

## 2018 Headlines

Healthy 8 – 15.8% sales growth for local suppliers tracked over a 2-year period. 

Continued level of stable profitability, due to operational/non-operational cost-efficiencies. 

Better customer satisfaction ratings of local suppliers from SA OEMs. 

Increased interest in localisation from SA OEMs for existing/new products. 

Average supplier employment levels increased by 8.7% over two years. 

Low levels of average capital expenditure at SA suppliers. 

## Overall Competitiveness Improvement Focus Areas

- Ongoing price competitiveness
- Reliability enhancements
- New product development
- Process innovation capacity



# NAACAM News

The South African Automotive Supplier Industry Benchmark Report 2018  
(compiled by B&M Analysts)

### How competitive are SA automotive suppliers?

Over past 3 years, South Africa's cost competitiveness has improved consistently.

SA firms are considered more competitive than DC firms but need to catch up to LDC benchmark.

Elevated productivity levels support competitiveness gains.

Due to increased performance across operational market drivers such as quality, reliability, flexibility and human resources, waste-associated costs improved by 12.5%, over the past 2 years.



See Page 2 for media release

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### How productive are SA automotive suppliers?

- Productivity of the average South African supplier has improved by 9.8% over the past 2 years.
- Increased focus on people development sees SA firms leverage productivity gains.
- Commitment of local employee base is stronger than DC and LDC suppliers with absenteeism dropping 14.2% over past 2 years.

### Productivity Tools to Improve Competitiveness

- Inventory management 
- Internal reliability measures to support improved production
- HR upskilling

### Productivity Inhibitor:

Capital expenditure and technology investment levels substantially lower than global benchmarks.

### Recommendations for long term growth:

1. Install capacity and capability to support growth outlook
2. Improve upstream stock and materials management
3. Enhance operational performance monitoring
4. Deepen internal localisation

### SWOT summary:

#### Strength

Increasingly productive and competitive production base

#### Opportunity:

Invest to catch up with technology needs

#### Weakness

Low production volumes relative to global peers

#### Threat:

Low level base of assembly with little domestic value add



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\*Data as of March 2018.

\*DC = Developed Country; LDC = Less Developed Country

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## INCREASED LOCALISATION OPPORTUNITIES EXIST FOR SA AUTOMOTIVE COMPONENT MANUFACTURERS

(Continued from Page 1)

**L**ocalisation opportunities should increasingly become evident for South African-based automotive suppliers.

This is one of the key findings contained in the South African Automotive Supplier Industry Benchmark Report 2018. The report, produced for the National Association of Automotive Component and Allied Manufacturers (NAACAM), is based on research undertaken by B&M Analysts, a specialist benchmarking consultancy, and based on their comprehensive benchmarking activities in the automotive sector. The report contains benchmark data for South Africa-based suppliers, as well as comparators from developed and less-development countries.

Renai Moothilal, NAACAM executive director, highlighted that, “the customer benchmark findings contained in the latest benchmark report confirm that the local OEMs are wanting to increase their purchases from South Africa suppliers.”

Moothilal added that, “Three-quarters of the SA OEM customer respondents engaged with in 2017, indicated that they are looking at increasing their total buy from current local suppliers in coming years. This is related to purchasing more of the same products and expanding the range of products bought from suppliers, and even around increasing the buy of newly developed products from local suppliers. This seems to be a step change in the way localisation has been viewed and is possibly reflective of OEMs starting to plan for a future production environment that rewards higher localisation”

The report outlines steps suppliers can take to unlock these opportunities. It found that local suppliers need to focus attention on better meeting customer product development demands. To achieve

this, local suppliers need to ensure an improved understanding of customer development needs as well as what skills and supporting capital and technology is required to realise increased growth opportunities from the local OEM customers. In addition, suppliers need to look at influencing and situating the development needs of local customers within their research and development networks whether globally located or not.

Moothilal reflected on the important role that government’s support programmes, especially the dti’s Automotive Production Development Programme (APDP) and its associated cash grant, the Automotive Investment Scheme (AIS), is playing in supporting the industry’s localisation drive. The soon to be announced post 2020 automotive policy is expected to have a heightened focus on localisation in the sector, with work done to date having highlighted the importance of shifting the current localisation average in SA of less than 40% to 60% by 2035.

Moothilal concluded by confirming that, “the automotive sector remains a priority South African manufacturing sector, contributing significantly to the country’s GDP and export basket. Whilst the production of the local OEMs is crucial, the largest economic spinoffs will be realised in the supply chain.”

The South African Automotive Supplier Industry Benchmark Report 2018 is delivered as part of NAACAM’s continued focus to keep the local industry and its members appraised of relevant industry trends and developments and focus areas, including the assessed benchmarked performance of the local supplier industry.

## Donaldson Filtration Career Day 2018

Making an impact through knowledge....



**A**s a young high school student deciding on your future career path can be daunting therefore the relevant guidance can be an immense help to young students. In March, Donaldson Filtration hosted career days at Springs Technical High School and Hans Moore High School in Gauteng.

Targeted at Grade 9–12 learners, the events promoted Donaldson and provided a platform to showcase our product offering. With the assistance of IAF and the Engine Division Sales Reps this was also an opportunity to guide and advise students on which line of subjects and further studies they need in order to eventually be part of an organization like Donaldson.

There were many interesting conversations held with the students and it was stimulating to see the enthusiasm they had towards the team as filters and career opportunities within Donaldson were explained to them. The order of the day was filters and imparting knowledge and career guidance.

*“After a successful visit to the different schools it is safe to say that we have a bright future in the Engineering Industry. The students were keen to learn more about saving our beloved planet through the use of Donaldson Filtration systems.*

*Filtration Knowledge must be shared more frequently as the students need to know the role of it plays in saving our planet.”*  
**Thuto Segetho**  
 IAF Sales Engineer

*“It is one of the most exciting things to work with young people who are enthusiastic about life and still have dreams to dream. As a woman working in a predominantly man’s world, I particularly enjoyed talking to the young girls in the technical schools. It was a privilege to inspire them and assure them that they can do anything they want to do.*

*I emphasised that hard work is the first requirement. I also encouraged both the boys and girls that they should not be choosing a career based on the money they think they will earn, as this question emerged often! Money does not lead to job satisfaction nor happiness. It was a wonderful opportunity to promote Donaldson as a company that offers opportunity to all, without bias, and a company that promotes self-development and continued learning.”*  
**Emeralda Els**  
 OE Technical Sales Representative



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## AutoX extends a helping hand

**A**utoX joined forces with 'TULIP' and Jacaranda FM's Good Morning Angels to help make a difference in the lives of students.



The Tuks Leadership and Individual Program (TULIP) is a student-driven organisation at the University of Pretoria. TULIP was founded in April 2016 and consists of Tuks students who tutor promising high school learners, in different subjects, on a voluntary basis.

This year, they will tutor around 300 learners from two schools in Mamelodi and two schools in Laudium. TULIP's aim is to make tertiary education more accessible for these handpicked learners. To date, 35 TULIP learners have successfully applied to tertiary institutes around the country. The student volunteers go to the schools every Saturday to assist learners with a wide range of subjects.



Through the support received from AutoX, others can be hopeful for a sustained education and future.

## FRAM Filters goes full throttle in Australia

2017 saw the FRAM Filters brand launched to the Australian automotive aftermarket, through the global partnership between G.U.D. Holdings and Filpro Automotive. Filpro Automotive markets and distributes G.U.D. Holdings leading brands, FRAM Filters, Safeline Brakes, Indy Oil, Holts and Prestone in Australia and New Zealand.

As a key element of the launch in Australia, FRAM Filters has taken its racing heritage to the 2018 Virgin Australia Supercars Championship. Teaming up with Tickford Racing, FRAM Filters will showcase its high performance capabilities to the Australian motor industry on the track.

FRAM has joined forces with the up and coming Ritchie Stanaway, an exciting racing driver in the Supercars Championship. Stanaway has achieved international success in GT Sportscars, GP2 and claimed the Championship Title in the Sandown 500 last year.

According to Filpro Automotive General Manager, Roger Lassen, "It is exciting to bring FRAM Filters to Supercars with a talented young driver and such an accomplished team."

"FRAM Filters has a long pedigree of motorsport involvement across the world so it made perfect sense for us to bring our world renowned brand of automotive filtration products to Supercars, the unrivalled top category of motor racing in Australia and New Zealand. The FRAM Filters logo won't be missed emblazoned

across his Tickford Racing Falcon Supercar's rear wing and we look forward to a great season ahead," Mr Lassen stated.

FRAM Filters is confident that the growth of their footprint in the Australasian automotive market will have a positive spin-off here in South Africa leading to an expanded product range and higher volumes being manufactured locally.



Ritchie Stanaway driving the FRAM brand to success in Australia



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# MAHLE ramps up production for large automotive OEM

Durban, South Africa - MAHLE Behr South Africa (MBZA), a specialist for automotive air conditioning and engine cooling in both passenger and commercial vehicles, recently launched their new production line to manufacture and supply engine cooling modules for the new BMW X3, which is being manufactured at BMW Group Plant Rosslyn in Tshwane. The manufacturing process requires sophisticated technology used for the first time in South Africa.

The result of a significant investment by MAHLE, this new production line is based at MAHLE's plant in Durban and is currently ramping up to full production. MBZA's commitment to localisation, in terms of the Automotive Production and Development Programme (APDP), focuses on expanding local suppliers' capabilities through skills development and technology transfer.

"Localising is critical for the automotive industry if we are wanting to achieve sustainable growth in South Africa. This means, investing in the supply chain on the ground, in this way we work with suppliers to become globally competitive." says Alex Holmes, Commercial Director for MBZA.

"A new building area has been allocated on the existing site and significant investment has been made in capital equipment and in the training of new employees, as the assembly process is totally new to the Durban site" says Holmes.

According to Holmes, the development of MBZA's employee skills has been crucial to ensure that the quality of their components is in line with world standards. Therefore, MBZA has spent a significant amount of time and money training their employees both locally and abroad.

Further to this, MBZA is focused on the communities near to where they operate, and the areas in which their employees

live. Through MAHLE's mobile science lab, "Science2Go", they are able to provide science and maths tuition to more than 20 000 learners from the local area each year.

"At MBZA we want to inspire, educate and spark the interest of science leaders for tomorrow" says Jolene van Heerden, Communications Manager for MAHLE Behr South Africa.

### About the company

MAHLE Behr South Africa is a specialist component manufacturer of air conditioning and engine cooling products for both passenger and commercial vehicles.

The company is the local subsidiary of MAHLE, in Stuttgart Germany. The South African division has been part of Behr since 1999 and has plants in Durban and Port Elizabeth.

The final products currently manufactured include components for engine cooling modules, radiators, charge air coolers, condensers, and evaporators in Durban, and HVAC and aluminium and stainless steel tubes in Port Elizabeth.



*Bongekile Myende, a MBZA employee holding up a fan motor assembly just after it has passed the balancing check*



*Engine Cooling Module ready to be placed onto carrier for shipment (with Alex Holmes, Commercial Director of MAHLE Behr South Africa)*

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## Improved Fuel Quality – “Clean, Protect & Polish”

**H**igh quality filtration is no longer an option but a prerequisite for the efficient operation of today’s sophisticated engines. While most of the damage caused to engines by scum and other dirt has not changed much over the years, diesel engine design has changed significantly. Not only has the power density of engines and resultant injection pressures of fuel systems evolved, so have the diesel property and global emissions standards.



Donaldson’s Clean Fuel & Lubricant Solutions assists in reducing costly component replacement, preventing unplanned downtime as well as improving fuel efficiency by reducing injector wear.

These advanced filtration technologies developed by Donaldson, ensure that stringent ISO Cleanliness levels in terms of ISO 4406 or “Cleaner Fuels” are achieved through single or multi-pass filtration, due to the high efficiency Beta 2000 (99.99%) filter media within each product.

Donaldson Electrostatic Reduction Technology (DERT) prevents filter media damage from electrostatic discharge. Epoxy is used in filter construction for increased fluid compatibility. E-coating provides maximum corrosion resistance and epoxy adhesion. Viton® O-rings provide reliable sealing and maximum fluid compatibility.

Fuels and Lubricant based products often become contaminated within bulk storage facilities or during transportation of product. Reliable fuel filtration technology is essential to ensure fuel cleanliness throughout the distribution process and on-vehicle are achieved.

“Clean, Protect & Polish” is the foundation or design concept for our Donaldson Filtration Solutions in achieving Cleaner Fuels, says Philip Craig, Sales Manager at Donaldson Head Office Longmeadow, Johannesburg.

### 1 CLEAN at the Inlet - “Most EFFECTIVE place to filter “

*A good single pass filtration system on the inlet of the bulk storage tank reduces the risk of introducing contamination into your fuel storage infrastructure and helps maintain desired cleanliness levels. The diesel in your tank represents a significant investment. Why risk contaminating it by receiving a load of fuel with excessive levels of dirt, water, soft solids or bugs? Stop contamination before it stops you. Protect your tanks, your fuel, and your equipment by refusing entry to harmful contaminants. Donaldson bulk filtration systems can be sized for any application. Small systems can be just as efficient as large, more complex systems, if designed correctly.*

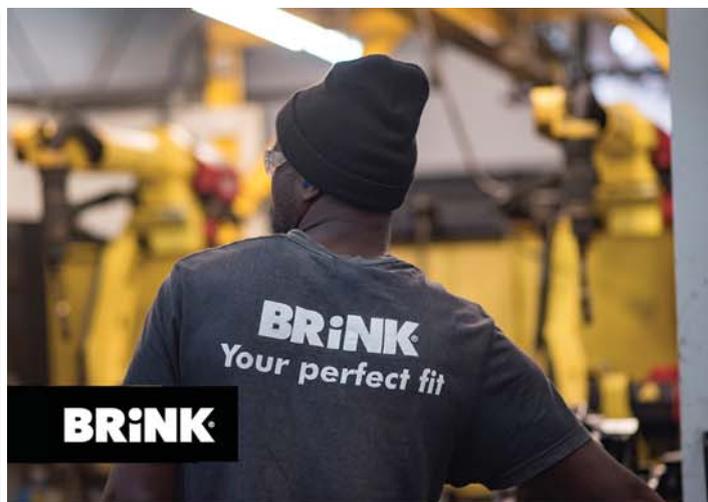
### 2 PROTECT in Tank - “Keep water and dirt out of the tank during storage“

*Work sites tend to be dirty places, and fuel continues to be contaminated each time it is transferred or stored. The task at hand is to prevent additional dirt from getting into the diesel after it is in your bulk tank. This is something every fuel user can and should take steps to control. Dirt can get into your bulk or onboard fuel tank upon delivery, from the air, from the tank, or from direct contact. This can be prevented or minimized by good handling practices. Protect your diesel investment while it is in your bulk storage tank. Install T.R.A.P. (Thermally Reactive Advanced Protection) desiccant breathers with integrated high efficiency air filtration. These breather filters reduce the risk of moisture and contaminants entering the bulk storage tank from the vent so that fluids are kept clean and dry. The T.R.A.P. Breather combines with a high efficient 3-micron media pack together with a deliquescent membrane, that regenerates itself when air is expelled from the storage tank, suitable for ALL fuels and Lubricant storage.*

### 3 POLISH at Outlet - “Most CRITICAL place to filter – keep contaminant out of your equipment“

*Clean your fuel one last time just before it enters the equipment. Point of use filters polish or remove any contaminants that may have been picked up in storage or during final transfer. This is the most critical place to filter, as it is the last safeguard before the fuel passes into your equipment.*

Visit [www.mycleandiesel.com](http://www.mycleandiesel.com) for more insight and technical assistance for Cleaner Fuels!



## BRiNK towbar plant hits the 350 000 mark

The 350 000th towbar has come off the line at Brink Towing Systems, the Pietermaritzburg-based manufacturer and importer of precision-made, high-quality towing solutions.

Fittingly, it was a bar for a Ranger T6 that stopped production for a short celebration, the Ford brand being at the forefront of demanding towbars made to ever-more stringent international standard and with increasingly high towing capacity. The vast majority of Rangers exported around the world from South Africa leave fitted with a Brink towbar.

Each Ranger towbar weighs 40 kilograms and includes about four metres of MIG welding, every centimetre of it completed robotically for maximum quality and consistency. Once completed, a towbar is e-coated and then powder-coated for long-term protection against the elements. 305 000 Ranger towbars have been produced at the facility, 10 500 tonnes of steel being consumed in the process.

“It is a tribute to the entire team at our Pietermaritzburg facility that we have reached this goal and maintained such a high standard along the way,” said Mark Guttridge, managing director of the local operation. “It has taken a lot of hard work to compete in the global industry, and this is reflected in the recognition we’ve received from customers and users, including both Toyota and Ford’s South African plants.”



**BRiNK**

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## SIGNIFICANCE OF THE AUTOMOTIVE INDUSTRY IN THE CONTEXT OF SOUTH AFRICA

Dr. Norman Lamprecht, Executive Manager of the National Association of Automobile Manufacturers of South Africa (NAAMSA) as well as the Automotive Industry Export Council (AIEC) has released his 2018 Automotive Export Manual publication on 4 May 2018, which he produces annually on behalf of the AIEC.



According to Lamprecht, since the first of two motor programmes were implemented in 1995, South Africa already exported more than 4 million vehicles worldwide while the export value in nominal rand value terms of the vehicle and automotive component exports up to 2017 amounted to R1 478,1 billion. On the domestic side, total automotive revenue in the ambit of the automotive business sphere in South Africa amounted to over R500 billion in 2017.

In 2017, vehicle and component production, as the largest manufacturing sector in the country's economy, accounted for 30,1% of South Africa's manufacturing output. The broader automotive industry's contribution to the GDP was 6,9% (4,4% manufacturing and 2,5% retail). Investment is the principal means by which economic policy goals are translated into reality and in this regard the seven major light vehicle OEMs invested a record R8,2 billion, along with a substantial R4 billion by the automotive component manufacturers. Total automotive industry exports for 2017 amounted to R164,9 billion and comprised a significant 13,9% of South Africa's total export earnings. A stronger rand exchange rate as well as the time effect of major new model introductions during the fourth quarter of 2017 resulted in just falling short of the previous export record of R171,1 billion in 2016. However, the export value represented the second highest export level on record.

A total of 338 093 right- as well as left-hand drive vehicles along with a diverse range of automotive components were exported to 149 countries in 2017 with the export value to 16 destinations more than doubling on a year-on-year basis. The UK, with 98 358 vehicles was South Africa's top destinations for vehicle exports in 2017. The high-value, domestically beneficated, logistics friendly catalytic converters remained the most popular component exported followed by engines and parts, tyres and radiators.

The domestic automotive industry's top export markets in value terms were Germany, with R46,7 billion, followed by the USA, with R18,8 billion. The importance of the trade arrangements that South Africa enjoys with the EU, allowing for duty free vehicle and automotive component exports to the 28 countries in the region as well as the AGOA trade arrangement with the USA, enhanced exports to these countries. Africa remains a priority focus for the South African automotive industry and automotive exports to 40 countries on the continent amounted to R29,7 billion, or 18% of the country's total automotive exports of R164,9 billion in 2017. The motorization rate at 42 per 1 000 persons, compared to the global average of 180 vehicles per 1 000 persons, remains the lowest by any region in the world. Considering a population of over 1,2 billion as well as a burgeoning middle-class, there is enormous potential for growing vehicle demand on the continent. In this regard regional integration would unlock intra-Africa trade, better customs co-operation between countries, the elimination of tariff and non-tariff barriers, and the improvement of investments on the back of economies of scale. Opportunities relating to the proposed "Cape to Cairo" free trade area, including 26 African countries, as well as pursuing partnerships with other countries in Africa interested in vehicle assembly would contribute to the domestic automotive industry's export performance.

The import value of vehicle imports increased from R56,2 billion in 2016 to R59,8 billion in 2017, aligned with a first modest year-on-year increase of 1,9% in the domestic new vehicle market following three successive years of decline. India, with 88 110 units, or 29,9% of total light vehicles imported, was the top country of origin in volume terms for passenger cars and LCVs imported into South Africa in 2017. The majority of high-volume entry-level models available in South Africa are manufactured overseas, mainly in India. Volkswagen's Polo Vivo and General Motor's Chevrolet Spark, which were manufactured in South Africa in 2017, are the two exceptions. The value of vehicle imports from Germany, which included the premium brands, however, was nearly double of those imported from India. According to Lamprecht only one or two selected high volume models are manufactured by each manufacturer in South Africa linked to export contracts to obtain economies of scale benefits, coupled with imports of low volume models. Every brand has a benchmark product in just about every segment of the market. The domestic model mix is thus arranged to provide the most effective marketing combination of domestically manufactured and imported models to satisfy a consumer-driven market. South Africa currently has one of the most competitive trading environments in the world and in 2017 offered no fewer than 53 passenger car brands and 3 236 model derivatives and in the light commercial vehicle segment 34 brands with 698 model derivatives for

### COMMERCIAL VEHICLE EXPORTS: 2014 - 04/2018

	2014	Into Africa			4/2018
		2015	2016	2017	
Chevrolet	51	97	19	30	0
Daewoo	23	0	0	0	0
DAF	3	39	0	0	0
Daihatsu	0	2	0	0	0
FAW	22	109	161	236	60
Fiat	22	25	45	131	89
Ford	11 348	6 657	3 071	1 374	587
Foton	0	5	1	0	0
FUSO	0	0	30	0	0
GWM	27	57	44	0	0
Hino	0	0	0	5	14
Isuzu	1 458	3 035	1 792	3 244	919
Iveco	245	146	127	176	7
Jinbei	1	2	0	0	0
JMC	0	3	0	10	0
Kia	3	13	12	17	0
Mahindra	0	5	7	0	0
MAN	421	227	88	102	7
Mazda	486	0	0	0	0
Mercedes-Benz	0	0	0	26	12
Mitsubishi	262	218	116	130	29
Nissan	13 318	8 994	6 267	6 364	2 071
Powerland	0	3	0	9	0
Powerstar	36	20	2	5	0
Renault	15	18	0	0	0
Scania	317	156	195	94	29
Suzuki	0	1	0	2	0
Tata	5	4	8	0	0
Toyota	25 025	16 880	6 815	6 594	2 339
UDTrucks	182	116	103	106	81
VDL	1	0	0	0	0
Volkswagen	5	48	3	34	0
Volvo Group	40	77	144	140	25
<b>Total</b>	<b>53 316</b>	<b>36 957</b>	<b>19 050</b>	<b>18 829</b>	<b>6 269</b>

	2014	Out of Africa			4/2018
		2015	2016	2017	
FAW	0	0	2	8	0
Ford	33 429	31 825	49 527	53 859	15 982
Hyundai	11	0	0	0	0
Isuzu	0	7	7	44	10
Nissan	1 082	10	0	0	0
Toyota	32 497	35 322	37 683	34 396	14 042
<b>Total</b>	<b>67 019</b>	<b>67 164</b>	<b>87 219</b>	<b>88 307</b>	<b>30 034</b>

### PASSENGER CAR EXPORTS: 2014 - 04/2018

	2014	Into Africa			4/2018
		2015	2016	2017	
Alfa Romeo	1	1	1	4	21
Audi	1	0	0	0	0
BMW	0	0	0	0	0
Chevrolet	559	291	148	124	0
Chrysler	1	3	0	0	0
Datsun	0	20	0	31	0
Dodge	21	4	1	0	0
Fiat	8	3	9	18	18
Ford	0	0	1	58	30
GWM	1	8	0	0	0
Honda	355	384	315	482	107
Infiniti	2	0	0	0	0
Jeep	386	316	112	149	41
Kia	28	29	10	32	0
Mahindra	0	1	1	0	0
Mercedes-Benz	167	430	371	341	27
Mitsubishi	123	118	199	48	33
Nissan	143	56	0	0	0
Porsche	8	11	1	2	1
Renault	4	0	0	0	0
Suzuki	0	4	3	12	5
Toyota	5 814	2 708	1 246	1 553	625
Volkswagen	62	69	23	153	18
Volvo	14	18	14	9	0
<b>Total</b>	<b>7 698</b>	<b>4 474</b>	<b>2 455</b>	<b>3 016</b>	<b>926</b>

	2014	Out of Africa			4/2018
		2015	2016	2017	
BMW	60 234	63 680	56 793	47 991	4 740
Hyundai	59	5	23	3	0
M-Benz	32 600	93 005	109 396	113 308	27 464
Toyota	1 453	2 261	952	1 228	198
Volkswagen	54 556	66 299	68 928	65 411	23 704
<b>Total</b>	<b>148 902</b>	<b>225 250</b>	<b>236 092</b>	<b>227 941</b>	<b>56 106</b>

consumers to select from. This afforded car buyers the widest choice to market-size ratio anywhere in the world.

Imports of original equipment components used to manufacture the vehicles amounted to R89,6 billion and originated mainly from Germany, Thailand and Japan. Capital intensive and complex components such as engines, gear boxes and electronic interiors components are mainly imported where the relatively low volumes make the projects not economically viable in the domestic market. However, significant value adding processes take place in South Africa where after the vehicles are subsequently manufactured on behalf of parent companies abroad and exported to global markets. The rand strengthened in 2017 on a nominal trade weighted basis, resulting in only a modest increase in the automotive import values. The rand exchange rate, however, has reacted differently to different countries and this is particularly important with regard to the exchange rate of source countries for South African imports. At an individual company level, depending on the particular firm's exposure to imports and exports and the firm's balance of trade, the impact of exchange rate fluctuations may also vary.

Although South Africa produced 56,4% of Africa's vehicle production in 2017, the industry remains relatively small in a global context and with production of 601 178 units was ranked 22nd in respect of global vehicle manufacturing with a market share of 0,62%. Currency volatility, logistics costs and international economic developments are challenges the industry has to confront on a daily basis and which fall outside of the control of the automotive policy programme. South Africa has to compete against major automotive forces such as China, India, Thailand and Mexico, amongst others, for investments in new generation models while these countries also export vehicles and automotive components to world markets.

South Africa's automotive industry remains a vital element in the country's economy. The industry plays both a strategic and catalytic role in economic development in view of its significant investments, modern, advanced manufacturing activities, provider of quality employment, contribution to the country's GDP, earner of forex as well as its significant multiplier effect in the economy. Long-term policy certainty is a key reason for the continuous health and success of the country's automotive sector. In this regard the role of the Department of Trade and Industry, custodian of the MIDP implemented in 1995, and current APDP, implemented in 2013 as well as the SA Automotive Masterplan 2021-2035, set to succeed the APDP, is imperative. The manufacturing sector has been singled out as a crucial driver to place the country's economy on a path of sustainable growth and development. Considering that vehicle and component manufacturing comprises nearly a third of the country's manufacturing output, Lamprecht emphasised that the automotive industry is and will remain essential to the growth and success of the South African economy.

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**Vehicle Sales: 2014 - April 2018 (incl.)**

	2014	2015	2016	2017	4/2018
Changan	0	124	17	72	48
Chery	0	10	18	3	0
Chevrolet	16 726	16 685	12 578	7 698	0
Citroen	98	108	3	0	0
Daewoo	55	16	16	22	23
DAF	247	156	162	288	92
Daihatsu	898	44	0	0	0
Datsun	0	0	176	240	22
Eicher	0	0	0	32	22
FAW	607	802	918	967	320
Fiat	605	404	545	490	328
Ford	30 026	35 403	33 891	33 907	9 912
Foton	517	135	93	33	0
Freightliner	1 243	1 127	498	5	0
Fuso	1 176	1 107	1 219	1 007	271
GWM	1 904	1 285	616	1 515	565
Hino	3 423	3 601	3 047	2 995	818
Hyundai	4 643	4 051	3 860	3 556	1 029
Isuzu	19 541	20 865	16 344	18 178	5 420
Iveco	1 444	1 098	1 353	1 445	340
Jinbei	461	534	234	0	0
Jmc	700	724	398	335	123
Kia	3 148	3 332	2 003	1 811	438
Land Rover	440	473	223	33	0
Mahindra	2 481	2 188	1 990	2 118	1 076
MAN	1 880	1 605	1 611	1 810	544
Mazda	2 376	1 417	661	529	326
Mercedes	5 486	5 169	4 584	4 992	1 284
Mitsubishi	978	557	43	438	141
Nissan	28 642	31 637	26 874	33 112	9 447
Opel	140	9	0	0	0
Peugeot	185	199	147	47	28
Powerland	0	16	9	47	6
Powerstar	474	483	384	367	149
Renault	518	182	271	76	35
Scania	2 032	2 508	2 356	2 392	590
Ssangyong	30	53	4	0	0
Suzuki	67	27	262	301	2
Tata	3 002	2 637	2 158	1 768	439
Toyota	56 114	52 298	54 805	55 634	17 125
UD Trucks	3 365	2 566	2 078	2 126	541
VDL	7	6	4	17	0
Volkswagen	7 524	7 767	7 959	7 189	1 978
Volvo	2 117	1 845	1 875	1 994	703
<b>Total</b>	<b>205 320</b>	<b>205 253</b>	<b>186 287</b>	<b>189 589</b>	<b>54 185</b>

	2014	2015	2016	2017	4/2018
Abarth	67	45	70	68	16
Alfa Romeo	297	157	117	225	58
Audi	18 375	14 950	11 600	10 806	2 916
Bentley	0	0	42	61	27
BMW	24 521	21 580	20 355	16 142	5 552
Chery	1 125	748	429	181	0
Chevrolet	21 615	14 387	7 847	3 701	0
Chrysler	389	275	9	0	0
Citroen	802	789	437	8	0
Daihatsu	460	47	0	0	0
Datsun	1 573	5 645	4 664	6 673	2 361
Dodge	832	900	110	55	0
FAW	514	683	273	86	0
Ferrari	82	91	95	76	35
Fiat	2 120	1 317	691	851	252
Ford	40 862	43 063	39 965	37 313	9 403
GWM	979	1 097	159	865	287
Honda	10 169	11 064	8 070	7 187	2 774
Hyundai	39 489	33 720	32 894	31 503	10 586
Infiniti	371	526	84	41	1
Jaguar	954	758	971	1 247	459
Jeep	7 420	6 308	2 892	1 698	422
Kia	18 675	16 610	14 197	15 975	5 378
Land Rover	5 828	5 375	4 099	3 749	1 408
Landwind	0	17	62	132	66
Lexus	1 344	1 027	1 031	885	306
Mahindra	1 028	917	1 749	2 358	723
Maserati	26	64	115	164	39
Mazda	2 563	7 649	11 388	12 844	4 722
Mercedes	28 993	25 228	22 331	20 362	5 823
Mini	2 126	2 078	2 230	2 042	695
Mitsubishi	3 665	3 130	2 181	1 192	445
Nissan	15 781	10 105	9 401	11 704	5 466
Opel	3 598	6 483	4 098	3 397	835
Peugeot	2 166	1 313	982	799	453
Porsche	1 145	1 468	1 409	1 298	405
Proton	92	14	0	0	0
Renault	18 566	19 952	18 525	22 559	7 119
Smart	60	74	1 042	370	46
Ssangyong	105	92	18	5	1
Subaru	1 263	1 101	905	1 002	324
Suzuki	6 402	6 354	5 366	8 532	3 755
Tata	883	675	972	909	144
Toyota	66 653	66 101	58 188	67 925	20 320
Volkswagen	82 093	75 707	67 168	69 166	22 800
Volvo	2 863	2 710	2 034	1 957	561
Other	4	3	0	0	0
<b>Total</b>	<b>438 938</b>	<b>412 397</b>	<b>361 265</b>	<b>368 113</b>	<b>116 983</b>

Source: NAAMSA/Lightstone Auto  
 BMW - The actual disaggregated new vehicle sales, backdated to February 2017, are now available and have replaced the estimates in the NAAMSA database.  
 PORSCHE - The actual disaggregated new vehicle sales, backdated to August 2017, are now available and have replaced the estimates in the NAAMSA database.  
 MERCEDES-BENZ - The disaggregated new vehicle sales data has been purified with new vehicle registration data, backdated to January 2017.

# Sector Codes

Yolande Greyling, aBEErate Verification Agency (Pty) Ltd

It is imperative that organisations know which Code they qualify to be measured on. The consensus is based on which sector at least 51% of an organisation's income is generated. In terms of section 9 of the Act, organisations that fall under the scope of a specific sector must measure on the criteria of that Sector Code. Without an identified Sector Code, organisations are automatically measured on the 2013 Codes of Good Practice (Amended Codes).

Sector Charter Councils were established to evaluate and monitor the sector they represent. Their mandate was to identify specific shortfalls and areas falling short of Transformation in their sector against the expectations of the Amended Codes. Sector Codes take a holistic view of the expectations of the Amended Codes, then adapt them to their Specific sector scorecard to expedite Transformation within their Sector. Statement 003 of the Amended

Codes states that all Sector Codes must be aligned with, and address all the elements in, the Amended Codes. This must include using the same definitions and the application of similar calculation methodologies.

Specific elements, targets, points available and threshold may differ from sector-to-sector. The Amended Forestry and ICT Sector Code have Sector Specific in its measured criteria.

For a Sector Charter to become a legally binding Sector Code of Good Practice It must be gazetted in terms of section 9 of The Act, which includes a 60-day comment period. Once gazetted, a Sector Charter becomes a Sector Code of Good Practice. It then holds the same status as Amended Codes and it makes it legally binding to the private sector, organs-of-state and public entities.

## Summary of Status of Sector Codes

Code	Current Status	Current Code Applicable
2013 Codes of Good Practice (Amended Codes)	✓	Measurement criteria for organisations not falling under the criteria of a specific Sector Code.
Amended Tourism Sector Code	✓	Gazetted November 2015
Marketing, Advertising and Communication Sector Code (MAC)	✓	Gazetted May 2016
Amended Information and Communication Technology Sector Code (ICT)	✓	Gazetted November 2016
Chartered Accountancy Sector Code	Repealed	Measurement on Amended Codes.
Amended Construction Sector Code	✓	Gazetted December 2017
Amended Property Sector Code	✓	Gazetted June 2017
Amended Forest Sector Code	✓	Gazetted April 2017
Amended Financial Service Sector Code	✓	Gazetted December 2017
Amended Transport Sector Code	Draft	Transport Sector Code gazetted 21 August 2009.
Amended AgriBEE Sector Code	✓	Gazetted December 2017

- It is imperative that organisations only use a SANAS Accredited Verification Agency that is certified to measure a specific Sector Code.

- aBEErate Verification Agency (Pty) Ltd is accredited to verify all Sectors except Transport Sub Sector Code – Taxi Industry.

**Should you have any queries regarding B-BBEE, please don't hesitate to contact Yolande Greyling at aBEErate on 011 914 1183 or yolande@abeerate.co.za**



**NAACAM's comment on the proposed amendments to B-BBEE statements 000 and 300 was distributed to members on 1 June 2018 (Circular 18.05.034) and is also available on the NAACAM website.**

**Go to <http://www.naacam.co.za/register> or, should you have already registered for the Members' Area, go to <http://www.naacam.co.za/News-Circulars/Members-Area>**

**The 2018 NAACAM Directory is now available. Please contact Bev on 011 392 4060 or email [bev@naacam.co.za](mailto:bev@naacam.co.za) to arrange for copies**

**It is with regret that we inform you that Danie Jordaan, NAACAM's Trade Consultant, passed away peacefully on Wednesday 6 June 2018. Our sincere condolences to his family and friends.**