

SACU AUTOMOTIVE VALUE CHAIN
06 MAY 2025



Automotive Investment Scheme

Non-taxable cash grant for qualifying capital investment on productive assets by OEMs (20%), component and tooling manufacturers (25%)



Stable Tariffs

- Stable throughout the programme.
- Import duties on vehicles: 25% of ad-valorem (18% from EU/UK).
- Import duties on component: 20% ad-valorem.

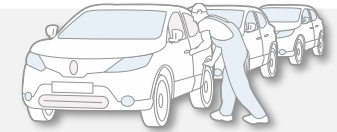
Volume Assembly Localisation Allowance [VALA]

Incentive for OEMs used to offset duty liability on imported components used in the manufacture of specified Motor Vehicles.



Production Incentive [PI]

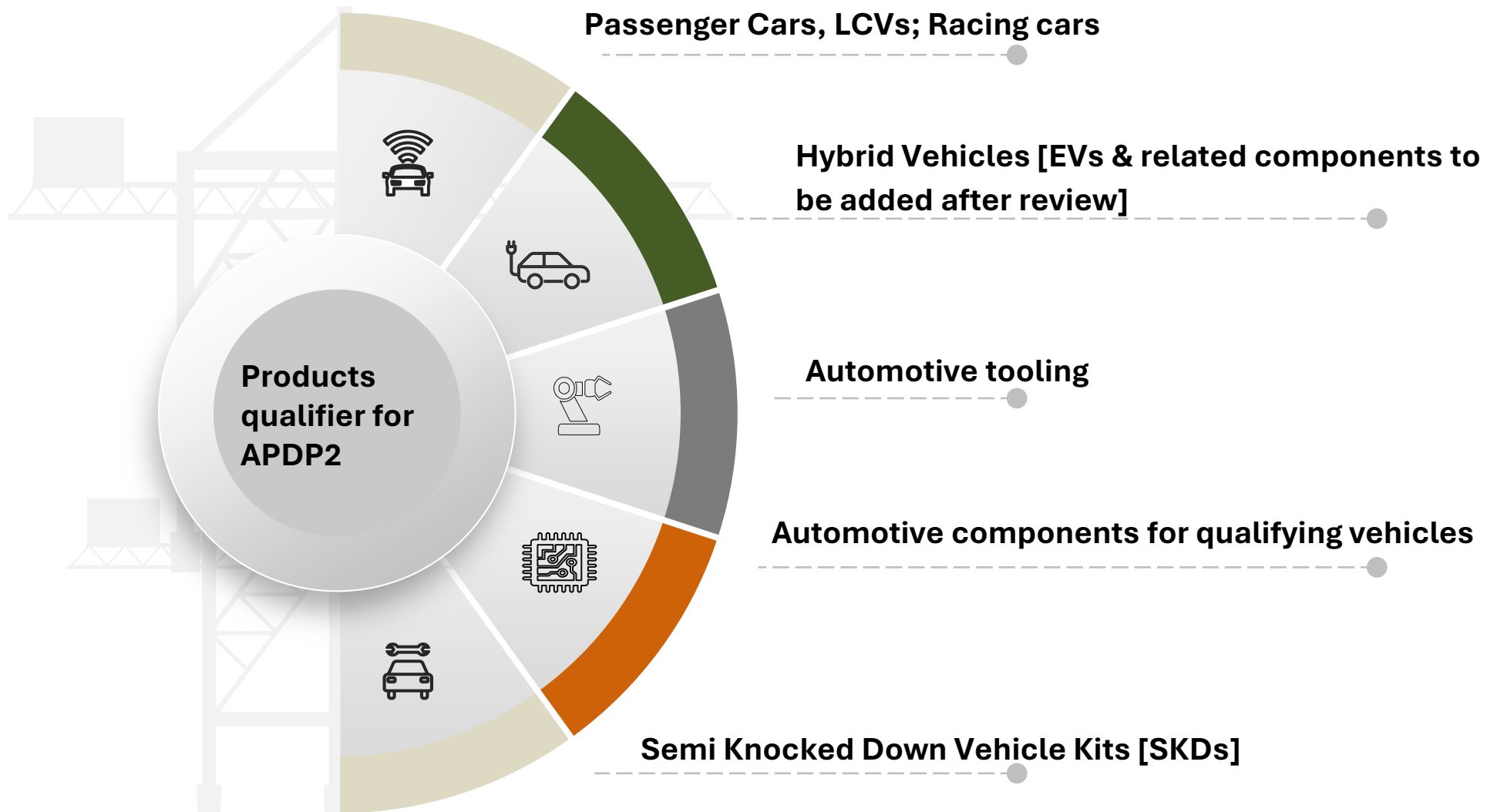
- A rebate incentive available to final manufacturers of LCV's, tooling and components.
- The rebate can be used to offset duties on imported components and vehicles.
- PI benefits are transferable.



APDP 2

- The objective of the programme is to support the attainment of the vision of the South African Automotive Masterplan.
- Supports investment and tariffs for tooling, components, and vehicles based on LVA to reduce production costs, boost competitiveness, scale output, create jobs, and drive value chain transformation.
- The programme includes several rebate and refund provisions.

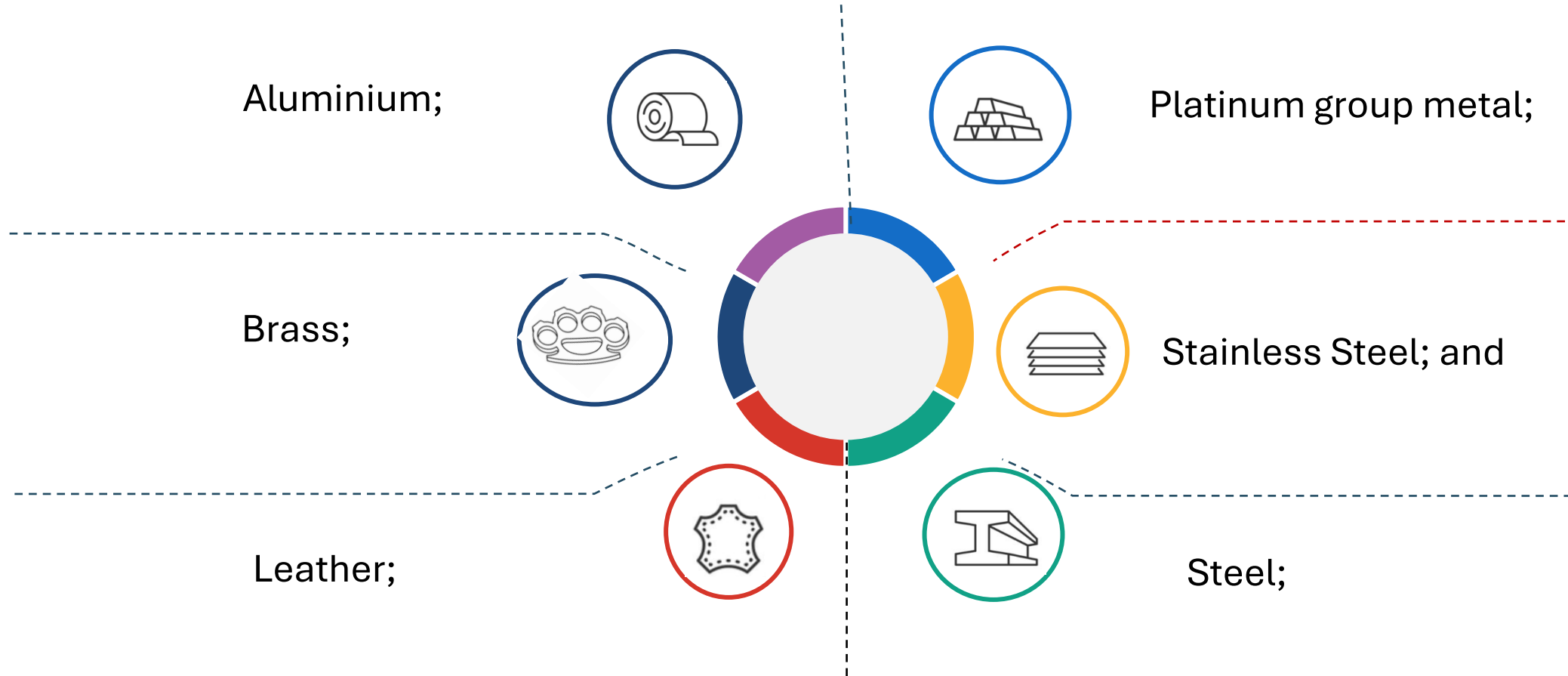
ELIGIBLE PRODUCTS UNDER APDP2



For the products to qualify for APDP benefits, there are requirements to be met including the 25% LVA for components and tooling.

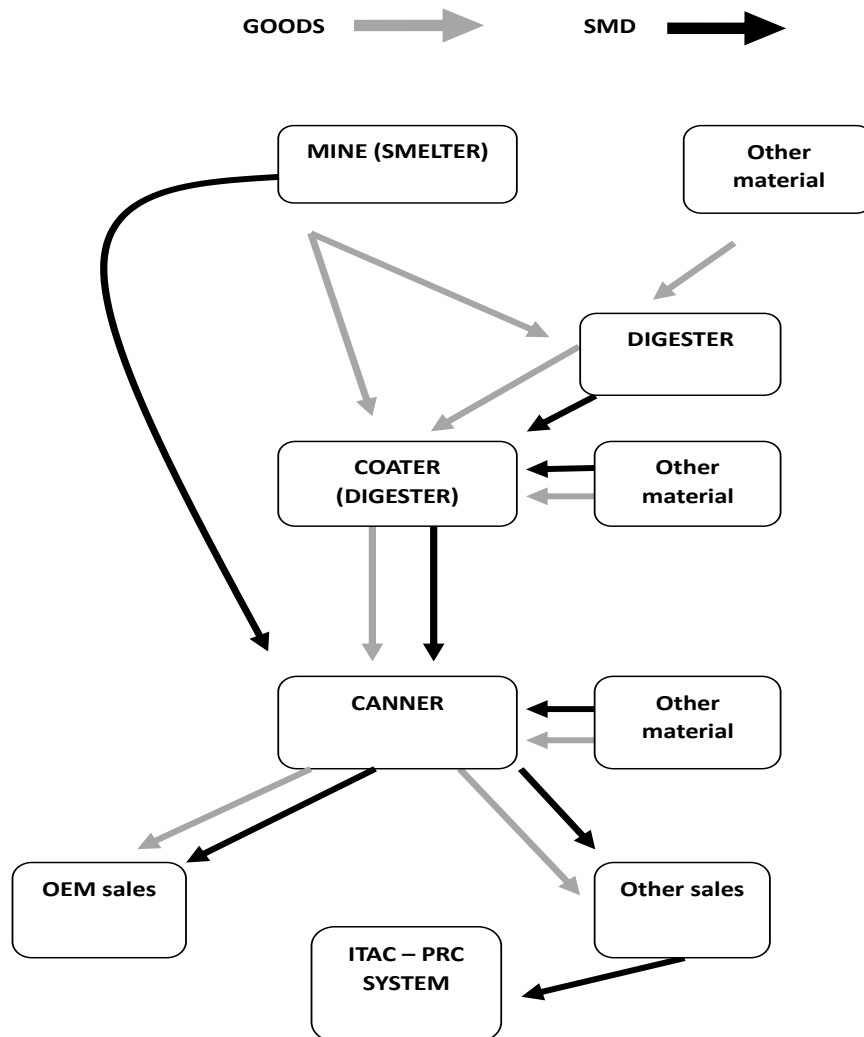
EXISTING STANDARD MATERIAL UNDER APDP2

- **Minister of the dtic** identified local materials originating in the SACU region that would qualify as standard materials, and thereby qualifying for 25% value added.



THE FLOW OF STANDARD MATERIAL

Flow of material and Standard Material Declaration with the production of a catalytic converter



The Case of Catalytic Converters

- The catalytic converters is a very important component material which is made from PGM.
- In the case where the standard material PGM's are sourced within the SACU region, the PGM qualifies for the 25% Value Add.
- Catalytic converters are considered for APDP Production Incentive benefits if they comply the following conditions:
 - a. Platinum rhodium and palladium must be sourced from a refinery within SACU;
 - b. The wash coat and coating mixture must be produced in the SACU using the PGM mentioned in (a) and the coating must take place in the SACU;
 - c. Imported stainless steel may be used in the canning process, but the value thereof will be non-standard material; and
 - d. The complete canning process must be undertaken within the SACU.

In essence this provides an opportunity for component and material manufactures based in SACU to supply and form part of the Automotive value chain.

The Minister of the dtic requested ITAC to review the Standard Material List, to include critical minerals for battery manufacturing. The known minerals required as inputs for the manufacture of electric vehicle batteries include the following:



Rare earth minerals (i.e Neodymium, Praseodymium, dysprosium)



Iron



Lithium



Graphite



Copper



Cobalt Sulfate



Manganese sulfate



Nickel sulfate



Polymer

- Should the above minerals be included as standard materials under the APDP2, final manufacturers would earn additional Production Incentive benefits when procuring automotive products (e.g. EV batteries) containing these minerals, provided these minerals are sourced within the SADC region.
- The inclusion of the minerals as standard materials under the programme, is envisioned to encourage increased consumption of regionally sourced minerals, and the beneficiation of these minerals in the region.

ITAC EXPORT CONTROL ON CRITICAL MINERALS

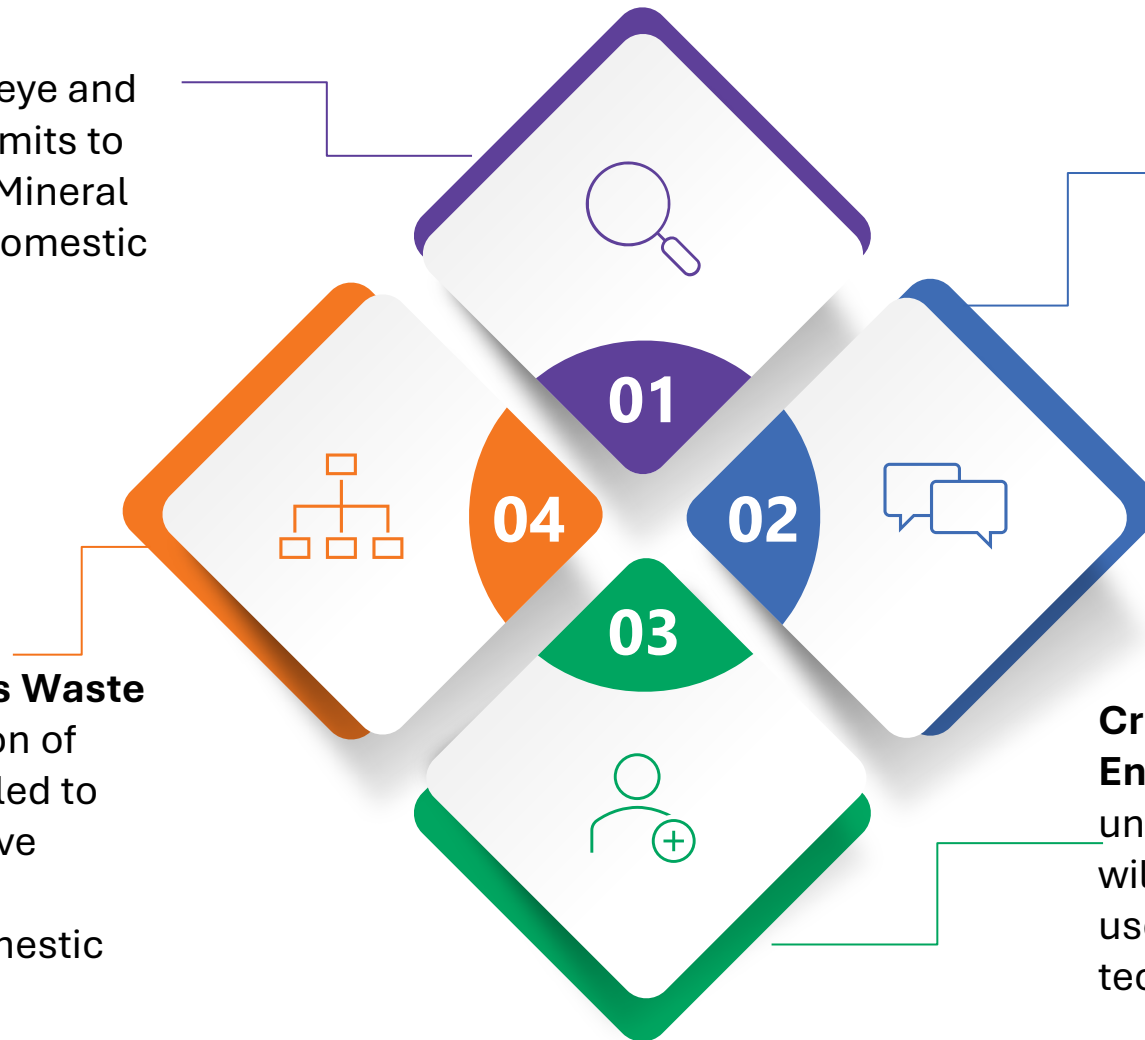
ITAC regulates the export of specific minerals and related materials through its export control measures. These controls aim to support domestic beneficiation, ensure the availability of raw materials for local industries, and comply with international agreements

Precious Stones: Tiger's eye and sugilite require export permits to assist the Department of Mineral Resources in promoting domestic beneficiation strategies.

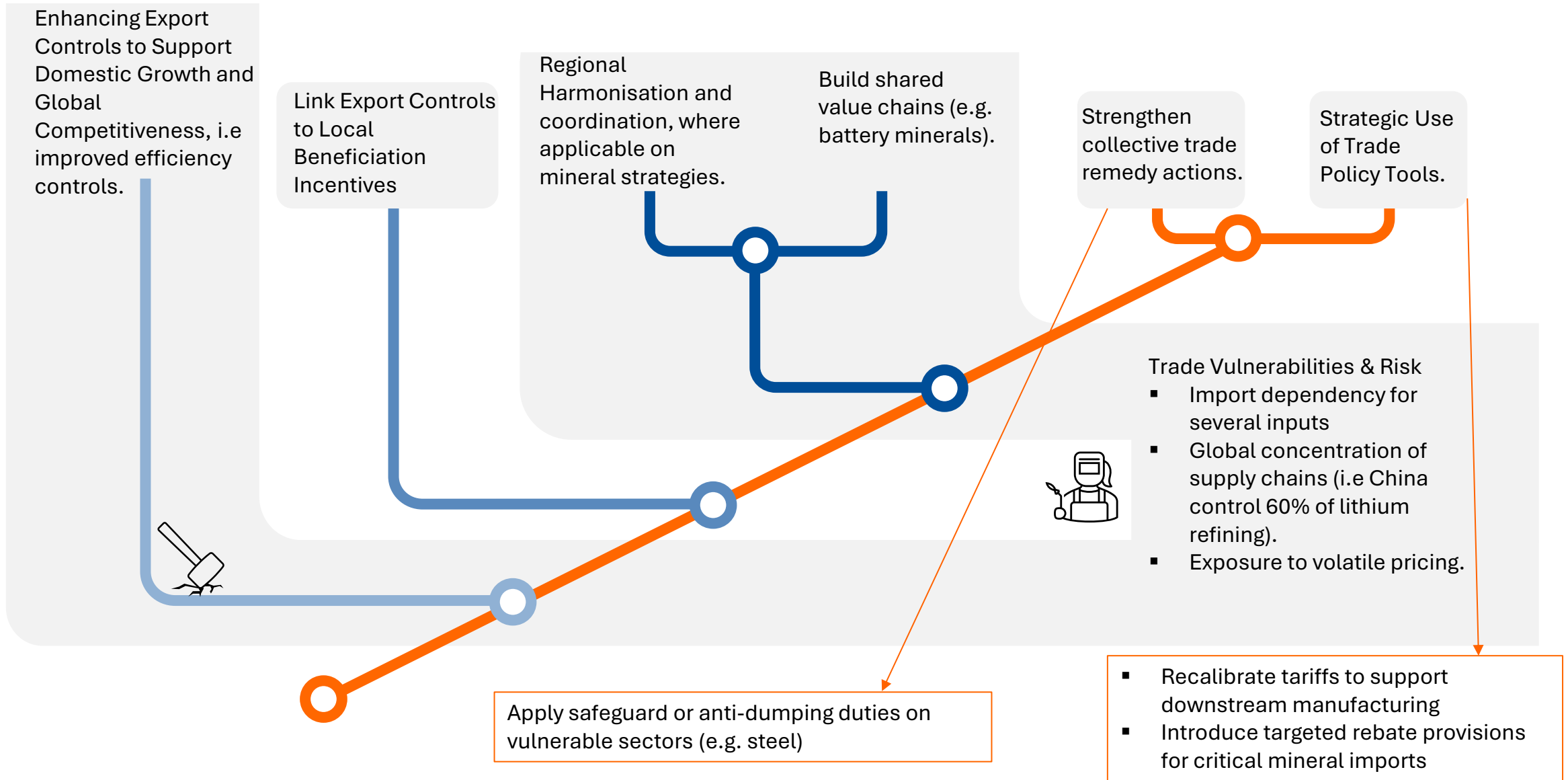
Scrap Metal and Semi-Finished Metal Products: Recent measures include a temporary prohibition on the export of certain scrap metals, such as copper and ferrous waste, to curb infrastructure theft and support local industries.

Ferrous and Non-Ferrous Waste and Scrap: The exportation of these materials is controlled to ensure local foundries have access to affordable raw materials, supporting domestic manufacturing.

Critical Minerals for Renewable Energy: Renewable energy review underway, and among other things, will assess the critical minerals used in renewable energy technologies,



CRITICAL MINERALS | REFLECTIONS



THANK YOU!

**Phatheka BUSIKA
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