

South African Automotive Industry

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Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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Introduction

Vehicle manufacturing is a major manufacturing sector, with vehicle and automotive component manufacturing accounting for over 20% of manufacturing output in 2023.

Record high vehicle exports saw the automotive industry outperform the rest of the manufacturing sector in 2023, but growth slowed from January to August 2024.

Weak consumer confidence and economic pressures have reduced demand for new vehicles. As a result the retail segment has seen the closure of many established dealerships resulting in job losses although there is a growth of new distributors of mostly Chinese brands.

Changing consumer preferences are having a significant impact on the market.

Manufacturers are also facing ongoing supply chain disruptions and supply challenges for key components.



Economic Contribution

1. In 2023 the sector contributed 5.3% to GDP (3.2% manufacturing & 2.1% retail) down from 6.4% in 2019.
2. Accounted for 21,9% of Manufacturing output & 14.7% of Exports(R270,8 billion earnings).
3. Employed about 116 000* people in vehicle and component production
4. Annual investment by vehicle assemblers at R5.2 billion and R4.2 billion by component producers.
5. 0.67% of global production (633 332) and 54,1% of Africa's production.



Total vehicle **production** in South Africa reached 599.755 units in 2024, accounting for approximately 0.65% of global production. **Exports** constituted about 51.5% (308,830 units) of domestic production, highlighting the industry's continued reliance on international markets.



Structure

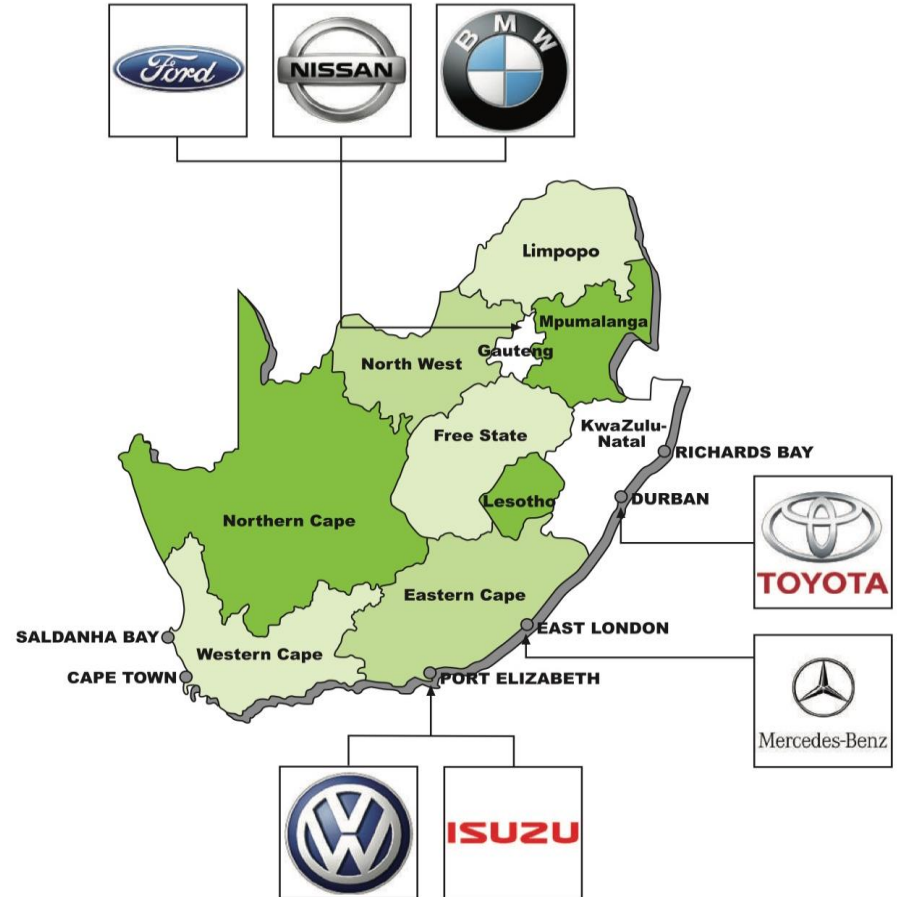
European light motor vehicle manufacturers represented in SA - Mercedes Benz, BMW, and Volkswagen are all wholly owned subsidiaries.

Japanese and American manufacturers, Nissan, Toyota, Isuzu, and Ford are also 100% controlled subsidiaries.

Other major marques imported – European (Peugeot/Citroen, Volvo), Japanese (Daihatsu, Honda, Subaru), Korean (Hyundai/Kia), Indian (Tata, Mahindra), with Chinese brands also growing in the SA market.

OEM employment levels: approx. 30 000

There are at least 14 MHCV assemblers making trucks and buses



Structure (Components)

- **Widespread base** of auto component suppliers including global first tier suppliers such as Faurecia, Johnson Controls, Mothersons, Yazaki, Sumitomo, Bosch and Behr.
- At least 141 1st tier suppliers, 75% of them multinationals
- Over 300 2nd and 3rd tier suppliers, mostly local
- Supplier Employment Level: approximately 83 000



Government Policies

Policy Measure (Programme)	Period
Import Substitution (High Import Tariffs)	1920 to 1995
Local Content (Mass)	1961 to 1987
Local Content (Value)	1988 to 1995
Import-Export Complementation (MIDP)	1995 to 2012
Investment Support (PAA)	2000 to 2009
Investment Support (AIS)	2009 to-date
Value Addition (APDP)	2013 to 2020
South Africa Automotive Master Plan (Vision 2035)	2021 to 2035
APDP phase 2	2021 to-date
Electric Vehicle Transitional Support	2026 to 2035



Challenges & Trends

- South Africa remains a small market (0,67% global market).
- Regional market has major potential, but undermined by lack of common automotive regime and pre-owned vehicle imports.
- South African average vehicle local content low at about 40%.
- Stricter emissions standards in major export markets.
- Local market increasingly served by imports.
- Energy & Logistics costs and efficiency.

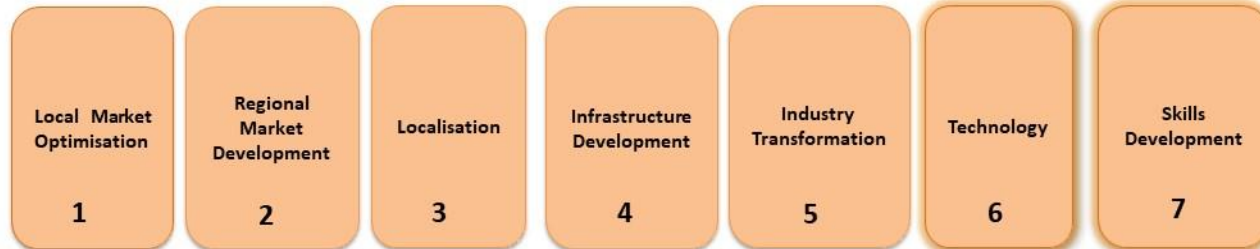


Into the Future!!!

SAAM 2035 vision

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

Objectives: 1% of global vehicle production, 60% local content, 100% employment growth, global competitiveness, transformation, deepened value addition.



1. Institutional Framework (Executive Oversight Committee)
2. Enabling Policy (APDP phase2)



Conclusion!

- A supportive policy environment is a key enabler for industrialization.
- Stakeholder collaboration is essential.
- Active investment promotion and Partnerships are important ingredients.
- Opportunities exist in the EV value chain and other related automotive products such as motorcycles (2, 3 and 4 wheelers).



Thank You!!!



“A winner is a dreamer who never gives up.”

