacturers invest 2% of the total imported revenue in research, development, and innovation projects in "priority programs" in the supply chain. The Mover Program is part of the neo-industrialisation policy, and it aims to contribute to technological development, global competitiveness,

integration into global value chains, decarbonisation, and alignment with a low-carbon economy in the productive and innovative ecosystem of cars, trucks, and their road equipment, buses, chassis with engines, self-propelled machinery, and automotive parts.

The decline in automotive exports to Mercosur over recent years could be attributed to the sharp decline of exports to Brazil, related to the country's previous Inovar-Auto Program, with its objective of reducing automotive imports into the country. The Inovar-Auto Program that ran from 2013 to 2017 added a 30% tax to industrial products, except those built in Mexico or the Mercosur countries. Moreover, the increase was in addition to a 35% import duty applicable to vehicles. Despite being criticised by the WTO for the unfair advantage being given to domestic OEMs, Inovar-Auto did manage to enhance investments, production, and thereby, sales in the country.

The Rota (Route) 2030 – Mobility and Logistics replaced the Inovar-Auto Program and was implemented as the Brazilian automotive industrial policy to run from 2018 through to 2032. Similar to the previous policy, Rota 2030 was based on tax incentives, however, the main scope was to encourage R&D projects throughout the entire automotive supply chain. Thus, the programme was extended to the sectors of automotive parts and strategic systems for the production of vehicles, and not restricted to OEMs only. The programme aimed to support technological development, competitiveness, innovation, vehicle safety, environmental protection, energy efficiency, and the quality of cars, trucks, buses, chassis with engines, and automotive parts. Advantages included tax breaks of 2% for vehicles that fulfil more than the minimum requirements requested by the programme, import tax exemption for products with no equivalent domestic production or capacity, and a reduction on the amount of R&D spent.

The Rota 2030 policy was divided into three phases, being phase I (2018-2022), phase II (2023-2027) and phase III (2028-2032). Under the programme, manufacturers would have to meet new energy efficiency and safety standards or would be fined if they did not. The aim of the scheme was to provide Brazil's consumers with safer and more fuel-efficient vehicles, while simultaneously making the country's automotive industry more competitive.

The following table reveals that automotive exports to Mercosur consisted of a limited range of products. Automotive exports to the region decreased from R3,56 billion in 2022 to R2,93 billion in 2023.

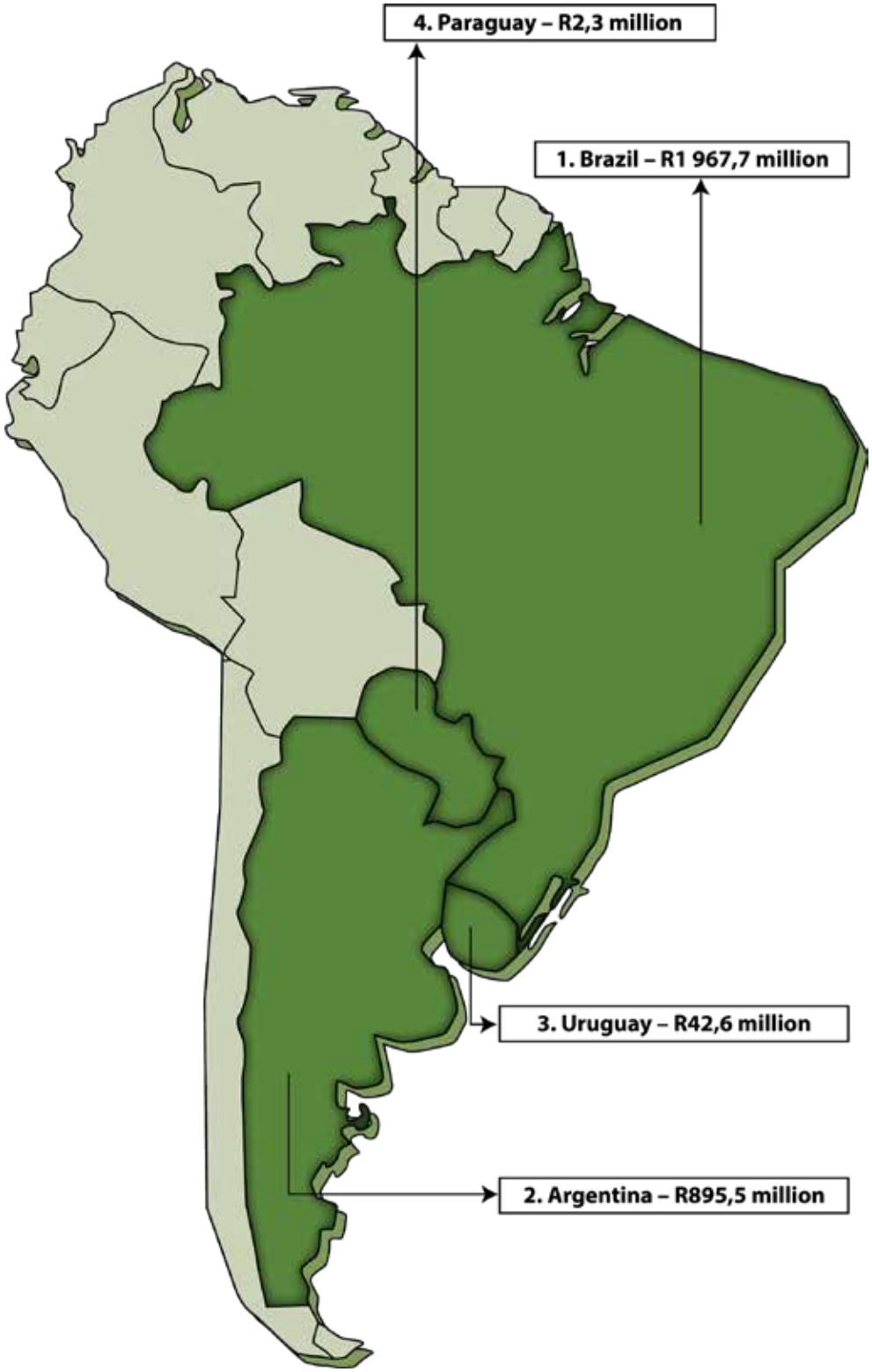
Automotive exports to Mercosur consisted of a limited range of products.

Exports to Mercosur by product category – 2019 to 2023

Component	2019	2020	2021	2022	2023
Total (R million)	**1 318,9**	**1 264,8**	**2 146,5**	**3 564,2**	**2 922,6**
Alarm systems	0,8	0,5	0,5	1,4	-
Automotive glass	-	-	-	0,1	-
Automotive tooling	31,4	26,2	33,2	36,7	34,3
Batteries	-	-	0,3	0,5	0,1
Axles	1,0	1,1	0,4	0,4	0,9
Body parts / panels	0,3	0,8	0,7	0,6	1,2
Brake parts	0,2	-	0,1	0,1	0,1
Catalytic converters	257,6	328,1	917,7	1 538,8	1 733,8
Clutches / shaft couplings	8,7	5,9	8,1	13,6	14,9
Engines	-	0,1	-	0,9	0,3
Engine parts	315,6	291,3	350,8	331,9	45,5
Filters	2,2	1,0	0,8	1,0	0,7
Gaskets	0,4	0,5	0,2	0,5	1,3
Gauges / instruments / parts	13,7	1,4	1,6	1,0	7,5
Gear boxes	0,1	2,0	0,3	2,4	-
Ignition / starting equipment	0,1	0,8	0,2	0,3	0,1
Lighting equipment / parts	0,1	-	-	0,1	0,4
Radiators / parts	63,6	45,4	61,6	81,7	47,4
Road wheels / parts	69,5	73,8	113,6	127,2	85,5
Shock absorbers / suspension parts	0,4	-	0,1	0,1	2,0
Silencers / exhausts	6,7	8,5	18,4	15,2	8,4
Springs	-	-	0,1	0,2	0,9
Steering wheels / columns / boxes	-	0,5	0,1	0,1	0,1
Stitched leather seats / parts	1,3	0,6	7,7	99,1	153,6
Transmission shafts	85,7	48,9	51,2	57,8	17,8
Tyres	17,1	2,6	7,9	74,3	16,7
Wiring harnesses	0,4	0,6	0,2	0,3	0,8
Other parts	323,8	307,0	523,3	612,8	236,7
Light vehicles	115,7	117,2	46,6	564,9	511,6
Medium / Heavy vehicles	2,5	-	0,8	0,2	-

Source: AIEC, **naamsa**, SARS

Top export destinations in Mercosur with export values – 2023 (R million)



Source: **naamsa**, SARS

EXPORTS TO COUNTRIES

In a year in which the world expected to finally move ahead from the ongoing COVID-19 after-effects, further pressures of technology, inflation, climate change, and increasingly polarised geopolitical tensions, among a multitude of other factors, impacted growth. Business and consumer confidence remained fragile, as megatrends, including the climate transition and technological disruption, converged. However, while most developed and emerging economies were expected to perform weaker in 2023 than the 2015 to 2019 period, there were some outliers, such as Japan, and some emerging economies, including Brazil and Mexico.

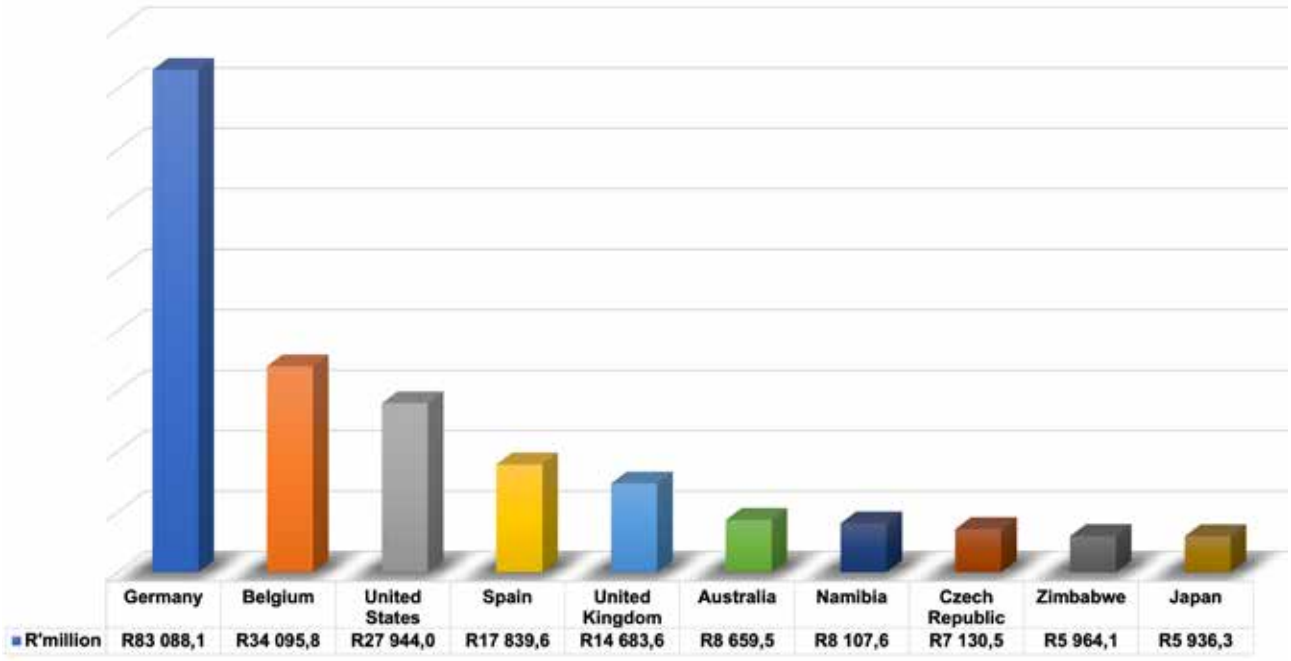
As far as 2024 is concerned, the economic growth outlook remains subdued and uncertain, and many developed and emerging economies are also expected to tighten fiscal policy over the course of the year, which could lead to more muted growth in 2025. Inflation will continue to gradually ease, which means for central banks to pivot from the middle to the end of 2024 with interest rate cuts that are likely to be gradual.

Furthermore, 2024 is also a super-election year, where as much as 50% of the world's population and economies, accounting for 60% of global GDP, are heading to the polls, including in Ghana, India, Mauritius, Russia, Senegal, South Africa, the UK and the US. The risk of further upheavals, depending on certain outcomes, coupled with general economic uncertainty and the high cost of living could result in the occurrence of social unrest and turbulent economic ups and downs. South African businesses need to remain agile and adaptable in the face of a rapidly changing global landscape. By proactively addressing potential challenges, such as shifts in trade policy, increased protectionism and the impacts of climate change, companies can better position themselves for success in the evolving international market.

As an export-oriented industry, it is essential for the domestic automotive industry to continue diversifying risk by pursuing wider geographical exposure to mitigate the impact of country or regional cyclical economic conditions. The reach with respect to the number of destinations of vehicles and automotive component exports from South Africa remains high. The focus of the domestic automotive industry is to build on existing exports and to escalate the importance of exploring and exploiting new export opportunities. In 2023, the top export destinations for domestically manufactured vehicles and automotive components remained the markets in the Eurozone, Africa and the US.

In 2023, the top export destinations for domestically manufactured vehicles and automotive components remained the markets in the Eurozone, Africa and the US.

South African automotive industry's top export destinations – 2023 (R million)



Source: **naamsa**, SARS

The following table reveals that export destinations for values in excess of R1 million comprised 148 countries in 2023, down from 152 countries in 2022, with 28 countries recording export values in excess of R1 billion, and 60 countries recording export values in excess of R100 million. Diversification into new emerging markets is a continuing trend that underlines the automotive industry's competitiveness drive and the continuous widening of the country's traditional trading base. The latter is highlighted by new export destinations being added to the industry's export list of countries every year, as well as the specific destinations to which the export values more than double on a year-on-year basis. From 2022 to 2023, the total export values more than doubled in the case of 29 countries, which include: Australia, Saudi Arabia, New Zealand, Honduras, Papua New Guinea, Haiti, Israel, Trinidad & Tobago, Congo, Belize, French Guiana, Russia, Slovak Republic, Mongolia, Ecuador, Latvia, Eritrea, Libya, Venezuela, Sudan, Luxembourg, Bahamas, Dominica, Lebanon, Croatia, Guinea-Bissau, Bosnia and Herzegovina, Comoros and Chad.

Export destinations for values in excess of R1 million comprised 148 countries in 2023.

Total automotive export value and ranking by country – 2022 to 2023

Country	2022 R million	2022 Ranking	2023 R million	2023 Ranking
Germany	71 523,5	1	83 088,1	1
Belgium	23 039,2	3	34 095,8	2
USA	24 123,7	2	27 944,0	3
Spain	10 810,1	5	17 839,6	4
UK	14 214,7	4	14 683,6	5
Australia*	4 216,7	11	8 659,5	6
Namibia	7 042,4	8	8 107,6	7
Czech Republic	7 487,4	7	7 130,5	8
Zimbabwe	4 665,6	9	5 964,1	9
Japan	9 058,2	6	5 936,3	10
Botswana	4 549,1	10	5 761,0	11
Zambia	3 923,2	12	4 899,0	12
Mozambique	2 394,0	15	2 897,1	13
South Korea	2 664,0	13	2 851,3	14
Netherlands	1 594,0	21	2 321,4	15
Democratic Republic of Congo	1 821,1	19	2 285,2	16
Mexico	1 356,2	23	2 246,8	17
Thailand	2 555,5	14	2 243,5	18
Saudi Arabia*	985,0	28	1 968,3	19
Brazil	1 937,6	17	1 967,7	20
eSwatini (formerly Swaziland)	1 621,4	20	1 919,7	21
France	1 843,8	18	1 846,0	22
Taiwan	2 031,5	16	1 844,0	23
United Arab Emirates	1 228,0	25	1 622,8	24
Tanzania	888,3	29	1 611,0	25
Kenya	1 318,4	24	1 468,9	26
Lesotho	1 134,7	27	1 439,2	27
Turkey	1 197,7	26	1 095,5	28
28 COUNTRIES ABOVE R1 BILLION				
Ghana	805,9	31	980,9	29
Malawi	527,8	35	902,1	30
Argentina	1 479,9	22	895,5	31
Madagascar	484,0	36	767,9	32
New Zealand*	233,8	48	653,0	33
Mauritius	402,7	38	643,9	34
Angola	579,2	33	637,8	35
China	350,9	43	608,3	36
Singapore	808,9	30	430,1	37
Ivory Coast	358,6	41	369,9	38
Nigeria	367,8	40	367,4	39

India	553,1	34	319,1	40
Uganda	232,0	49	306,6	41
Senegal	213,7	50	267,7	42
Honduras*	106,2	69	244,7	43
Canada	274,0	46	214,7	44
Guatemala	114,1	66	199,3	45
Cape Verde Islands	159,7	56	194,5	46
Panama	195,8	53	186,5	47
Papua New Guinea*	76,4	79	186,3	48
Sierra Leone	133,0	62	162,3	49
Austria	207,7	51	141,7	50
Reunion	83,5	76	140,8	51
Qatar	137,0	59	127,0	52
Kuwait	358,5	42	123,6	53
Hungary	589,7	32	121,4	54
Poland	322,1	44	120,7	55
Haiti*	26,5	107	116,5	56
Israel*	25,1	109	115,5	57
Hong Kong, China	383,8	39	109,9	58
Chile	88,0	74	103,7	59
Guadeloupe	62,8	84	102,1	60
60 COUNTRIES ABOVE R100 MILLION				
Trinidad & Tobago*	39,2	96	92,7	61
Congo*	15,1	117	89,8	62
Portugal	204,6	52	87,1	63
Morocco	98,7	72	86,2	64
Malaysia	425,3	37	85,4	65
Suriname	72,7	80	84,4	66
Italy	282,6	45	82,4	67
Kazakhstan	42,5	94	81,1	68
Mali	187,0	54	77,3	69
Romania	134,5	60	69,0	70
Belize*	6,3	132	68,2	71
Jamaica	80,6	78	67,1	72
Guinea	43,0	92	66,8	73
Indonesia	50,7	89	65,4	74
Gabon	114,8	64	62,3	75
Burkina Faso	42,8	93	62,1	76
Cameroon	71,6	81	61,4	77
Egypt	125,6	63	60,3	78
Seychelles	55,2	87	59,8	79
French Guiana*	26,3	108	56,0	80
Russia*	17,3	114	51,9	81
Philippines	67,5	83	43,2	82

Uruguay	47,0	91	42,6	83
Djibouti	29,6	102	42,4	84
Togo	27,1	105	41,3	85
Slovak Republic*	16,7	115	39,4	86
Oman	99,3	71	37,7	87
Sweden	108,2	67	37,4	88
Rwanda	27,8	103	35,5	89
Mauritania	41,0	95	34,2	90
Ethiopia	69,0	82	31,3	91
Mongolia*	3,1	144	31,3	92
Costa Rica	103,0	70	30,9	93
Ecuador*	14,6	118	30,1	94
Jordan	49,5	90	29,2	95
Peru	23,2	110	26,3	96
Dominican Republic	94,2	73	26,1	97
Algeria	87,9	75	24,9	98
Slovenia	83,4	77	23,6	99
Liberia	22,5	111	22,8	100
Guyana	21,8	112	21,9	101
Latvia*	7,3	130	21,6	102
Nicaragua	35,1	98	20,8	103
Gambia	11,3	121	18,2	104
Antigua	27,6	104	16,4	105
Pakistan	12,1	120	16,0	106
Eritrea*	5,2	137	16,0	107
Libya*	0,1	-	15,0	108
Venezuela*	1,3	151	14,5	109
Greece	171,8	55	13,5	110
Sudan*	0,4	-	12,6	111
Benin	36,8	97	12,0	112
Denmark	59,6	86	11,8	113
Luxembourg*	3,4	142	11,5	114
Tunisia	60,6	85	10,5	115
Burundi	7,0	131	10,4	116
Ireland	133,5	61	10,2	117
Norway	242,4	47	10,1	118
Bahamas*	4,3	139	9,9	119
Sri Lanka	5,3	136	9,8	120
Netherlands Antilles	26,9	106	9,8	121
Lithuania	7,9	128	9,6	122
Bahrain	6,1	133	8,4	123
Antarctica	8,5	125	8,4	124
Somalia	7,8	129	8,4	125
Dominica*	2,9	145	7,5	126

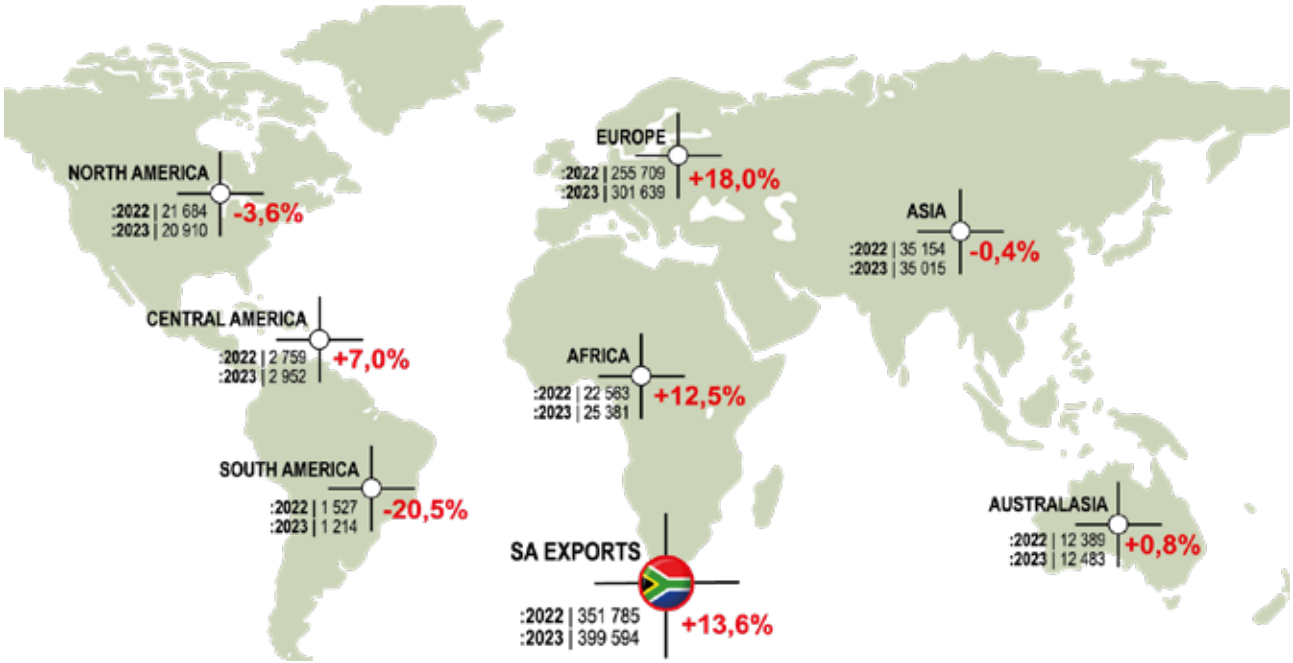
Georgia	32,6	99	7,4	127
Aruba	9,8	123	7,1	128
Lebanon*	0,9	-	7,1	129
Croatia*	0,1	-	7,0	130
Vietnam Republic	12,2	119	6,8	131
Grenada	5,8	135	6,8	132
Guinea-Bissau*	-	-	6,1	133
Finland	151,7	58	6,1	134
Colombia	6,1	134	5,9	135
Bosnia and Herzegovina*	0,1	-	5,3	136
Switzerland	157,7	57	5,2	137
Iraq	3,8	140	3,8	138
Niger	3,3	143	3,6	139
St Helena	1,6	148	2,7	140
Paraguay	10,8	122	2,3	141
Estonia	114,2	65	1,9	142
Cyprus	16,5	116	1,6	143
Comoros*	0,1	-	1,4	144
Bolivia	53,1	88	1,3	145
St Lucia	8,1	127	1,1	146
Chad*	0,2	-	1,1	147
Moldova	1,5	149	1,0	148
148 COUNTRIES ABOVE R1 MILLION				

Source: AIEC, **naamsa**, SARS
*Countries with export values more than doubling year-on-year

naamsa
THE AUTOMOTIVE BUSINESS COUNCIL

Celebrating 100 Years of the
South African Automotive Industry

EXPORTS OF VEHICLES



Source: **naamsa**/Lightstone Auto

Vehicle exports, a crucial element of the domestic OEMs' financial viability and sustainability, remained resoundingly positive, and continued their upward momentum in 2023. Vehicle exports at an all-time high of 399 594 units in 2023 reflected a sound increase of 47 809 vehicles or a gain of 13,6% compared to the 351 785 vehicles exported in 2022, exceeding the previous record of 387 092 units in 2019. A total of 399 594 left- and right-hand drive vehicles were exported to 109 countries around the world in 2023.

Passenger car exports comprised 258 266 units, or 64,6% of the total; light commercial vehicle exports comprised 140 529 units, or 35,2% of the total; and medium and heavy commercial vehicle and bus exports comprised 799 units, or 0,2% of the total. Four of the seven OEMs exported more than 50% of their vehicle production. Exports remain key to generate sufficient economies of scale, and to achieve improved international competitiveness.

South African OEMs manufacture a broad range of vehicles, including passenger cars, light commercial vehicles, medium commercial vehicles, heavy commercial vehicles, extra-heavy commercial vehicles and buses.

Passenger car models manufactured in South Africa in 2023 include the following:

BMW	X3
Ford	Everest
Mercedes-Benz	C-Class 4-Door
Toyota	Corolla 4-door previous series (designated Quest), Cross and Fortuner
Volkswagen	Polo, new and previous series (designated Vivo)

Light commercial vehicle models manufactured in South Africa in 2023 include the following:

Ford	Ranger
Isuzu Motors	D-Max
Nissan	Navara and NP200
Toyota	Hilux, HiAce and Quantum
Volkswagen	Amarok

Despite slowing global growth owing to ongoing and new geo-political tensions, supply chain disruptions, inflationary pressures and multi-year high interest rates in major export markets, the launch of new models by major domestic vehicle exporters supported vehicle exports in 2023. The following table reveals the top 10 vehicle export destinations from 2019 to 2023 for passenger cars and LCVs. In terms of number of units exported in 2023, Germany surpassed the UK, which dominated the rankings for nine consecutive years since 2014, to move into top position followed by Japan, Italy and France. VWSA, with its Polo model, maintained its top position for the fifth consecutive year in 2023.

Top 10 destinations for light vehicles (passenger cars and light commercial vehicles) exported – 2019 to 2023

Country	2019	2020	2021	2022	2023
Total (R billion)	**143,4**	**117,0**	**133,2**	**154,3**	**200,0**
Ranking of exporters **Number 1 to 5**	**VW** **MBSA** **BMW** **Ford** **Toyota**	**VW** **MBSA** **BMW** **Ford** **Toyota**	**VW** **Ford** **Toyota** **BMW** **MBSA**	**VW** **MBSA** **Ford** **BMW** **Toyota**	**VW** **MBSA** **Toyota** **BMW** **Ford**
Germany	37 152	25 736	42 671	67 399	85 776
UK	101 401	67 798	60 260	67 884	80 550
Japan	33 435	23 645	15 765	23 750	23 207
Italy	14 624	10 546	18 295	18 914	23 185
France	25 629	13 956	22 130	23 772	21 223
USA	12 437	8 584	6 821	20 566	19 590
Spain	11 217	7 345	10 876	9 588	14 899
Belgium	11 379	10 048	11 752	14 812	13 819
Poland	7 606	5 441	6 491	6 426	12 261
Australia	16 284	13 041	9 676	11 507	11 996
Other	115 101	84 590	92 704	86 326	92 289
Total (units)	**386 265**	**270 730**	**297 441**	**350 944**	**398 795**
Light vehicle production	**603 082**	**422 905**	**471 433**	**524 895**	**599 631**
% of production exported	**64,0%**	**64,0%**	**63,1%**	**66,9%**	**66,5%**
Number of base models produced	**11**	**11**	**10**	**10**	**10**
Average volume per model produced	**54 826**	**38 446**	**47 143**	**52 490**	**59 963**

Source: **naamsa**/Lightstone Auto, SARS

A significant 66,5% of light vehicle production was exported in 2023. Vehicle exports remain imperative to support higher vehicle production volumes, as well as higher employment levels, as employment in the vehicle manufacturing sector is generally linked to vehicle production. Higher production volumes

enable the domestic OEMs to generate rebate credits, so that the imported vehicles and growing choices demanded by a consumer-driven market can be offered at more favourable prices by rebating the relevant import duties. The only economically viable way to achieve improved economies of scale is for OEMs to focus their plants on longer production runs for a limited number of models. The average volume per model produced in the domestic market increased from 52 490 units in 2022 to 59 963 units in 2023. Two models achieved a production volume in excess of 100 000 units, and two models above 85 000 units.

South Africa's bilateral trade arrangements continue to generate significant gains for the domestic automotive industry. Europe and the UK continued to dominate as a region and accounted for a substantial 75,5%, or three out of every four vehicles exported in 2023, with 50,3% of light vehicle production destined for the region. The legislation to ban the sales of new internal combustion engine (ICE) vehicles in the EU and the UK by 2035 in favour of EVs, limits a slow transition approach, given the high export exposure of the domestic automotive industry and the required timeframe to respond. The transition to NEVs is therefore not merely a strategic option but a necessity and an urgent imperative.

To maintain and grow South Africa's production base and secure export markets, the country must actively participate in the global shift toward cleaner transportation solutions. The domestic OEMs need to be enabled to compete for production contracts to supply markets that require new technology vehicles to capitalise on the huge growth opportunities that exist. The first phase of the South African EV roadmap will therefore focus on developing the productive capacity of the domestic automotive industry to safeguard the country's vehicle exports. There, however, needs to be a seamless transition towards newer automotive technologies, as the industry cannot afford to operate on two parallel technology tracks, manufacturing both old and new types of vehicles, because it is already struggling to attain economies of scale. Furthermore, transitioning South Africa's automotive productive capacity to EVs further supports the country's contribution to global decarbonisation.

The following table reveals that despite sustained pressure from growing global challenges, such as weak economic growth, growing economic divergences, new protectionism and rising unemployment globally, vehicle exports to major regions, such as Europe and Africa, reflected a positive performance from 2022 to 2023.

Changing composition of South African vehicle exports by major regions: 2019 to 2023

Region	2019	2020	2021	2022	2023	% change 2023 / 2022
Europe	285 599	197 355	229 672	255 709	301 639	+18,0%
Asia	39 879	29 440	24 170	35 154	35 015	-0,4%
Africa	23 382	16 987	21 825	22 563	25 381	+12,5%
North America	13 540	9 463	7 981	21 684	20 910	-3,6%
Australasia	17 350	13 698	10 621	12 389	12 483	+0,8%
Central America	5 651	3 156	3 045	2 759	2 952	+7,0%
South America	1 691	1 188	706	1 527	1 214	-20,5%
Total	**387 092**	**271 287**	**298 020**	**351 785**	**399 594**	**+13,6%**

Source: **naamsa**/Lightstone Auto

The exports of medium and heavy commercial vehicles and buses, at 0,2% of the total vehicle exports in 2023, remained relatively insignificant in terms of the total vehicle export volumes. However, in terms of the heavy commercial vehicle and bus sector, exports contribute to achieving higher vehicle production volumes in view of the relatively low volume domestic market.

A large number of companies are active in the South African market, and in 2023, the following medium, heavy and extra-heavy commercial vehicle companies were represented in the country:

Babcock
Bell Equipment
Daimler Truck Southern Africa
FAW Trucks
Ford Motor Company
Hyundai Automotive SA
Isuzu Motors SA
Iveco
JMC
MAN
Mercedes-Benz SA
Powerstar SA
Scania
Sinotruk
Stellantis
Tata Trucks
Toyota
UD Trucks Southern Africa
VECH South Africa
Volkswagen Group SA
Volvo Group Southern Africa

In 2023, the following bus companies were represented in South Africa:

Daimler Truck Southern Africa
Isuzu Motors SA
Iveco
MAN
MarcoPolo
Scania
Volvo Group Southern Africa

The following table reveals that the main export destinations for trucks and buses have consistently been neighbouring countries in the Southern African Development Community (SADC) free trade area. Zimbabwe was the overall top destination for all truck and bus exports in 2023, including for heavy commercial vehicles, buses and medium commercial vehicles, the latter shared with Mozambique, while Zambia was the top destination for extra-heavy commercial vehicles.

The main export destinations for trucks and buses have consistently been neighbouring countries in the Southern Africa Development Community (SADC) free trade area.

Top destinations and region for medium, heavy commercial vehicles and buses exported – 2019 to 2023

Country	2019	2020	2021	2022	2023
Total (R billion)	4,6	4,2	5,1	2,7	3,9
Ranking of exporters Number 1 to 5	Volvo Group Toyota Scania MBSA MAN	Volvo Group UD Trucks Toyota Isuzu Scania	Volvo Group UD Trucks Toyota Scania Isuzu	UD Trucks Volvo Group Scania Isuzu Toyota	UD Trucks Volvo Group Scania Daimler Isuzu
Zimbabwe	294	179	245	463	365
Zambia	194	62	94	143	227
Mozambique	199	150	146	126	168
Mauritius	31	34	8	25	18
Malawi	28	61	32	66	10
Tanzania	52	12	15	7	5
Saudi Arabia	2	0	0	1	3
Mauritania	15	14	14	5	2
Denmark	0	0	0	0	1
Other	12	45	25	5	0
Africa	**825**	**557**	**574**	**840**	**795**
Total (units)	**827**	**557**	**579**	**841**	**799**

Source: **naamsa**/Lightstone Auto, SARS

Underscoring the indispensable role of trucking in Africa's and the region's economy, the African Continental Free Trade Area (AfCFTA), implemented on 1 January 2021, is expected to significantly increase traffic flows on all transport modes, including road for container cargo movement and infrastructure projects, which could open up significant export opportunities for the domestic commercial vehicle sector.

The African Continental Free Trade Area (AfCFTA) , implemented on 1 January 2021, is expected to significantly increase traffic flows on all transport modes.

AUTOMOTIVE COMPONENTS – EXPORTS BY PRODUCT

The automotive production system is OEM-driven which inevitably shapes the supply chain. Tier 1 multinational component suppliers are, therefore, following the footprint of their OEM customers, so that they may supply on a just-in-time basis. OEMs and suppliers must work closely together to streamline their operations and meet the changing demands of the market. The large component suppliers tend to develop a system of production sites, and therefore a trade dependence, which is related to the OEMs' locations. Economies of scale, in particular, are important for production, including for aftermarket sales.

The automotive component industry plays an important role in supporting vehicle manufacturing and aftermarket services in South Africa. South Africa has a well-developed automotive component manufacturing industry, accounting for the lion's share of employment in the automotive manufacturing industry, to the extent that in 2023, the component sector had 82 560 employees versus the 33 509 employees in vehicle manufacturing. The domestic automotive component sector consists of a diverse group of various tier-level automotive suppliers. Out of the 198 first-tier suppliers in South Africa, about 75% are foreign multinational companies, while the South African-owned companies are more represented within the second- and third-tier supplier bases. Localisation of components and materials remains key, as part of the longer-term automotive industrialisation strategy in South Africa.

The shift toward NEVs globally has increased demand for certain components, such as batteries and semi-conductors, which are in short supply. EVs and hybrids are often equipped with more advanced features, technologies requiring systems-on-chip designs, and highly developed process nodes. They also need more semi-conductors for their power and electronic control systems than gasoline-powered vehicles. This rapid transition will be challenged by the rising cost of raw materials, raw material availability, and a potential lack of readiness in the automotive supply base and supporting industries.

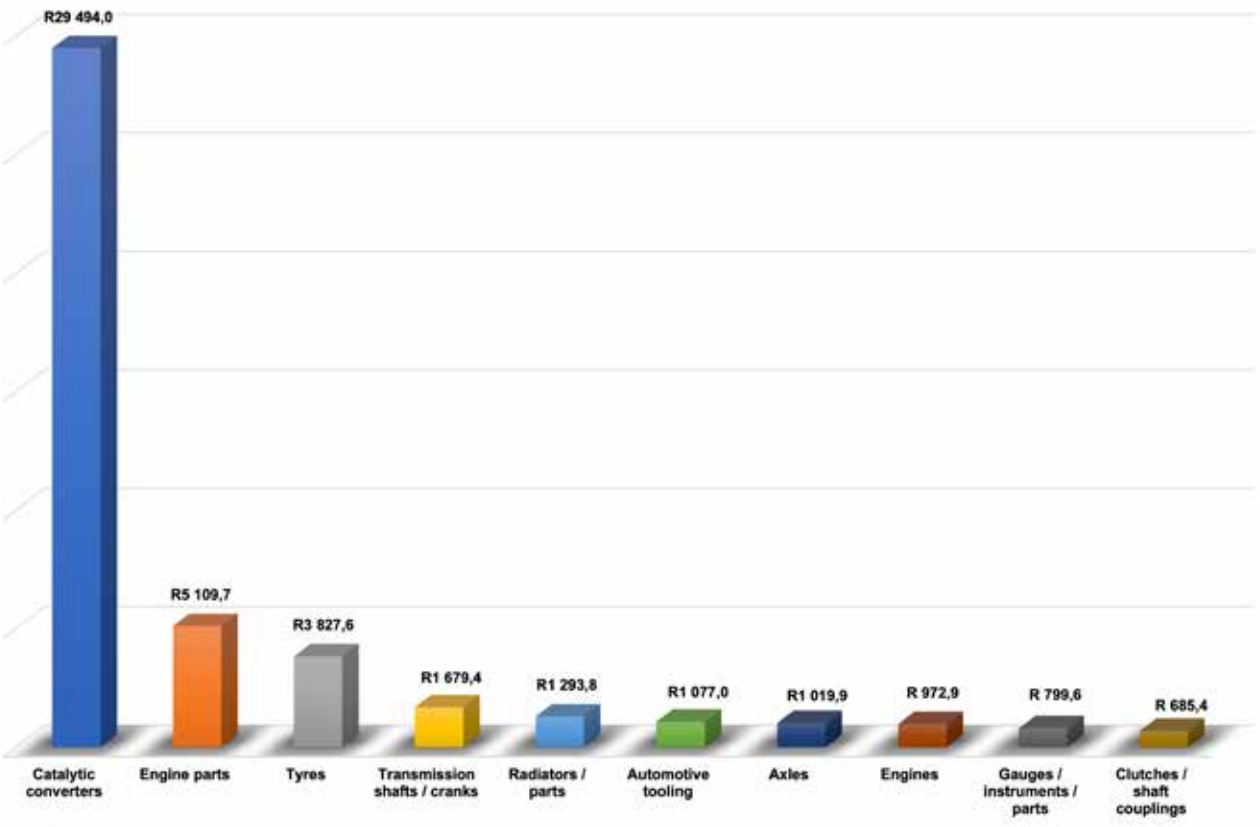
The main changes in the configuration of an electric vehicle include the reduction of engine size, the exclusion of the fuel tank and exhaust in full BEVs and FCEVs; the introduction of larger batteries; power electronics; thermal management systems and high voltage wire harnesses; and electric motors. HEVs and PHEVs include electronic components, however, they do not lose the ICE-specific components, while BEVs and FCEVs are bringing about a significant disruption of the supply chains. This includes the introduction of new types of raw materials, new grades of existing raw materials as well a new components, while some ICE-specific components are expected to become obsolete over time. These changes in the supply chain are resulting in the re-organisation of the global value chain with the growing importance of locations that can supply the EV-specific components. The technological changes shaping the transition present several opportunities to manufacture NEVs with growing global demand, thus supporting the long-term sustainability of the domestic automotive industry.

To support the EV transition, a combination of emission reduction regulations (e.g. zero-emission vehicle mandates and ICE bans) and incentive schemes are increasingly being adopted by various countries. In terms of emissions reduction policies, the most common instrument used has been zero-emission mandates. The business case for production is dependent on a combination of domestic and export demand, infrastructure, competitiveness, and incentives. This is not unique to South Africa but is the global approach to automotive production.

What is required in South Africa is the development of and investment in NEV component technology, and expansion of the fledgling electric vehicle supply chain; re-investment and support towards the reskilling and upskilling of the workforce to ensure the right skills are available for the design, engineering and manufacturing of NEVs and related components and systems; the transition of South Africa towards the cleaner fuel technologies available globally; and an adoption of new and sustainable manufacturing processes to significantly reduce greenhouse gas emissions and to improve environmental health.

Key imperatives for the South African automotive industry include the dual goals of greater localisation and transformation. The SAAM 2021-2035 target is in the order of 500 second- and third-tier suppliers, of which 25%, or 130, of these suppliers, need to be Black-owned by 2035, off a very low base currently. In this regard, the launch of a R6-billion Automotive Industry Transformation Fund (AITF) to support Black participation in the automotive industry supply chain is imperative. The AITF was established as a collective Equity Equivalent Investment Programme (EEIP), as defined in the Broad-Based Black Economic Empowerment (B-BBEE) Codes, between the seven manufacturing OEMs in South Africa. It aims to facilitate transformation across the sector's value chain, through the provision of access to developmental funding, access to market, and access to capacity development for qualifying Black-owned entities. The AITF will play a key role in the implementation of the SAAM 2035, especially in terms of localisation and industry transformation.

Top automotive component exports by value – 2023 (R million)



Source: **naamsa**, SARS

A distinct diverse range of original equipment components and aftermarket parts is manufactured in South Africa. The country's manufacturing capabilities are illustrated by the fact that the EA111 engine for the VW Polo and Polo Vivo is manufactured in South Africa, while Ford is manufacturing the new 3.0L V6

turbodiesel engine for the new Ford Ranger along with the existing assembly line for the 2.0L Single Turbo and Bi-Turbo diesel engines. Design changes and additional derivatives of the engines have been added for the next generation Ranger. Both companies' engines are linked to export programmes, with the Ford engines exported to more than 100 global markets.

The bulk of the domestically manufactured automotive components are sold as original equipment components to the OEMs, and the balance to exports and the aftermarket. In 2023, automotive component exports declined by 4,8% to R66,9 billion, from R70,3 billion in 2022, mainly due to the decline in catalytic converter exports. However, catalytic converters remained the top automotive component exported from South Africa, and comprised 44,1% of total automotive component exports, followed by engine parts, tyres and transmission shafts and cranks.

The demand and supply patterns that have changed from a dominance of ICE vehicles to a mix that incorporates battery electric vehicles, plug-in hybrid vehicles, hybrid electric vehicles and fuel-cell electric vehicles, are already affecting the demand for catalytic converters. However, the push for decarbonisation is expected to significantly drive the demand for platinum group metals (PGMs) over the next three decades. Within a green hydrogen environment, heightened demand for PGMs is anticipated. Within the hydrogen production, iridium and platinum play a crucial role in fuel cell electric vehicles. South Africa possesses the largest reserves in the world of most of these metals which could present future localisation opportunities, while developments in the automotive sector would also have a considerable positive impact on the mining sector via the demand for metals and minerals.

Given South Africa's geographic location, the focus of exporters tends to be on high-value domestically beneficiated, logistics-friendly automotive components. The following table reveals the automotive component export ranking by product category from 2019 to 2023.

Catalytic converters remained the top automotive component exported from South Africa, and comprised 44,1% of total automotive component exports.

Automotive component export ranking by product category – 2019 to 2023

Component category	2019	2020	2021	2022	2023	% of total export value	Ranking
Total (R million) Including BELN country data	**53 667**	**54 476**	**69 198**	**70 270**	**66 861**		
Catalytic converters	20 359	25 978	34 891	33 955	29 494	44,1%	1
Engine parts	4 345	3 340	5 083	4 719	5 110	7,6%	2
Tyres	2 619	2 697	3 084	4 053	3 828	5,7%	3
Transmission shafts / cranks	1 152	1 182	1 296	1 415	1 679	2,5%	4
Radiators / parts	1 536	1 284	1 272	1 447	1 294	1,9%	5
Automotive tooling	943	783	880	973	1 077	1,6%	6
Axles	529	432	615	656	1 020	1,5%	7
Engines	1 904	1 095	1 372	850	973	1,5%	8
Gauges / instruments / parts	657	514	662	687	800	1,2%	9
Clutches / shaft couplings	608	588	674	652	685	1,0%	10
Filters	587	561	660	607	609	0,9%	11
Silencers / exhausts	405	313	417	409	603	0,9%	12
Body parts / panels	520	241	243	339	598	0,9%	13
Batteries	411	440	429	510	575	0,9%	14
Automotive glass	513	532	529	547	556	0,8%	15
Shock absorbers / suspension parts	569	492	430	393	438	0,7%	16
Gear boxes	229	257	282	381	361	0,5%	17
Brake parts	315	263	270	289	356	0,5%	18
Lighting equipment / parts	268	206	271	319	337	0,5%	19
Ignition / starting equipment	290	283	278	308	317	0,5%	20
Stitched leather seats / parts	200	101	85	187	229	0,4%	21
Road wheels / parts	382	243	242	271	225	0,3%	22
Gaskets	159	186	226	219	222	0,3%	23
Wiring harnesses	151	131	194	171	175	0,3%	24
Alarm systems	120	82	92	105	138	0,2%	25
Springs	50	68	74	89	134	0,2%	26
Steering wheels / columns / boxes	59	59	71	139	113	0,2%	27
Seats	43	59	43	43	64	0,1%	28
Air conditioners	62	70	35	48	56	0,1%	29
Jacks	35	34	36	60	40	0,1%	30
Car radios	19	28	20	24	39	0,1%	31
Seat belts	8	8	8	17	13	-	32
Other parts	13 620	11 926	14 434	15 388	14 703	22,0%	33

Source: AIEC, **naamsa**, SARS

The following tables reveal the top five destinations for the automotive product category exports from South Africa for the period 2019 to 2023.

Catalytic converters (1)

Country	2019	2020	2021	2022	2023
Total (R million)	20 359,0	25 978,1	34 890,9	33 955,1	29 494,0
Germany	40%	30%	36%	32%	33%
Czech Republic	16%	26%	22%	20%	22%
USA	11%	12%	12%	16%	14%
Spain	8%	5%	4%	5%	6%
UK	6%	8%	8%	5%	5%

Engine parts (2)

Country	2019	2020	2021	2022	2023
Total (R million)	4 344,6	3 339,9	5 082,9	4 719,0	5 109,7
Germany	28%	20%	29%	32%	32%
USA	26%	26%	22%	27%	26%
Namibia	5%	4%	3%	5%	4%
Netherlands	-	1%	-	2%	3%
India	-	-	-	-	3%

Tyres (3)

Country	2019	2020	2021	2022	2023
Total (R million)	2 618,7	2 696,7	3 083,9	4 052,8	3 827,6
USA	6%	8%	11%	15%	16%
Belgium	10%	9%	9%	12%	10%
Netherlands	6%	8%	7%	6%	9%
Namibia	11%	9%	8%	6%	7%
Botswana	8%	7%	6%	5%	7%

Transmission shafts and cranks (4)

Country	2019	2020	2021	2022	2023
Total (R million)	1 152,2	1 182,0	1 295,6	1 414,9	1 679,4
Zambia	7%	8%	10%	10%	11%
Democratic Republic of Congo	8%	7%	14%	13%	11%
Zimbabwe	7%	11%	9%	15%	9%
Belgium	1%	1%	2%	10%	7%
Namibia	6%	6%	6%	5%	6%

Radiators and parts (5)

Country	2019	2020	2021	2022	2023
Total (R million)	1 536,3	1 283,5	1 271,8	1 447,2	1 293,8
Czech Republic	10%	23%	29%	27%	26%
USA	21%	19%	21%	22%	18%
Netherlands	3%	1%	-	2%	13%
Spain	11%	10%	7%	7%	9%
Mexico	2%	-	-	7%	7%

Automotive tooling (6)

Country	2019	2020	2021	2022	2023
Total (R million)	943,2	782,8	879,8	973,0	1 077,0
Mexico	4%	6%	3%	5%	15%
USA	15%	10%	12%	6%	12%
Namibia	4%	5%	8%	11%	9%
Belgium	5%	9%	6%	8%	5%
Zimbabwe	2%	3%	8%	6%	5%

Axles (7)

Country	2019	2020	2021	2022	2023
Total (R million)	529,4	432,2	614,6	655,6	1 019,9
Germany	75%	68%	71%	62%	66%
USA	1%	6%	8%	11%	15%
Mozambique	9%	1%	2%	3%	3%
Zimbabwe	2%	4%	2%	3%	2%
Namibia	3%	4%	3%	3%	2%

Engines (8)

Country	2019	2020	2021	2022	2023
Total (R million)	1 903,8	1 094,8	1 371,5	849,9	972,9
Mozambique	3%	4%	11%	26%	16%
USA	1%	2%	1%	1%	12%
Namibia	6%	4%	3%	4%	11%
Germany	1%	3%	10%	2%	11%
Zambia	7%	13%	5%	15%	10%

Gauges, instruments and parts (9)

Country	2019	2020	2021	2022	2023
Total (R million)	657,0	514,4	661,6	687,1	799,6
Democratic Republic of Congo	13%	17%	20%	18%	17%
Mozambique	8%	12%	9%	10%	10%
Botswana	7%	9%	8%	10%	9%
Zambia	9%	8%	6%	9%	8%
Namibia	8%	8%	7%	8%	8%

Clutches and shaft couplings (10)

Country	2019	2020	2021	2022	2023
Total (R million)	608,1	588,3	673,5	651,9	685,4
Germany	52%	56%	56%	47%	58%
Namibia	7%	7%	7%	8%	7%
Botswana	4%	4%	4%	5%	5%
Belgium	4%	2%	4%	3%	4%
Mexico	2%	4%	3%	4%	3%

Filters (11)

Country	2019	2020	2021	2022	2023
Total (R million)	587,3	560,6	660,2	607,3	608,6
Germany	23%	29%	30%	20%	24%
Namibia	11%	11%	13%	15%	13%
Zambia	7%	8%	7%	10%	10%
Zimbabwe	8%	10%	10%	11%	10%
Botswana	9%	7%	8%	10%	9%

Silencers and exhausts (12)

Country	2019	2020	2021	2022	2023
Total (R million)	405,1	313,1	416,9	408,9	603,0
Czech Republic	5%	12%	22%	20%	17%
USA	14%	16%	18%	18%	16%
Mexico	7%	13%	11%	17%	16%
Germany	30%	11%	8%	13%	14%
Hungary	-	-	-	-	7%

Body parts and panels (13)

Country	2019	2020	2021	2022	2023
Total (R million)	519,8	241,4	243,2	338,5	597,9
Germany	55%	6%	19%	14%	23%
Belgium	9%	18%	19%	17%	13%
Zambia	1%	1%	2%	4%	11%
Botswana	4%	7%	11%	11%	11%
Democratic Republic of Congo	3%	2%	1%	2%	7%

Batteries (14)

Country	2019	2020	2021	2022	2023
Total (R million)	410,9	440,2	428,8	510,2	575,4
Zambia	20%	19%	20%	23%	23%
Zimbabwe	9%	9%	10%	11%	15%
Namibia	24%	19%	17%	21%	15%
UK	6%	11%	8%	8%	11%
Mozambique	8%	6%	8%	8%	7%

Automotive glass (15)

Country	2019	2020	2021	2022	2023
Total (R million)	513,1	532,3	528,5	547,3	555,7
Belgium	26%	30%	34%	34%	27%
UK	26%	27%	22%	21%	19%
Germany	8%	4%	6%	5%	14%
Spain	6%	6%	7%	7%	8%
Namibia	6%	9%	6%	6%	7%

Shock absorbers and suspension parts (16)

Country	2019	2020	2021	2022	2023
Total (R million)	568,6	492,4	430,2	392,8	438,0
Germany	71%	64%	64%	54%	48%
Namibia	6%	5%	7%	9%	10%
Botswana	7%	7%	6%	6%	6%
Mozambique	1%	1%	1%	3%	6%
United Arab Emirates	-	1%	1%	1%	5%

Gear boxes (17)

Country	2019	2020	2021	2022	2023
Total (R million)	229,4	256,8	281,5	381,0	360,7
USA	24%	14%	19%	16%	25%
Namibia	9%	8%	9%	22%	12%
Democratic Republic of Congo	13%	5%	10%	6%	11%
Botswana	6%	5%	5%	6%	11%
Angola	3%	5%	7%	6%	6%

Brake parts (18)

Country	2019	2020	2021	2022	2023
Total (R million)	315,3	263,3	270,3	288,9	356,4
Namibia	12%	14%	16%	18%	15%
Botswana	11%	12%	15%	12%	12%
Mozambique	6%	7%	9%	10%	11%
Democratic Republic of Congo	4%	2%	4%	5%	10%
Zambia	7%	8%	11%	12%	8%

Lighting, signalling and wiping equipment (19)

Country	2019	2020	2021	2022	2023
Total (R million)	268,0	206,3	270,6	319,1	337,4
Namibia	16%	16%	15%	17%	16%
Germany	29%	15%	14%	19%	15%
Botswana	8%	10%	10%	10%	11%
USA	1%	2%	1%	1%	9%
Belgium	10%	9%	12%	8%	6%

Ignition and starting equipment (20)

Country	2019	2020	2021	2022	2023
Total (R million)	290,1	283,4	278,3	307,5	317,2
Namibia	17%	19%	20%	20%	21%
Botswana	20%	20%	22%	19%	19%
Zimbabwe	6%	8%	10%	11%	9%
Zambia	9%	14%	6%	7%	7%
Mozambique	8%	6%	7%	7%	7%

Stitched leather seats and parts (21)

Country	2019	2020	2021	2022	2023
Total (R million)	200,1	101,0	84,7	187,3	228,8
Brazil	1%	1%	1%	1%	35%
Argentina	-	-	9%	53%	32%
Germany	32%	11%	20%	2%	5%
Botswana	3%	3%	5%	3%	3%
Japan	2%	1%	-	-	3%

Road wheels and parts (22)

Country	2019	2020	2021	2022	2023
Total (R million)	382,0	243,1	241,5	270,9	224,8
Argentina	18%	30%	47%	47%	38%
UK	35%	27%	14%	3%	14%
Germany	10%	9%	11%	7%	8%
Namibia	5%	5%	6%	8%	8%
Democratic Republic of Congo	3%	1%	2%	3%	7%

Gaskets (23)

Country	2019	2020	2021	2022	2023
Total (R million)	158,8	185,7	225,5	219,0	222,2
Namibia	14%	10%	9%	10%	13%
Zambia	8%	11%	13%	14%	12%
Mozambique	12%	13%	11%	11%	11%
Democratic Republic of Congo	7%	7%	9%	10%	10%
Zimbabwe	5%	7%	9%	9%	9%

Wiring harnesses (24)

Country	2019	2020	2021	2022	2023
Total (R million)	150,5	131,3	193,6	171,1	175,0
Belgium	1%	2%	1%	2%	15%
Botswana	22%	23%	16%	15%	14%
Germany	7%	7%	5%	6%	11%
Zambia	4%	5%	6%	7%	7%
Poland	2%	4%	5%	5%	7%

Alarm systems (25)

Country	2019	2020	2021	2022	2023
Total (R million)	120,0	81,9	91,8	104,5	138,0
Zimbabwe	8%	14%	10%	15%	11%
Democratic Republic of Congo	2%	5%	4%	6%	11%
Botswana	12%	9%	10%	14%	10%
Namibia	7%	8%	9%	9%	9%
Zambia	9%	6%	10%	8%	9%

Springs (26)

Country	2019	2020	2021	2022	2023
Total (R million)	50,4	68,0	73,9	89,2	133,8
Mozambique	6%	13%	5%	7%	27%
Zimbabwe	4%	7%	8%	5%	9%
Germany	10%	7%	10%	14%	8%
Namibia	8%	6%	6%	7%	7%
UK	8%	6%	9%	9%	7%

Steering wheels, columns and boxes (27)

Country	2019	2020	2021	2022	2023
Total (R million)	58,7	58,7	71,0	139,2	113,3
Namibia	22%	21%	21%	12%	15%
Spain	1%	8%	13%	12%	14%
USA	3%	3%	2%	1%	12%
Botswana	9%	10%	11%	9%	12%
United Arab Emirates	1%	7%	3%	1%	6%

Seats (28)

Country	2019	2020	2021	2022	2023
Total (R million)	42,6	59,0	42,8	43,4	63,7
United Arab Emirates	-	4%	5%	3%	14%
Zimbabwe	13%	7%	12%	16%	11%
Zambia	7%	5%	8%	9%	9%
Australia	5%	6%	11%	3%	9%
Botswana	14%	9%	10%	14%	8%

Air conditioners (29)

Country	2019	2020	2021	2022	2023
Total (R million)	61,7	70,4	35,3	47,8	56,3
Botswana	5%	6%	11%	22%	27%
Angola	1%	2%	1%	5%	13%
Namibia	10%	16%	18%	11%	11%
Zambia	9%	4%	5%	7%	9%
Zimbabwe	4%	4%	16%	4%	9%

Jacks (30)

Country	2019	2020	2021	2022	2023
Total (R million)	35,2	34,0	36,1	60,1	39,5
Zimbabwe	10%	19%	15%	15%	13%
Namibia	23%	10%	12%	8%	11%
Mozambique	9%	6%	13%	11%	11%
Botswana	11%	7%	8%	28%	11%
Zambia	9%	10%	12%	9%	9%

Car radios (31)

Country	2019	2020	2021	2022	2023
Total (R million)	19,0	27,7	20,2	23,9	39,2
Burkina Faso	-	-	-	1%	19%
South Korea	-	-	-	-	13%
Botswana	42%	31%	43%	21%	10%
Democratic Republic of Congo	3%	1%	-	7%	10%
Uganda	-	-	-	7%	8%

Seat belts (32)

Country	2019	2020	2021	2022	2023
Total (R million)	7,6	8,2	7,7	17,1	13,0
Belgium	7%	6%	10%	4%	22%
Namibia	29%	19%	18%	12%	18%
Botswana	16%	12%	12%	8%	12%
Democratic Republic of Congo	3%	4%	8%	6%	8%
Zambia	7%	14%	8%	5%	6%

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AUTOMOTIVE COMPONENTS – EXPORTS BY COUNTRY

Automotive component suppliers have endured a state of disarray over the past three years, all while maintaining their businesses, meeting customer demand, and finding opportunities to grow. The biggest challenge continuing to face global supply chains is instability. Disruptions have led to delays in the delivery of critical components such as microchips, price peaks due to high demand and low supply, labour costs and productivity, fluctuating volume demand from OEMs, and new technology skills requirements. For suppliers, industry transformation and economic and geopolitical uncertainties are requiring them to adopt new strategies and responses to adapt to this rapidly changing marketplace. To mitigate these risks and ensure the smoothest transition possible, companies must increasingly focus on diversifying their supply chains, investing in their people, and adopting new technologies such as artificial intelligence, data analytics and automation. Having the necessary tools and strategies to support any operational situation is key to staying afloat in the market.

Stability concerns are expected to persist in 2024 in all areas of the automotive industry. For automotive component suppliers, more disruption and fundamental change are on the horizon, as they need to realign their business models with new sector realities, such as the transitioning toward an electric mobility future. Supplier efforts to restructure, acquire, divest, and even separate their businesses to best serve their customers and shareholders appear to be accelerating. The challenges of operational transformation and uncertainty continue to place pressure on automotive component suppliers to innovate and develop new technologies. In addition, this transition is uneven, with different parts of the world moving at different speeds and with differing levels of support to encourage the transition.

To make matters even tougher, many OEMs have started to position themselves for a weaker economic environment by focusing on operational efficiencies, which is making it increasingly difficult for suppliers to gain any relief on pricing through contract renegotiations. The OEMs are also looking to use the transition to EVs as a catalyst to reimagine their manufacturing footprint. Moving to more standardised, less complicated vehicle architectures may also mean fewer, more competitive opportunities for suppliers to engage with OEM customers.

Supply chains will have to undergo a significant transformation. They are no longer linear processes but have become dynamic and interconnected ecosystems capable of rapidly adapting to emerging technologies, market trends and global challenges. Managing these shifts in isolation would be difficult enough but facing them together represents a potential challenge for suppliers across the value chain. The transition would lead to the emergence of new players and the shifting of market leaders, however, there are also new opportunities for suppliers. Maintaining an agile supply chain and efficient manufacturing operations have never been of greater importance than in the wake of the global disruptions. These transformations simultaneously pose threats to, and create opportunities for, the South African automotive component manufacturing industry.

In view of fundamental changes in manufacturing processes and methodologies, it is clear that the quality management, materials management and supply chain logistics of automotive component suppliers remain under increasing pressure to rapidly identify and embed critical skills to secure their global competitiveness. In this regard, the Automotive Supply Chain Competitiveness Initiative (ASCCI), a national non-profit initiative jointly established by government (the DTIC), industry (NAACAM and **naamsa**) and labour (NUMSA) was established in December 2013 to:

- Facilitate, coordinate and oversee supplier competitiveness improvement initiatives in the South African automotive industry; and

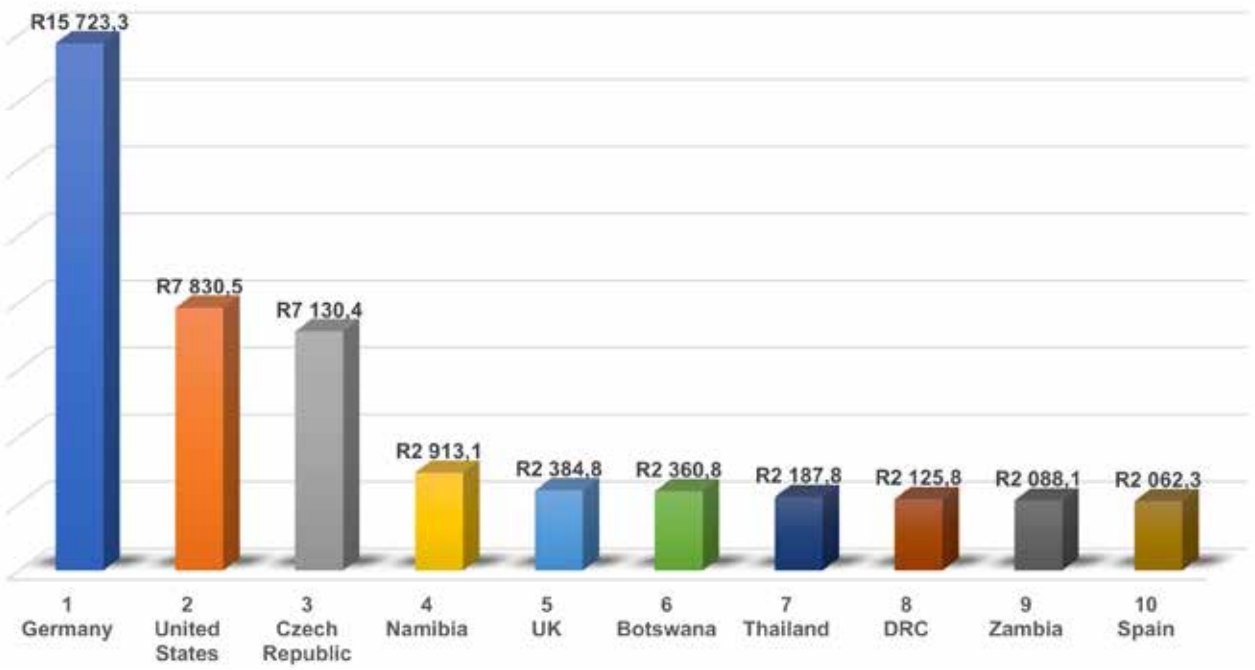
- Set the strategic direction for specific practically oriented competitiveness improvement projects to drive localisation.

The objectives of ASCCI include to increase supplier manufacturing value-add, enable domestic supply chain capabilities, increase local content, grow employment, and advance transformation. Against the backdrop of the current low levels of local content in domestically manufactured vehicles and the targets outlined in the SAAM 2035, a key priority for ASCCI is to deepen domestic manufacturing value-addition through localisation, by developing opportunities for the domestic sourcing of components at Tier 1 and 2 levels. In supporting sub-tier suppliers to unlock competitiveness gains, ASCCI has implemented a World Class Manufacturing (WCM) programme, with the focus on lean principles and production optimisation methodologies. The subsidised programme has supported nearly 140 component suppliers since its inception and continues to identify new automotive component suppliers to support. In the last year, due to the growing utilisation of Industry 4.0 production methodologies across OEM value chains, the WCM programme was augmented to include the deployment of Industry 4.0 tools to ASCCI beneficiaries, and to provide a training framework for shopfloor staff to optimise the adoption of these tools. The increase of domestic value-addition is key, not only for the sustainability of the South African automotive industry, but also to allow the multitude of benefits that the sector delivers to be felt more widely across the economy.

Additionally, ASCCI has supported the delivery of key research projects to provide a holistic view on two key barriers to localisation, namely, access to global technology licences and the development of domestic testing infrastructure. In the "Access to Technology" study, ASCCI investigated the new component technologies which will be required across a multitude of vehicle propulsion systems. Once priority technologies had been identified, a deep dive into the market, investment and manufacturing trends of the global licence holders was undertaken, to support the identification of new component systems and technologies which could be manufactured domestically in the future. In the "Develop Testing Infrastructure" study, ASCCI reviewed the domestic technical infrastructure ecosystem to ascertain whether the domestic testing laboratories (public and private) will meet the future vehicle and component testing requirements of the sector, and subsequently made recommendations of new investments which need to be made. ASCCI highlights not only the need for focused interventions, but also the value of cooperation among industry stakeholders to ensure the success of these initiatives.

ASCCI highlights not only the need for focused interventions, but also the value of cooperation among industry stakeholders to ensure the success of these initiatives.

Top automotive component export destinations by value – 2023 (R million)



Source: **naamsa**, SARS

The following table reveals that the main destinations for automotive component exports remain demanding first-world markets. Germany and other developed markets, along with South Africa's neighbouring countries, have remained the South African automotive industry's top export destinations for component exports over the past three decades. However, continuous diversification, as well as significant levels of exports to highly competitive markets are underscoring South Africa's increasing status as a global player. The following table reveals the domestic automotive industry's top automotive component export destinations by value and country ranking for 2022 to 2023.

Significant levels of exports to highly competitive markets are underscoring South Africa's increasing status as a global player.

Automotive component export value and ranking by country – 2022 to 2023

Country	2022 R million	2022 Ranking	2023 R million	2023 Ranking
Germany	15 821,8	1	15 723,3	1
USA	8 788,2	2	7 830,5	2
Czech Republic	7 486,8	3	7 130,4	3
Namibia	2 917,2	4	2 913,1	4
UK	2 455,5	6	2 384,8	5
Botswana	2 237,2	7	2 360,8	6
Thailand	2 516,8	5	2 187,8	7
Democratic Republic of Congo	1 712,6	11	2 125,8	8
Zambia	2 035,4	9	2 088,1	9
Spain	2 204,7	8	2 062,3	10
Zimbabwe	1 893,9	10	1 765,7	11
Mozambique	1 581,7	12	1 621,6	12
Brazil	1 484,6	14	1 530,1	13
Belgium	1 427,8	15	1 473,1	14
Netherlands	1 514,3	13	1 322,9	15
Turkey	1 157,3	18	1 085,8	16
Japan	1 265,4	17	1 028,0	17
Argentina	1 418,0	16	866,6	18
eSwatini (formerly Swaziland)	812,5	20	831,2	19
Australia	589,2	21	597,6	20
Lesotho	567,4	22	554,1	21
Angola	420,3	24	526,0	22
South Korea	957,2	19	511,8	23

Source: AIEC, SARS

The following tables reveal the automotive component export details for the 23 export destinations recording an export value above R500 million of the total automotive component export value of R66,9 billion in 2023. It should be noted that various miscellaneous parts and sub-components, eligible in terms of the APDP and APDP2 classifiable in the Customs Tariff as "other parts", have not been included in the following tables.

(1) Country	Germany R15 723,3 million				
	1 Catalytic converters R9 842,6	2 Engine parts R1 627,0	3 Axles R673,0	4 Clutches / shaft couplings R396,5	5 Shock absorbers / suspension parts R210,6
	6 Filters R148,6	7 Body parts / panels R140,1	8 Engines R106,3	9 Tyres R95,0	10 Silencers / exhausts R85,0

(2) Country	USA R7 830,5 million				
	1 Catalytic converters R4 110,8	2 Engine parts R1 344,7	3 Tyres R591,4	4 Radiators / parts R231,2	5 Axles R150,1
	6 Automotive tooling R126,6	7 Engines R116,2	8 Silencers / exhausts R96,5	9 Gear boxes R89,5	10 Transmission shafts / cranks R67,9

(3) Country	Czech Republic R7 130,4 million				
	1 Catalytic converters R6 544,0	2 Radiators / parts R336,1	3 Engine parts R127,7	4 Silencers / exhausts R101,5	5 Shock absorbers / suspension parts R2,5
	6 Wiring harnesses R1,9	7 Seats R1,7	8 Stitched leather seats / parts R0,7	9 Ignition / starting equipment R0,6	10 Automotive tooling R0,6

(4) Country	Namibia R2 913,1 million				
	1 Tyres R262,2	2 Engine parts R218,9	3 Engines R109,4	4 Transmission shafts / cranks R97,2	5 Automotive tooling R91,8
	6 Batteries R87,4	7 Filters R79,4	8 Ignition / starting equipment R66,7	9 Gauges / instruments / parts R59,6	10 Lighting equipment / parts R54,4

(5) Country	United Kingdom (UK) R2 384,8 million				
	1 Catalytic converters R1 619,5	2 Tyres R187,6	3 Automotive glass R107,6	4 Engine parts R67,2	5 Batteries R65,8
	6 Road wheels / parts R30,8	7 Transmission shafts / cranks R26,6	8 Silencers / exhausts R14,7	9 Lighting equipment / parts R12,2	10 Engines R9,6

(6) Country	Botswana R2 360,8 million				
	1 Tyres R250,5	2 Engine parts R124,0	3 Transmission shafts / cranks R95,1	4 Gauges / instruments / parts R70,4	5 Body parts / panels R64,0
	6 Ignition / starting equipment R61,2	7 Filters R57,5	8 Brake parts R43,0	9 Engines R39,9	10 Lighting equipment / parts R37,5

(7) Country	Thailand R2 187,8 million				
	1 Catalytic converters R1 284,8	2 Clutches / shaft couplings R17,4	3 Tyres R12,7	4 Engine parts R3,1	5 Batteries R2,1
	6 Axles R1,8	7 Gear boxes R1,5	8 Steering wheels / columns / boxes R1,5	9 Ignition / starting equipment R1,2	10 Road wheels / parts R1,0

(8) Country	Democratic Republic of Congo (DRC) R2 125,8 million				
	1 Transmission shafts / cranks R213,9	2 Gauges / instruments / parts R161,6	3 Engine parts R122,7	4 Engines R88,6	5 Body parts / panels R53,5
	6 Automotive tooling R44,4	7 Gear boxes R41,1	8 Catalytic converters R40,7	9 Tyres R36,0	10 Brake parts R35,4

(9) Country	Zambia R2 088,1 million				
	1 Transmission shafts / cranks R187,5	2 Tyres R131,8	3 Batteries R129,9	4 Engine parts R116,8	5 Engines R99,1
	6 Body parts / panels R67,9	7 Gauges / instruments / parts R64,9	8 Filters R62,1	9 Automotive tooling R48,8	10 Catalytic converters R42,1

(10) Country	Spain R2 062,3 million				
	1 Catalytic converters R1 669,2	2 Radiators / parts R115,0	3 Engine parts R46,1	4 Automotive glass R43,2	5 Silencers / exhausts R19,8
	6 Tyres R19,7	7 Steering wheels / columns / boxes R16,1	8 Ignition / starting equipment R11,9	9 Automotive tooling R9,6	10 Gauges / instruments / parts R0,8

(11) Country	Zimbabwe R1 765,7 million				
	1 Tyres R197,2	2 Transmission shafts / cranks R149,2	3 Engine parts R137,2	4 Batteries R87,5	5 Filters R61,6
	6 Automotive tooling R50,7	7 Engines R36,6	8 Catalytic converters R36,2	9 Gauges / instruments / parts R32,7	10 Ignition / starting equipment R30,2

(12) Country	Mozambique R1 621,6 million				
	1 Engines R153,7	2 Tyres R113,8	3 Transmission shafts / cranks R92,3	4 Engine parts R84,0	5 Gauges / instruments / parts R77,1
	6 Filters R51,4	7 Automotive tooling R40,5	8 Brake parts R40,2	9 Batteries R40,0	10 Catalytic converters R39,1

(13) Country	Brazil R1 530,1 million				
	1 Catalytic converters R1 260,7	2 Stitched leather seats / parts R80,6	3 Radiators / parts R47,2	4 Engine parts R28,8	5 Clutches / shaft couplings R14,9
	6 Tyres R14,7	7 Automotive tooling R12,7	8 Transmission shafts / cranks R11,8	9 Gauges / instruments / parts R7,2	10 Silencers / exhausts R6,4

(14) Country	Belgium R1 473,1 million				
	1 Tyres R395,0	2 Automotive glass R147,7	3 Transmission shafts / cranks R111,0	4 Body parts / panels R78,7	5 Engine parts R58,9
	6 Radiators / parts R58,7	7 Automotive tooling R51,8	8 Clutches / shaft couplings R29,6	9 Wiring harnesses R25,6	10 Engines R23,4

(15) Country	Netherlands R1 322,9 million				
	1 Catalytic converters R553,9	2 Tyres R331,4	3 Engine parts R167,1	4 Radiators / parts R166,4	5 Silencers / exhausts R16,2
	6 Transmission shafts / cranks R7,5	7 Gauges / instruments / parts R5,9	8 Axles R5,5	9 Engines R5,4	10 Automotive tooling R4,6

(16) Country	Turkey R1 085,8 million				
	1 Catalytic converters R990,1	2 Tyres R20,4	3 Silencers / exhausts R12,1	4 Transmission shafts / cranks R12,1	5 Engine parts R9,5
	6 Automotive tooling R3,5	7 Axles R1,8	8 Engines R1,8	9 Gauges / instruments / parts R1,7	10 Gaskets R0,9

(17) Country	Japan R1 028,0 million				
	1 Tyres R68,6	2 Engine parts R40,7	3 Springs R7,7	4 Stitched leather seats / parts R7,5	5 Transmission shafts / cranks R5,4
	6 Clutches / shaft couplings R5,4	7 Brake parts R3,7	8 Catalytic converters R2,4	9 Body parts / panels R2,4	10 Steering wheels / columns / boxes R2,0

(18) Country	Argentina R866,6 million				
	1 Catalytic converters R512,5	2 Road wheels / parts R85,3	3 Stitched leather seats / parts R72,9	4 Automotive tooling R21,6	5 Engine parts R16,6
	6 Transmission shafts / cranks R3,2	7 Silencers / exhausts R2,1	8 Shock absorbers / suspension parts R1,4	9 Body parts / panels R1,1	10 Springs R0,5

(19) Country	eSwatini (formerly Swaziland) R831,2 million				
	1 Tyres R133,8	2 Engine parts R39,7	3 Brake parts R37,6	4 Batteries R37,4	5 Transmission shafts / cranks R32,7
	6 Gauges / instruments / parts R22,9	7 Ignition / starting equipment R17,0	8 Body parts / panels R16,8	9 Filters R15,9	10 Automotive tooling R14,4

(20) Country	Australia R597,6 million				
	1 Transmission shafts / cranks R45,8	2 Tyres R40,5	3 Catalytic converters R40,3	4 Automotive tooling R24,3	5 Body parts / panels R22,4
	6 Engine parts R16,1	7 Axles R6,8	8 Automotive glass R6,4	9 Gauges / instruments / parts R6,3	10 Seats R6,2

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(21) Country	Lesotho R554,1 million				
	1 Tyres R106,3	2 Transmission shafts / cranks R19,9	3 Brake parts R15,9	4 Engine parts R15,5	5 Ignition / starting equipment R12,7
	6 Batteries R12,5	7 Automotive tooling R11,8	8 Filters R11,4	9 Gauges / instruments / parts R11,1	10 Shock absorbers / suspension parts R9,3

(22) Country	Angola R526,0 million				
	1 Tyres R107,5	2 Engines R61,4	3 Engine parts R45,4	4 Automotive tooling R38,7	5 Gauges / instruments / parts R35,3
	6 Transmission shafts / cranks R21,7	7 Gear boxes R21,3	8 Filters R12,5	9 Gaskets R10,1	10 Catalytic converters R9,0

(23) Country	South Korea R511,8 million				
	1 Catalytic converters R244,1	2 Engine parts R99,4	3 Silencers / exhausts R23,0	4 Radiators / parts R6,7	5 Car radios R4,9
	6 Automotive tooling R3,9	7 Gauges / instruments / parts R1,1	8 Batteries R0,3	9 Filters R0,2	10 Body parts / panels R0,1

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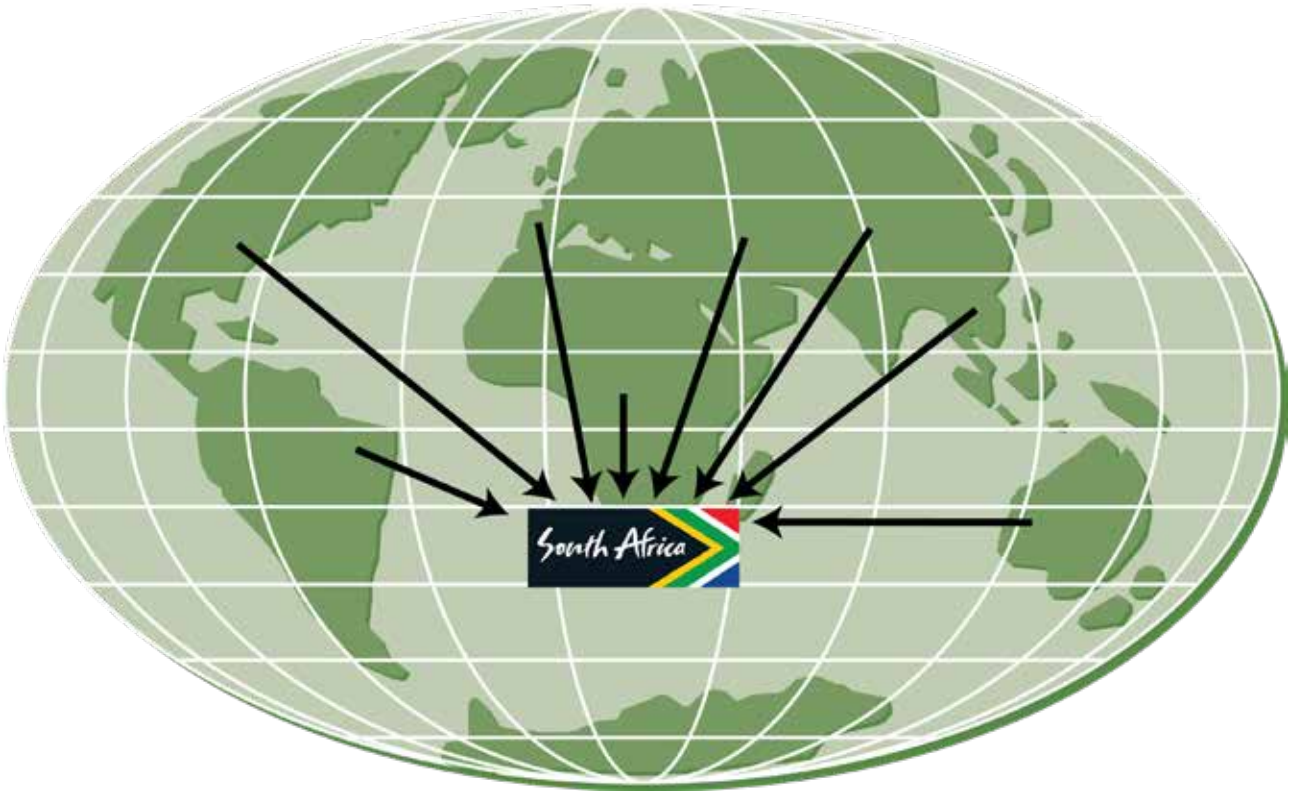
IMPORTS



A high level of imports generally indicates robust domestic demand and a growing economy. Each country is endowed with specific resources which are exported to the rest of the world. At the same time, a country may lack other resources to develop and improve its overall economy and then has to import those. Via imports, consumers can also benefit from certain products or components that are not produced in the domestic market.

Globally, the acceleration of global monetary policy tightening had resulted in high interest rates worldwide that impacted on costs, as the period from 2020 to 2023 brought on a series of shocks, including the pandemic, the Ukraine war and other conflicts, with financial markets tightening, owing to aggressive monetary policy measures. The WTO indicated that these multiple crises necessitated a re-think on trade liberalisation and globalisation. This resulted in the growing recognition of the importance of policy space and industrialisation. Increases in subsidies, unilateral measures and re-shoring had to be scrutinised to address supply disruptions. There were also calls for greater inclusivity and diversification of production in light of the lessons learnt from the pandemic and food crisis.

Much uncertainty clouds the medium- to longer-term global economic outlook, as geopolitical tensions and climate change will continue to threaten supply chains, output, and prices. In an era where consumers and governments increasingly prioritise sustainability, the intersection of carbon neutrality, disruptive technologies, transformative megatrends, and imminent emission reduction targets is poised to revolutionise the landscape of conventional automotive product development. This presents unique automotive industry-related opportunities for businesses to address challenges in sourcing and consumer dynamics, catalyse sustainable innovation, and drive growth through environmentally responsible choices. South African automotive businesses need to be alive to the opportunities and threats that exist in various markets and utilise data to inform agile decision-making.

IMPORTS BY COUNTRY OF ORIGIN

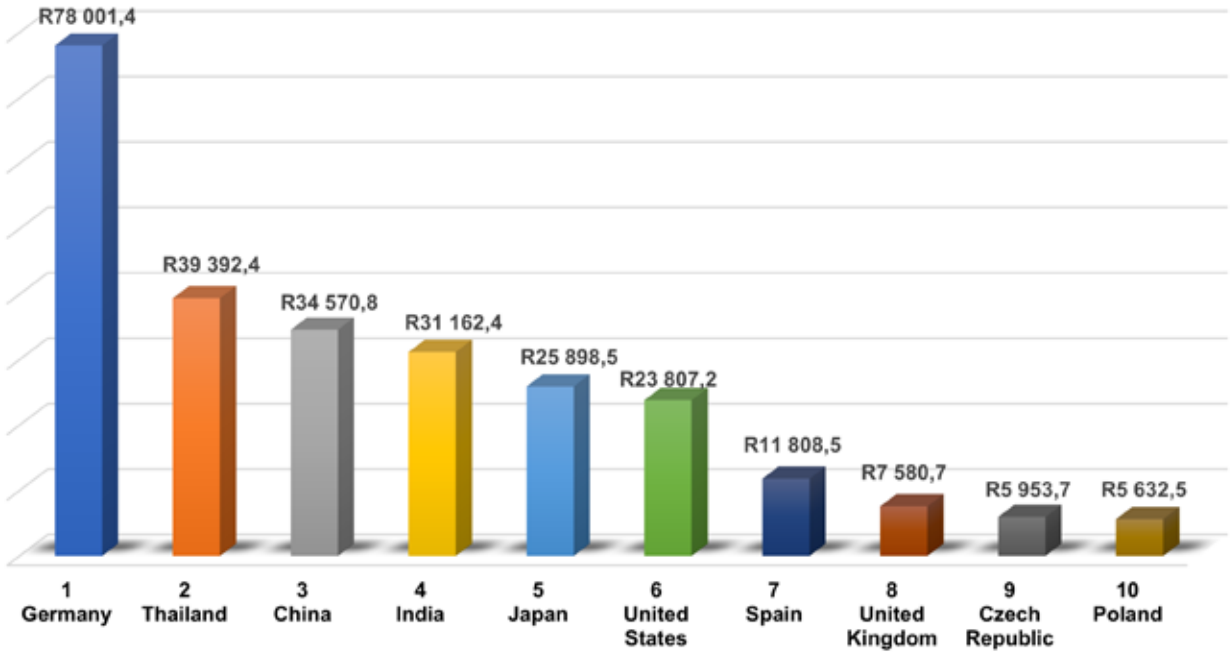
Imports of new vehicles, original equipment components, as well as aftermarket parts into South Africa are linked to the strength of the economy and movements in the Rand exchange rate. In 2023, the imports of vehicles, to complement the domestic market mix, once again afforded consumers the widest choice of new vehicle models to market-size ratio anywhere in the world.

For the South African automotive industry, the level of imports remains a function of the success of the automotive policy regime, as the benefits can only be used to rebate the import duties on vehicles and eligible automotive components being imported. Significant value is added to the imports of original equipment components that are not sourced in South Africa, and that are used to manufacture vehicles for the domestic and export markets. Replacement parts for a vehicle parc of 13,1 million vehicles remained high, considering that 76,9% of passenger cars sold in the domestic market were imported in 2023.

For the domestic automotive industry, the Rand exchange rate is particularly important regarding the exchange rates of the source countries for South African imports. At an individual company level, depending on the particular firm's balance of trade, the impact of exchange rate fluctuations may vary. Against the Euro, the Rand depreciated by 16,0% on an annual average basis in 2023, against the Pound it depreciated by 13,7%, against the US Dollar it depreciated by 12,8%, against the against the Chinese Yuan it depreciated by 7,3%, and against the Japanese Yen it depreciated by 5,5%.

The countries of origin for vehicles and automotive components imported into South Africa generally reflect the global linkages with the head offices of parent companies. The notable exceptions amongst the top countries of origin in 2023 were Thailand, where 72,2% of imports comprised original equipment components for light commercial vehicles, and China, where 56,7% of the imports comprised aftermarket parts.

Top automotive countries of origin – 2023 (R million)



Source: AIEC, **naamsa**/Lightstone Auto, SARS

The following table reveals the import values and rankings for the 62 countries of origin for vehicles and automotive component imports into South Africa, above the R20 million threshold, for 2022 and 2023. From 2022 to 2023, the import values of Singapore, Macedonia, Chile, Serbia and Saudi Arabia more than doubled on a year-on-year basis.

Import value and ranking by country of origin – 2022 to 2023

Country	2022 R million	2022 Ranking	2023 R million	2023 Ranking
Germany	62 932,8	1	78 001,4	1
Thailand	30 077,1	3	39 392,4	2
China	34 492,0	2	34 570,8	3
India	26 698,7	4	31 162,4	4
Japan	22 429,7	5	25 898,5	5
USA	18 329,8	6	23 807,2	6
Spain	10 060,9	7	11 808,5	7
UK	5 662,7	8	7 580,7	8
Czech Republic	5 011,2	11	5 953,7	9
Poland	4 373,5	12	5 632,5	10
Austria	2 775,2	21	5 526,4	11
Sweden	5 252,1	9	5 317,3	12
Brazil	3 766,7	14	5 154,5	13
Mexico	3 053,9	18	5 124,4	14
Italy	3 911,1	13	4 535,3	15
South Korea	5 024,1	10	4 463,5	16
Slovak Republic	3 698,2	15	3 773,8	17
Romania	3 214,3	16	3 562,0	18
Hungary	2 876,7	20	3 426,9	19
Turkey	2 361,6	22	3 285,9	20
Portugal	2 988,2	19	3 061,0	21
France	3 084,8	17	3 024,1	22
Botswana	2 053,7	24	2 430,3	23
Netherlands	1 579,7	26	1 574,6	24
Belgium	1 829,9	25	1 446,3	25
Taiwan	1 370,3	27	1 237,1	26
Indonesia	2 223,3	23	1 201,0	27
Philippines	891,0	30	1 140,1	28
Malaysia	1 112,8	29	1 123,9	29
29 COUNTRIES ABOVE R1 BILLION				

Argentina	1 345,8	28	805,0	30
Vietnam Republic	415,2	32	762,8	31
Slovenia	649,7	31	655,3	32
Finland	302,1	37	502,0	33
Switzerland	390,5	34	431,6	34
Australia	408,9	33	398,0	35
Canada	388,4	35	355,2	36
United Arab Emirates	288,2	38	337,6	37
Denmark	361,0	36	284,1	38
Morocco	286,1	39	282,2	39
Singapore*	111,3	44	260,9	40
Bulgaria	285,3	40	231,5	41
Tunisia	135,3	43	178,8	42
Israel	165,4	41	161,2	43
Luxembourg	151,0	42	133,1	44
Croatia	51,8	48	130,8	45
Ireland	58,6	46	91,6	46
Macedonia*	-	-	84,4	47
Ukraine	63,5	45	70,8	48
Hong Kong, China	58,4	47	52,7	49
Chile*	13,1	-	48,2	50
Bosnia & Herzegovina	36,0	52	42,2	51
Malta	43,0	49	42,0	52
Serbia*	-	-	41,0	53
Lithuania	28,7	54	38,2	54
Norway	33,5	53	37,0	55
Latvia	19,4	-	32,6	56
Colombia	36,5	51	31,8	57
Estonia	17,1	-	25,6	58
Saudi Arabia*	6,8	-	24,7	59
New Zealand	19,2	-	23,4	60
Zambia	13,8	-	20,5	61
Egypt	16,6	-	20,2	62
62 COUNTRIES ABOVE R20 MILLION				

Source: AIEC, **naamsa**, SARS

*Countries with import values more than doubling year-on-year

IMPORTS OF VEHICLES

Source: **naamsa**/Lightstone Auto

The global OEM production and trade system enables the production of all their required models across several production centres globally, linked to global demand patterns. South Africa's automotive industry is export-oriented, with the APDP2 incentivising the OEMs through a rebate mechanism that is tied to a reduction in import duties. South African consumers are therefore spoilt for choice, as on top of domestically manufactured models, domestic new vehicle demand is also met by a range of imported models, in a highly competitive pricing and trading environment. In 2023, the 295 817 new light vehicles (passenger cars and light commercial vehicles) imported into South Africa originated from 24 countries.

Imports of light vehicles declined by 27 966 units, or 8,6%, from 323 783 units in 2022 to 295 817 units in 2023, in line with a weak domestic new vehicle market. Light vehicle imports, as a percentage of total light new vehicle sales in South Africa, declined from 64,8% in 2022 to 59,3% in 2023. Passenger car imports accounted for 76,9% of total passenger car sales of 347 388 units in 2023, and light commercial vehicle imports accounted for 18,8% of total light commercial vehicle sales of 151 492 units in 2023.

The top country of origin, in volume terms, for passenger cars and LCVs imported into South Africa in 2023 was India, with 157 326 vehicles, accounting for 53,2% of the total light vehicles imported, while China consolidated its second position, accounting for 13,3%. Chinese brands continued to gain traction, as financially strapped consumers gravitated towards the more affordable model options. India has been established by several global brands as a production hub for small car plants. Most of the vehicles imported from India fell in the small car and entry-level segments. Volkswagen's Polo Vivo was the only vehicle in these segments that was manufactured in South Africa in 2023.

The following table reveals that in volume terms, India, followed by China, Japan, Germany, and South Korea were the top countries of origin for vehicles imported into South Africa in 2023. In Rand value terms, India was also the main country of origin, followed by Germany, of which imports included the premium brands such as Audi, BMW, Mercedes-Benz and Porsche.

Top 10 countries of origin for light vehicles (passenger cars and light commercial vehicles) imported – 2019 to 2023

Country of origin	2019	2020	2021	2022	2023	2023
Total (R billion)	**60,6**	**36,6**	**50,9**	**79,1**		**Import Rand value %**
India	106 199	88 699	129 364	172 568	157 326	**31,5%**
China	11 443	10 427	21 517	35 052	39 308	**8,6%**
Japan	34 351	21 491	24 152	22 291	21 507	**9,0%**
Germany	36 760	21 660	19 801	20 356	21 017	**12,5%**
South Korea	26 828	14 854	17 478	19 490	13 771	**3,2%**
Spain	11 946	10 129	11 135	18 404	13 650	**6,0%**
UK	8 125	4 776	4 413	3 599	4 506	**3,5%**
USA	4 191	3 514	3 251	4 799	3 908	**3,9%**
Thailand	10 748	4 561	2 342	4 436	3 784	**6,7%**
France	5 059	2 110	2 184	2 896	2 228	**0,6%**
Other	35 004	21 351	26 644	19 892	14 812	**14,5%**
Number of light vehicle imports	**290 654**	**203 572**	**262 281**	**323 783**	**295 817**	**100%**
Total light vehicle market	**508 600**	**357 453**	**437 418**	**499 392**	**498 880**	
% of new light vehicle market imported	**57,2%**	**57,0%**	**60,0%**	**64,8%**	**59,3%**	
Passenger car imports as % of total	**75,1%**	**75,7%**	**78,3%**	**80,0%**	**76,9%**	
LCV imports as % of total	**15,6%**	**15,3%**	**18,1%**	**23,5%**	**18,8%**	

Source: **naamsa**/Lightstone Auto, SARS

One of the reasons why the South African automotive industry remains the dominant vehicle production market in Africa is that used vehicle imports are not allowed into the country. Strict control measures ensure that only a limited number of legal import permits are issued to allow specified used vehicles into South Africa. More information with respect to used vehicle imports and relevant permit application forms can be accessed at www.itac.org.za. Left-hand drive vehicles are also not allowed into the country.

A process of homologation is required before any motor vehicle model, whether domestically manufactured or imported, can be introduced into the South African market. The National Regulator for Compulsory Specifications (NRCS) is tasked with ensuring public safety and environmental protection. The homologation procedure of the NRCS intends to ensure that all new vehicle models comply with the relevant South African legislation, standards and specifications, as well as codes of practice, before use by the public on public roads. More information on the NRCS can be accessed at www.nrcs.org.za.

The National Transport Information System (NaTIS) combats stolen and non-complying vehicle registrations. All vehicle manufacturing plants in South Africa have been linked to the on-line system to facilitate the collation of data related to vehicles manufactured. More information on the NaTIS can be accessed at www.rtmc.co.za.

naamsa
THE AUTOMOTIVE BUSINESS COUNCIL

Celebrating 100 Years of the
South African Automotive Industry

AUTOMOTIVE PARTS AND COMPONENTS – IMPORTS

The automotive supply chain is a vast, intricate global network of OEMs, automotive component suppliers, and service providers that work together to bring vehicles to the market. Automotive supply chains are made up of multiple tiers of component suppliers, distributors and service providers, spread around the world. A typical motor vehicle can contain anything between 15 000 and 25 000 component parts, which together provide integrity for the final product. Automotive parts and components include bodies, chassis, interiors, exteriors, seating, powertrains, electronics, mirrors, and roof systems and modules, amongst others, all assembled into a car to provide the best driving experience.

The seven domestic manufacturing OEMs operate within global supply chains, sourcing components from various countries and integrating them into vehicles manufactured in South Africa. The automotive value chain is a producer-driven value chain in which the production and retail of vehicle sales are governed by the OEMs. They have significant power to shape the value chains through the scale and specification of their orders. After manufacturing and retail, the OEMs also typically provide aftermarket services to customers and support various financial services. They do this through well-developed dealer networks that provide high-value commercial opportunities to national investors.

Global sourcing principles apply in the vehicle manufacturing industry, and in those instances where the original equipment (OE) component is not manufactured in a country, the components need to be imported. The widening and deepening of South Africa's component-supplier base under the SAAM 2035 is an important focal point, as it will reduce the risk associated with exchange rate fluctuations and logistics costs. The introduction of a new model generally starts off with lower local content levels, with the high-value componentry, such as the powertrain and telematics, which collectively account for about 50% to 60% of the value in a modern vehicle, being mainly imported into South Africa.

OE components are components or systems supplied directly to national or international OEMs and have globally recognisable brands. Imports of OE components by the seven domestic OEMs increased by a substantial R40,8 billion, or 34,1%, to R160,4 billion in 2023, from the R119,6 billion in 2022, in line with the 13,9% year-on-year vehicle production increase in 2023, as well as in accommodating the launches of new domestically manufactured models. OE components are imported under Chapter 98 for completely knocked down (CKD) vehicle manufacturing in South Africa. The following table reveals that imports of OE components originated mainly from major vehicle production countries such as Germany, Thailand, Japan and the US.

The widening and deepening of South Africa's component-supplier base under the SAAM 2035 is an important focal point.

Top 10 countries of origin for original equipment components (OE) imported (Chapter 98) – 2019 to 2023

Country	2019	2020	2021	2022	2023
Total (R billion)	**106,8**	**82,3**	**110,1**	**119,6**	**160,4**
Germany	34%	34%	30%	34%	34%
Thailand	16%	19%	20%	20%	18%
Japan	10%	10%	11%	9%	9%
USA	5%	6%	6%	6%	7%
China	4%	4%	4%	4%	5%
Austria	2%	1%	1%	2%	3%
Sweden	4%	3%	3%	4%	3%
Brazil	3%	2%	3%	3%	3%
Spain	3%	3%	3%	2%	3%
Czech Republic	4%	3%	3%	3%	2%
Other	15%	15%	16%	13%	13%

Source: AIEC, **naamsa**, SARS

The independent aftermarket is responsible for the manufacturing and sales of automotive replacement parts and accessories through independent retailers and repair shops directly to the consumer, rather than to the OEMs themselves. The aftermarket also re-manufactures, distributes, retails and installs motor vehicle parts and products, other than the OE components. Aftermarket parts are produced by different companies and are often designed to be compatible with as many makes and/or models as possible.

In 2023, the import of replacement parts increased by a substantial R10,3 billion, or 13,1%, to R89,5 billion, up from the R79,2 billion in 2022. Developments in the area of light vehicle aftermarket parts are driven by major trends such as the growth of vehicle imports, increasing vehicle age, advancements in vehicle technology, and economic pressures on businesses and consumers.

In 2023, light vehicle imports, as a percentage of total new light vehicle sales in South Africa, declined from 64,8% in 2022 to 59,3% in 2023, in line with the challenging macro-economic climate impacting new vehicle sales, however, passenger car imports still accounted for 76,9% of total passenger car sales. Imported light vehicle models have averaged 55% of annual new vehicle sales over the past decade, with domestic manufactured models' new vehicle share declining to 45%, as demanding modern consumers want access to the wide variety of the latest models available globally. One consequence of the shift between domestic and imported models is the changing mix of brands in the domestic new vehicle market. The increased diversity of vehicles and their greater repair complexity create greater challenges for the proliferation of aftermarket parts relating to increased aftermarket product volume, brand use, and product distribution, amongst others.

The South African car parc is also an aging one, increasing to 10 years and eight months in 2023, up from 10 years and six months in 2022, with 77,1% of vehicles being six years or older, up from 76,7% in 2022. The new light vehicle market has not returned to pre-pandemic levels yet, and hence, the increasing average age of vehicles. The growth of older cars and LCVs will generally increase aftermarket product volume. The increasing age of the vehicle population is positive for the aftermarket, as older vehicles on the road use more aftermarket products per kilometre than newer models. The repair-age sweet-spot for most light vehicles ranges between six and ten years of vehicle age. Lower new vehicle sales at present will result in fewer cars and LCVs under six years old through the coming decade. However, on the downside, new vehicles are a key market for many types of accessories, as new vehicles are often modified to fit the

lifestyles and usage needs of their buyers. However, at more than twice the size of the new car market, used vehicles present a lucrative opportunity for domestic automotive aftermarket parts suppliers. The recent high used car prices are also favourable for the aftermarket, since they encourage owners to invest more in the maintenance of older vehicles, which enhances aftermarket volume.

In view of the domestic automotive industry's inevitable transition to advanced, high technology new energy vehicles in future, electric vehicles are far cheaper to maintain and run than ICE vehicles. Although the vehicle price is an important factor, it is often not the best measure, as maintenance costs remain an important factor representing 10% to 15% of total cost of ownership. The benefits of maintenance and service plans, service intervals, and warranties on offer, therefore, need careful evaluation. A battery-powered vehicle has fewer moving parts than a diesel or petrol engine and requires significantly less servicing and parts to fix. However, battery electric vehicles (BEVs) represent only a minuscule number of vehicles in the domestic new vehicle market to date. Although BEVs do not share many operating components with ICE vehicles, they nevertheless would still require aftermarket products, primarily tyres, accessories, batteries and electrical components. In addition to electric vehicles, OEMs are also pursuing hydrogen and other technologies, introducing more complexity but also bringing with it opportunities to maintain these vehicles. However, for the time being, the annual rate of ICE vehicle growth up to 2030 will greatly outpace the loss of ICE volume caused by BEVs over this period.

Economic headwinds remained a real concern for the motor industry at large in 2023, impacting on vehicle buying patterns and replacement cycles. The financial strain, due to high interest rates and a sluggish economy, filtered through to businesses and consumers, with many shying away from buying new cars. New light vehicle price inflation also increased from 4,6% in 2022 to 6,2% in 2023, above inflation in 2023. The convergence of elevated new car prices and the adverse effects of a weakened Rand created a challenging scenario, resulting in diminished affordability. More consumers shifted to pre-owned vehicles, with specific growth in the pre-owned premium car market, compounding the downward slope in new passenger car sales with volumes not yet returning to the pre-pandemic annual sales levels in 2023. The trend is causing these vehicles to be kept in operation for additional years, increasing the population of older models. However, keeping their vehicles for longer and also opting to extend maintenance plans on their vehicles increase aftermarket product volume.

The following table reveals the replacement parts imported, mainly linked to complement the parts not manufactured in the domestic market, for 2019 to 2023.

However, at more than twice the size of the new car market, used vehicles present a lucrative opportunity for domestic automotive aftermarket parts suppliers.

Replacement parts imported (R million) – 2019 to 2023

Parts category	2019	2020	2021	2022	2023
Total (R million)	**62 931**	**57 616**	**68 307**	**79 189**	**89 526**
Tyres	6 150	4 766	6 698	6 734	8 126
Automotive tooling	3 742	6 074	4 944	5 968	6 032
Engine parts	4 364	4 239	4 883	5 804	5 861
Engines	2 126	1 921	2 323	3 279	5 234
Stitched leather seats / parts	2 426	1 788	2 453	2 952	3 558
Transmission shafts / cranks	2 163	2 091	2 461	3 078	3 257
Wiring harnesses	2 255	1 661	2 030	2 540	3 112
Gauges / instruments / parts	2 197	2 065	2 229	2 324	3 024
Brake parts	1 678	1 342	1 546	1 862	2 276
Filters	1 489	1 455	1 577	1 867	1 944
Lighting equipment / parts	1 282	1 041	1 355	1 562	1 866
Batteries	1 110	1 390	1 208	1 412	1 686
Axles	915	815	902	1 026	1 556
Steering wheels / columns / boxes	1 242	978	1 108	1 157	1 555
Ignition / starting equipment	949	887	1 149	1 293	1 376
Catalytic converters	604	752	702	1 288	1 153
Body parts / panels	896	650	816	1 015	1 142
Clutches / shaft couplings	914	798	995	1 172	1 134
Shock absorbers / suspension parts	892	762	937	985	1 060
Radiators / parts	706	626	888	957	964
Gaskets	522	527	659	818	734
Gear boxes	408	366	537	586	677
Automotive glass	452	411	522	631	567
Road wheels / parts	571	415	504	531	566
Alarm systems	478	347	380	478	497
Silencers / exhausts	373	372	427	474	465
Springs	266	235	342	381	460
Air conditioners	204	267	296	215	369
Car radios	298	217	262	264	200
Seat belts	114	76	92	124	146
Jacks	87	84	118	118	123
Seats	87	70	86	102	114
Other components	20 971	18 128	22 878	26 192	28 692

Source: AIEC, **naamsa**, SARS

Replacement parts imports from the traditional markets, such as Germany, Japan, the US, and the UK, have continued to decline, while imports from India and China have increased in line with the substantial increases in vehicle imports from these two countries over recent years. Since 63,6% of the South African new car market comprised smaller and more affordable vehicles below the R500 000 price range in 2023,

imports from India, as the manufacturing hub for small vehicles, continued to increase, while the allure of Chinese vehicles lies in their competitive pricing, good levels of quality, as well as their high-technology specifications.

The following table reveals that the countries of origin for the aftermarket parts imported, with the exception of China, were aligned with the main countries of origin for passenger cars and commercial vehicles. The high level of imports from China is indicative of the country's dominant influence and cost competitiveness in the global automotive environment.

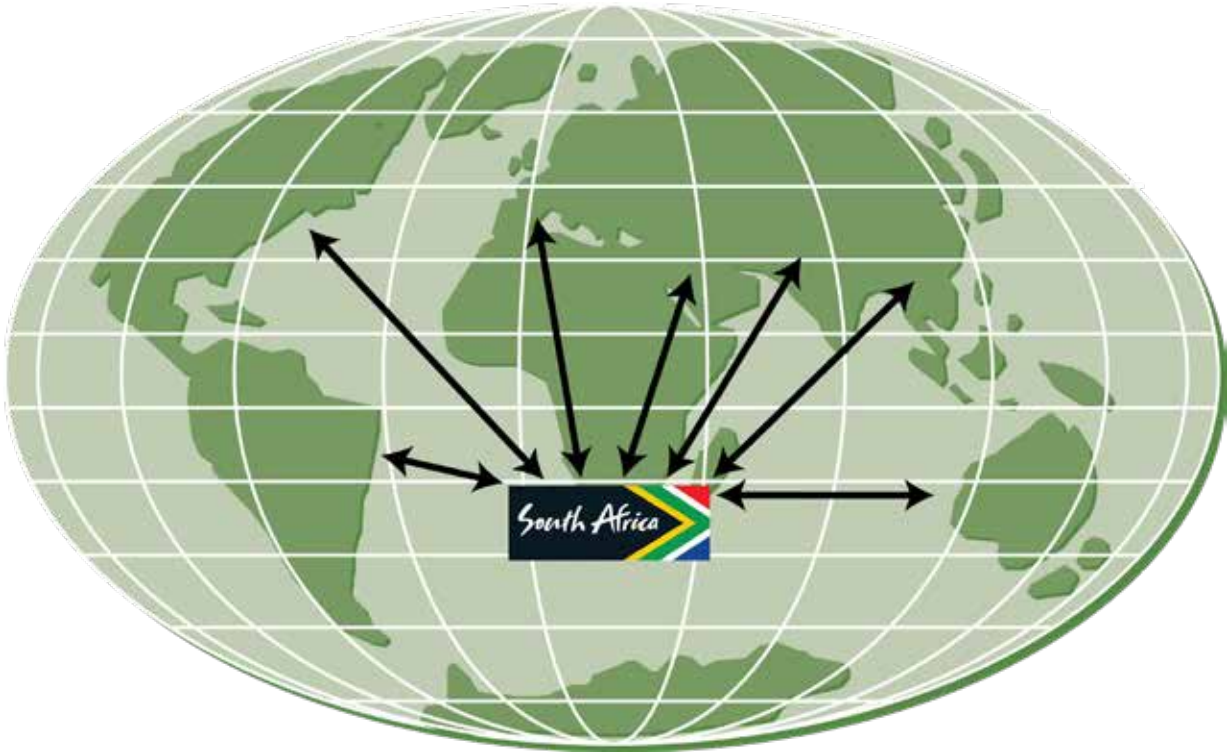
Top 10 countries of origin for imported replacement parts – 2019 to 2023

Country of origin	2019	2020	2021	2022	2023
China	19,7%	21,7%	24,1%	24,8%	21,9%
Germany	16,7%	16,1%	15,4%	14,4%	14,9%
USA	9,8%	9,1%	8,5%	9,1%	9,9%
Thailand	4,5%	4,9%	5,5%	5,0%	5,9%
India	3,1%	2,8%	3,5%	4,0%	4,6%
Japan	5,4%	5,6%	4,9%	5,2%	4,1%
Italy	3,4%	3,8%	3,3%	3,4%	3,5%
Spain	2,4%	2,6%	2,5%	2,5%	3,0%
Poland	1,9%	1,9%	2,4%	2,6%	2,7%
Czech Republic	2,7%	2,4%	2,7%	1,8%	2,4%
Other	30,4%	29,1%	27,2%	27,2%	27,1%

Source: AIEC, **naamsa**, SARS

The high level of imports from China is indicative of the country's dominant influence and cost competitiveness in the global automotive environment.

TRADE



International trade is the modern framework of prosperity and plays a huge role in social welfare and economic growth. Free trade policies are of particular importance for small economies, as they open up new areas for competition and innovation, leading to higher quality jobs, new markets and increased investment. The global experience of the benefits of free trade greatly outweighs the downsides. Trade, therefore, remains imperative for the prosperity of nations, and to improve socio-economic outcomes by creating more opportunities. However, trade relies on multiple, overlapping elements. Geopolitical relationships in particular are changing rapidly, and this has a major impact on international trade and risk profiles. The geopolitical conflict between Russia and Ukraine has exposed the vulnerability of international trade, with countries reflecting on the prospects of self-reliance, where possible. This is putting international trade's comparative advantages under pressure. Manufacturing is being affected by rising prices, weakened demand and slumping trade. To successfully reap the benefits of trade, infrastructure and services must be in place, there must be a robust and stable legal and regulatory framework, and sufficient supply and demand. In addition, technological advancement triggers new opportunities.

As an open, emerging economy market with strong ties to international markets, South Africa's economy is vulnerable to external shocks and changes in global trade patterns. The country's economy heavily depends on the export of commodities, leaving it susceptible to global price fluctuations and demand variations. The substantial swing from a trade surplus in 2022 to a notable trade deficit in 2023 reflects not only the effect of global trade on South Africa but also indicates the economic sensitivity of the country to international trade relations. Total South African export revenue increased only marginally from R1 830,8 billion in 2022 to R1 846,7 billion in 2023, while total South African import revenue increased from R1 760,5 billion in 2022 to R1 914,6 billion in 2023, illustrating the economy's substantial reliance on imported items to meet domestic demand. This volatility affects business and investor confidence, and eventually economic performance, employment and wealth. It, therefore, remains important that South Africa encourages and nurtures its business and economic relations with established trade and investment partners as essential elements of economic progress, growth and employment.

MAIN AUTOMOTIVE TRADING REGIONS AND COUNTRIES

South African automotive trade revenue under the APDP2, amounting to a substantial R520,5 billion in 2023, comprised 16,7% of South Africa's total trade GDP, up from 16,5% in 2022. The South African automotive industry has a huge stimulatory effect on other ancillary industries in South Africa, including steel, platinum group metals, plastics, textile, leather, and logistics services, amongst others. The inter-sectoral impacts of its operations are created through the industry's domestic purchases of goods and services from the various sectors directly and indirectly, shaped by its production activities and requirements for goods and services. The wide range of other intermediate input materials, electricity, water, and transport and business services required for its production processes are also among the automotive industry's sectoral impacts.

The domestic automotive industry's top automotive regional trading partner in 2023 remained the EU. Vehicle and automotive component exports to the EU increased by R13,9 billion, or 10,4%, from R133,2 billion in 2022 to R147,1 billion in 2023, mainly due to a rise in vehicle exports to the region. Automotive imports from the EU increased by R18,2 billion, or 15,0%, from R121,2 billion in 2022 to R139,4 billion in 2023, in line with higher vehicle imports and higher original equipment component imports. The EU, Africa and USMCA were the regions providing a trade surplus in 2023. The largest deficit was recorded with the 48-country Asia region, including countries such as China, Japan, India and Thailand.

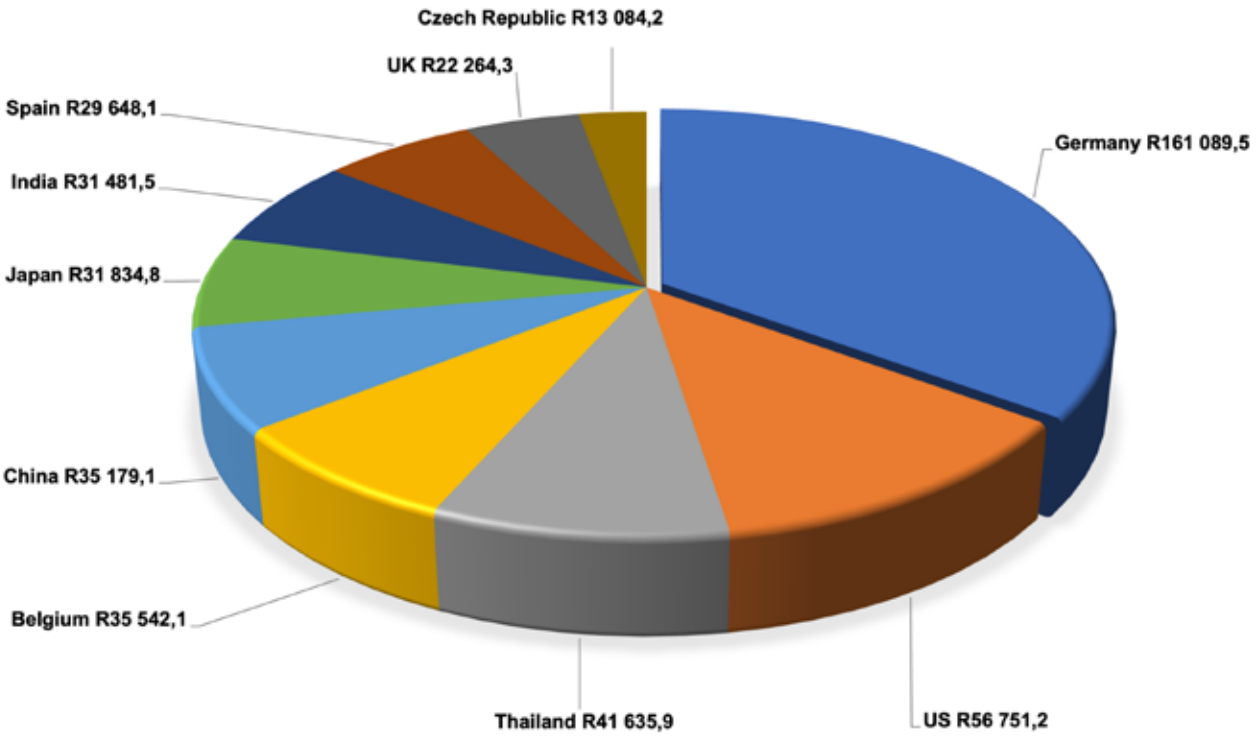
South Africa's main automotive regional trade partners – 2023

Year	Exports from SA (R billion)	Imports into SA (R billion)	Trade surplus/ (deficit) (R billion)
2023 Total	**270,8**	**333,2**	**(62,4)**
EU	147,1	139,4	7,7
Africa (including SADC)	42,8	3,0	39,8
USMCA	30,4	29,3	1,1
Asia	17,9	144,1	(126,2)
Mercosur	2,9	6,0	(3,1)
Other regions	29,7	11,4	18,3

Source: **naamsa**, SARS

Germany, home to BMW, Volkswagen and Mercedes-Benz, remained the South African automotive industry's biggest single trading country partner (exports and imports combined) in 2023. Total automotive trade between the two countries reached a significant R161,1 billion. The South African automotive industry's trade relationship with five of its top trading countries reflected a surplus in 2023. There were no changes in South Africa's top 10 automotive trading partners, but Thailand improved its ranking year-on-year in 2023, from being ranked as number 4 to number 3, and Belgium from number 7 to number 4. The nature of the inevitable transition to EVs in South Africa, particularly its domestic configuration, would be shaped by policy decisions. The projected pace of the global transition will likely lead to a decline in the demand for South African produced ICE vehicles and components over the medium term which would be substituted by EVs and EV components.

South Africa's main automotive trading partners – 2023 (R million)



Source: **naamsa**, SARS

The following tables reveal details and rankings of the South African automotive industry's top 10 automotive trading partners in 2023, and also reflect the top 10 products exported and imported, where applicable.

1. Germany (Total trade R161 089,5 million) – 2023

Main products	Exports from SA R83 088,1 million	Main products	Imports into SA R78 001,4 million
Light vehicles	67 364,8	Original equipment components	54 181,1
Catalytic converters	9 842,6	Light vehicles	9 876,6
Engine parts	1 627,0	Automotive tooling	1 019,7
Axles	673,0	Engine parts	852,1
Clutches / shaft couplings	396,5	Transmission shafts / cranks	669,3
Shock absorbers / suspension parts	210,6	Steering wheels / columns / boxes	639,4
Filters	148,6	MCV / HCV vehicles	608,9
Body parts / panels	140,1	Gauges / instruments / parts	535,4
Engines	106,3	Filters	457,6
Tyres	95,0	Tyres	410,2
Other	2 483,6	Other	8 751,1

2. United States of America (USA) (Total trade R56 751,2 million) – 2023

Main products	Exports from SA R27 944,0 million	Main products	Imports into SA R28 807,2 million
Light vehicles	20 108,6	Original equipment components	11 783,2
Catalytic converters	4 110,8	Light vehicles	3 126,0
Engine parts	1 344,7	Engine parts	799,3
Tyres	594,1	Engines	777,5
Radiators / parts	231,2	Axles	642,2
Axles	150,1	Automotive tooling	540,8
Automotive tooling	126,6	Gauges / instruments / parts	520,7
Engines	116,2	Transmission shafts / cranks	505,9
Silencers / exhausts	96,5	Steering wheels / columns / boxes	332,6
Gear boxes	89,5	Gear boxes	209,1
Other	975,7	Other	9 569,9

3. Thailand (Total trade R41 635,9 million) – 2023

Main products	Exports from SA R2 243,5 million	Main products	Imports into SA R39 392,4 million
Catalytic converters	1 284,8	Original equipment components	28 423,9
Light vehicles	36,3	Light vehicles	5 336,9
MCV / HCV vehicles	19,4	Tyres	1 237,6
Clutches / shaft couplings	17,4	Stitched leather seats / parts	714,6
Tyres	12,7	Wiring harnesses	340,1
Engine parts	3,1	MCV / HCV vehicles	306,3
Batteries	2,1	Filters	258,4
Axles	1,8	Brake parts	181,9
Gear boxes	1,5	Lighting equipment / parts	159,6
Steering wheels / columns / boxes	1,5	Engine parts	135,2
Other	862,9	Other	2 297,9

4. Belgium (Total trade R35 542,1 million) – 2023

Main products	Exports from SA R34 095,8 million	Main products	Imports into SA R1 446,3 million
Light vehicles	32 622,7	Light vehicles	549,4
Tyres	395,0	Original equipment components	516,7
Automotive glass	147,7	Automotive tooling	22,5
Transmission shafts / cranks	111,0	Engine parts	19,5
Body parts / panels	78,7	Shock absorbers / suspension parts	15,7
Engine parts	58,9	Gaskets	13,3
Radiators / parts	58,7	Body parts / panels	12,5
Automotive tooling	51,8	Transmission shafts / cranks	11,1
Clutches / shaft couplings	29,6	Catalytic converters	11,1
Wiring harnesses	25,6	Lighting equipment / parts	8,3
Other	516,1	Other	266,2

5. China (Total trade R35 179,1 million) – 2023

Main products	Exports from SA R608,3 million	Main products	Imports into SA R34 570,8 million
Light vehicles	368,4	Original equipment components	7 633,1
Tyres	43,6	Light vehicles	6 825,0
Transmission shafts / cranks	36,2	Tyres	2 868,3
Automotive tooling	16,8	Engines	1 711,9
Silencers / exhausts	8,2	Automotive tooling	1 650,1
Gauges / instruments / parts	8,1	Engine parts	1 452,9
Engine parts	5,6	Transmission shafts / cranks	663,7
Alarm systems	5,2	Brake parts	652,7
Steering wheels / columns / boxes	5,0	MCV / HCV vehicles	502,0
Radiators / parts	4,0	Ignition / starting equipment	479,9
Other	107,2	Other	10 131,2

6. Japan (Total trade R31 834,8 million) – 2023

Main products	Exports from SA R5 936,3 million	Main products	Imports into SA R25 898,5 million
Light vehicles	4 908,3	Original equipment components	14 573,1
Tyres	68,6	Light vehicles	7 115,0
Engine parts	40,7	MCV / HCV vehicles	532,0
Springs	7,7	Tyres	386,2
Stitched leather seats / parts	7,5	Engine parts	321,5
Transmission shafts / cranks	5,4	Ignition / starting equipment	232,2
Clutches / shaft couplings	5,4	Stitched leather seats / parts	182,8
Brake parts	3,7	Filters	157,1
Catalytic converters	2,4	Transmission shafts / cranks	153,8
Body parts / panels	2,4	Gauges / instruments / parts	129,2
Other	884,2	Other	2 115,6

7. India (Total trade R31 481,5 million) – 2023

Main products	Exports from SA R319,1 million	Main products	Imports into SA R31 162,4 million
Engine parts	143,2	Light vehicles	25 020,7
Catalytic converters	51,1	Original equipment components	1 801,5
Radiators / parts	31,7	Engines	850,3
Automotive tooling	21,6	Tyres	330,9
Transmission shafts / cranks	16,2	Engine parts	324,3
Tyres	8,4	Gauges / instruments / parts	283,8
Silencers / exhausts	3,2	MCV / HCV vehicles	178,0
Seats	3,0	Transmission shafts / cranks	118,8
Clutches / shaft couplings	2,5	Axels	93,1
Brake parts	1,3	Lighting equipment / parts	85,8
Other	36,9	Other	2 075,2

8. Spain (Total trade R29 648,1 million) – 2023

Main products	Exports from SA R17 839,6 million	Main products	Imports into SA R11 808,5 million
Light vehicles	15 777,2	Light vehicles	4 741,3
Catalytic converters	1 669,2	Original equipment components	4 107,2
Radiators / parts	115,0	MCV / HCV vehicles	316,4
Engine parts	46,1	Batteries	313,9
Automotive glass	43,3	Stitched leather seats / parts	180,4
Silencers / exhausts	19,8	Engine parts	102,6
Tyres	19,7	Body parts / panels	92,1
Steering wheels / columns / boxes	16,1	Tyres	74,0
Ignition / starting equipment	11,9	Lighting equipment / parts	64,5
Automotive tooling	9,6	Shock absorbers / suspension parts	56,8
Other	111,7	Other	1 759,3

9. United Kingdom (UK) (Total trade R22 264,3 million) – 2023

Main products	Exports from SA R14 683,6 million	Main products	Imports into SA R7 580,7 million
Light vehicles	12 297,8	Light vehicles	2 741,3
Catalytic converters	1 619,5	Original equipment components	2 646,9
Tyres	187,6	Engines	421,6
Automotive glass	107,6	Automotive tooling	387,7
Engine parts	67,2	Engine parts	155,5
Batteries	65,8	MCV / HCV vehicles	144,2
Road wheels / parts	30,8	Gauges / instruments / parts	134,8
Transmission shafts / cranks	26,6	Catalytic converters	117,8
Silencers / exhausts	14,7	Alarm systems	84,0
Lighting equipment / parts	12,2	Transmission shafts / cranks	67,8
Other	253,8	Other	679,1

10. Czech Republic (Total trade R13 084,2 million) – 2023

Main products	Exports from SA R7 130,5 million	Main products	Imports into SA R5 953,7 million
Catalytic converters	6 544,0	Original equipment components	3 722,8
Radiators / parts	336,1	Brake parts	285,6
Engine parts	127,7	Batteries	226,8
Silencers / exhausts	101,5	Stitched leather seats / parts	209,3
Shock absorbers / suspension parts	2,5	Tyres	195,1
Wiring harnesses	1,9	Automotive tooling	134,5
Seats	1,7	Lighting equipment / parts	101,2
Stitched leather seats / parts	0,7	Engine parts	91,3
Ignition / starting equipment	0,6	Filters	57,5
Automotive tooling	0,6	Light vehicles	44,7
Other	13,2	Other	884,9

AUTOMOTIVE INDUSTRY TRADE BALANCE

There is a strong relationship between imports and exports in the South African automotive industry, as the structure of the APDP2 encourages domestic OEMs to manufacture only one or two high-volume models, to obtain economies of scale benefits via exports, and to import the low-volume models not manufactured in the country. As the leading manufacturing sector in the South African economy, the automotive industry's export value under the APDP2 in 2023, amounted to R270,8 billion, which comprised a sound 14,7% (12,4% in 2022) of the total South African exports of R1 846,7 billion, while the industry's imports of R249,7 billion under the APDP2, comprised 13,0% (11,8% in 2022) of the total South African imports of R1 914,6 billion.

The record automotive export revenue of R270,8 billion in 2023, reflected a substantial increase of R43,5 billion, or 19,1%, compared to the R227,3 billion total export value in 2022, which could mainly be attributed to a record vehicle export performance, resulting in the vehicle export revenue increasing by R46,9 billion, or 29,9%, to R203,9 billion in 2023, up from the R157,0 billion in 2022. Automotive component exports decreased by R3,4 billion, or 4,8%, from the R70,3 billion exported in 2022, to R66,9 billion exported in 2023, in line with lower catalytic converter exports. The automotive import value increased by a substantial R42,0 billion, or 20,2%, from R207,7 billion in 2022 to R249,7 billion in 2023, which could mainly be attributed to the substantial 34,3% year-on-year increase in the imports of original equipment components in 2023, to accommodate new model launches by some OEMs in the domestic market.

Since 2008, vehicle exports have remained the key driver for the automotive industry's healthy trade balance, while on the component side, the trade deficit increased in line with increasing original equipment component imports, to support the higher vehicle production linked to higher export volumes, as well as with the increase in the import of aftermarket parts to support a growing and ageing vehicle parc in the country. The objectives under the SAAM 2021-2035, to increase vehicle production to 1,4 million vehicles per annum by 2035, as well as to raise localisation levels in South African-manufactured vehicles from an average of 40% to 60% by 2035, amongst others, will contribute to the reliance on imported components decreasing in future.

The following table reveals that the trade surplus under the APDP2 measurement remained in a positive position at R21,1 billion in 2023, compared to R19,6 billion in 2022.

Since 2008, vehicle exports have remained the key driver for the automotive industry's healthy trade balance.

APDP- and APDP2-related trade balance for the automotive industry: 2013 – 2023

Year	Imports into SA (R billion)	Exports from SA (R billion)	Trade surplus/ (deficit) (R billion)
2013	126,7	102,7	(24,0)
2014	131,5	115,7	(15,8)
2015	146,2	151,5	5,3
2016	147,9	171,1	23,2
2017	154,6	164,9	10,3
2018	162,0	178,8	16,8
2019	174,6	201,7	27,1
2020	127,5	175,7	48,2
2021	168,4	207,5	39,1
2022	207,7	227,3	19,6
2023	**249,7**	**270,8**	**21,1**
Vehicles	83,3	203,9	120,6
Automotive components (excluding aftermarket parts)	166,4	66,9	(99,5)

Source: AIEC, **naamsa**, SARS

Under the APDP and APDP2, the basis for calculating the duty-free import credits is based on value added through the supply chain in the automotive manufacturing industry. There are certain eligibility requirements under the APDP and APDP2 to ensure that the beneficiaries are companies producing substantial quantities of components for vehicle manufacturing, and to exclude accessories. The requirements include that automotive component manufacturers have to supply at least 25% of their total turnover, or R10 million annually, as part of an OEM supply chain domestically and/or internationally, to comply under the APDP and APDP2. In view of the above, with the exception of automotive tooling, as all manufacturing operations require tooling, the imported replacement parts are generally not linked to value-addition in the country under the APDP and APDP2, and they are therefore not included in the automotive trade balance that is used to track the progress of the APDP and APDP2. Holistically, as was the measure under the MIDP, should imports of aftermarket parts be included in the calculation, the industry as a whole still reflects a trade deficit (refer to the memo item and the following table).

Memo item:

For the purposes of comparison of the 2012 MIDP data with the 2013 to 2023 trade balance data under the APDP and APDP2, based on a holistic view of total automotive exports and imports (including vehicles, OE components and aftermarket parts), total automotive imports amounted to R333,2 billion in 2023, up by a substantial R52,3 billion, or 18,6%, compared to the R280,9 billion in 2022. The trade deficit increased to R62,4 billion in 2023, compared to R53,6 billion in 2022.

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Automotive industry trade balance, including all automotive products – 2012 to 2023

Year	Imports into SA (R billion)	Exports from SA (R billion)	Trade surplus/(deficit) (R billion)
2012*	137,2	94,9	(42,3)
2013	166,5	102,7	(63,8)
2014	177,9	115,7	(62,2)
2015	196,7	151,5	(45,2)
2016	204,0	171,1	(32,9)
2017	208,4	164,9	(43,5)
2018	219,1	178,8	(40,3)
2019	233,7	201,7	(32,0)
2020	179,1	175,7	(3,4)
2021	231,8	207,5	(24,3)
2022	280,9	227,3	(53,6)
2023	**333,2**	**270,8**	**(62,4)**
Vehicles	83,3	203,9	120,6
Automotive components (including aftermarket parts)	249,9	66,9	(183,0)

Source: AIEC, **naamsa**, SARS
*MIDP calculation

For the export-oriented South African automotive industry, the longer-term global economic outlook remains clouded by risks to the inflation trajectory, the recent conflict in the Middle East, and the effects of climate change. However, the prospects for vehicle exports are expected to remain upward on the back of further new model introductions by major exporters in the domestic market, as well as the prospects of modest economic growth in both advanced and emerging economies. Imports of new vehicles into South Africa are linked to the strength of the economy and movements in the Rand exchange rate. OE component imports are set to grow in line with higher vehicle production levels to support higher anticipated vehicle exports, while aftermarket parts and component imports will continue to grow in line with the growing and ageing vehicle parc in the country.

The prospects for vehicle exports are expected to remain upward.

SOUTH AFRICAN AUTOMOTIVE INDUSTRY GROWTH PROSPECTS

Amid economic, geopolitical and climate instability, which could be termed a polycrisis, the world remains quite volatile. The prefix "poly" points to the notion that there are multiple crises all happening simultaneously. However, some commentators believe that the world is trapped in a permacrisis. "Perma" emphasises the permanent nature of the crises beyond the pandemic, climate change and geopolitical tensions, relating to the extent of the challenges the world faces and the depth of the responses it must make as there is no single cause, and therefore, no single fix.

Given the global challenges, the domestic challenges and the uncertain commodity price environment, South Africa's economic growth prospects face substantial hurdles. To address these concerns and invigorate the economy, government should emphasise investments in renewable energy, promote diversification of resources, and champion innovation to bolster economic resilience and long-term sustainability. In November 2023, the South African Cabinet approved the Just Energy Transition Implementation Plan (JET IP), a strategic guide for the country's shift towards a low-carbon economy by amplifying renewable energy sources. The plan includes energy sector reforms, such as advancements in new energy vehicles (NEVs), and the emergence of green hydrogen.

The link to a low carbon economy from an automotive perspective is e-mobility. The South African automotive industry is facing a complex challenge of how to reshape and position itself to meet both the demand for ICE vehicles and NEVs, while simultaneously achieving the objectives outlined in the South African Automotive Masterplan (SAAM) 2035. The DTIC's 2023 EV White Paper signals government's commitment to the widespread adoption of EVs and other eco-friendly modes of transport. The policy supports investments in the development and expansion of new and existing manufacturing plants to support the production of EVs in the country. Not only does it align with global efforts to combat climate change but also positions South Africa to reap the economic and environmental benefits of a burgeoning EV market. It is grounded in the principle that decarbonisation should not lead to de-industrialisation, but rather be leveraged for growth, deepening the automotive value chain, fostering the growth of the domestic industry, and ensuring that the transition aligns with economic priorities.

The transition to EVs is likely to drive demand for critical minerals, both within South Africa and the rest of Africa, providing an opportunity for increased regional industrialisation and the development of regional value chains. With the abundance of mineral resources on the continent, South Africa will become a key driver of EV adoption, be the hub of localising EV manufacturing, and supply vehicle parts across the EV value chain. The global energy transition presents a once-in-a-lifetime opportunity to re-industrialise the manufacturing industry, and the country should utilise the transition to enhance the manufacturing and capacity for parts and components used in the broader renewable energy sector.

The South African government is also focused on implementing the Freight Logistics Roadmap to improve the efficiency and competitiveness of the country's rail lines and ports. The automotive sector's productivity relies heavily on infrastructure investment, sustainable energy supply, and the revitalisation of South Africa's ports, rail and roads. A conducive framework is crucial to support these critical elements. The renewed collaboration between business and government, to urgently tackle the key current challenges relating to energy, infrastructure and transport logistics, are welcome developments which will enable much higher levels of investment, job-rich growth, and provide relief from the current low economic growth trap. Businesses have to navigate many obstacles, and improving the business environment is key to enabling

companies to establish and grow. Growing companies create employment and taxable revenue that can drive real change across the country.

South Africa's automotive sector plays a pivotal role in job creation, with the OEMs and their suppliers accounting for more than 116 000 high-skilled manufacturing jobs, and along with the retail side, accounting for around 500 000 formal jobs in the automotive supply chain. The automotive industry has been fundamental to South Africa's economy, and government recognises the importance of a growing automotive industry, as its social and economic impact extends well beyond vehicle and automotive component manufacturing. The attraction of South Africa's automotive policy regimes over the past three decades has been their long-term vision and consistency and progressive-minded nature. With the transition to NEVs, the domestic automotive industry's collective success will again depend on all stakeholders' constructive collaboration and advancing in the same direction with a progressive-minded automotive policy approach.

The automotive industry has been fundamental to South Africa's economy, and government recognises the importance of a growing automotive industry, as its social and economic impact extends well beyond vehicle and automotive component manufacturing.

METHODOLOGY

The methodology utilised and applied in the *Automotive Trade Manual – 2024 – South Africa* publication remains unchanged from the previous publications to enable meaningful comparisons. All values are presented in nominal prices. The trade data in this publication is reflected for South Africa. Despite the free movement of goods between customs union member countries, from a customs point of view within the Southern African Customs Union (SACU), South African trade with member countries, comprising Botswana, eSwatini, Lesotho and Namibia are included in South Africa's trade data to provide a more accurate reflection of the country's trade.

The trade data in the *Automotive Trade Manual – 2024 – South Africa* publication is based on the detailed Customs and Excise statistics for products eligible under the APDP and APDP2, obtained from the South African Revenue Service (SARS). The Customs and Excise values reflect free on board (FOB) values in nominal terms. The export values of the latest year (2023) are used to rank the countries in order of priority, from the most to the least important export country destination. The same principle is applied to prioritise the export and import data regarding regions, vehicles and component categories. There are 263 country export destinations listed by SARS. For purposes of relevance, one million Rand (R1 million) is used in the *Automotive Trade Manual – 2024 – South Africa* publication as a cut-off level (measure) to determine the top South African export country destinations. For ease of reference and for comparison purposes, the data with respect to the component categories, where applicable, is placed in alphabetical order. Percentages are rounded off.

The main purpose of this publication is to discern and highlight trends in export and import data, to prioritise export country destinations, to prioritise countries of origin, to identify opportunities via potential country and region growth destinations, to measure the impact of the country's trade arrangements on automotive trade patterns, as well as to identify growth in products exported to specific country destinations. The publication also serves as a guide to track the export and import performance of the South African automotive industry under the APDP and APDP2. Due to certain limitations, Customs and Excise statistics cannot always distinguish between the automotive components eligible in terms of the APDP and APDP2 and non-eligible components, therefore certain categories, such as automotive tooling, may contain a small percentage of non-APDP/APDP2 components.

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KEY MOTOR INDUSTRY CONTACT DETAILS

Industry bodies play an important role in providing a collective voice for individual businesses within an industry to create value for members. The organisational structure in the manufacturing and retail sectors of the South Africa automotive industry include **naamsa**, The Automotive Business Council, the National Association of Automotive Component and Allied Manufacturers (NAACAM), and the Retail Motor Industry Organisation (RMI). The National Union of Metalworkers of South Africa (NUMSA) represents the labour constituency in the automotive industry. The major OEMs in South Africa, as well as NAACAM, are also affiliated with the independent African Association of Automotive Manufacturers (AAAM), while the Motor Industry Ombudsman of South Africa (MIOSA) is the industry's accredited dispute resolution body.

The AAAM is an automotive association focused on Africa.

African Association of Automotive Manufacturers (AAAM)		
Telephone: Website:	+27 (0) 82 801 0300 www.aaamafrica.com	152 Western Service Road Woodmead Sandton, 2191

The Department of Trade, Industry and Competition is the department of the South African government responsible for trade and industrial policy.

Department of Trade, Industry and Competition (DTIC) Trade and Investment South Africa (TISA) Export Marketing & Investment Assistance Scheme (EMIA)		
Telephone: Telephone: Website:	+27 12 394 9500 (International) +27 861 843 384 (Customer Care Centre) www.thedtic.gov.za	Private Bag X84 Pretoria 0001

The MIOSA office acts as the only accredited dispute resolution forum within the automotive and related industries in South Africa.

Motor Industry Ombudsman of South Africa (MIOSA)		
Telephone: Telefax: Website:	010 590 8378 +27 86 630 6141 www.miosa.co.za	Meiring Naude Road Scientia 627-J Pretoria, 0184

NAACAM represents the interests of the automotive component manufacturers in the country.

National Association of Automotive Component & Allied Manufacturers (NAACAM)		
Telephone: Telefax: Website:	+27 11 392 4060/5748 +27 86 659 0494 www.naacam.co.za	Postnet Suite # 597 Private Bag 29 Gallo Manor, 2052

naamsa | The Automotive Business Council represents the collective, non-competitive interests of the new motor vehicle industry in South Africa.

naamsa The Automotive Business Council		
Telephone:	+27 12 807 0086/0152	P.O. Box 74166
Telefax:	+27 12 807 0671	Lynnwood Ridge
Website:	www.naamsa.co.za	0040

NUMSA is the trade union representing the labour constituency in the automotive industry.

National Union of Metalworkers of South Africa (NUMSA)		
Telephone:	+27 11 689 1700/1/2/3	P.O. Box 260483
Telefax:	+27 11 833 6330/6408	Excom
		2023

The RMI represents the retail motor trade sector of the automotive industry.

Retail Motor Industry Organisation (RMI)		
Telephone:	+27 11 789 2542/886 6300	P.O. Box 2940
Telefax:	+27 11 789 4525	Randburg
Website:	www.rmi.org.za	2125

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Standard disclaimer

The trade data is based on eligible APDP and APDP2 products. **naamsa** cannot vouch for the accuracy of the information obtained from the source. Due to certain limitations, Customs and Excise statistics cannot always distinguish between automotive components eligible in terms of the APDP and APDP2 and non-APDP/APDP2 components. The main purpose of this trade data is to discern trends in exports and export destinations, as well as imports and countries of origin.

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