



NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SOUTH AFRICA

GROUND FLOOR, BUILDING F
ALENTI OFFICE PARK
457 WITHERITE ROAD, THE WILLOWS, X82, PRETORIA
PO BOX 40611, ARCADIA 0007
TELEPHONE: (012) 807-0152 / 807-0086
FAX: (012) 807-0481
WEB ADDRESS: www.naamsa.co.za
E-MAIL ADDRESS: naamsa@iafrica.com

N4 / 2 / 1
9th September, 2014

**NAAMSA CHIEF EXECUTIVES
NAAMSA APDP SPECIALISTS
HEADS OF EXPORT DIVISIONS
AUTOMOTIVE INDUSTRY EXPORT COUNCIL**

Ladies and Gentlemen

UPDATE ON TRADE AND DEVELOPMENT MATTERS RELEVANT TO THE SA AUTOMOTIVE INDUSTRY

- 1. SOUTH AFRICAN GOVERNMENT POLICY APPROACH TO PROMOTE TRADE AND INDUSTRIALIZATION IN AFRICA**
- 2. BRAZIL / RUSSIA / INDIA / CHINA / SOUTH AFRICA / (BRICS) DEVELOPMENTS**
- 3. REPORT BY MR DANIE JORDAAN ON CURRENT TRADE AND RELATED MATTERS: AUGUST, 2014**

In regard to the promotion of trade and industrialization in Africa, it is the aim of the South African government to finalize – within the next few years – the African Trade Agreement to create an integrated market of 26 economies / countries comprising 600 million consumers. At the same time, the SA government will continue to promote broader regional integration through the Southern African Customs Union (SACU), Southern African Development Community (SADC) and the impending Tripartite Free Trade Area (T-FTA) that covers eastern and southern Africa. The establishment of such a free trade area will enable South Africa to diversify its export base, promote greater intra-African Trade and Investment and support regional industrialization. South Africa will also focus and allocate more resources on African infrastructure development and industrialization.

In regard to the second point, at the BRICS Summit in Brazil held middle July, 2014 – Trade Ministers approved a new **BRICS Trade and Investment Cooperation Framework** which included the adoption of a programme to generate incremental value added exports among BRICS economies. Other key features arising from the Summit were -

- The BRICS New Development Bank will mobilise savings to finance substantial investments in African infrastructure and industrialisation. The Bank's regional headquarters will be in South Africa.

- The new Contingency Reserve Arrangement will provide a pool of roughly R1 trillion to shield BRICS economies from speculators and market panic. South Africa will commit roughly R50 billion but will be able to draw up to R100 billion if required.
- South Africa will also ensure that it continues to deepen economic development, trade and investment partnerships with the BRICS through the work of the BRICS Contact Group for Economic and Trade issues.
- Government will increase efforts to attract investment and export manufactured goods within BRICS.

In regard to the third point, members will wish to note that NAAMSA and NAACAM have agreed to share the monthly consultancy fee of Mr Danie Jordaan, a recognized international trade expert, and in return Mr Jordaan will, from time to time, be required to represent the industry's interests at various meetings and colloquiums dealing with trade related matters. Moreover, Mr Jordaan will provide NAACAM and NAAMSA with a monthly report on current trade and related matters relevant to the automotive industry.

A copy of Mr Jordaan's August 2014 report is attached.

The purpose of this communication is to inform members of developments in regard to the above referenced matters which are relevant for corporate strategic reviews and planning. These developments are also relevant in terms of a planned NAAMSA engagement with the Minister of Trade and Industry to discuss preferential trade or possible free trade arrangements between South Africa and various African countries. The question of facilitating increased trade in automotive products within BRICS will now also become an important issue.

Members will be kept informed of further developments.

Regards
Vermeulen