



Sector Overview

Automotive

The South African Automotive Industry is a significant contributor to the economy, contributing 6.4% to national GDP in 2019 and providing employment for more than 120 000 workers. The sector accounted for 14.3% of the country's exports and 24% of manufacturing output¹. The sector is a significant source of foreign direct investment into the country, with the seven of the eight Original Equipment Manufacturers (OEMs) investing R7,3 billion in 2019, while making commitments of a further R40 billion investment over the next five years².

The South African automotive cluster is one of the most developed on the entire African continent and some of the most important car manufacturers in the world have manufacturing plants in South Africa including Toyota, Volkswagen, Nissan, BMW, Mercedes-Benz, Kia and Ford³. The major Original Equipment Manufacturers are supported by several hundred downstream and spare parts manufacturers that have managed to establish themselves in the sector over the last half a century.

Part of the reason that so many multinational automobile brands have chosen to establish and maintain manufacturing plants in South Africa is because road transit remains the primary mode of transportation of goods and people for the entire Southern African region. The country currently has more than 22 000 km worth of roads and plans to expand this to 35 000 km⁴.

In South Africa alone, 23% of the household population primarily makes use of private vehicle transport. Of this 23%, about 60% are drivers and the other 40% are passengers. Furthermore, of the 56% of households that primarily take public transport, 75% (42% of the entire household population) make use of minibus taxis. The government is running a programme to capitalize and modernize the mini taxi industry to improve on safety within the sector.

¹ Automotive Export Manual 2020, NAAMSA

² <https://www.aidc.co.za/wp-content/uploads/2020/05/Automotive-Industry-Report-May-2020.pdf>

³ The State of the South African Automotive Industry, Coega (2016). Available Online: <http://www.coega.co.za/NewsArticle.aspx?objID=8&id=515>

⁴ Creamer Media's Research Channel: Road and Rail Report

Registered Vehicles

■ Cars ■ Minibuses ■ Bus ■ Motorcycles ■ Light Duty Vehicles ■ Trucks ■ Other

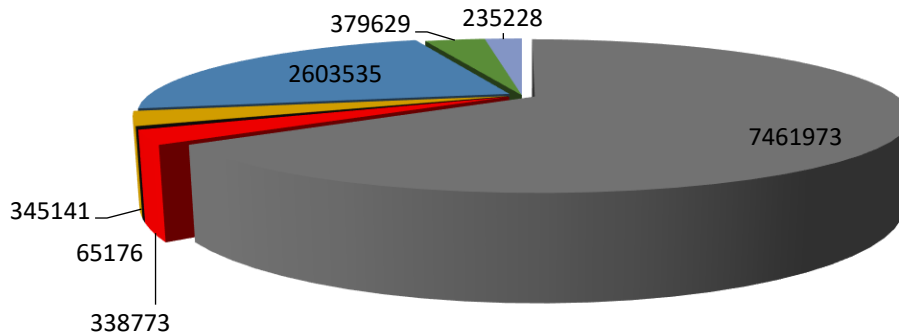


Figure 1 -

Source: Enatis (2019)

As of August 2019, a total of just more than 12.6 million vehicles are registered in South Africa. As per figure 1, of this total amount, 7.4-million are motor cars and station wagons and another 2.6-million are light duty vehicles. Indeed this might suggest a large potential market for engine and transmission tuning.

Despite South African automotive sector being a driving sector for the country's economy, the coronavirus crisis has forced car manufacturing and retail industry into survival mode and could push ambitious growth plans out of reach. In 2018, South Africa government has launched the Automotive Masterplan within its economic development strategy to revive growth through industrialization after years of stagnation and to create jobs by 2035⁵. This ambitious plan is threatened by coronavirus crisis, thus the South African automotive industry will have to review and change their strategies in order to overcome this crisis.

If you are interested in more in-depth research into a particular sector please contact dsg@italcham.co.za

⁵ <https://www.reuters.com/article/us-health-coronavirus-safrica-autos-anal-idUSKBN22I0FL>