



naamsa **ninety**

Reimagining the Future Together

AUTOMOTIVE TRADE MANUAL 2025



Inspiring new ways

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🌐 www.naamsa.net

2024: A Record Year for Volkswagen Group Africa



VWGA's Plant
Kariega achieved a
record production
volume of

167 084

vehicles in 2024



Of this,

131 484

vehicles were built
for export



Plant Kariega is
currently the

sole exporter

of the Polo for
Europe and
Asia Pacific
markets

The Polo is
exported to

38

countries



Plant Kariega has
been an exporter
of quality
vehicles since

1992



Exported vehicles
have included
multiple generations
of the **Jetta**, **Golf**
and **Polo**, along with
some **Audi** models



By the end of 2024,
the plant had
exported

1 610 319

vehicles

In 2024, Volkswagens
accounted for

88%

of vehicles exported through
the Port of Port Elizabeth

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ABBREVIATIONS and ACRONYMS

AAAM	African Association of Automotive Manufacturers
AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
AIEC	Automotive Industry Export Council
AIS	Automotive Investment Scheme
APDP	Automotive Production Development Programme
APDP2	Automotive Production Development Programme Phase 2
ASCCI	Automotive Supply Chain Competitiveness Initiative
BELN	Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia
BEV	Battery Electric Vehicle
CBU	Completely Built-up
CKD	Completely Knocked Down
CPI	Consumer Price Index
DTIC	Department of Trade, Industry and Competition
EPA	Economic Partnership Agreement
EV	Electric Vehicle
EU	European Union
FDI	Foreign Direct Investment
FOB	Free on Board
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HEV	Hybrid Electric Vehicle
ICE	Internal Combustion Engine
IDZ	Industrial Development Zone
MERCOSUR	Mercado Común del Sur – Common Market of South America
MIDP	Motor Industry Development Programme
NAACAM	National Association of Automotive Component and Allied Manufacturers
naamsa	The Automotive Business Council
NEV	New Energy Vehicle
OEM	Original Equipment Manufacturer (Vehicle Manufacturer)
OICA	International Organisation of Motor Vehicle Manufacturers
PGM	Platinum Group Metal
PHEV	Plug-in Hybrid Electric Vehicle
SA	South Africa
SAAM	South African Automotive Masterplan
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	South African Revenue Service
USMCA	US-Mexico-Canada Agreement
WTO	World Trade Organisation

AUTOMOTIVE TRADE MANUAL

– 2025 –

SOUTH AFRICA PUBLICATION

Author: Dr Norman Lamprecht

The *Automotive Trade Manual – 2025 – South Africa* publication, previously produced and compiled by the Automotive Industry Export Council (AIEC), is now published by **naamsa** | The Automotive Business Council. Since 2024, the newly branded **naamsa** publication, like the 18 publications since 2007, remains the acknowledged source of all key automotive data in South Africa. The publication provides a comprehensive overview of the export and import performance of the South African automotive industry under the Automotive Production Development Programme (APDP) and APDP Phase 2 (APDP2). Among the topics covered in the Manual are the top automotive export destinations, the major countries of origin, the main export trade blocs, the top automotive products being exported and imported, as well as the top growth markets and products. The Manual further explores the impact of the trade arrangements currently enjoyed by South Africa in the trade of vehicles and related automotive components.

The power of data-driven insights lies in its ability to solve material challenges and create new opportunities. There's a saying in business that if you cannot measure it, you cannot manage it. Many domestic automotive companies and multi-national corporations have had to adapt their business models at pace in an evolving context owing to drivers such as the aftershocks of the COVID-19 pandemic, geopolitical conflicts, and persistent supply chain disruptions fuelling inflationary pressures worldwide. Successful businesses were those able to adopt innovative approaches, and leverage business intelligence and data analytics to think ahead, allowing them to prepare and act in advance. In this regard, high-integrity data and analysis enable more accurate and timely decisions, offering deeper and more immersive engagement with clients as well as the environment. It is, therefore, crucial to recognise the value of data in shaping strategies and integrating it into decision-making to meet customer needs. However, in addition to data and analytical thinking, strategic insight, technology, innovation, creativity and adaptability are equally vital for success.

This publication provides a wealth of market intelligence, enabling companies to optimise the value of every decision or transaction, empowering them to capitalise on the multiple opportunities available in the South African automotive industry.

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SOUTH AFRICA AND ITS AUTOMOTIVE INDUSTRY

The year 2024 can be regarded as the biggest super-cycle election year in modern history, as for the first time ever, approximately half of the world's population, including eight of the world's 10 most-populous nations, went to the polls in the same year. In an era marked by unprecedented challenges, from climate change to conflict to poverty, all countries and their governance systems were being duly tested. Elections are typically shaped by domestic factors, and consequently, economic challenges have been a consistent campaign theme across the globe. Opposition parties with various ideologies won power in a diverse set of nations. Among democracies, over 80% saw the incumbent party toppled or lose support compared to the previous election, including the United States, the United Kingdom, Japan, India, France and South Africa. The elections highlighted a broad frustration with the functioning of the representative democracies in major economies and underscored that the electorate should not be taken for granted. While the impact of each election might vary, it could potentially upend parts of the global economy and raise potential risks that companies and investors need to navigate.

The conversation about climate change has seized the limelight across the world in a way that few other topics have over the past century, threatening the viability of businesses, infrastructure and natural ecosystems. The connections between energy, trade and manufacturing are deepening, and governments continue to further shape energy transition policies to support their industries and economic ambitions. Sustainability is now a focal point in the mobility conversation, driven by environmental concerns and the demand for cleaner, more efficient transportation.

The global transition towards decarbonisation presents challenges, particularly for an emerging economy like South Africa, but also offers immense opportunities for the domestic automotive industry and the crucial role it plays in promoting a green, sustainable future. From an automotive perspective, the link to a low carbon economy is e-mobility, and in view of the inevitable transition to electric vehicles (EVs), the global automotive industry is undergoing one of its biggest disruptions to date. Tailormade decisions taken in South Africa at present are going to affect what the future vehicle manufacturing footprint in the country will resemble, along with the domestic automotive industry's economic value, employment, skills requirements, and profile of vehicles sold.

The industry has placed its support behind government's initiatives to commence with the production of EVs in the country. The DTIC's Electric Vehicle White Paper, November 2023 sets out policy goals to support the transition to cleaner vehicles and offers additional incentives for the domestic production of battery-powered and hydrogen EVs in which OEMs can claim 150% of investment spending on such vehicles in the first year, from March 2026. **naamsa**, however, welcomed President Cyril Ramaphosa's announcement at its SA Auto Week 2024 event in Cape Town in October 2024, of comprehensive New Energy Vehicle (NEV) policy guidelines which would include alternative vehicle technologies, such as hybrids and plug-in hybrids, as well as demand-side support for consumers to stimulate NEV sales. These measures are highly relevant in futureproofing South Africa's vehicle production base to have the flexibility that ensures that South Africa remains part of the global supply chain as major trading partners transition towards NEVs. **naamsa** sees the content of the President's announcement as a crucial step towards the widespread adoption of cleaner, more sustainable vehicles in the country.

As Africa's most industrialised economy, South Africa is home to plants of some of the largest multi-national corporations in the world. The country's well-developed manufacturing sector plays a significant role in the economy, accounting for 13% of the country's GDP. This contribution is mainly driven by exports. The

manufacturing sector also remains a vital source of employment, accounting for 1,6 million jobs in the country, and has strong linkages with a variety of supporting industries, particularly mining and agriculture, as well as service providers, underscoring its importance to the domestic economy. As the jewel and largest manufacturing sector in South Africa's economy, a substantial 22,6% of value addition within the domestic manufacturing output was derived from vehicle and automotive component manufacturing in 2024, while the broader automotive industry's contribution to the GDP comprised 5,2% (3,2% manufacturing and 2,0% retail).

In a taxing year, the domestic automotive industry in 2024, for the first time since the 2020 pandemic, encountered a modest downturn in both domestic new vehicle sales and vehicle exports. This can be attributed to several factors, including persistent inflationary pressures, climate effects on operations and geopolitical instability. Consequently, the export value of vehicles and automotive components reflected a decrease of R2,0 billion, or 0,7%, from the record R270,8 billion in 2023 to R268,8 billion in 2024, comprising 14,7% of total South African exports. Vehicle exports declined by 8 965 units to 390 844 units in 2024, down from the record 399 809 units exported in 2023. However, the vehicle export value still increased by R1,5 billion from R203,9 billion in 2023 to a record R205,4 billion in 2024 due to the change in the mix of vehicles exported. Automotive component exports reflected a decrease of R3,5 billion from R66,9 billion in 2023 to R63,4 billion in 2024. The domestic automotive industry exported to 155 countries in 2024, up from the 148 destinations in 2023; with the export value more than doubling in the case of 39 of these countries from 2023 to 2024. South African automotive trade under the APDP2, amounting to a significant R494,8 billion in 2024, comprised 16,4% of South Africa's total trade GDP, down from 16,7% in 2023.

Foreign direct investment (FDI) catalyses economic growth, technological advancement, and job creation as some of its numerous advantages. The ongoing high levels of investments by global vehicle brands in the country are key, considering the current automotive technology revolution and globally competitive landscape. Investment by the seven original equipment manufacturers (OEMs), with technology embedded in the investment, amounted to R7,3 billion in 2024, while the component sector received investments of R2,95 billion.

The following table highlights the significant social and economic contribution made by the domestic automotive industry to the South African economy for 2023 and 2024.

**Investment by the seven original
equipment manufacturers (OEMs),
with technology embedded
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Key performance indicators under the APDP2 - 2023 to 2024

Indicator	2023	2024
Broader automotive industry contribution to GDP	5,3%	5,2%
Vehicle and component production as % of South Africa's manufacturing output	21,9%	22,6%
Average monthly employment by vehicle manufacturers	33 509	33 154
Automotive component sector employment	82 560	81 860
Capital expenditure – vehicle manufacturers	R5,2 billion	R7,3 billion
Capital expenditure – component sector	R4,2 billion	R2,95 billion
Total South African new vehicle sales	531 552 units	515 850 units
Total South African vehicle production	632 362 units	599 754 units
South Africa's vehicle production as % of Africa's vehicle production	54,1%	50,9%
South Africa's global vehicle production ranking	22nd	21st
South Africa's global vehicle production market share	0,67%	0,65%
Vehicle ownership ratio per 1 000 persons	182	180
Vehicle parc (number of registered vehicles)	13,13 million	13,36 million
Total automotive export revenue	R270,8 billion	R268,8 billion
Automotive export revenue as % of total South African export revenue	14,7%	14,7%
Number of export destinations	148	155
Number of export destinations with export values more than doubling year-on-year	29	39
Top automotive export destination in Rand value terms	Germany	Germany
Total South African vehicle exports	399 809 units	390 844 units
Value of vehicle exports	R203,9 billion	R205,4 billion
Top vehicle export destination in volume terms	Germany	Germany
Value of automotive component exports	R66,9 billion	R63,4 billion
Top automotive component export category in Rand value terms	Catalytic converters	Catalytic converters
Top automotive trading partner (imports and exports) in Rand value terms	Germany	Germany
Top automotive trading region (imports and exports) in Rand value terms	EU	EU
Top country of origin for total automotive imports in Rand value terms	Germany	Germany
Top country of origin for vehicle imports	India	India

Source: Econometrix, **naamsa**/Lightstone Auto, NAACAM, OICA, SARS, StatsSA

Rapid transformation trends that will continue to shape and drive global economic prospects for businesses to navigate in 2025, include technological advancements, regulatory changes, market demand, interest rates, and global green transition events. Along with a tariff-led trade war, geopolitical risk is anticipated to overtake inflation as the primary risk factor in 2025. The automotive sector, heavily reliant on stable supply chains for components and raw materials, may experience volatility in both costs and availability, necessitating strategic risk management and the diversification of supply sources. With an easing of inflation globally, the dominant focus on monetary policy over the past three years is anticipated to shift to fiscal policy, pursuing solutions to stimulate growth and development. The International Monetary Fund (IMF) has projected a global economic growth rate of 3,3% for 2025, and with the interest rate cutting cycle likely to continue, South African automotive exports should benefit from reviving demand in international markets.

The domestic economic outlook for 2025 is expected to improve to potentially its best performance in over a decade, excluding the pandemic-distorted 2021 recovery, driven by a revival in business and consumer sentiment stemming from improvements in the country's key economic indicators and a new Government

of National Unity (GNU). The GNU is presented with a unique opportunity to place South Africa's economy on a path towards higher and more inclusive growth with game-changing opportunities on the back of ongoing reforms to safeguard macro-economic stability and address impediments to growth. While the domestic automotive industry celebrated its centenary of vehicle manufacturing in the country in 2024, **naamsa** will commemorate its 90th anniversary this year and the industry is keen for 2025 to turn out to be another memorable year.

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naamsa | THE AUTOMOTIVE BUSINESS COUNCIL – 90 years in the making



The National Association of Automobile Manufacturers of South Africa (NAAMSA) was established in 1935 in Gqeberha and quickly began to play a pivotal role in shaping South Africa's automotive industry, formulating automotive policies, fostering innovation, and integrating the domestic industry into the global automotive value chain. The NAAMSA offices relocated to Pretoria in 1982. During its early years, NAAMSA's achievements laid the groundwork for the growth and regulation of the automobile sector in the country. As a trade association, NAAMSA has been a key organisation committed to the principles of free enterprise and the promotion of the collective, non-competitive interests of domestic vehicle manufacturers and independent vehicle importers and distributors. The association's history is intimately aligned with the evolution of the automotive industry in the country and its contribution to the economy.

By the 1930s, South Africa's automobile market was growing, spurred by increasing urbanisation and economic activity. Vehicles were primarily imported, and there was a need to regulate and promote industry. At the time, NAAMSA was formed to create a unified voice for vehicle manufacturers and importers to address industry challenges, such as trade tariffs, vehicle standards, market conditions, and to deal with government, particularly concerning policies, tariffs and trade regulations. The association became a trusted source of statistical data on vehicle production, imports and sales, which was vital for market analysis, while also dealing with standardising automotive practices and regulations to align South Africa with international standards.

The association played a crucial role in advocating tariffs and policies that protected the domestic market. These policies later encouraged the establishment of several more domestic vehicle assembly plants, which became a significant milestone for South Africa's industrialisation. By fostering relationships between South Africa and global vehicle manufacturers, NAAMSA set the stage for the transition from an import-dominated market to one that included domestic assembly and manufacturing. Although limited in scale during its early years, NAAMSA ensured that skills, training and workforce development programmes were initiated to support the growing demands of the industry. NAAMSA, in particular, provided stability and guidance for the automotive industry during the economic challenges of the 1930s, including the aftermath of the Great Depression. These achievements laid the foundation for NAAMSA's later role in supporting the growth of South Africa's automotive industry, which became one of the key contributors to the country's economy.

As a leading economic indicator, NAAMSA has tracked and reported new vehicle sales in South Africa since its establishment in 1935. Over the decades, new vehicle sales in South Africa have been influenced by various factors, including economic conditions, government policies, technological advancements, and consumer trends. NAAMSA played a key role in supporting its members through the years in dealing with issues inside its control, as well as sometimes, external issues outside of its control. A general overview of new vehicle sales trends from the 1930s could be summarised as follows:

1930s: Early years

Limited sales volumes: During the 1930s, the South African vehicle market was small, with most vehicles being imported, primarily from Europe and the United States.

Ford and General Motors assembled 33 000 units in 1933.

Economic constraints: The Great Depression's lingering effects limited consumer spending on vehicles at the time.

1940s: World War II and post-war recovery

Disruption during WW II: Vehicle imports and sales plummeted during the war (1939–1945) due to the priority focus on resource allocation for the war, while vehicle imports and assembly came to a standstill between 1943 and 1945.

Post-War growth: After the war, vehicle sales rebounded as the economy recovered and consumer demand increased.

In 1947, five assembly plants assembled 83 000 vehicles in the country.

1950s–1960s: Growth and domestic assembly

Introduction of increased domestic assembly: The South African government introduced policies to encourage domestic vehicle assembly with Phase 1 to Phase 6 of the local content programmes (1961–1995) being implemented, leading to a rise in new vehicle sales.

Economic expansion: Rising incomes and urbanisation contributed to increased demand for personal vehicles, and new vehicle sales increased to 100 000 units in 1957 when import quotas, to protect the balance of payments, were eliminated, followed by record sales of 143 373 units in 1964.

In 1958, South Africa was ranked ninth in the world's passenger car parc (number of registered vehicles), above other vehicle-producing countries such as Brazil, India, Japan and various European countries.

Popular brands: Manufacturers like Ford, General Motors, and Volkswagen produced 120 000 vehicles in 1960, more than any other developing country in the world.

1970s: Economic challenges and market shifts

Oil crisis impact: The 1973 oil crisis caused a temporary decline in vehicle sales as fuel prices surged.

Increased local content: Policies requiring higher local content in vehicles supported domestic vehicle manufacturing but increased vehicle costs.

There were 13 OEMs with 39 models supported by 300 automotive component suppliers in 1975, but disinvestments by General Motors and other brands resulted in the number of OEMs decreasing from 16 to seven in 1979.

1980s: Political and economic turbulence

Economic sanctions: International sanctions and political instability due to apartheid, affected consumer confidence and vehicle sales.

Diversification of models: Despite challenges, OEMs diversified their offerings to include more affordable vehicles, maintaining sales momentum at the time.

Domestically manufactured engines, gearboxes and axles for commercial vehicles were introduced for 19 commercial vehicle assemblers operating in the domestic market in 1980.

1990s: Post-apartheid recovery

Market liberalisation: The post-apartheid era saw South Africa re-enter the global economy, leading to a surge in vehicle imports and increased sales.

Global brands entry: New global brands entered the domestic market, increasing competition and consumer choice.

In 1993, seven OEMs produced 39 different passenger car and light commercial vehicle models but price comparisons of passenger cars between South Africa and Germany, Japan, the US, the UK and Australia reflected a South African vehicle price disadvantage of up to 72%.

In September 1995 the Motor Industry Development Programme (MIDP) was implemented and subsequently successfully integrated the South African automotive industry into the global automotive environment.

2000s: Industry boom

Economic growth: The early 2000s saw strong economic growth, leading to record high vehicle sales, and in 2006, an all-time high of 714 315 new vehicle sales were recorded; a record still standing in 2024.

Consumer credit: Access to credit and financing made vehicles more affordable for a larger segment of the population.

2010s: Market maturity and challenges

Global recession impact: The 2008/2009 global financial crisis led to a significant drop in vehicle sales in the domestic market, but recovery began in the following years.

Shift toward SUVs and Crossovers: Consumer preferences shifted, with SUVs and Crossovers becoming more popular.

Electric vehicle introduction: The first new energy vehicle (NEV), in the form of the Toyota Prius hybrid, entered the South African market in 2005, though sales remained limited.

In 2013, the MIDP was replaced by the Automotive Production and Development Programme (APDP), aimed to elevate the industry to the next level.

2020s: COVID-19 and recovery

Global pandemic impact: The COVID-19 global pandemic caused a sharp decline in vehicle sales in 2020, with lockdowns and economic uncertainty affecting demand.

In 2021, the APDP was replaced by the APDP Phase 2 (APDP2) as part of the South African Automotive Masterplan 2035 (SAAM 2035), further strengthening South Africa's position as a global player in the automotive sector.

Recovery trends: By 2021 and 2022, vehicle sales began recovering, driven by pent-up demand and a focus on affordability.

Annual new vehicle sales figures since 2023 have shown signs of stabilisation, with NEVs beginning to gain traction, but the segment remained stymied due to pricing challenges.

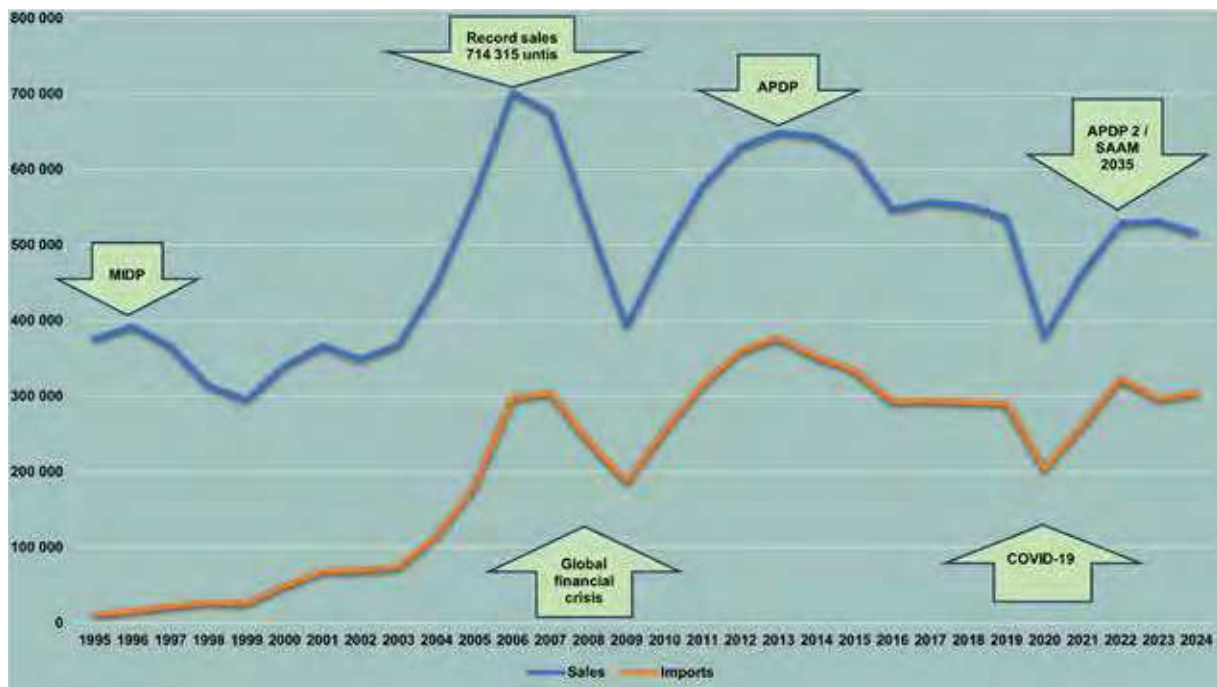
The automotive industry is widely regarded as one of the industrial policy success stories of South Africa's democratic era. As a trusted source of new vehicle data, NAAMSA along with its service provider, Lightstone Auto, has, since 1995, started to capture and release detailed new vehicle market data. Over the period 1995 to 2024, 14 720 517 new vehicles were sold in the domestic market. South Africa's automotive industry is export-oriented, with the APDP2 incentivising the OEMs through a rebate mechanism that is tied to a reduction in import duties. South African consumers are therefore spoilt for choice in a highly competitive pricing and trading environment.

Since 2006, dynamics in the new passenger car market have changed, with passenger car imports starting to exceed domestically manufactured passenger car sales, as demanding modern consumers want access to the latest models available globally. In addition to domestic factors, various external factors that fall outside of the control of the country's automotive policy regime have over the years also impacted the business operations of the South African automotive industry and its role-players, as well as new vehicle sales. These include global developments, such as the 2008/2009 global financial crisis, the COVID-19 pandemic as well as logistics costs, raw material prices, currency movements and administrative prices, that have an impact on the cost of doing business in South Africa.

The following figure reveals total new vehicle sales and light vehicle import trends from 1995 to 2024, highlighting the impact of specific adverse events as well as the impact of the various automotive policy regimes on the domestic new vehicle market.



New vehicle sales and light vehicle imports: 1995 to 2024

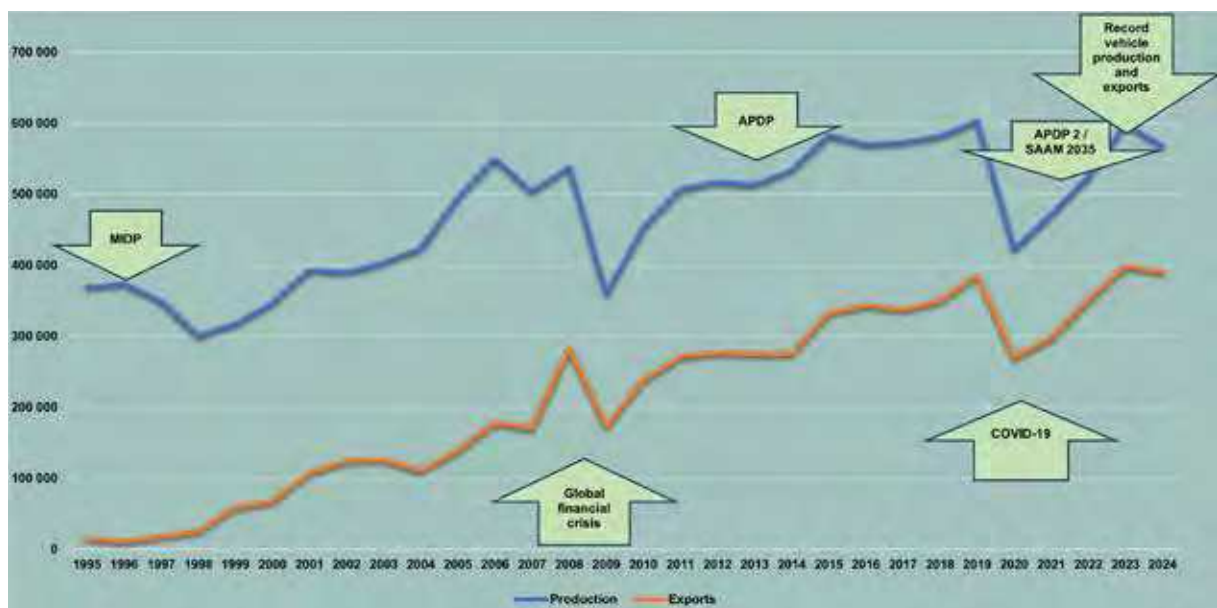


Source: **naamsa**/Lightstone Auto

The MIDP facilitated the outward orientation of the domestic automotive industry through its various policy mechanisms. Every policy programme since 1995 has elevated the domestic automotive industry to the next level. The notion of providing long-term policy certainty to enhance investor confidence and to bid for long-term export contracts has contributed to ensuring that the domestic automotive industry remains in consideration for export-oriented, investment decisions. Between 1995 and 2024, a substantial 6 432 934 vehicles were exported, with light vehicle exports comprising a significant 68,7% of light vehicle production exported in 2024. Between 1995 and 2024, vehicle exports generated export revenue of R1,95 trillion. This was propelled by major investments in assets and equipment, skills upgrading, productivity gains and upgrading of the whole automotive value chain. The following figure reveals the significant achievements related to domestic vehicle production and vehicle exports from 1995 to 2024.



Light vehicle production and exports: 1995 to 2024



Source: **naamsa**/Lightstone Auto

NAAMSA's vision in 1995 was: "The progressive improvement of the international competitiveness of the South African automotive and associated industries, and in the process, to promote South Africa as a leading supplier of automotive products to international markets". The vision was largely influenced by its role in the implementation of the MIDP, which aimed to:

- Transition the industry from a protectionist model to an export-oriented one.
- Increase local content in vehicle manufacturing.
- Encourage the development of globally competitive supply chains.

At the beginning of 2021, **naamsa** | The Automotive Business Council, changed its naming convention from the previous National Association of Automobile Manufacturers of South Africa, as it now represented a wider community of stakeholders than was previously the case. **naamsa's** membership still represents the collective, non-competitive interests of the new vehicle manufacturing industry in South Africa, comprising 21 companies involved in the production of passenger cars and commercial vehicles, which collectively employ over 33 000 people. **naamsa** also represents the interests of a further 21 companies involved in the importation and distribution of new motor vehicles in South Africa. However, since 2021, **naamsa** enriched its value proposition by introducing associate membership to forge stronger partnerships between its traditional membership base of manufacturing and retailing OEMs to now include associate members represented by private sector companies, whether an individual, a firm, a company or a corporate body, with interest in the growth and development of the automotive sector. For associate members, **naamsa** offers tangible benefits such as access to the latest comprehensive automotive industry data, trends, and insights, visibility to key industry issues, business exposure to the automotive industry domestically and globally, as well as preferential exhibitor rates for all **naamsa**-led industry events, seminars, trade shows and exhibitions. In addition, and in order to enhance its overall value proposition to all its members, **naamsa** introduced three new assets which include the **naamsa** Dreams Academy, the Autolytics Bank and the South African Auto Week.

Since 2022, in response to evolving needs, **naamsa**, in terms of common law, was incorporated as a not-for-profit company (NPC), operating under the governing provisions of the Companies Act and a registered Memorandum of Incorporation. **naamsa** NPC was accordingly formed and registered to house the activities, assets and reserves of the organisation as an industry body representing the interests of all its members. The new **naamsa** vision is to be “the most credible thought leader and a respected partner of a globally competitive and transformed automotive industry that contributes to the sustainable development of South Africa”. It is **naamsa’s** mission to play a transformative role towards a cleaner, safer, and sustainable industry that creates prosperity for the people of South Africa with its purpose to responsibly advocate for just mobility solutions.

naamsa will continue striving to achieve the following objectives:

- To promote, advance, protect and represent the interests of all its members;
- To promote trade, and to foster and stimulate the promotion and growth of the automotive industry;
- To actively participate in conversations and activities that advance the automotive industry's competitiveness domestically and globally;
- To act as a portal for expert knowledge on automotive industry regulations;
- To collect, process, and circulate statistical information and other key automotive industry data in compliance with the requirements of the South African law and in accordance with the automotive industry's reporting guidelines; and
- To proactively communicate the role and the importance of the automotive industry, using reliable data and information.

naamsa's five-year strategy from 2021 to 2025 of "Re-imaging the future together", incorporates its values of partnership, consistency and trust and focuses on critical strategic objectives to successfully grow and develop the vehicle manufacturing industry in line with the objectives of the SAAM 2035.

naamsa's hexagon 2021 to 2025 may be illustrated as follows:



naamsa's hexagon 2021 to 2025

OUR STRATEGY 2021-2025



OVER THE PAST 90 YEARS

Over the past 90 years, **naamsa** has fulfilled its role with distinction and will continue to play a pivotal role in shaping the automotive industry's future in South Africa, contributing, amongst others, to economic growth and employment while navigating global trends and challenges through:

- advocacy for industry growth,
- policy collaboration and development,
- promoting exports,
- producing industry data and insights,
- encouraging local content and supplier development,

- skills development and job creation,
- championing technology and innovation,
- driving sustainability and Green initiatives,
- contributing to industry transformation and inclusivity, and
- facilitating collaboration amongst industry stakeholders.

These contributions have been instrumental in shaping the country's automotive industry, driving economic growth, and integrating the industry into the global automotive environment. **naamsa's** continuing role as an advocate and industry leader ensures that South Africa remains a key player in the global automotive landscape. **naamsa** has grown from strength to strength, now representing 56 individual brands and growing every year. Many of the successes and key achievements by the automotive industry in South Africa over the past nine decades are testament to the hard work and dedication of **naamsa's** employees, the continued trust of its members, as well as the support of its principals and business partners. **naamsa** remains committed to continue building on this foundation and its legacy of reimagining the future together over the next 90 years.

More information on **naamsa** and its activities can be accessed at www.naamsa.net.





Full Members



Associate Members



Industry Partners





ELECTED OFFICE BEARERS



**Billy
TOM**
PRESIDENT



**Peter
VAN
BINSBERGEN**
VICE-PRESIDENT:
MANUFACTURING OEMs



**Thato
MAGASA**
VICE-PRESIDENT:
RETAILING OEMs



**Jan
AICHNGER**
VICE-PRESIDENT:
HEAVY COMMERCIAL
OEMs



**Neale
HILL**
IMMEDIATE
PAST PRESIDENT

THE EXECUTIVE TEAM



**Mikel
MABASA**
CHIEF EXECUTIVE
OFFICER



**Shinny
GOBIYEZA**
CHIEF OPERATIONS
OFFICER



**Dr. Norman
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CHIEF TRADE AND
RESEARCH OFFICER



**Tshetlhe
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CHIEF POLICY
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**Dr. Paulina
MAMOGOBO**
CHIEF ECONOMIST



**Shivani
SINGH**
CHIEF PROJECTS OFFICER



**Theresa
NEL**
SENIOR ADMINISTRATOR



**Bertha
FRANKEN**
CONSULTANT: FINANCIAL
ACCOUNTANT



**Samkelisiwe
MHLANGA**
SENIOR ADMINISTRATOR

naamsa **90**INETY

Celebrate with us our 90th Anniversary at
SA Auto Week
Gqeberha, Eastern Cape
01 - 03 October 2025



naamsa
THE AUTOMOTIVE BUSINESS COUNCIL



SOUTH AFRICAN ECONOMY

South Africa's diversified economy, abundant mineral wealth, flexible exchange rate, credible Central Bank inflation-targeting framework and deep financial markets remain sources of strength. Real GDP growth at 0,6% in 2024, down from 0,7% in 2023, fell short of initial projections by the South African Reserve Bank (SARB) and global agencies of 1%+ for the year. While private consumption and business expenditure remained under pressure in 2024, macro-economic tailwinds included the improvement in energy supply, fiscal stabilisation, accelerated real wage growth in the country, and inflation easing, as well as two interest rate cuts at year end.

Further interest rate cuts, easing energy constraints, and ongoing growth-friendly economic reforms in key sectors like electricity and transport, all underpinned by the positive sentiment after the general elections in May 2024, will contribute to strengthen the operational environment for the economy to grow to a projected 1,7% for 2025. However, meaningful growth is unlikely until the overall economy is revived to sustained growth levels of above 3%, which will ultimately lead to more economic activity, jobs and taxes for government to utilise in improving social services.

Translating improved business sentiment into tangible economic growth, job creation and a better quality of life will require greater collaboration between policymakers, the private sector and key government entities. Whether South Africa can navigate these headwinds and achieve its growth potential will depend on a combination of factors, including the effectiveness of policy interventions, the pace of structural reforms, and the trajectory of the global economy. The following table highlights South Africa's key economic indicators for 2023 and 2024.

Key economic indicators – 2023 to 2024

Indicator	Performance	
	2023	2024
Population	62,18 million	63,02 million
South Africa's GDP (market prices)	R7 024,0 billion	R7 336,2 billion
GDP growth rate	0,7%	0,6%
Consumer Price Index (CPI)	6,0%	4,4%
Interest rate (Repo rate)	8,25%	7,75%
Prime interest rate	11,75%	11,25%

Source: South African Reserve Bank, StatsSA

As a leading economic indicator, the performance of domestic new vehicle sales continues to be affected by economic factors such as interest rates, unemployment rates, GDP growth rates, disposable income, and exchange rates. South Africa has faced several challenges in the last few years, including a global economic slowdown, high inflation, tight monetary policy conditions, geopolitical tensions, and rising commodity and energy prices. The downward economic trend was driven largely by a tight monetary policy.

South Africa was among the first countries to raise interest rates following the COVID-19 global pandemic, and South Africans have been under significant pressure since the SARB embarked on its hiking cycle in 2021, when inflation began to trend upward. This state of affairs continued well into 2024, with the last rate

increase announced in May 2024. The Central Bank hiked interest rates by a cumulative 475 basis points, which saw the repo and prime lending rates reaching 15-year highs of 8,25% and 11,75%, respectively in 2024. In contrast to the US's interest rate cuts of 100 basis points in 2024, the SARB has been cautious in cutting its interest rates which have only been lowered by two 25 basis point cuts since September 2024, with the repo rate at 7,75% and the prime rate at 11,25% at the end of 2024.

Consumer price inflation (CPI) in South Africa averaged 4,4% in 2024, marking the lowest level since the pandemic in 2020, when the average rate was 3,3%, compared to 6,0% in 2023. CPI at 2,8% fell through the bottom end of the Central Bank's 3% to 6% target range in October 2024 for the first time since June 2020, when the pandemic played havoc with global prices. The main cause of the downward trend has been the sharp decline in goods inflation, particularly food and fuel prices. Goods prices comprise 49% of the South African consumer price index, and services the balance. Service inflation moves more slowly and is closely linked to domestic demand, while goods prices are largely set in international markets.

The SARB prefers to anchor expectations close to the 4,5% midpoint of its inflation target range. The reduction in the rate of inflation towards the second half of 2024 was the primary reason behind the Central Bank commencing its interest rate reduction cycle. Analysts expect the bank to continue easing policy in quarter point increments in 2025. The SARB will want to proceed with a cautious and forward-looking approach, monitoring global risks. The country remains very much affected and vulnerable to sudden exchange rate fluctuations and oil price movements on the international market. The SARB expects inflation to average around 4,5% in 2025, as the economic recovery is unlikely to lead to significant demand pressures on prices. The positive effect of a reduction in interest rates on households and businesses should lead to an increase in both consumption and investment spending in 2025. The way that the SARB has been handling interest rates and inflation reiterates that the country can deliver on its fundamentals.

In the US, the Federal Reserve reduced interest rates three times in 2024, including by a jumbo 50 basis point and two 25 basis point reductions. However, with its dual mandate of price stability and full employment, the Central Bank in December 2024, signalled a slower pace of rate cuts reaching a range of 3,75% to 4,0% by the end of 2025, implying only up to two further quarter percentage point cuts in 2025. Fewer US interest rate cuts are supportive of a stronger US dollar, and the Fed's announcement in December 2024 rippled across global markets, with downward moves in currencies particularly pronounced, making the outlook for policy easing around the world more uncertain. A weaker Rand will contribute to higher import inflation, as many key imports, most importantly oil, are denominated in US Dollar, adding to domestic price pressures. The Federal Reserve is seeking to achieve a "soft landing" for the US economy in 2025, in which it can bring down inflation without causing a recession. The European Central Bank is expected to continue with its sharper interest rate cutting cycle in 2025.

The SARB decisions are based on domestic economic conditions as well as global factors. Global factors could disrupt the status quo and cannot be ignored, given the interconnected nature of global economies. Given how integrated the US financial system is with the global economy, a more aggressive "America-first" policy risks derailing future interest-rate cuts by central banks in view of more inflationary pressure, suggesting diminishing policy space for central banks internationally. The medium-term inflation outlook, therefore, remains highly uncertain, as a stronger US Dollar means weaker currencies elsewhere and potentially slower global disinflation, resulting in fewer and shallower interest rate cuts.

South Africa's Rand found itself among the top five trendsetters for emerging market currencies in 2024, the first time since 2016. The Rand's relative resilience has been aided by rising investment levels, lower inflation and structural reforms, with a cautious Central Bank maintaining its favourable interest-rate premium over the US Dollar. The Rand strengthened by 5,8% against the US Dollar in the first 100 days of the launch of the business-friendly GNU that enhanced sentiment in the domestic market. However, the large downgrading of the change in market expectations for US interest rate cuts in the second half of December 2024 was instrumental in weakening the Rand, surrendering its year-to-date gains at the time.

The trade-weight Rand has been far less volatile against the Pound and Euro than the US Dollar during 2024. A stable Rand is key to inflation. For currency comparison purposes, the following table reveals the movement of the Rand against the currencies of the South African automotive industry's main trading partners, namely, the EU, the UK, the US, Japan and China from 2020 to 2024.

Currency indices for the Rand versus major trading partners (foreign currency: Rand – annual averages) - 2020 to 2024

Currency	2020	2021	2022	2023	2024
Euro	18,77	17,48	17,20	19,95	19,83
Index 2020	100	93	92	106	106
UK Pound	21,09	20,32	20,18	22,94	23,42
Index 2020	100	96	96	109	111
US\$	16,46	14,78	16,36	18,45	18,33
Index 2020	100	90	99	112	111
Japan (100 Yen)	15,42	13,47	12,47	13,15	12,12
Index 2020	100	87	81	85	79
Chinese Yuan	238,35	229,17	242,81	260,53	254,66
Index 2020	100	96	102	109	107

Source: South African Reserve Bank

In a pivotal moment and as the first African country to host the Group of Twenty (G20) Presidency, South Africa, on 1 December 2024, assumed the presidency of the G20 and the Business 20 (B20) for 2025. South Africa's presidency comes after the African Union (AU) was admitted as a permanent member of the G20 in 2023. The G20 is the premier multilateral forum for international co-operation and comprises of 19 countries and two regional unions, the European Union (EU) and the African Union (AU), representing 85% of the global economy, 75% of world trade and 67% of the global population. The 2025 theme "fostering solidarity, equality, and sustainable development" aims at addressing critical global challenges, with a strong focus on Africa's development.

The B20 will develop recommendations through Task Forces comprising business leaders from all G20 nations. Eight task forces will address various mandates in matters such as enhancing trade, advancing infrastructure development, navigating sustainable energy transitions, and food security. The vision for the B20 is to be a catalyst for co-operation and innovation between the business communities of the global south and north. Business has been an accelerator of growth and innovation and will continue to advance inclusive global economies.

South Africa's leadership of this Group presents a unique opportunity to shape global policies and advocate for Africa's interests on the world stage. The country's presidency of the G20 is taking place at a moment when the world is facing severe challenges, including a worsening climate change crisis and underdevelopment, inequality, poverty, hunger and unemployment, affecting billions of people. Geopolitical instability, conflict and war are causing further hardship and suffering. This is all happening at a time of great technological change, which presents both opportunities and risks. While the challenges faced are common, their causes and consequences are unevenly distributed across and between countries. Working together with G20 members, and building partnerships across society, South Africa will seek to harness global will and capabilities to confront these challenges.

AUTOMOTIVE EVENTS 2025

The South African automotive industry is deeply entrenched in international supply chains. Export-driven growth continues to benefit the automotive industry and spurs activity in downstream sectors. While exports and export-led growth offer numerous advantages, they are not without challenges. Dependence on external demand, vulnerability to global market economic fluctuations, and trade barriers are potential downsides. Thus, for the South Africa automotive industry, a balanced economic strategy that includes domestic market development remains essential, particularly in the current context of the inevitable transition to new energy vehicles.

The various national and international annual automotive events bring together leading manufacturers, suppliers, OE and aftermarket components, equipment, new innovations, the latest models, and services under one roof, along with conferences and panel discussions. Automotive events and exhibitions are valuable for the domestic automotive industry in many ways. In addition to business opportunities, the showcasing of products, launching of new products, and connecting with customers, they also provide an essential platform for thought leadership round tables allowing leaders from government, business and labour to deliberate, discuss and share knowledge and insights on relevant topics. Must-attend national and international events on the calendar of the domestic automotive community in 2025 include the following:

South Africa:

- The 8th Annual Festival of Motoring, scheduled to take place from 29 to 31 August 2025 at the iconic Kyalami Grand Prix Circuit in Johannesburg (www.safestivalofmotoring.co.za).
- **naamsa's** SA Auto Week, scheduled to take place from 1 to 3 October 2025 in Gqeberha, the Eastern Cape under the theme, "Reimagining the Future, Together: Cultivating Inclusive Growth and Shared Prosperity" (www.naamsa.net).
- The 10th edition of the Automechanika Johannesburg, coinciding with the Futuroad Expo Johannesburg, scheduled to take place from 28 to 30 October 2025 at Gallagher Convention Centre, Midrand, Johannesburg (www.automechanikasa.co.za).
- The 4th Iteration of the National Association of Automotive Component and Allied Manufacturers (NAACAM) Show, scheduled to take place in Gqeberha from 13 to 14 August 2025 in partnership with the Automotive Industry Development Centre Eastern Cape (AIDC-EC) (www.naacam.org.za).

International:

- Automechanika Dubai in the UAE, scheduled to take place from 9 to 11 December 2025 (www.automechanikadubai.ae.messefrankfurt.com).



automechanika
JOHANNESBURG

28-30 Oct 2025
Gallagher Convention
Centre, Midrand, JHB



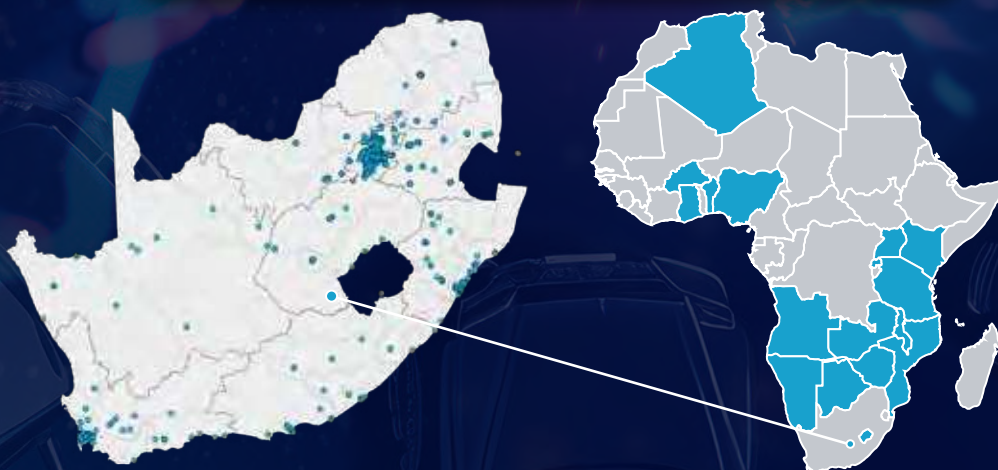
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Actual visitor origin of Automechanika Johannesburg 2024



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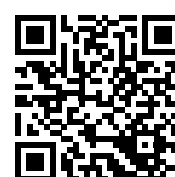
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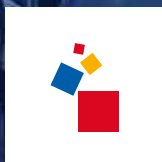
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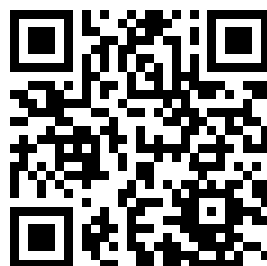
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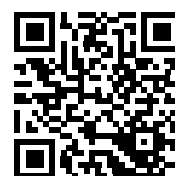
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THE SOUTH AFRICAN NEW VEHICLE MARKET

New passenger car sales represent a key indicator of consumer sentiment. Similarly, new commercial vehicle sales are one of the most notable indications of business sentiment. Despite a stronger year-end performance supported by strong seasonal sales to the vehicle rental industry, easing inflation and two interest rate cuts, new vehicle sales decreased by 3,0% to 515 850 units in 2024, compared to the 531 552 units sold in 2023. At the onset of 2024, the industry anticipated a year of two halves with a taxing first half of the year and brighter economic prospects, along with an upswing in new vehicle sales during the second half of the year, which unfortunately did not fully materialise.

Whilst commencing the year still only 0,9% below the pre-pandemic level of 536 612 units, it now seems likely that the new vehicle market would take five years to return to the 2019 level. The confluence of positive economic indicators and the resilience of the passenger car segment during the last quarter of 2024 suggest a potential rebound for the new vehicle market in 2025. The South African Reserve Bank's two interest rate cuts in 2024, the first in four years, coupled with a strengthening Rand and easing inflation, have created a more favourable economic environment for new vehicle sales. Industry stakeholders will be closely monitoring market developments to navigate the current climate and to capitalise on any emerging opportunities in 2025.

Sales of passenger cars and light commercial vehicles (LCVs), which contributed 68,2% and 25,8% to the total market, respectively, in 2024, increased year-on-year by 1,2% in the case of passenger cars but decreased by 12,0% in the case of LCVs. The South African truck and bus market, comprising 6,0% of the total market, decreased year-on-year by 5,0% in 2024. New vehicle sales through the dealer channel, which is representative of consumer activity, comprised 83,1% of total sales in 2024, followed by 10,9% attributed to the vehicle rental industry, 3,0% to industry corporate fleets, and 3,0% to government. The following table reveals the sales of passenger cars and commercial vehicles from 2020 to 2024.

Sales of passenger cars and commercial vehicles – 2020 to 2024

Year	Passenger cars	Light commercial vehicles	Medium and heavy commercial vehicles and buses	Total new vehicle sales
2020	246 539	110 912	22 614	380 065
2021	304 338	133 078	26 906	464 322
2022	363 682	135 711	29 942	529 335
2023	347 372	151 490	32 690	531 552
2024	351 555	133 251	31 044	515 850

Source: **naamsa**/Lightstone Auto

The domestic new vehicle market has seen a notable consumer shift in the matrix, with various new entrants to the domestic market, in particular Chinese brands, offering options at the more affordable end of the pricing spectrum, creating new trends within the industry. South African consumers used to be very badge conscious but with rising costs of living, many consumers have become more interested in value than in the badge. The light vehicle market, which includes passenger cars and light commercial vehicles, continued to be dominated by the hatchback, sub-one-ton and one-ton bakkies, and crossover/sports

utility vehicles. Price-sensitive consumers leveraged the search for value, as 61,8% of light vehicles sold in South Africa in 2024 were below the R500 000 price range, 47,5% below the R400 000 price range, and 27,8% below the R300 000 price range.

OEMs, importers and financial institutions continued to introduce creative financing options, such as extended payment terms, balloon payments and guaranteed buyback programmes, to make monthly payments more affordable. The Indian and Chinese importers mainly compete in the lower and mid-range segments, in particular the SUV segment, which is a growth segment globally and in South Africa. SUVs comprised 40,8% of the passenger car segment in 2024. The imported brands offer a compelling value proposition, combining affordability with advanced technologies and modern designs, supported by extended warranties. Adapting to evolving consumer preferences and sensitivity to economic indicators, the focus on affordability, flexible ownership models, and sustainable solutions will be key for growth in 2025. The OEMs and existing importers still have the benefit of long-established after-sales service and customer support in the country, which provides them with a competitive edge to some extent.

Compared to global standards, the trading environment in South Africa remained extremely competitive, and in 2024, there were no less than 50 passenger car brands and 2 203 model derivatives, the greatest selection of market-size ratio found globally. Similarly, in the light commercial vehicle segment, for the same period, there were 26 brands with 599 model derivatives to choose from. Modern consumers don't just want access to all the latest models and technologies in the world, but they also want an affordable price. Global brands, therefore, continuously need to adapt to the automotive industry's unique and ever-changing landscape. New light vehicle price inflation decreased to 3,3% in 2024, down from 6,2% in 2023, and well below headline inflation of 4,4% in the country in 2024. Total new vehicle revenue, based on the recommended retail prices, amounted to R283,6 billion in 2024.

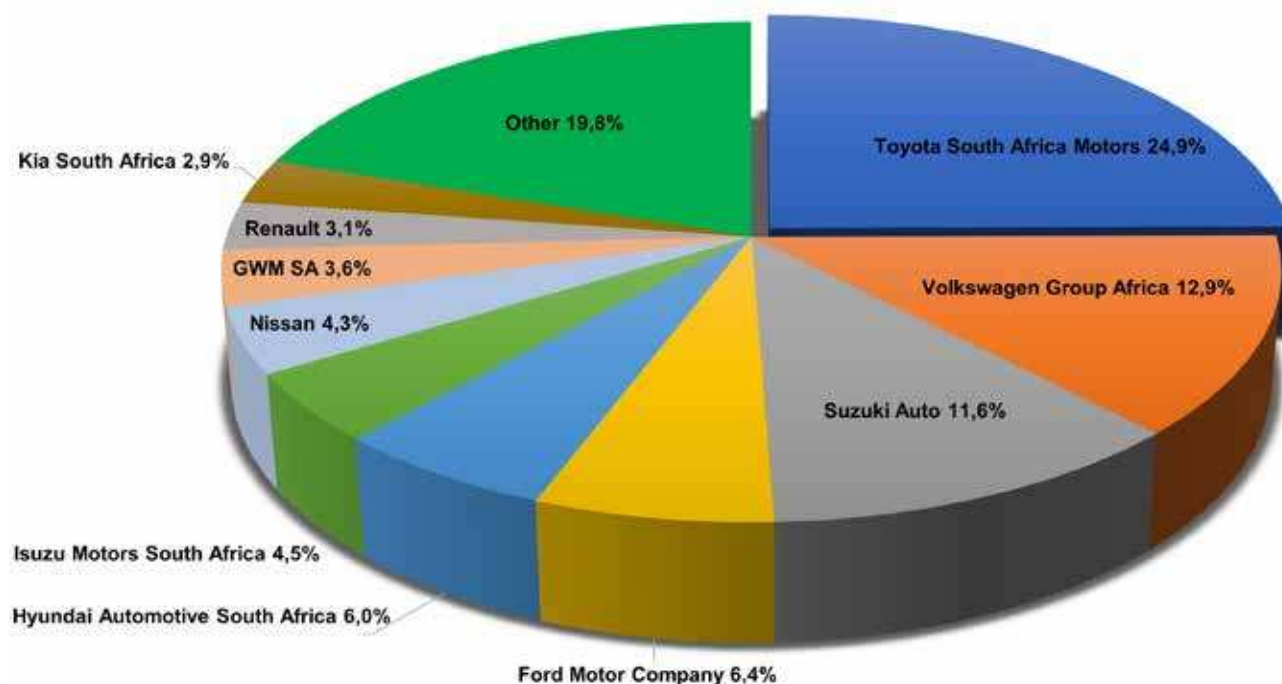
Car ownership can have a profound impact on society, the economy, and individuals, from social dynamics and economic growth to personal freedom and lifestyle choices. At the end of 2024, South Africa had a vehicle parc (number of registered vehicles) of 13,36 million, of which 7,95 million, or 59,5%, comprised passenger cars. The average age of the passenger car parc in 2024 increased to 10 years and eight months, from 10 years and six months in 2023, while the commercial vehicle parc increased to 10 years and nine months, from 10 years and seven months in 2023; and overall, the age of the total vehicle parc increased to 10 years and eight months, from 10 years and six months in 2023. The vehicle ownership ratio in South Africa was in the order of 180 vehicles per 1 000 persons in 2024.

There are some clear brand and model favourites, as the Toyota Hilux remained the most popular choice among South African car buyers in 2024, with sales of 32 656 units, followed by the top-selling passenger car, the Volkswagen Polo Vivo, with sales of 25 914 units, and the Ford Ranger, with sales of 25 552 units, in third place. The Toyota Hilux has been the top-selling model for 12 straight years in 2024. It remains an interesting phenomenon that South African motorists are more inclined to drive light commercial vehicles (bakkies), which have both commercial and leisure vehicle applications, than passenger cars. In the domestic passenger car market, Toyota, for the third consecutive year, surpassed Volkswagen in 2024. Out of the top 10 best-selling models in 2024, six were South African-built passenger cars and light commercial vehicles. The top 10 most popular models sold included three light commercial vehicle models, namely, the Toyota Hilux, Ford Ranger, and Isuzu D-Max, and seven passenger cars, namely, the Volkswagen Polo Vivo and Polo, Toyota Corolla Cross, Suzuki Swift (imported), Toyota Starlet (imported), Hyundai Grand i10 (imported), and the Cherry Tigo 4 Pro (imported).

While affordability has been a major factor in new vehicle sales, brand loyalty remained intact with Toyota and VW remaining dominant in the domestic new vehicle market. Toyota retained its long-standing market leadership position for the 45th consecutive year in 2024, with a market share of 24,9%, followed by Volkswagen Group Africa and Suzuki Auto. Toyota and Suzuki's global partnership that involves cost-sharing on vehicle development, continued to pay dividends in the domestic market. The absence of

premium brands and the rise in the rankings of brands focusing on budget-friendly models underscores the affordability reality in the domestic market. The following graph reveals the market shares of the top 10 OEMs/importers in the country in 2024.

New vehicle market share – 2024

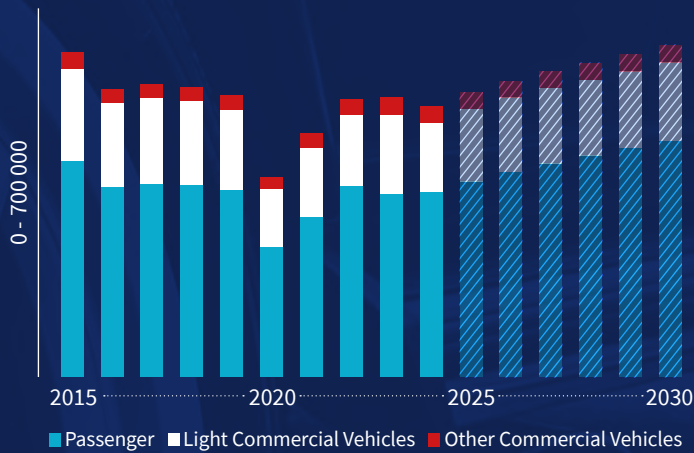


Source: **naamsa**/Lightstone Auto

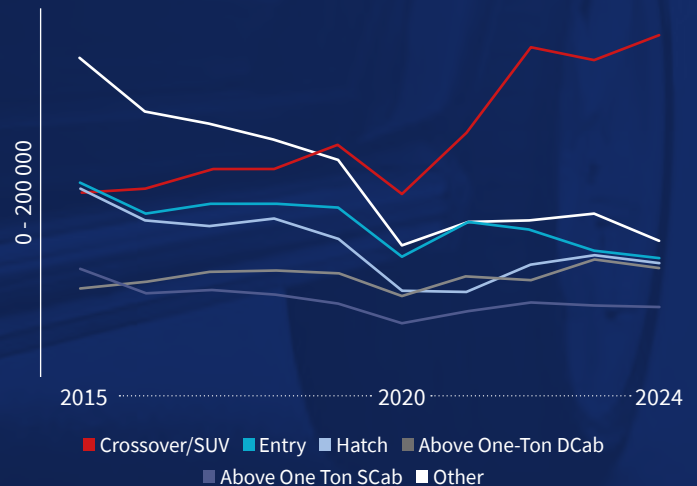
In 2024, new diesel passenger car and light commercial vehicle sales accounted for 31,5% of the market share of total light vehicle sales, down from 33,2% in 2023. NEV sales reflected another impressive increase of 100,6% from 7 782 units in 2023 to 15 611 units in 2024, following the year-on-year increase of 65,8% in 2023. Sales of battery electric vehicles (BEVs) increased to 1 257 units in 2024, up from 929 units in 2023, but the segment remained stymied by the lack of more affordable models. NEV sales share, by 21 brands, as a percentage of total new vehicle sales, increased to a notable 3,0% in 2024, up from 1,47% in 2023. Hybrid models remained the accessible choice for eco-conscious buyers and those prioritising fuel efficiency, while BEVs remained largely restricted to the early adopters with a typically higher socio-economic status due to their elevated prices, exacerbated by higher domestic luxury taxes on higher priced vehicles. Electric vehicles remain a key part of South Africa's mitigation efforts in the climate space.

The future sustainability and growth of the domestic automotive industry under the SAAM 2035 depends on the transition to NEVs to keep the industry at the cutting-edge of new market developments and to continue playing a strong role in the global supply chain. Global demand for NEVs is driven largely by government incentives and the imperative to combat climate change, as well as the increased consumer demand for greener products and a change in technology. These developments mean that vehicle manufacturers have little choice but to launch NEV product offensives. Supportive government policy, therefore, remains imperative to ensure deployment is on track to meet the country's climate targets, maintain international competitiveness, and protect investments in the country. The domestic vehicle manufacturing base should be technologically open focused to ensure maximum production allocation to South African plants. Support to make NEVs more affordable and attractive for the South African public

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South African New Vehicle sales and forecast



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is very important, as is the acceleration of decarbonisation of the vehicle market, and this cannot just be export-driven. Domestic demand stimulation includes addressing the luxury ad-valorem tax to stimulate demand, as well as developing a sufficient network of public charging infrastructure along the main roads to encourage market adoption. The following table reveals the diversity of drivetrain sales in the South African NEV landscape from 2020 to 2024.

New energy vehicle sales – 2020 to 2024

	2020	2021	2022	2023	2024
Plug-in hybrids	131	54	126	368	738
Traditional hybrids	101	624	4 066	6 485	13 616
Battery electric vehicles	92	218	502	929*	1 257*
Total	324	896	4 694	7 782	15 611

Source: **naamsa**/Lightstone Auto

*Including heavy commercial vehicles

Transport is the lifeblood of economies and communities and is the very foundation of modern society. For economies to grow, freight transport must grow. The road freight sub-sector, on average, accounted for 83,1% of total freight payload in South Africa in 2024, down from 84,4% in 2023, due to ongoing weakness in the country's economy, as well as the redirection of cargo ships towards other African ports due to port inefficiencies, resulting in less demand for heavy vehicle transport. Freight transport is a leading indicator for economic growth, and the sub-sector remains the backbone of logistics in the country, however, it comes at a cost to the economy, as transport via road remains notably more expensive than transport via rail. Increased heavy road traffic also has a substantial effect on the infrastructure of main routes, as well as traffic patterns. Over-dependence on road transport due to rail transport inefficiencies drives up inflation, considering the traffic jams, delays and higher fuel consumption, all increasing costs for consumers and businesses.

There is therefore a strong focus on the total cost of ownership, given the intrinsic link between a country's logistical costs and its productivity, competitiveness, and sustainable economic growth. Considering that fuel costs represent the major operating cost for trucks, fuel prices at the lowest point they have been in nearly three years assisted fleet operators in 2024. Medium and heavy commercial vehicles are regarded as productive assets and essential capital inputs in the economy. The sector is characterised by a large number of players in a relatively low volume environment. In 2024, the medium commercial vehicle segment consisted of 15 brands with 154 model derivatives to choose from; in the heavy commercial vehicle segment there were 11 brands with 114 model derivatives; in the extra-heavy commercial vehicle segment there were 17 brands with 300 model derivatives; and in the bus segment there were eight brands with 27 model derivatives.

Commercial vehicle sales of all sizes were impacted by businesses' lack of confidence in a swift economic recovery in 2024. The South African truck and bus market reflected a decrease of 1 646 units, or 5,0%, down from the 32 690 units in 2023 to 31 044 units in 2024. However, the sector reflected a mixed performance across the various segments in 2024. Overall, sales in the medium commercial vehicle segment reflected a year-on-year decrease of 6,4%; the heavy commercial vehicle segment increased by 0,7%; the extra-heavy vehicle segment decreased by 7,5%; while bus sales increased by 28,2% in 2024. The extra-heavy commercial vehicle segment comprised 54,4% of sales in the commercial vehicle segment.

Transforming transportation, as a major contributor to greenhouse gas emissions globally, is essential and involves a massive shift toward a clean mobility solution, particularly for road transport. Energy

consumption with clean mobility solutions has become a priority and EVs have emerged as one of the preferred options due to their zero tailpipe emissions, ability to be powered by renewable energy, and potential to reduce air pollution and dependence on fossil fuels. An encouraging trend is the increasing introduction of electric trucks in the domestic market since 2022, with 26 EV truck sales in 2024. Challenges remain the much higher upfront costs of these vehicles compared to equivalent ICE vehicles as well as the lack of public charging infrastructure development.

The following table reveals the sales of medium, heavy, extra-heavy commercial vehicles and buses from 2020 to 2024. Toyota topped the medium commercial vehicle segment, FAW the heavy commercial vehicle segment, Daimler Truck Southern Africa the extra-heavy commercial vehicle segment, and MAN was the leader in the bus segment in the South African market in 2024.

Sales of medium and heavy commercial vehicles and buses – 2020 to 2024

Market					
Year	MCV	HCV	XHCV	Buses	Total
2020	6 730	4 056	11 100	728	22 614
2021	7 520	4 960	13 761	665	26 906
2022	8 297	5 925	15 026	694	29 942
2023	8 252	5 447	18 254	737	32 690
2024	7 722	5 484	16 893	945	31 044

Source: **naamsa**/Lightstone Auto

The transport sector plays a pivotal role in South Africa’s economy, with its impact extending across the borders into Africa. South Africa needs to accelerate its efforts to revive the rail network to reverse some of the road freight back to rail freight. In this regard, the Government’s appetite for taking hands with the private sector seems to be gradually increasing, with notable progress on the policy front to address the problems of especially South Africa’s freight sector. The Freight Logistics Roadmap, which provides a clear reform path towards resolving the immediate operational challenges driving the decline of rail and ports, and outlining the interventions required to fundamentally restructure the logistics sector through policy and legislative interventions, has been approved. A well-functioning logistics sector will have a guaranteed positive multiplier impact on the economy as a whole.

**The transport sector
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Partnership

The Automotive Industry Transformation Fund (AITF) in South Africa was created by seven multinational automotive manufacturers as a collective Equity Equivalent Investment Programme (EEIP). Its main goal is to promote transformation in the automotive sector by providing funding, market access, and capacity development for black-owned entities. The AITF partnership supports job creation and fosters growth within the automotive industry by providing market access for beneficiaries.



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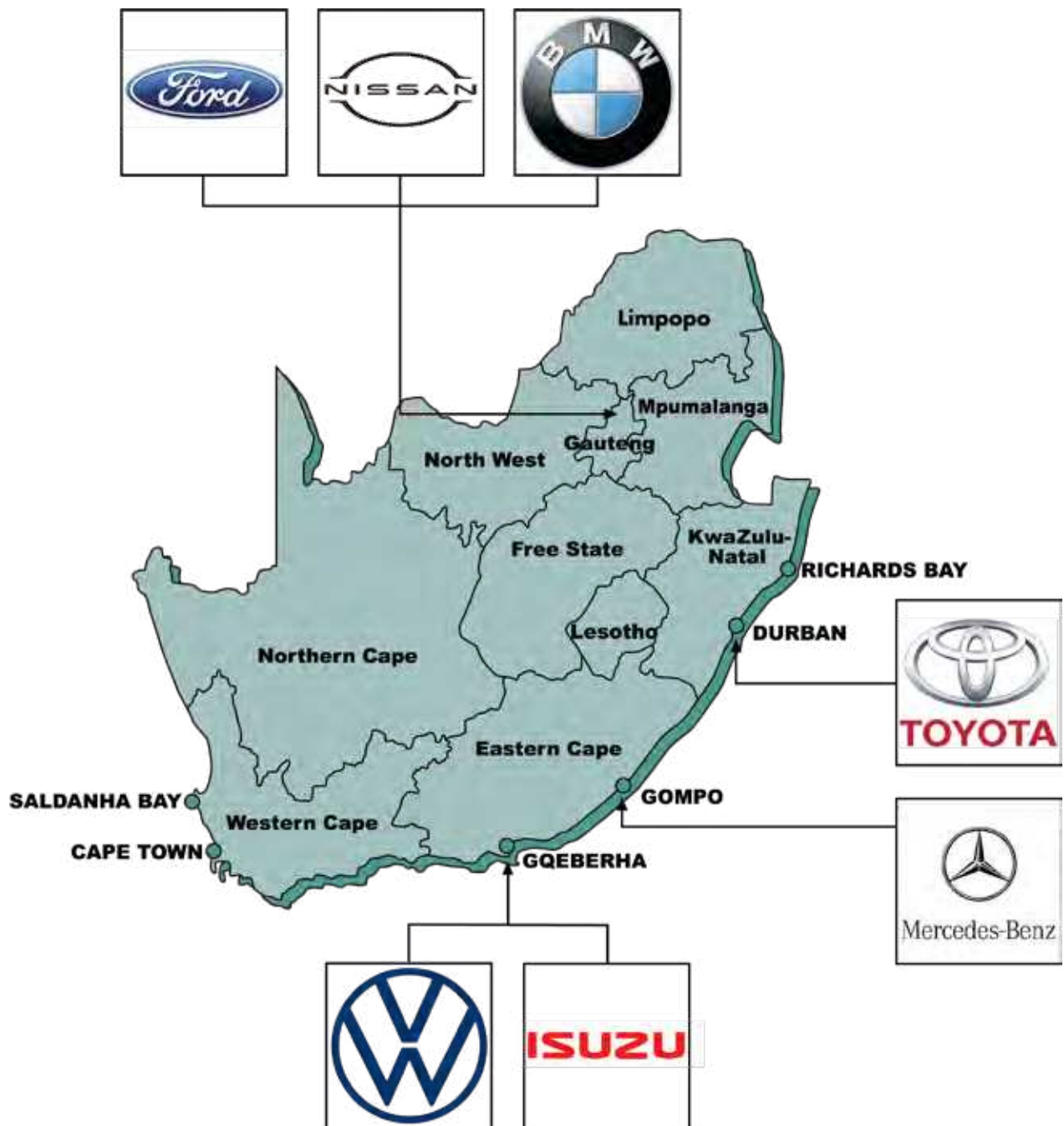
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AUTOMOTIVE CLUSTERS



South Africa's GDP at US\$400,2 billion in 2024 was the highest in Africa, followed by Egypt and Algeria. With its multi-sector economy, the country remains among the preferred investment destinations of many countries across first- as well as emerging world markets, as evidenced by the many multi-national corporations that have established a multi-decade presence here. The country's transportation network, including roads, railways and air travel, is the most extensive in Africa. Industry, innovation, and infrastructure, the ninth Sustainable Development Goal (SDG), is essential for every nation aiming for social inclusion, economic

expansion, and environmental sustainability. In this regard, South Africa was ranked the top country in Africa with the best infrastructure and the most innovation in 2024. Sustained investment in South Africa's transport infrastructure is critical. The involvement of the private sector in infrastructure development is vital for South Africa's long-term growth and prosperity. Additionally, transport has been a fertile ground for technical innovation.

As far as South Africa's automotive industry is concerned, a combination of government incentives, strategic resources and international partnerships ensure that the domestic automotive industry is a cornerstone of its manufacturing sector and one of the key sectors in unlocking the country's economic potential. In 2024, there were seven operating multinational OEMs with CKD manufacturing plants in South Africa, with two more on the horizon. New OEMs will enhance domestic manufacturing capabilities in the vehicle and upstream supply chain and contribute to economic growth. The country is not only the largest vehicle manufacturing and consumption hub on the African continent but is also highly integrated into the global supply chain. The biggest attractions for new entrants in South Africa are the size of the domestic new vehicle market along with an automotive masterplan up to 2035, which supports domestic vehicle and automotive component production for both South Africa and export markets.

South Africa is strategically well-positioned to benefit from the rapid growth of green industrialisation, in particular the manufacture of NEVs, as the country is the world's largest producer of manganese, while it mines nickel and has rare earth deposits, which are key components in the manufacture of batteries for EVs. South Africa is also the largest miner of platinum used in the fuel cells that power hydrogen-fuelled vehicles. The country's commitment to innovation and green technologies is likely to attract further investment, positioning it as a critical hub for the future of sustainable transportation in Africa and beyond.

South Africa's automotive clusters are strategically located to leverage infrastructure, skilled labour, and proximity to major markets, and play a vital role in its industrial strategy, leveraging regional strengths and global partnerships to maintain competitiveness. The automotive industry is located mainly in three provinces, namely, Gauteng, the Eastern Cape and KwaZulu-Natal, each with its own unique industrial makeup, contributing to diversifying and stimulating provincial and local economies. The automotive multiplier effect underscores the industry's pivotal role in driving economic and social development, as vehicle and automotive component production supports upstream and downstream links to various other economic activities. Incentives, administered by the DTIC, are uniform throughout the country, while regional support mechanisms address the specific needs of industry in the various geographic areas.

Gauteng

As the smallest but most urbanised province, being home to 15,93 million people, or 25,3% of the national population of 63,02 million, Gauteng is an integrated industrial complex with major economic activity in three sub-regional areas, namely, the Vaal Triangle, the East, West and Central Rand, and Pretoria. As South Africa's economic engine, the province continues to power the country's industrial and economic progress. Central to this growth is the automotive sector, a vital contributor to job creation, technological innovation, and export growth. The City of Tshwane metropolitan area, which includes Pretoria, is home to many government departments and services. Johannesburg houses the Johannesburg Stock Exchange Limited, the largest securities exchange in Africa. Most overseas visitors enter South Africa via OR Tambo International Airport. Pretoria is the administrative capital of South Africa and home to the Union Buildings.

The province houses three OEMs and the majority of the first- and second-tier automotive component suppliers in the country. The establishment of the Tshwane Automotive City (TAC) to be delivered and operated by the Automotive Industry Development Centre (AIDC) will serve as an integrated logistics framework, focusing on the inland ports and manufacturing hubs linked to the rail corridors linking Tshwane with strategic ports in South Africa and the Southern African Development Community (SADC).



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The AIDC also manages the Automotive Supplier Park in Rosslyn, Pretoria, which is an automotive hub that currently houses 13 automotive component suppliers close to the OEMs to enhance efficiency and reduce costs. The Tshwane Automotive Special Economic Zone (TASEZ), adjacent to the Ford Motor Company of Southern Africa's Silverton vehicle plant in Pretoria, completed phase 1 and commenced with phase 2 of construction of the Special Economic Zone (SEZ), while also formally launching the TASEZ Academy in 2024. The TASEZ has managed to attract 11 investors with an investment value of R5,63 billion for Phase 1 and Phase 1A. Phase 2 will comprise a new industrial node, while later stages will also see the start of a manufacturing SMME incubation programme to develop new enterprises owned and run by local people.

KwaZulu-Natal (KZN)

KwaZulu-Natal has the second largest economy after Gauteng and is also the second most populated of South Africa's provinces, with a share of 19,5%, or 12,31 million, of the country's 63,02 million population. Durban is home to Africa's premier port and the country's primary import and export hub for most OEMs and independent vehicle importers, while Richards Bay port is an important coal-export port. As a key destination for international tourism, visitors can enter the province through the state-of-the-art King Shaka International Airport at La Mercy, north of Durban or use the extensive national road network to the province. In connecting continents and constantly evolving, Durban ensures unparalleled access to global supply chains.

The Dube TradePort Special Economic Zone, adjacent to the King Shaka International Airport, is Africa's first purpose-built aerotropolis. It is the only facility in Africa that brings together an international airport, a cargo terminal, warehousing, offices, a retail sector, hotels, and an agricultural area, all enhancing South Africa's manufacturing and export capabilities. The SEZ has already attracted R4,6 billion in private sector investment and created over 5 000 permanent jobs. In 2024, Dube TradePort Corporation (DPTC) officially launched the second phase of the successful industrial precinct and special economic zone which opened up an additional 45 hectares of industrial land for development. The new SEZ area will play a significant role in Durban's economic growth and development and is expected to generate an additional 600 jobs over the next five years. The SEZ is specifically designed to attract FDI, stimulate technology transfer, and promote export-oriented industries, particularly in the logistics and automotive sectors. Another new development in the province, located in close proximity to the Toyota SA Motors plant, includes the KwaZulu-Natal Automotive Supplier Park, aimed at centralising production, assembly, sequencing and warehousing.

Eastern Cape (EC)

The Eastern Cape is the fourth most populous province with 7,18 million, or 11,4% of the country's 63,02 million population. The province is well served logistically with airports situated in Gqeberha, Gomo, Mthatha and Bisho, and with access to deep-water ports for exports situated in Gqeberha, Coega and Gomo. The AIDC Eastern Cape is an implementing arm for the Eastern Cape Provincial Government's development plan that provides dynamic and outcomes-driven skills.

The Coega Industrial Development Zone (IDZ) is the largest IDZ in the country and is the main catalyst for socio-economic development in the Eastern Cape, while the East London IDZ, one of the country's leading specialised industrial parks, has also established an Automotive Supplier Park. Coega SEZ's standing as a strategic hub for automotive manufacturing in South Africa was reaffirmed in 2024 with the establishment of the R3 billion greenfield vehicle manufacturing facility by Stellantis, the world's third biggest automotive manufacturer by volume and South Africa's eighth OEM, with the country's largest development funder, the Industrial Development Corporation (IDC), as partner. In addition, a R200 million investment declaration by FAW Trucks South Africa in 2024 will contribute to the broader prosperity of the Eastern Cape and South

Africa. This new investment comes a decade after FAW SA's R600 million assembly plant, which established itself as one of the largest investors from China in South Africa at the time.

The Eastern Cape has been a priority province for wind energy generation in South Africa for over a decade and continues to play a key role in advancing the country's renewable energy production. The province is also at the heart of South Africa's automotive industry, with the first vehicle assembly by Ford taking place there in 1924. The Eastern Cape OEMs once again accounted for the biggest proportion of light vehicle production, as well as light vehicle exports in 2024.

Automotive clusters – key automotive features – 2024

Key automotive features	Gauteng	KZN	EC
Number of OEMs (manufacturing plants)	BMW SA Nissan SA Ford Motor Company of Southern Africa	Toyota SA Motors	Volkswagen Group Africa Mercedes-Benz SA Isuzu Motors SA Ford Motor Company of Southern Africa engine plant
Medium, heavy, extra-heavy commercial vehicle and bus companies	Babcock, Ford, Hyundai Automotive, Iveco, JMC, MAN Truck & Bus, MarcoPolo, Powerstar SA, Scania, Sinotruk, Stellantis, Tata Trucks, UD Trucks, and VECH South Africa	Bell Equipment, MAN Truck & Bus, Toyota, and Volvo Group Southern Africa	FAW Trucks, Isuzu Motors, Daimler Truck Southern Africa and Volkswagen Group Africa
Number of automotive component suppliers	200	80	150
Motor vehicle parc as % of South Africa's total vehicle parc of 13,36 million vehicles	38,4%	13,5%	6,5%
Passenger car sales as % of total 2024 passenger car sales of 351 555 units	35,0%	14,0%	3,7%
LCV sales as % of total 2024 LCV sales of 133 251 units	32,1%	12,0%	4,6%
MCV/HCV sales as % of total 2024 MCV/HCV sales of 31 044 units	36,4%	13,3%	3,1%
Light vehicle production by OEMs in the province as % of total 2024 light vehicle production of 567 946 units	29,4%	20,8%	49,8%
Light vehicle exports by OEMs in the province as % of total 2024 light vehicle exports of 390 080 units	32,7%	10,5%	56,8%

Source: AIEC/ **naamsa**





Taking the automotive industry **INTO THE FUTURE!**

Established in 1940, the Industrial Development Corporation is the largest development finance institution in sub-Saharan Africa. The Corporation provides funding to entrepreneurs, businesses and project developers, among others. Through its Automotive & Transport Equipment Strategic Business Unit (SBU) the Corporation offers a range of funding support to businesses operating in this sector.

Our objective

To activate and expand industrial capacity in the South African automotive sector by offering flexible funding solutions. This includes providing funding and development support to businesses ranging from Original Equipment Manufacturers (OEMs) through all tiers of their component supply chains.

Who can apply for funding?

- Automotive project funding with IDC exposure up to R 1.5 billion (ZAR); higher exposure possible with exposure
- New projects: Debt or equity funding to support project development for start-ups (equity would depend on strategic nature of the project).
- Existing businesses: Debt funding applications for expansions and funding of existing businesses.
- Any Automotive OEM aiming to establish itself as a local manufacturer.
- Automotive Component Manufacturers (Tier 1 to Tier 3, accessories, aftermarket, vehicle conversions, etc).

APPLICATION STEPS:

1. Submit a Business Plan
2. Basic Assessment of Business Plan (High level desktop analysis)
3. Due Diligence Investigation (In-depth analysis: Market, Technical, Financial, Environmental, Legal, etc.)
4. Credit Committee (Approve / Reject)
5. Legal Agreements
6. Disbursement

Targeted outcomes

- Increased vehicle production volume in South Africa.
- Deeper and wider localisation of automotive components in South Africa in support of the masterplan.
- Developmental outcomes (job creation, youth and women involvement, B-BBEE etc.).
- **Support for organisations in the transition towards New Energy Vehicle (NEV) manufacturing/supply, including advancements through 4iR technologies.**

Our in-depth specialised knowledge of the global, regional and local automotive industry enables the Automotive & Transport Equipment SBU to support project development. The SBU nurtures relationships with industry stakeholders ensuring access to networks that include national and municipal government agencies and the private sector, in support of our business partners' needs.

AUTOMOTIVE POLICY REGIME

The automotive sector is a vital component of the modern economy, with significant economic, social, and technological implications. The sector's significance lies in its multifaceted contributions to economic development, industrialisation, employment, and innovation. Effective government policies are essential for shaping the sector's success, fostering growth, international competitiveness, and sustainability in the industry. These policies ensure the sector continues to thrive, while addressing global challenges such as environmental concerns and economic inclusivity. One of the attractions of South Africa's automotive policy regimes over the past three decades has been its long-term vision and consistency. Potential investors typically require companies to show a track record of commercial sustainability, that they are well positioned to maintain this performance in the future, and that they have capabilities to export to other territories.

The South African Automotive Masterplan (SAAM) was implemented on 1 July 2021, and provides the incentive framework for the industry for the period from 2021 to 2035. The SAAM 2035 vision is the achievement of "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". The Automotive Production Development Programme Phase 2 (APDP2) operates within the framework of the SAAM, which provides the incentive framework for the industry up to 2035. The APDP2 is a Trade-Related and Investment Measure (TRIM) which allows for safe and secure FDI and awards duty rebates for the localisation of activities (Local Value Addition – LVA). To qualify for these benefits, OEMs in South Africa must be registered with the International Trade Administration Commission of South Africa (ITAC) and the South African Revenue Service (SARS), and comply with Broad-Based Black Economic Empowerment (B-BBEE) requirements.

A key summary of the SAAM 2021-2035 objectives is as follows:

- Grow South African vehicle production to 1% of global production by 2035;
- Increase local content in South African manufactured vehicles to 60%;
- Double automotive employment in the supply chain;
- Improve automotive industry competitiveness levels to that of leading international competitors;
- The transformation of the South African automotive value chain; and
- Deepen value-addition within South African automotive value chains.

The automotive sector recognises that the SAAM vision can only be realised if the above six development objectives are met. Achieving the SAAM objectives will require careful co-ordination and a close working relationship between government, the private sector and organised labour. Six industry development pillars have been identified as critical to the realisation of the SAAM. The six pillars relate to:

- local market optimisation,
- regional market development,
- localisation,
- infrastructure development,

- industry transformation, and
- the development of industry-required technologies and skills.

The SAAM 2035 was approved by the Cabinet in November 2018, with the first Executive Oversight Committee (EOC) meeting chaired by the Minister of Trade, Industry and Competition, sitting in December 2019 to oversee the implementation of the Masterplan. Seven workstreams have been established, with the industry-required technologies and skills pillar divided into two separate workstreams. The workstreams, feeding into the EOC meetings, support the execution of the SAAM 2021-2035 to grow the domestic automotive industry.

The APDP2 contains many elements similar to the previous APDP policy regime. The APDP2 consists of the following four pillars that drive the programme:

- Import duty (domestic industry protection);
- Volume Assembly Localisation Allowance (VALA) (duty rebate mechanism);
- Production Incentive (PI) (duty rebate mechanism); and
- Automotive Investment Scheme (AIS) (cash grant).

The four key elements of the APDP2 may be described as follows:

Tariffs: There is a set tariff regime on vehicles and automotive components imported into South Africa. Import duties on vehicles and automotive components will remain at 25% on light vehicles and 20% on original equipment components through 2035. A preferential agreement under the SADC-EU EPA and SACUM-UK EPA has resulted in imported vehicles from the EU and the UK paying only 18% duty. These tariffs are meant to provide adequate protection to justify continued domestic vehicle manufacturing. The purpose of the tariff structure under the APDP2 is to incentivise industry by creating LVA and earning duty rebates, and not to generate revenue.

Volume Assembly Localisation Allowance (VALA): This support is based on LVA. The VALA is set at 35% of local value-add for OEMs above 10 000 vehicles produced annually per plant from 2026 onwards. Transition was set at 40% in 2021 and will reduce annually to 35% by 2026. This will provide a support level of 3,2% at 40% local content but it could increase to 4,2% if local content increases to 60%.

Production Incentive (PI): Government has decided to adjust its incentives to ensure the development of automotive component suppliers, as well as to support those suppliers exporting into automotive supply chains elsewhere in the world. The APDP2 also supports the export of semi-knocked down (SKD) kits to regional markets, provided that the kit comprises a complete vehicle. The production incentive benefit on components has been increased from 20% to an effective 25% by increasing the benefit factor for components from 50% to 62,5%. This results in a 3 to 5% support level at 20% duty (depending on domestic material used). For OEMs manufacturing vehicles, the PI remains at 50% at a duty rate of 25% (also 5% support at 40% LVA). Duty credits in the form of a Production Rebate Certificate (PRC) have replaced Production Rebate Credit Certificates (PRCCs) under the APDP2. The vulnerable status PI benefits of high material-content products, which received additional support in the transition from the MIDP to the APDP, have been removed.

“Local Value-added” has been defined in simple terms as the manufacturer’s selling price less the value of all non-qualifying material and imported components in the supply chain. The OEM production incentive is calculated through the supply chain, and is earned by the OEM who pays the suppliers’ import duty via a quarterly duty account that is submitted to SARS. In the case of suppliers, the component manufacturer earns the rebates for component exports and/or the manufacture of replacement parts.

Automotive Investment Scheme (AIS): The AIS is designed to grow and develop the automotive industry through investment in new and/or replacement models and automotive components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain and comply with B-BBEE requirements. The AIS represents the only industry support that is a physical cost to the fiscus, in the form of a non-taxable cash grant of 20% of the value of qualifying investment in productive assets by light motor vehicle manufacturers (OEMs), as approved by the DTIC (25% for component manufacturers). Investments in NEV projects can earn a cash grant of 35% for productive asset investments by component, tooling and battery assemblers. This support is available to encourage investments by OEMs and component manufacturers in a manner that supports productive capacity upgrading. For an OEM to claim the AIS, a minimum annual volume of 50 000 units per plant is required.

The total investment approved since the inception of the AIS until the end of 2024 amounted to R113,0 billion, of which R73,7 billion for the OEMs and R39,3 billion for automotive component suppliers, while the sum total of incentives approved since inception amounted to R28,9 billion. Since inception, 744 projects have been approved under the AIS, creating 29 305 additional jobs. The DTIC implemented a change to the AIS guidelines in 2017, applicable to all new applications approved from 1 September 2017, which requires applicants to maintain base-year employment levels throughout the entire incentive period, from the application stage until claim periods.

On 24 December 2024, President Cyril Ramaphosa signed the Taxation Laws Amendment Bill into law. Of particular interest to EVs is the amendment of section 12 of the Income Tax Act, with Section 12V inserted, and set to take effect on 1 March 2026. Section 12V provides a 150% tax deduction of the cost of certain parts and assets used by OEMs in the production of electric battery-powered or hydrogen-powered vehicles in South Africa. The incentive will apply to all qualifying equipment and buildings, including any additions or improvements, that are put into use for the first time between 1 March 2026 and 1 March 2036. The tax break enables a 150% tax deduction on investment in electric- and hydrogen-powered vehicle production. Equally important is securing EV component production in South Africa, as well as domestic beneficiation of the metals and minerals required in the EV value-chain.

A competitiveness improvement cost grant of 15% of qualifying costs will also be available for automotive component manufacturers. The objective of this benefit is to enhance the competitiveness of component manufacturers through the improvement of processes, products, quality standards, and related skills development through the use of business development services. The grant is a function of the expenditure incurred by component suppliers to improve competitiveness, and must be linked to a new or replacement model of a light vehicle manufacturer.

The SAAM 2021-2035 also covers medium and heavy commercial vehicles, but VALA and PI incentives do not apply to the MCV/HCV assembly operations, as these kits are imported duty free. The APDP2 applies to only light vehicles (passenger cars and light commercial vehicles), although components produced for heavy commercial vehicles also qualify for the PI, as does the manufacture of local tooling. A PI, under the same regulations applicable to light vehicles, can be earned on components produced for trucks. The PI, however, is earned by the component manufacturer, and is not passed through to the heavy commercial vehicle manufacturer, as is done for light vehicles. The level of protection on heavy commercial vehicles has been set at 20% import duty, which is lower than the level on light commercial vehicles and passenger cars, which attracts an import duty of 25%, as well as a maximum ad valorem duty of 30%, depending on the free on board (FOB) value. Domestic assembly operations of trucks and buses, based on a SKD definition, receive the benefit of the duty-free importation of all driveline components, which include the engines, transmissions, drive-axles and gearboxes. However, tyres that are manufactured domestically, attract a duty of 15% if imported.

Transport in South Africa is the third-largest emitting sector, with more than 90% of emissions stemming from road transport. However, the current upfront purchasing price of alternative-power source vehicles

is much higher than the ICE equivalent, and this remains a major hurdle before the lower running and maintenance cost benefits can be enjoyed. However, South Africa's future transport sector needs to be decarbonised, while simultaneously managing demand and improving the efficiency, reliability, and affordability of transport as a service.

There is at present no dominant NEV solution for heavy commercial vehicles globally. A combination of electric vehicles, biofuels, natural gases, and hydrogen will be necessary to achieve significant reductions in greenhouse gas emissions. The two main NEV transitional requirements for the domestic truck and bus sector include an import duty concession, and legislative changes to accommodate the overweight and overlength dimensions legislation, considering an existing trailer fleet of around 241 000 licensed trailers in the country. To allow industry to build volume in this segment, the pricing of the vehicles needs to be brought closer to that of an equivalent ICE truck. An equivalent NEV and ICE vehicle price alignment import duty concession for a specified period would allow OEMs to drive prices down to allow for the early adoption of the technology by customers, and to achieve critical volume that will justify domestic manufacturing.

A mid-term review of the SAAM 2035, including the APDP2, is scheduled for 2026, but the domestic automotive industry has requested this be brought forward. The SAAM 2035 objectives were developed in 2018, before the bans on fossil-fuelled ICE vehicles in the EU and UK were announced. The world has also changed substantially since then, specifically in view of the disruptions caused by the global COVID-19 pandemic that set the global and domestic automotive industry back several years.

The basic premise is that the foundation of the APDP2 is solid and that it provides critical incentives and a policy framework to help drive investment, innovation, and job creation in the automotive industry, which has enabled South Africa to remain internationally competitive. At present, fierce competition is actually between governments around the world to attract investments in the EV space, and South Africa must act decisively to secure its place in the evolving automotive landscape. However, it is recognised that the NEV transition must be tailor-made for a South African context and cannot be a carbon copy of what other countries and regions have done.

Although the APDP2 involves a well thought-through policy instrument, thorough thinking on specific initiatives to make it fit for purpose is required. Dramatic changes would not be required, but rather selective policies with targeted approaches focusing on which parts of the value chain the domestic automotive industry really wants to compete in to support particular components and vehicles in very targeted ways. It remains imperative that policy measures should not only apply to vehicle manufacturing, but should also focus on stimulating NEV sales in the domestic market, otherwise most of these vehicles will be imported, which means South Africa could lose the economic contribution the automotive industry makes as the country's largest manufacturing sector. Opportunities are also available to South Africa in the beneficiation of minerals used in NEV components.

Achieving the ambitious goals of the SAAM 2035 will require not only policy innovations but also strategic collaboration between stakeholders to address the economic, infrastructure, and technological challenges ahead. Industry stakeholders need agile and nimble policy support, along with efficiency of its port and rail network infrastructure. This means that government, labour and industry should constructively collaborate to ensure the country remains a favourable investment choice and that the maximum vehicle production allocation is attracted to the plants in South Africa.



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GLOBAL NEW VEHICLE MARKET ENVIRONMENT

The global automotive industry stands at the intersection of technology and sustainability which are driving innovation, not only to reshape transportation, but also to influence energy, urban planning, and global economies. The industry's global reach and influence make it a barometer for economic health, a hub for innovation, and a key player in the transition to a sustainable future. The automotive industry remains a key sector that has profound significance in the economy of every major country in the world, and it is shaped by government policy interventions and based on the realities of the sector, such as economies of scale, patterns of demand, the location, as well as cost competitiveness issues. Nations continue to prioritise the automotive industry due to its role in economic stability and technological leadership, as the industry drives innovation in materials science, automation, and artificial intelligence (AI).

Globally, the growth in EV production has been remarkable in recent years, as industry has entered a period of transition, striving to reduce emissions and to meet the increasing demand for more sustainable transportation options. However, following a substantial year-on-year gain of 10,2% in 2023, global vehicle production consolidated in 2024, decreasing by 1,0% to reach 92,5 million vehicles, down from the 93,5 million units produced in 2023. Global passenger car production decreased slightly by 0,5%, from 68,0 million units in 2023 to 67,7 million units in 2024. Light commercial vehicle production decreased by 2,7%, from 21,5 million units in 2023 to 20,9 million units in 2024, heavy commercial vehicle production reflected a loss of 2,3%, from 3,7 million units in 2023 to 3,6 million units in 2024, while bus production reflected an increase of 17,1%, from 248 440 units in 2023 to 290 829 units in 2024.

In 2024, 16 countries exceeded the one million vehicle production mark, which is regarded as the international benchmark. China continued to strengthen its position as the world's automotive powerhouse in 2024 owing to expanding EV production, with total vehicle production of 31,3 million units, comfortably remaining the world's biggest market, followed by the US with 10,6 million units, Japan with 8,2 million units and India with 6,0 million units. Germany continued to drop down the vehicle producer list, as Mexico also surpassed Germany's production volume in 2024. In China, domestic brands now dominate the market and vehicle production figures highlighted that China produced 17 million more vehicles than the EU in 2024, compared to a gap of just 8 million in 2019.

ICE vehicle production is starting to face challenges in China, with overcapacity at many plants, especially at non-Chinese OEM brands. Another challenge within the Chinese automotive industry is that it is seeing a second wave of EV manufacturers, with several newcomers joining the market. Three brands dominate the Chinese EV market, namely, Tesla, BYD and Seres, while 134 brands compete for balance of this highly competitive segment. Global NEV manufacturing capacity stood at more than 22 million units in 2024, with two-thirds in China, 20% in Europe, 10% in North America, and the remainder mainly in South Korea and Japan.

China has the capacity to produce more than twice its domestic demand for cars, freeing up a significant portion of its car production to be allocated for export. The Chinese government has massively invested in ramping up domestic automotive production, and specifically its burgeoning EV sector. The government's strategic initiatives, such as "Made in China 2025," have prioritised EV manufacturing, leading to substantial growth in this area. In view of this, China had overtaken its rival Japan in terms of car exports in 2023, a performance matched again in 2024, with the booming EV segment supporting Chinese car exports. Chinese car exports also surpassed that of Europe for the first time in 2024. Chinese vehicle exports increased by 23% from 5,2 million units in 2023 to 6,4 million units in 2024. This surge in exports was aided by the

scrapping of a regulation in effect since 2022 that forced international OEMs to form a 50:50 joint venture with a Chinese partner. Foreign OEMs are now able to own 100% of their operations, and are thus more willing to set up their Chinese plants as export hubs. Western OEMs continue investing in China despite geopolitical tensions, while simultaneously adjusting their global manufacturing footprints. Chinese OEMs are also increasingly establishing vehicle production plants in a number of major markets such as Thailand, Spain, and Mexico with others to follow, providing more agility in responding to consumer demand, and hence, giving them a competitive edge.

South Africa forms part of the group of global second-tier countries producing below one million vehicles per annum. The country's vehicle production decreased by 5,2%, from 632 362 units in 2023 to 599 755 units in 2024, exceeding the global year-on-year decrease in global vehicle production of 1,0% in 2024. South Africa's global vehicle production market share thus decreased from 0,67% in 2023 to 0,65% in 2024, although its global vehicle production ranking improved from 22nd to 21st in view of the poorer performance by Italy. In terms of global LCV production, the country was ranked 15th, with a market share of 1,05%. South Africa remained the dominant market on the African continent, and accounted for 599 754 vehicles, or 50,9% of the total African vehicle production of 1 177 400 vehicles in 2024.

Under the SAAM 2035, the objective is to produce 1% of global vehicle production, or 1,4 million vehicles, per annum by 2035. Vehicle production levels above one million units annually should substantially improve the country's status, global vehicle production ranking and prospects to attract bigger investments in new generation models. The following table reveals global vehicle production by country for 2023 and 2024.

**South Africa remained
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of 1 177 400 vehicles in 2024.**

Global vehicle production by country – 2023 to 2024

Country	Total units produced 2023	Total units produced 2024	Passenger cars	Commercial vehicles
1. China	30 160 966	31 281 592	27 476 886	3 804 706
2. USA	10 639 140	10 562 188	1 432 615	9 129 573
3. Japan	8 998 538	8 234 681	7 139 188	1 095 493
4. India	5 852 143	6 014 691	4 991 413	1 023 278
5. Mexico	4 001 964	4 202 642	947 726	3 254 916
6. South Korea	4 243 597	4 127 252	3 849 326	277 926
7. Germany	4 109 371	4 069 222	4 069 222	-
8. Brazil	2 324 838	2 549 595	1 895 020	654 575
9. Spain	2 451 243	2 376 504	1 918 244	458 260
10. Thailand	1 834 986	1 468 997	549 752	919 245
11. Czech Republic	1 404 501	1 458 892	1 452 881	6 011
12. Turkey	1 468 393	1 365 296	904 513	460 783
13. Indonesia	1 395 717	1 196 664	1 026 976	169 688
14. France	1 505 079	1 357 701	910 243	447 458
15. Canada	1 553 758	1 342 647	217 344	1 125 303
16. Iran	1 089 827	1 077 839	977 776	100 063
17. Slovak Republic	1 080 000	993 000	993 000	-
18. Russia	729 680	982 665	753 754	228 911
19. UK	1 025 990	905 233	779 584	125 649
20. Malaysia	774 600	790 347	744 604	45 743
21. South Africa	632 362	599 754	350 384	249 370
Global	93 452 506	92 504 338	67 674 745	24 829 593

Source: **naamsa**/Lightstone Auto, OICA

There was modest growth in new vehicle sales in 2024, growing by 2,7% and totalling 95,3 million units, up from 92,9 million units sold in 2023. The automotive industry was visibly divided in 2024. Traditional OEMs from Europe, Japan, and the US faced declining sales and restructuring. Of the 20 largest manufacturers globally, 14 are from these regions. However, Chinese OEMs stood out as the ones achieving significant growth. Car ownership rates across the world represent an indicator of a country's economic development and the high purchasing power of its citizens. The World Bank puts the global average car ownership rate at 190 passenger cars per 1 000 people. The following table reveals that all major regions reflected growth from 2023 to 2024.

Global vehicle sales by region – 2023 to 2024

Region	Total sales 2023	Total sales 2024	% change 2024/2023
Europe	17 942 469	18 700 694	+4,2%
North America	19 187 935	19 802 453	+3,2%
South America	4 027 782	4 351 563	+8,0%
Africa	1 050 105	1 053 611	+0,3%
Asia	50 641 764	51 406 410	+1,5%

Source: OICA

China sold 31,4 million vehicles in 2024, up 4,5% from the 30,1 million units in 2023, and remained by far the largest single-country new vehicle market in the world, selling almost as many vehicles as in the European and US markets combined. In Europe, new vehicle sales dynamics varied among the big European markets, partly impacted by the phasing out of the EV incentive programmes. While Germany, France and Italy recorded year-on-year decreases of 0,4%, 2,4% and 0,3%, respectively, Spain, where the incentives for EVs and plug-in hybrids were extended, showed a healthy growth rate of 8,1%. US new vehicle sales in 2024 reached 16,3 million units, a 2,1% increase from the prior year and the highest since 2019.

The year 2024 turned out to be another record year for EVs, with worldwide sales surging by 25,7% to 17,1 million units, up from 13,6 million units in 2023. However, EV sales growth decelerated from 35% year-on-year in 2023 and 55% year-on-year in 2022, with stark regional differences. In 2019, 2 million EVs and plug-in hybrids were sold, accounting for just 2,5% of global new car sales. In 2024, the number skyrocketed to over 17 million, accounting for more than one in five new passenger cars sold. Europe saw a 1,8% decline in EV sales, driven by subsidy cuts and the persistently higher costs of EVs than conventional cars. In the US, EV sales edged up year-on-year by 7,3% in 2024. China continued to dominate the market, accounting for nearly two-thirds of global EV sales, fuelled by cost advantages and technological innovation. Chinese EV sales soared by 38,2% to 11,2 million units year-on-year in 2024, accounting for about 64% of global electric vehicle sales. The world's largest vehicle market is on track to exceed the 50% mark for EV sales in 2025, much earlier than previously anticipated. In 2024, BYD delivered nearly as many EVs as Tesla (1,76 million), and could potentially become the largest global BEV manufacturer by the end of 2025. This rapid electrification has hurt Western incumbent OEMs that have significant stakes in China, as they lose ground to Chinese brands in the transition.

Toyota Motor Corporation was the world's leading manufacturer for a fifth consecutive year, and sold 10,8 million vehicles in 2024 units, a drop of 3,7% from the previous year but enough to protect its title against Volkswagen AG with 9,03 million vehicles, followed by the Hyundai Motor Group with sales of 7,23 million vehicles, comprising the Hyundai, Kia and Genesis brands. Toyota's figures include Hino trucks and those of minicar manufacturer Daihatsu, while the VW Group includes MAN and Scania trucks, and a commercial vehicle division. The Tesla Model Y was again the best-selling passenger car model in 2024, topping 1,09 million units, followed closely by the Toyota Corolla.

While the majority of all global automotive OEMs have committed to electrification by 2030, the industry is currently recalibrating its EV ambitions, and legacy OEMs are scaling back production targets. Global passenger EV sales are expected to continue growing in the next few years, but the growth rate will be visibly slower than before. EV sales are set to rise to more than 30 million units in 2027. Under this scenario, in the next four years, electric car sales are projected to grow at an average of 21% a year, compared with the average of 61% between 2020 and 2023. Improving economics of EVs will underpin the continued long-term growth in EV adoption.

The global automotive industry at present, however, is being buffeted by rising trade tensions, including punitive tariffs imposed on Chinese EVs imported into the US and the EU. The number of countries implementing or considering tariff penalties on EVs from China is on the increase. In May 2024, the US tariffs on Chinese EVs entering the American market increased from 25% to 100%, citing extensive subsidies and non-market practices. In July 2024, the European Commission imposed a provisional anti-subsidy tariff of up to 37,6% on EVs imported from China, which became effective for five years in October 2024, with tariffs of up to 45,3% (this includes the standard 10% passenger car import duty). This tariff applies also to models manufactured by Western brands, with the amounts varying depending on how much support an OEM received and whether it co-operated with the EU's probe. The argument was that Chinese subsidies hurt competitiveness in the region. The EU is China's largest export market for EVs, of which over half of it by the European brands in China. Western and Chinese OEMs will be forced to diversify their supply chains, either by setting up new production plants for cars or components, or by circumventing the tariffs through existing trade agreements with third-party countries. Chinese EV OEMs have already established a plant

in Mexico to access the United States-Mexico-Canada region, and it is also in the process of beginning the production of EVs in Hungary for duty-free access to the European market.

The demand for EVs has implications for the geopolitics of critical raw materials like lithium, cobalt, and rare earth elements. China has built up a formidable lead in batteries and the EV supply chain in terms of the refining of many of the minerals underpinning these new technologies, stretching from critical mineral mining to EV battery component production, and on to EV manufacturing. China produced 68% of the world's EV batteries in 2024, and between 80% and 95% of the components needed to manufacture them. The European Critical Raw Materials Act is the EU's response to the US Inflation Reduction Act (IRA), the latter which has significantly enhanced battery supply chain initiatives and EV demand in the US.

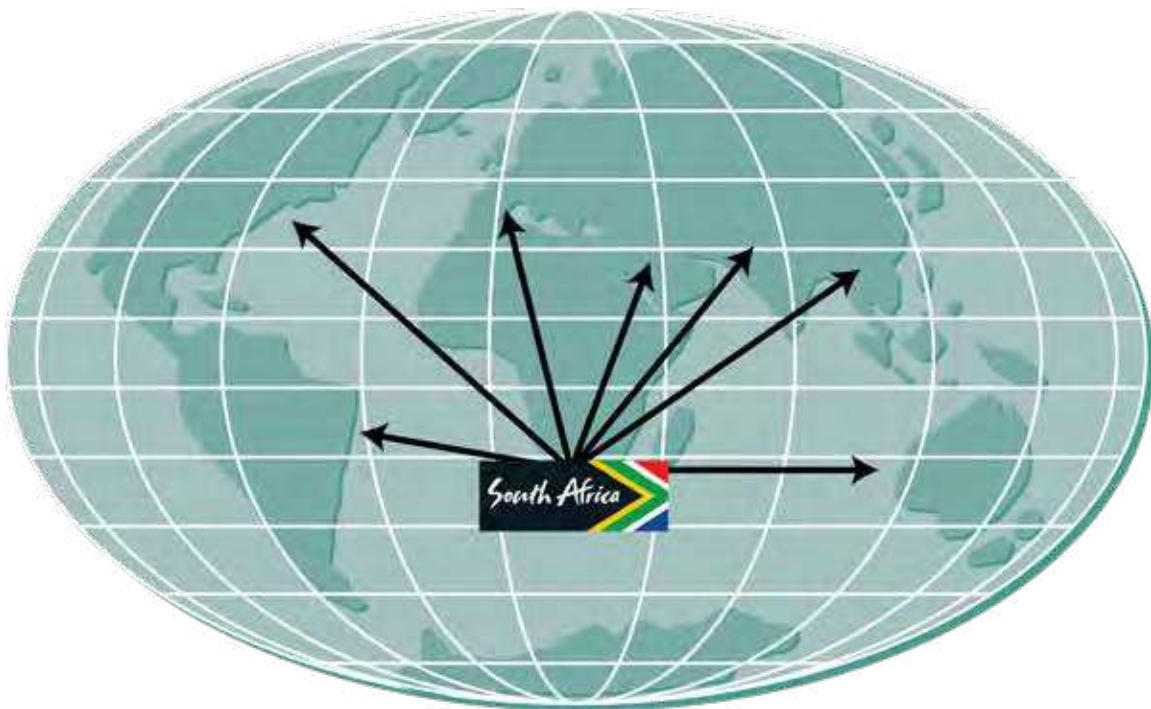
Global prices of lithium-ion battery packs resumed their downward trend in 2024, as the cost of these batteries has dropped more than 90% over the past decade. The global demand for EVs at present does not match the number of batteries China produces, and prominent battery suppliers are rolling out price cuts in response to overcapacity, along with declining raw-material prices and shrinking margins. Battery companies are also improving battery technology and manufacturing processes, and these enhancements contribute to falling prices. After a phase of higher battery metal prices, this is good news for the uptake of EVs. This is an important factor, as the battery usually makes up in the order of 40% of the total EV price.

The electric vehicle battery market was valued at approximately US\$368 billion in 2024, with projections estimating that it will surpass US\$1 558 billion by 2030, at a staggering compounded annual growth rate of 27,2%. Most investments are aimed towards securing the future supply chain of the critical materials necessary for EV production and the co-development of technological innovations. Countries with significant reserves of these materials gain strategic importance.

Africa is still at an early stage in this e-mobility transition, but its rich deposits of critical minerals and potential markets are a definite pathway to the continent's industrial development, social upliftment and economic prosperity. The continent can become a key player in the global EV value chain, as it holds 85% of the world's manganese, 80% of the world's platinum and chromium, 47% of cobalt, 21% of graphite, 6% of copper, and much more. Africa needs to significantly increase investments in value addition and production capacity so that countries can export finished or semi-finished goods, thereby enhancing the continent's position in global value chains. This represents a major industrialisation opportunity for South Africa and the region to develop sustainable business models and growth strategies to become a key player in the global EV battery value chain, particularly within the context of the African Continental Free Trade Area (AfCFTA), and it would position South Africa as a forward-thinking, green economy.

**China produced
68% of the world's
EV batteries in 2024.**

EXPORTS



The year 2025 will mark the end of the first quarter of the 21st century. The global post-pandemic landscape has become increasingly fractured, with escalating geopolitical, environmental, societal and technological challenges threatening stability and progress. While economic risks are anticipated to have less immediate prominence in 2025, they remain a concern, interconnected with societal and geopolitical tensions. The International Monetary Fund (IMF) forecasts a 3,3% growth for the global economy in 2025, matching the pace of 2024, as inflation and interest rates gradually decline. It is expected that global inflation will decline from 5,3% in 2024 to 3,5% in 2025, and for advanced economies, from 2,6% in 2024 to 2,0% in 2025. Growth in sub-Saharan Africa, the Middle East and Central Asia is expected to increase in 2025, despite the drag from commodity production cuts. However, while the global economy demonstrates resilience, it remains susceptible to various risks, including geopolitical risks, sector-specific issues, policy uncertainties, trade tensions resulting in consequent inflationary pressures, and policy shifts in major economies.

Major changes are expected in areas such as trade, migration, deregulation, fiscal policy and industrial policy, characterising the impact for the global economy as a long-term shift rather than a short-term disruption. Protectionism could potentially drive lasting changes to global trade patterns. Increased tariffs, especially between major economies such as the US and China, pose a significant risk to global trade dynamics. The possibility of a full-scale tariff war could disrupt supply chains and dampen economic growth. Central banks worldwide will play a crucial role in navigating these challenges to maintain price stability. In the US, the Federal Reserve is contending with inflationary pressures and potential policy shifts under its new administration, which may influence inflation, and consequently, interest rates. In Europe, the European Central Bank is addressing a potential economic slowdown, which could necessitate additional stimulus measures, while in the UK, the Bank of England is dealing with stagflation, characterised by high underlying inflation coupled with stagnant growth.

Policymakers and stakeholders should remain vigilant and adaptable to navigate this intricate economic environment as they will play a crucial role in shaping economic outcomes throughout the year. The global

automotive industry is facing a severe crisis as the unpredictability of rising tariffs and a looming trade war is causing a state of chronic uncertainty. Unlike past crises, the long-term implications of these tariffs are unclear, complicating production planning and investment decisions that typically stretch years ahead. Just-in-time supply chains are particularly vulnerable, and with limited capacity to shift production or secure alternative suppliers, OEMs and their suppliers are bracing for cost increases, potential shutdowns, and rising vehicle prices.

South Africa's automotive industry is a pivotal component of its economy, with exports imperative to obtain higher production volumes and economies of scale benefits. Global market dynamics, in particular the domestic automotive industry's top export markets that are mainly first world markets, will likely continue to play a crucial role in shaping South Africa's automotive export performance in 2025.

**Unlike past crises,
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EXPORTS TO REGIONS

As a small, open economy, South Africa has a deep vested interest in a rule-based multilateral trading system. The country is a member of the World Trade Organisation (WTO) and actively participates in shaping global trade rules. The WTO has 164 members, representing over 98% of global trade. South Africa's trade policy seeks to balance global competitiveness with domestic industrial development and regional integration, and the country remains involved in ongoing negotiations on issues like agriculture, industrial tariffs, and services. The challenges and threats to the multilateral trading system will no doubt be the subject of renewed economic diplomacy and negotiation in the period ahead, including by South Africa.

Trade agreements remain essential for South Africa as they create a framework that facilitates smoother, more cost-effective, and competitive trade between countries. A focus on diversifying export markets and promoting high-value goods can enhance a country's trade performance. For the automotive industry in particular, trade agreements provide a stable framework for trade, allowing the OEMs to make long-term investments in vehicle production and to develop export strategies. An analysis of the impact of the trade arrangements enjoyed by South Africa provides overwhelming evidence that they have substantively enhanced the domestic automotive industry's exports to the various markets, along with their contribution to the country's trade profile and the country's attractiveness as an investment destination for new generation models. In addition, two-way automotive trade flows have been secured, strengthened and enhanced, while long-term trade relations have been stabilised. The benefits stemming from the trade arrangements are also much broader than the mere duty-free access into major markets, as they also stimulate opportunities for a chain of collaborative arrangements with manufacturing companies from third-party countries. Continued focus on diversification, infrastructure, and the leveraging of trade agreements will remain imperative to allow for the sustainable growth of the domestic automotive industry.

South Africa's trade negotiations are conducted alongside its country partners in the Southern African Customs Union (SACU), comprising Botswana, eSwatini, Lesotho, and Namibia, following the renewed SACU Agreement in 2004 that requires SACU to negotiate all trade agreements as a bloc. SACU, at present, enjoys free trade agreements (FTAs) with the 27-country EU, the UK, as well as the European Free Trade Association (EFTA), comprising Iceland, Lichtenstein, Norway and Switzerland, and has a preferential trade agreement (PTA) with the Common Market of South America (Mercosur), comprising Argentina, Bolivia, Brazil, Paraguay, Uruguay and Venezuela. South Africa also enjoys duty-free and quota-free entry into the US market under the African Growth and Opportunity Act (AGOA), a unilateral trade preference programme.

South Africa plays a leading role in regional economic integration within the 15-country Southern Africa Development Community (SADC) free trade area and is a key member of the African Continental Free Trade Area (AfCFTA), which aims to create a single market for goods and services across Africa. Expanding intra-African trade under the AfCFTA offers significant growth potential. South Africa is regarded as a geographic gateway to the rest of the African continent and is strategically positioned for access to the African market. The emerging new energy economy presents major opportunities for countries looking to manufacture clean technologies, their components and related materials. It is therefore important to contemplate trade policies for the new clean energy economy and what they mean for industrial competitiveness, in collaboration with neighbouring countries, which can position South Africa as a leader in the green economy.

The information and tables on the following pages reveal the South African automotive industry's trade patterns with major trading blocs, including the EU, which remained the South African automotive industry's main trading partner in 2024, Africa, SADC, the US-Mexico-Canada Agreement (USMCA) region, and Mercosur.

European Union (EU)

The European Union (EU) as a bloc, including the UK to facilitate historical comparisons, remained the South African automotive industry's largest trading region in 2024, with the Economic Partnership Agreements (EPAs) with the EU and the UK, enhancing these trade relationships. The region accounted for R156,7 billion, or 58,3%, of the total automotive export value of R268,8 billion in 2024. With 75,7%, or three out of every four vehicles destined for the region, along with 39,1% of the total automotive component export value in 2024, developments in the region have a direct and quantifiable impact on the South African automotive industry. The domestic automotive industry, therefore, needs to align with the overall technology shift of global value chains in which the OEMs operate to safeguard the country's future vehicle exports.

EU policymakers pushed back the implementation of Euro 7 emission standards from mid-2025 to 2027, citing the need to strike a balance between environmental goals and the vital interests of the OEMs. However, the EU is proceeding with tighter carbon-dioxide (CO₂) fleet targets from 1 January 2025. According to the European Union's Green Deal, the 2025 CO₂ emission target for new cars is set at 93,6 grams per kilometre (g/km), meaning OEMs must meet these fleet-wide averages for new vehicles sold within the EU by 2025. The European Commission plans to fine OEMs 95 Euro per car for every gramme of CO₂ per km above a 93,6g limit, based on average emissions across a company's vehicle sales in 2025. The current regulations require manufacturers to sell over 20% electric vehicles as part of their annual production to avoid fines, this while full-electric vehicle sales in 2024 were stagnant at 13,5% of the market. OEMs lagging behind in the electrification transition face the choice of paying billions of Euros in fines; enhancing EV sales by cutting prices; or buying credits from less polluting competitors, the latter which would benefit EU OEM rivals. Many OEMs in the EU are pursuing to utilise the pooling option, where OEMs average out the greenhouse gas emissions of their fleets with other companies that sell vehicles in the bloc. European groups may be forced to buy hundreds of millions of Euros worth of carbon credits from Chinese rivals such as BYD, which has one of the largest pools of credits to sell thanks to its high EV sales in the EU.

Difficulties in the transition to electric cars, intensifying Chinese competition, decreasing sales, rising operational costs, and high manufacturing costs are all contributing to the crisis in the region. The automotive sector's struggles have already led to factory closures and job cuts with potentially more to follow, highlighting the urgency of co-ordinated EU action to secure the industry's future and maintain its competitiveness on the global stage. The resulting slowdown has spurred calls to relax both the near-term vehicle CO₂ targets, and the longer-term plan to phase out internal combustion vehicle sales. The countervailing EU tariffs of up to 45,3% that were imposed on Chinese EV imports in 2024 also have the unintended consequence of harming the business models of globally active OEMs. These tariffs ultimately limit the supply of EVs to European customers, and can therefore even slow down decarbonisation in the transport sector, considering that Europe accounted for more than 40% of the EVs shipped from China, of which more than half was of their own brands in 2024. The European Commission will remain under pressure to grant flexibility to European OEMs to delay CO₂ emission targets by 2025, and even beyond 2035, to safeguard the European automotive sector.

According to the International Organisation of Motor Vehicle Manufacturers (OICA), vehicle production in the EU, including the UK, decreased by 6,6% from 15,3 million units in 2023 to 14,3 million units in 2024, which remained 19,1% below the pre-pandemic level of 17,7 million units in 2019. The region's global market share of vehicle production decreased to 15,5% in 2024 from 16,4% in 2023. Germany, with vehicle production of 4,07 million units, led the region's production, followed by Spain with 2,38 million units, and the Czech Republic with 1,46 million units. UK vehicle production dipped below 1 million units in 2024, as the industry continues transitioning to EV production.

New vehicle sales in the EU increased by 1,5% from 15,2 million units in 2023 to 15,4 million units in 2024, which was still 16,4% below the pre-pandemic level of 18,4 million units in 2019. Sales in Germany, the largest market for new vehicles in the region, decreased by 0,4% year-on-year as EV demand fell in 2024 due to the end of government purchasing subsidies, while the country's economy was also grappling with a recession in 2023 and 2024. In 2024, BEV sales decreased year-on-year in Germany by 27,6% and in France by 20,7% due to the removal of or reduction in subsidies. BEV sales in the region represented just 13,5% of total new vehicle sales in 2024. However, traditional hybrids showed strong growth, reaching a 30% share of the European market, as hybrids and plug-in hybrids made up over one-third of all new car sales in the region in 2024. NEV sales across the EU increased by a modest 0,7% to 3 million units in 2024, compared to 2023. Consequently, the UK, with EV sales comprising a record 19,6% of new car sales, surpassed Germany to take the crown as Europe's largest BEV market in 2024. However, the UK still missed the annual EV sales target of 22% under the UK's mandate, risking fines of up to £15 000 per non-compliant vehicle.

The following tables reveal the EU's vehicle production and sales for 2023 and 2024, as well as the vehicle production and sales for the top five vehicle production countries in the region.

EU and UK vehicle production and sales – 2023 to 2024

	2023	2024	% change 2024/2023
Vehicle production	15 326 613	14 307 896	-6,6%
Vehicle sales	15 179 636	15 409 069	+1,5%

Source: OICA

Vehicle production and sales – top EU countries – 2023 to 2024

Country	Vehicle production		Vehicle sales	
	2023	2024	2023	2024
Germany	4 109 371	4 069 222	3 204 298	3 192 031
Spain	2 451 243	2 376 504	1 127 873	1 219 241
Czech Republic	1 404 501	1 458 892	255 642	263 861
France	1 505 079	1 357 701	2 208 501	2 155 052
Slovak Republic	1 080 000	993 000	101 842	106 134

Source: OICA

Up to 2016, trade with the EU was governed by the trade chapter of the Trade, Development and Co-operation Agreement (TDCA) which became effective on 1 January 2000. The automotive part of the TDCA was only concluded on 15 December 2006. As a result, the 3% import duty on original equipment components and the 4,5% duty on aftermarket parts were reduced to duty-free on 15 December 2006, while the 10% import duty on passenger cars was reduced to 3,5% on 15 December 2006, further reduced to 1,5% on 1 January 2007, and was reduced to zero in January 2008. South Africa, in turn, granted the EU a 7% preference on passenger cars and light commercial vehicles, and an 8% preference on medium and heavy commercial vehicles and buses. Original equipment components received no preference, but a large number of aftermarket automotive parts qualified for lower import duties. In order to qualify for zero tariffs into the EU and the UK, South African vehicles and automotive components must contain at least 60% local content with respect to the rules of origin. The definition of local content includes South African raw materials, labour, parts, transport, manufacturing costs and profit margins, as well as the value of components and sub-components originally sourced from the EU or the UK.

The SADC-EU Economic Partnership Agreement (EPA) is a development-oriented free trade agreement (FTA) between the EU and six Parties of the Southern African Development Community (SADC), namely, Botswana, eSwatini, Lesotho, Mozambique, Namibia and South Africa. It was signed on 10 June 2016, and has been provisionally applied since October 2016, except for Mozambique, for which provisional application started in February 2018. The EPA provides asymmetric goods market access to the Parties. The EU provides duty-free and quota-free market access for all goods (except arms and ammunition) to all SADC EPA States, except South Africa that receives such treatment for 94,4% of its exports (in terms of tariff lines), with another 3,2% benefitting from partial liberalisation. The SADC EPA States, except Mozambique, gradually granted the EU duty-free and quota-free treatment to 84,9% of tariff lines over a period of eight years, with an additional 12,9% benefitting from reduced tariffs or tariff rate quotas. As a Least Developed Country (LDC), Mozambique liberalises a smaller percentage of imports from the EU (74% in terms of trade volume) over 10 years. The EPA also contains a Trade and Sustainable Development (TSD) Chapter which covers social and environmental matters.

In July 2022, the Joint Council agreed to Angola's request made in February 2020, to start accession negotiations, but negotiations have not yet been launched. Angola has not yet confirmed acceptance of the scoping paper and readiness to open negotiations to accede to the SADC-EU EPA, as they still need to firstly conclude their accession to the SADC Trade Protocol.

As noted, the EPA substantively replaced the TDCA that South Africa previously had with the EU. For South Africa, it extended duty-free access to additional products, including fisheries products and additional agricultural products, while also improving commitments from the EU on certain tariff rate quotas. By replacing the TDCA, the EPA also contributes to improved regional integration, since it has restored the common external tariff applied by SACU, which was not the case under the TDCA. It further contributes to regional integration through the cumulation provisions agreed in the application of rules of origin as well as through the regional preference clause, under which each SADC EPA State agreed to extend any advantage granted to the EU to the other SADC EPA States. To allow for the continuation of preferential trade between South Africa and the UK after Brexit and to avoid trade disruption, the SADC-EU EPA was replicated into a new agreement with the UK that entered into force on 1 January 2021. The new trade agreement with the UK is called the SACUM-UK EPA.

The built-in 5-year review of the SADC-EU EPA formally commenced in November 2021, and parties exchanged indicative lists of issues of interest for the review. South Africa sought improvements to the rules of origin, export tax provisions and market access. The EU's interests were rule-making in areas such as investment, competition and sustainable development. There have been delays with the commencement of the review process, as the EU commissioned an ex-post evaluation of the Agreement to assess the areas of the Agreement that functioned successfully and areas that need to be reviewed. A SADC-EU EPA Trade and Development Co-operation meeting took place on 8 and 9 February 2024, and the Parties agreed to pursue the process in terms of Article 116, "Revision Clause" of the Agreement which provides for the review of the Agreement in its entirety. The Parties agreed to undertake the review in three thematic areas which include trade in goods, trade-related issues and institutional matters.

To progress the harmonisation of trade relations with Western Europe, SACU signed an FTA with the European Free Trade Association (EFTA), which came into force on 1 May 2008. The SADC-EU EPA has been largely replicated in an agreement with the EFTA group of countries, namely, Iceland, Lichtenstein, Norway and Switzerland. The EFTA offered South Africa full duty- and quota-free access for industrial products. For its part, South Africa offered the EFTA what it had already offered the EU and the UK on both processed agricultural products and industrial products, with some marginal adjustments.

The FTA has a number of benefits for South African exporters, which include duty-free market access for SACU products, including vehicles and automotive components, to EFTA markets. Following a significant downward trend over recent years, automotive exports to EFTA markets, consisting of selected aftermarket

parts, increased to R65,2 million in 2024, up from R47,5 million in 2023. Norway is a global leader in EV adoption and aims to phase out internal combustion engine vehicles by 2025, which is 10 years ahead of the goal set by the EU. EVs accounted for 88,9% of new cars sold in the country in 2024, up from 82,4% in 2023. The country's taxation system emphasises the polluter-pays principle in order to promote cleaner technologies, with EVs being exempted from many taxes, compared to the heavily taxed internal combustion engine cars in the country. In 2024, the number of electric cars on Norway's roads outnumbered those powered by petrol for the first time. Norway is undoubtedly an EV pioneer, but this electric revolution has been three decades in the making. Key to Norway's success has been long-term and predictable policies with a string of perks.

The following table reveals that total automotive exports (vehicles and components) to the EU and the UK amounted to R156,7 billion in 2024, increasing by R9,6 billion, or 6,5%, from the R147,1 billion export value in 2023. Exports in Euro terms increased by 7,3% year-on-year in 2024, reflecting an increase in real terms. Vehicle exports to the EU and the UK decreased in volume terms by 1,9%, from the 301 639 units exported in 2023 to 295 762 units exported in 2024, but in value terms increased by R13,3 billion, or 11,2%, from R118,55 billion in 2023 to R131,85 billion in 2024, which could be attributed to the changing mix in model exports in 2024. Automotive component exports decreased by R3,75 billion, or 13,1%, from R28,56 billion in 2023 to R24,81 billion in 2024, mainly due to the continuous decline in catalytic converter exports to the region. Exports to the 13 new member countries, forming part of the expanded EU, comprised R5,7 billion, or 3,6% of the R156,7 billion export value in 2024, compared to the R7,5 billion export value in 2023.

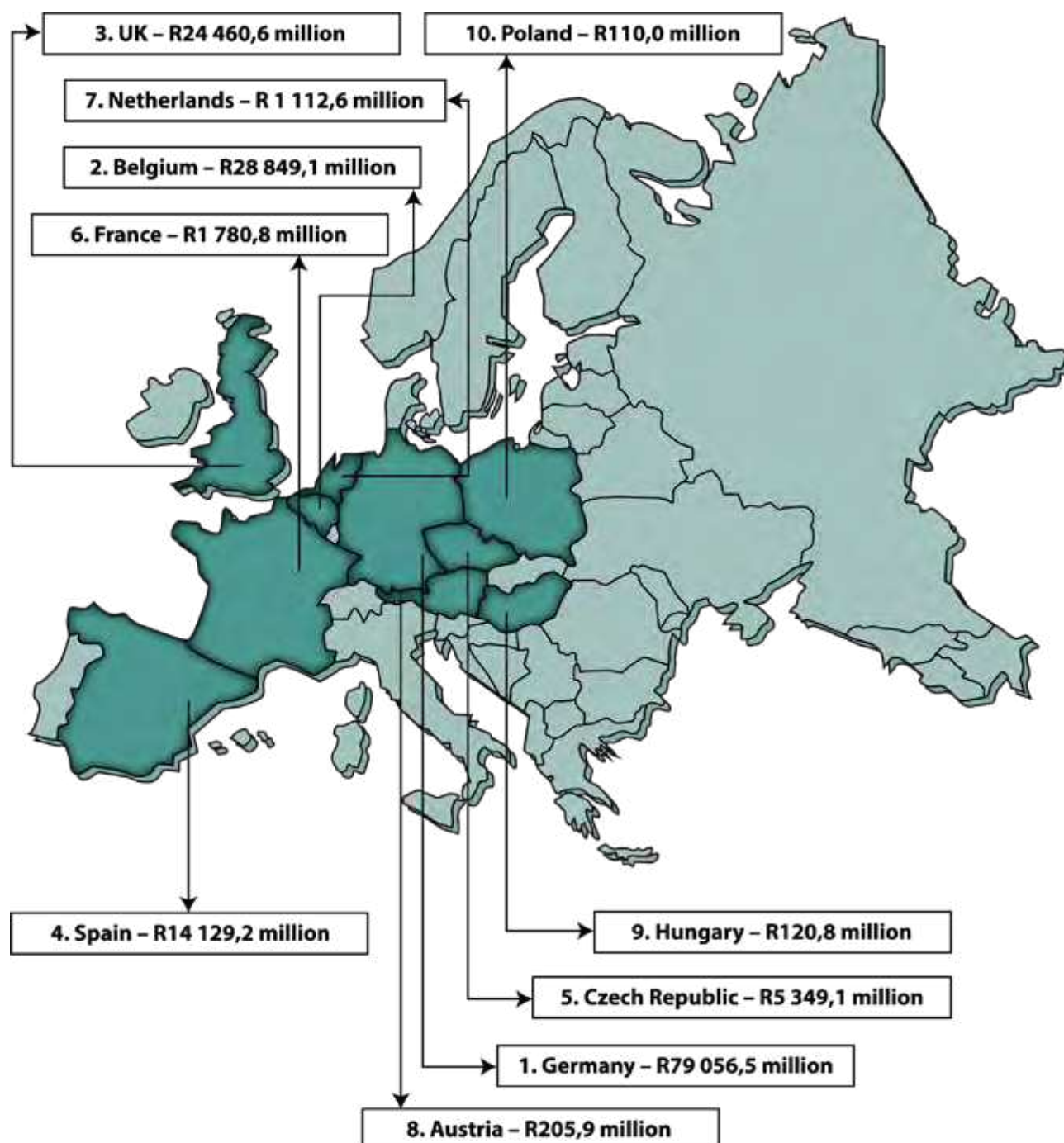
**Key to Norway's
success has been
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with a string of perks.**

Exports to the EU by product category – 2020 to 2024

Component	2020	2021	2022	2023	2024
Total (R million)	105 040,7	124 749,5	133 229,7	147 105,3	156 680,4
Total (average Euro million)	5 596,2	7 136,7	7 746,0	7 373,7	7 910,2
Air conditioners	7,2	1,3	4,1	0,5	3,5
Alarm systems	5,1	7,1	2,5	5,5	43,7
Automotive glass	423,5	438,3	450,8	328,0	666,0
Automotive tooling	210,5	205,6	179,0	153,8	122,6
Axles	309,2	443,0	413,1	695,9	620,0
Batteries	55,3	46,9	48,6	7,1	72,4
Body parts / panels	74,0	102,5	122,8	228,2	239,2
Brake parts	38,2	22,1	16,0	20,7	32,3
Car radios	0,3	0,2	0,4	0,1	0,4
Catalytic converters	18 801,8	25 372,8	22 932,3	18 828,3	14 071,9
Clutches / shaft couplings	345,0	405,6	333,5	428,9	531,3
Engines	47,6	156,1	49,5	141,6	331,1
Engine parts	791,1	1 616,1	1 773,1	2 073,7	2 654,5
Filters	199,0	229,2	135,4	168,9	167,9
Gaskets	24,6	37,3	17,7	10,6	42,6
Gauges / instruments / parts	19,4	23,8	18,0	35,6	42,5
Gear boxes	35,0	22,3	23,3	19,2	29,1
Ignition / starting equipment	27,4	20,5	26,5	23,6	15,6
Jacks	0,7	0,9	0,2	0,3	1,0
Lighting equipment / parts	74,0	92,5	111,3	86,7	182,7
Radiators / parts	750,1	716,1	707,2	763,8	100,0
Road wheels / parts	91,5	41,5	46,4	34,3	58,2
Seats	5,9	4,3	4,5	4,5	4,9
Seat belts	0,9	1,2	0,9	3,3	2,0
Shock absorbers / suspension parts	321,5	278,8	217,8	220,2	506,9
Silencers / exhausts	124,2	188,7	186,3	300,4	348,5
Springs	26,1	25,6	24,4	15,6	24,3
Steering wheels / columns / boxes	11,6	13,6	71,0	22,5	21,2
Stitched leather seats / parts	53,9	23,7	48,5	20,6	131,8
Transmission shafts / cranks	131,7	141,6	198,3	142,9	256,5
Tyres	793,5	953,7	1 167,0	936,6	1 257,2
Wiring harnesses	24,7	30,4	42,2	72,9	72,1
Other parts	2 454,1	2 660,0	2 528,1	2 763,6	2 157,9
Light vehicles	78 759,0	90 396,0	101 317,8	118 546,0	131 853,3
Medium / Heavy vehicles	3,1	30,2	11,2	0,9	15,3

Source: AIEC, **naamsa**, SARS

Top export destinations in the EU with export values – 2024 (R million)



Source: **naamsa**, SARS

Africa

In 2024, Africa comprised the domestic automotive industry's second-largest export region, accounting for R48,1 billion, or 17,9% of the total automotive exports of R268,8 billion. The automotive export value to the continent increased by 12,4%, from R42,8 billion in 2023 to a record R48,1 billion in 2024. In addition to completely built-up (CBU) vehicles and automotive component exports, the domestic automotive industry has also been expanding its footprint in Africa by pursuing opportunities in exporting semi-knocked down (SKD) kits for assembly in some countries in partnership with South African OEMs.

Africa, the world's second-largest continent, with a GDP of about US\$2,82 trillion and a population of 1,52 billion in 2024, remains a priority focus for the South African automotive industry. Industrialisation, innovation, and infrastructure are essential for every nation aiming for social inclusion, economic expansion, and environmental sustainability. Investing in energy, transportation, and communication infrastructure lowers transaction costs, enhances output, and entices both international and regional investment. African countries are in a position to diversify their economies, and prepare for issues such as climate change by developing innovative ecosystems. South Africa, with a score of 70,8%, was ranked the top country in Africa with the best infrastructure and the most innovation in 2024, followed by Egypt, Tunisia and Morocco.

According to the IMF, sub-Saharan Africa's economic growth is expected to improve to 4,2% in 2025, from 3,8% in 2024. Africa is poised to enter 2025 with accelerated economic activity, powered by easing inflation, interest-rate cuts, key funding opportunities and market reforms. However, recent crises have hit the continent disproportionately, with a two-track growth pattern resulting in a divergent disconnect between nine of the fastest growing economies in the world on the continent with those that underperformed.

Real GDP growth is often associated with higher living conditions for the population, job creation and progress toward development objectives. One of the most significant drivers of Africa's rising importance is its growing middle class, which is enhancing consumer spending power. According to the African Development Bank, Africa's consumer spending is expected to reach US\$2,1 trillion by 2025 and US\$2,5 trillion by 2030. This surge in consumer demand has made the continent an attractive destination for international businesses. It should, however, be recognised that the continent's success remains intrinsically linked to global sustainability, as significant policy shifts and geopolitical tensions pose a major risk to its recovery path.

Vehicle production in Africa was the only region reflecting growth, albeit modest, increasing by 0,6%, from 1,17 million units in 2023 to 1,18 million units in 2024. The continent's market share comprised 1,3% of global vehicle production in 2024. South Africa, with production of 599 754 units, accounted for 50,9% of Africa's total vehicle production, while Morocco, with the production of 559 645 units, accounted for 47,5% of the total. Morocco's passenger car production of 524 467 units in 2024 exceeded South Africa's passenger car production of 350 384 units, continuing its continental dominance in this segment since 2019.

New vehicle sales in Africa increased by 0,3% from 1,05 million units in 2023 to 1,053 million units in 2024. In South Africa, the continent's dominant market, new vehicle sales decreased year-on-year by 3,0% in 2024, followed by Morocco reflecting a 9,2% year-on-year increase, and in Egypt a 12,6% year-on-year increase. New vehicle sales in Morocco were supported by several factors, including increased urbanisation, rising disposable income, and government subsidies of up to US\$4 000 per vehicle to encourage consumers to switch to electric and hybrid models. The following tables reveal Africa's vehicle production and sales for 2023 and 2024, as well as the vehicle production and sales for the top two countries in Africa for 2023 and 2024.

African vehicle production and new vehicle sales – 2023 to 2024

	2023	2024	% change 2024/2023
Vehicle production	1 170 447	1 177 400	+0,6%
Vehicle sales	1 050 105	1 053 611	+0,3%

Source: OICA

Vehicle production and sales – top African countries – 2023 to 2024

Country	Vehicle production		Vehicle sales	
	2023	2024	2023	2024
South Africa	632 362	599 754	531 555	515 852
Morocco	535 825	559 645	161 504	176 401

Source: OICA

The African market for internal combustion engine vehicles will become increasingly important for those South African OEMs still lagging to adapt to NEV technology. There are ample opportunities for growth, given that car ownership on the African continent is sitting at an average of 45 vehicles per 1 000 people. Mobility, which is rising due to the continent-wide increase in disposable income, strong growth of the middle class and rapid urbanisation, is currently being met primarily by imported used vehicles, comprising up to 85% of vehicle sales. Furthermore, challenges for new vehicle demand include high import tariffs, lack of financing options, high interest rates, currency fluctuations, poor road networks, affordability issues and weak regulation. It is recognised that no one-size-fits-all strategy could be applied across Africa's diverse markets.

However, with its expanding consumer market, youthful population, improving infrastructure, and growing emphasis on regional integration, the continent holds immense potential as a major hub for intra-Africa, as well as international trade. An increasing number of countries are pursuing domestic vehicle production to reduce the reliance on imports, with initiatives including ride-hailing services, innovative financing innovations, and electric mobility. International OEMs have found success in the automotive industry by partnering with African countries, signalling that the automotive sector is ripe for new and increased investment in this space. There are still concerns regarding the EV range, as it presents a huge challenge in their market adoption, particularly because of uneven road quality and the high cost of developing charging networks. However, rapid urbanisation in Africa has led to a surge in demand for cost-effective and convenient transportation solutions. Two-wheelers are widely adopted due to their affordability, efficiency, and suitability for navigating congested city streets. Several electric two-wheeler manufacturers have capitalised on emerging opportunities, designing vehicles suitable for the rugged African landscape. Africa has already produced tens of thousands of electric two- and three-wheelers used for public transport and last-mile delivery. To make the most of the electric mobility revolution, sub-Saharan African countries need policies and incentives to localise production and invest in green energy.

At present, global trade tensions significantly impact African economies, making them particularly vulnerable due to their reliance on external trade, often with major players such as the US and China, leaving them susceptible to disruptions in export markets and potential economic instability when geopolitical tensions escalate between these two economic powers. As more countries are acting unilaterally on trade measures, it is becoming imperative for African nations to take advantage of the African Continental Free Trade Area (AfCFTA) to enhance their integration and power on the global stage.

The AfCFTA has the power to transform the continent's economic and social landscape. One of the key challenges for the continent is how to better link the industrialisation of Africa to the global supply chains.

Africa exports about US\$800 billion annually, of which 85% are raw materials and only 15% manufactured products. Policies need to be translated into reality, aiming to enhance the importance of export-focused manufacturing. By focusing on producing goods for export, countries will be able to achieve economies of scale, improve product quality, and enhance competitiveness. By adopting strategic government policies, investing in education and infrastructure, embracing technology and innovation, and focusing on export-oriented growth, Africa can harness its vast potential and achieve significant economic transformation. The continent has great potential for clean-energy generation.

The AfCFTA represents a landmark trade agreement that aims to create a unified market across 54 of Africa's 55 countries (Eritrea is yet to join). It is the largest free trade area globally by the number of participating countries. A successful AfCFTA, driven by industrialisation and diversification could significantly enhance Africa's trade, and drive transformational change. It could shift Africa from primary commodity exports to higher-value industrial product exports, while raising intra-African trade by almost half. The AfCFTA was signed in Kigali, Rwanda on 21 March 2018, entered into force on 30 May 2019, with the operational phase launched on 7 July 2019. Trading under the AfCFTA commenced on 1 January 2021, committing countries to eliminate 90% of tariffs on goods, to progressively raise trade and services, and address a host of non-tariff barriers. Once a country starts to trade, subject to the finalisation of the necessary legal requirements on products where the rules of origin have been agreed to, its commitments will apply retrospectively from 1 January 2021.

The final implementation of the Schedules of Tariff Concessions will be undertaken when the remaining 10% category of the tariff books (7% sensitive products subject to a longer period of liberalisation and 3% excluded products) have been finalised. Up to the end of 2024, 48 countries had ratified the AfCFTA agreement. The Agreement also establishes rules of origin to determine the country of origin for goods traded within the free trade area. The AfCFTA will be reviewed every five years after its entry into force by State Parties, to ensure effectiveness, achieve deeper integration, and adapt to evolving regional and international developments. May 2024 marked the fifth year since the Agreement entered into force on 30 May 2019. Work towards the review of the Agreement is expected to commence in due course.

As South Africa negotiates as part of the Southern African Customs Union (SACU), its five member states have to develop common negotiating positions. SACU achieved a common offer covering 90% of its tariff book in February 2023. The offer was formally submitted to the AfCFTA Secretariat for verification. The Extra-Ordinary Session of the AfCFTA Council of Ministers held on 31 May 2023 in Nairobi, Kenya, endorsed SACU's Tariff Offer that was verified to be compliant with the modalities for tariff liberalisation. South Africa gazetted the SACU Provisional Schedule of Tariff Concessions on 26 January 2024, and launched the start of preferential trade under the AfCFTA on 31 January 2024 at the Port of Durban. South Africa and SACU Member States will now be able to trade preferentially with 19 countries that have finalised the necessary domestic legislation up to the end of 2024, including countries such as Algeria, Cameroon, Egypt, Ghana, Kenya, Rwanda, and Tunisia.

The South African agreed rules of origin amount to 92,3%, with 7,7% of the rules of origin remaining outstanding with regard to textile, clothing and automotive products. Negotiations are underway to finalise the rules of origin on these sectors. An Automotive Task Force has been established to provide technical advice on all options related to the outstanding automotive rules of origin, and the Task Force will report activities and progress to the Council of Ministers, the highest decision-making body. The finalisation of these sectors is imperative, as no preferential trade can take place under the AfCFTA until the rules of origin for a sector have been finalised. Rules of origin are rules and regulations that determine the economic nationality of a product, and specify the conditions that a product needs to fulfil to be considered as originating in the free trade area. The AfCFTA's rules of origin will also help set common thresholds for value-added levels, and if these are progressively harmonised across regional communities, these more general and co-equal rules will help stimulate trade.

The African Union estimates that its AfCFTA barrier-free realisation could increase trade growth by at least 53% and potentially double intra-African trade, lifting 30 million Africans out of extreme poverty and increasing the incomes of almost 68 million others. According to the World Bank, the continent's GDP could grow by US\$450 billion by 2035. The potential impact of the AfCFTA is monumental, as it could transform Africa into a cohesive and competitive economic bloc. Infrastructure continues to be one of the macro issues that could foster intra-Africa trade, but at present it is hampering growth, specifically for the 16 landlocked countries in the continent that are dependent on maritime-connected economies and their neighbours' infrastructure. Thriving economies require modern ports, well-maintained roads, reliable railways, and advanced airports. Strategic investments in these areas will not only facilitate the seamless flow of goods and reduce logistical costs but also allow Africa to actively engage in the global marketplace.

There is huge recognition that Africa's potential for renewable energy is unmatched globally. The continent is rich in diverse renewable resources, each offering a path toward sustainable growth that is less dependent on fossil fuels and more aligned with global climate commitments. Renewable energy could be a catalyst for industrialisation and economic growth on the continent if coupled with the right policies, such as the beneficiation of critical minerals essential for both the renewable and hi-tech industries globally. Africa has a great wealth of the natural resources, including critical raw materials for EVs and the EV battery value chain. Several countries already have their own procurement markets for materials such as copper, platinum, cobalt, bauxite and lithium, essential materials for the suite of new technologies required to reach net-zero by 2050. Africa's GDP could increase by an estimated US\$24 billion from its mineral resources, generating an additional 2,3 million jobs across the continent over the medium term by pursuing industrial policies that attract the necessary investments to benefit from the advantages of the global market.

It is important to note that, should AGOA not be renewed post 2025, it would greatly diminish America's ability to counter China, and to a lesser extent Russia, in one of the world's most strategically important regions. Nigeria and Uganda will joined BRICS as partner countries in 2025, following Egypt and Ethiopia's admission as full members in 2024, alongside South Africa's joining in 2010. African countries see the benefit of being embraced by this emerging grouping that wants to shape the world in a way that benefits their growth and development.

From an automotive perspective, the development of value chains in Africa is essential for the growth of the automotive industry on the continent. The entering into force of the AfCFTA offers an excellent platform for the development of regional value chains on the continent. Founded in November 2015, the independent African Association of Automotive Manufacturers (AAAM) was established as the only African entity that focuses on expanding and deepening the automotive industry across the continent. The association works with governments to develop, shape and implement automotive policies that attract investment, and drive industrialisation. The recognition of its role and importance has seen AAAM membership grow from 17 in 2020 to 80 in 2024. In 2025, the AAAM plans to expand its presence by opening project offices in Tunis, Cairo, and following legislative approval, Nairobi.

The AAAM is currently assisting several prospective African countries with the formulation of automotive policy development options aimed at replicating an automotive ecosystem similar to the South African model, involving OEMs, suppliers, financiers, government and other relevant industry role-players. The aim is to pursue the concept of a regional hub-and-spoke model to establish a value chain and to facilitate the utilisation of local components and raw materials across different African countries. For this model to be successful, there must be infrastructure, logistics, and a reduction in tariffs and non-tariff barriers. The future holds great potential, with countries such as Egypt, Ghana and Ivory Coast implementing their automotive policies in 2025, with others such as Kenya and Nigeria advancing their automotive Bills.

The following table reveals South African automotive exports to the African continent. Annual comparisons should note that the 2021 to 2024 total automotive export data to Africa provides two comparisons: one comparison excludes exports to Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia (BELN

countries) in line with the revised publishing format of South African trade data provided by SARS, and the other comparison includes exports to BELN countries to facilitate historical comparisons. Although SACU is a customs union allowing for the free movement of goods between member states, trade with the BELN countries is regarded as imports and exports for statistical purposes only.

Total automotive exports to Africa, excluding BELN country data, increased by R1,82 billion, or 7,1%, from R25,53 billion in 2023 to R27,35 billion in 2024, while total automotive exports, including BELN country data, increased by R5,35 billion, or 12,5%, from R42,76 billion in 2023 to R48,11 billion in 2024. Vehicle exports to African countries increased from 25 596 units in 2023 to 25 916 units in 2024, while the export value increased year-on-year by R1,1 billion, or 4,3% in 2024. Automotive component exports to the continent increased by a substantial 24,6%, from R17,26 billion in 2023 to R21,51 billion in 2024.

**Automotive component
exports to the
continent increased
by a substantial 24,6%,
from R17,26 billion
in 2023 to
R21,51 billion
in 2024.**

Exports to Africa by product category – 2021 to 2024

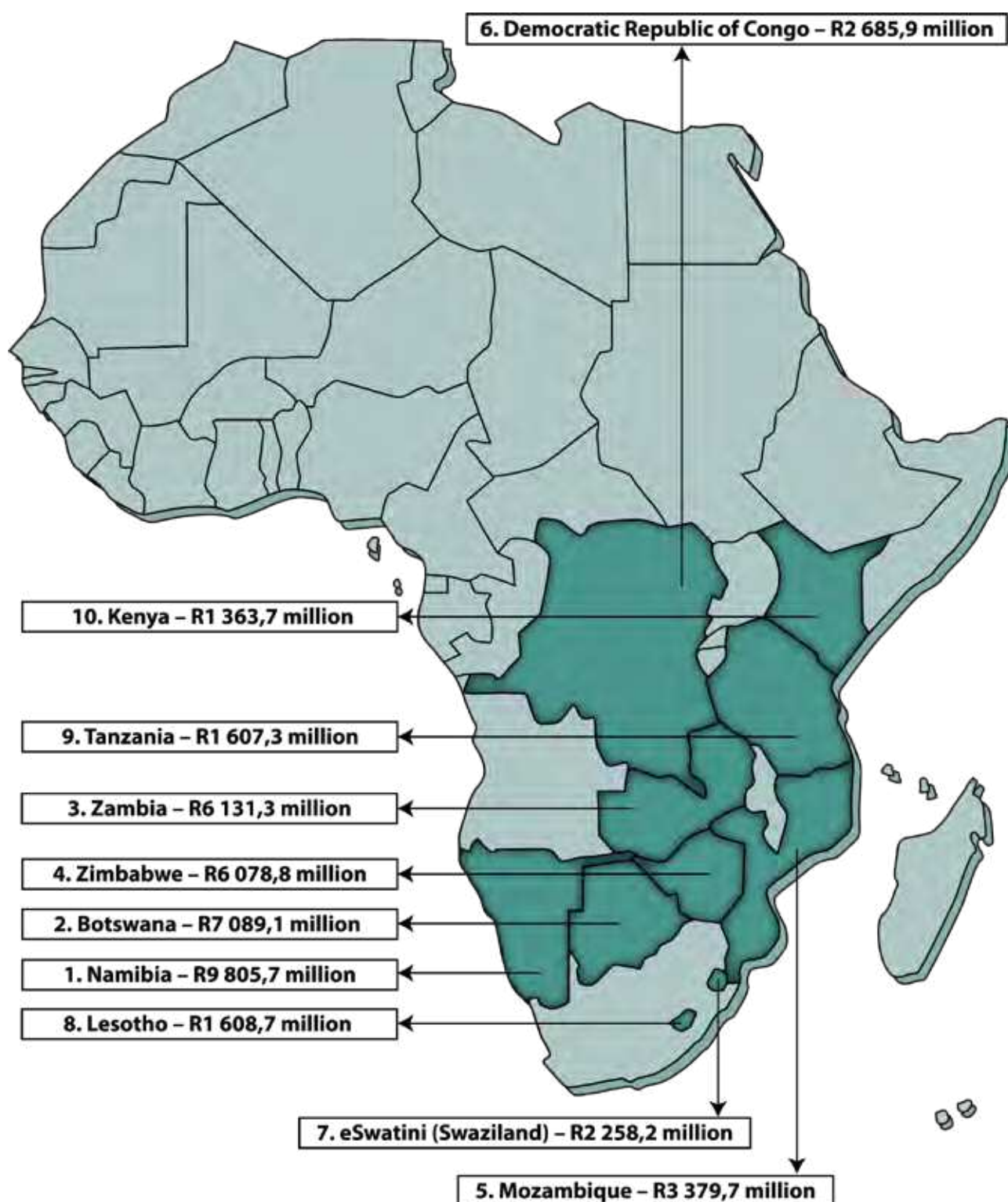
Component	2021*	2022*	2023*	2024*	2021**	2022**	2023**	2024**
Total (R million) Including BELN country data					34 961,9**	34 901,9**	42 757,2**	48 109,8**
Total (R million) Excluding BELN country data	20 704,8*	20 558,3*	25 532,1*	27 349,8*				
Air conditioners	17,2	15,8	27,3	20,9	31,2	37,5	53,2	50,5
Alarm systems	50,1	59,1	86,2	134,2	74,6	88,0	117,0	195,3
Automotive glass	21,0	22,9	30,9	27,7	84,5	88,6	110,7	121,5
Automotive tooling	236,4	297,3	301,1	282,1	352,8	464,4	450,8	399,2
Axles	79,1	100,2	102,5	119,0	109,5	138,4	147,0	255,8
Batteries	211,5	262,0	314,3	328,4	371,5	447,3	487,0	529,7
Body parts / panels	35,0	69,0	179,1	124,7	111,5	163,7	307,3	254,5
Brake parts	110,1	119,9	153,2	211,0	233,9	253,6	304,0	547,2
Car radios	2,1	10,6	25,5	3,9	19,2	23,1	33,6	18,2
Catalytic converters	123,1	125,9	222,5	138,8	170,4	180,3	290,0	221,9
Clutches / shaft couplings	71,2	83,5	68,0	165,5	163,3	184,0	167,4	347,7
Engines	363,0	485,4	477,3	1 130,8	447,7	569,5	641,4	1 656,2
Engine parts	579,2	686,7	664,2	920,9	906,7	1 077,4	1 062,3	1 499,1
Filters	226,4	247,0	244,3	269,8	395,2	430,1	408,4	508,6
Gaskets	128,6	131,4	126,5	133,3	170,0	180,0	177,4	213,1
Gauges / instruments / parts	382,9	432,6	496,8	431,1	513,4	576,2	660,8	684,4
Gear boxes	131,2	131,8	133,0	109,2	185,8	252,4	225,6	231,2
Ignition / starting equipment	96,6	113,5	118,4	163,6	238,2	258,4	276,0	390,2
Jacks	24,6	31,5	24,4	24,8	34,1	56,0	37,9	38,8
Lighting equipment / parts	85,5	91,7	83,7	183,2	160,0	185,0	187,0	424,4
Radiators / parts	39,3	58,1	43,5	49,8	96,4	113,3	106,5	136,5
Road wheels / parts	41,2	48,5	37,1	37,3	68,4	83,7	68,7	85,0
Seats	16,4	19,1	23,3	3,3	25,6	30,7	34,2	10,2
Seat belts	3,2	5,0	4,0	18,8	5,8	8,7	8,4	40,7
Shock absorbers / suspension parts	57,6	79,9	86,2	144,8	125,9	157,9	174,1	358,9
Silencers / exhausts	9,0	12,5	10,0	11,5	18,6	22,7	23,7	33,9
Springs	23,4	31,0	69,4	52,1	33,4	43,4	89,9	72,2
Steering wheels / columns / boxes	21,8	22,8	19,9	39,9	51,7	59,1	56,8	112,5
Stitched leather seats / parts	8,9	14,6	20,8	28,3	19,9	26,3	38,3	62,1
Transmission shafts / cranks	603,0	769,4	858,4	1 140,0	818,6	962,5	1 103,3	1 606,7
Tyres	682,8	819,4	828,0	642,1	1 320,9	1 494,0	1 580,8	1 382,7
Wiring harnesses	23,3	27,5	31,9	31,4	67,3	66,8	67,3	68,9
Other parts	3 969,1	4 626,9	4 690,6	4 872,4	7 066,3	7 864,1	7 764,8	8 952,2
Light vehicles	9 736,0	8 762,1	12 525,9	12 810,7	15 731,8	15 649,3	21 625,8	21 389,2
Medium / Heavy vehicles	2 495,0	1 743,7	2 403,9	2 544,5	4 737,8	2 665,5	3 869,8	5 210,6

Source: AIEC, **naamsa**, SARS

*Comparison excluding BELN (Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia) country exports

**Comparison including BELN (Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia) country exports

Top export destinations in Africa with export values – 2024 (R million)



Source: **naamsa**, SARS

Southern African Development Community (SADC)

Intra-African regional trade is low but South Africa has a strong economy able to generate synergies that can contribute to strong regional growth. As the leading regional contributor to intra-African trade, the country accounted for 41% of total continental trade in 2024. The profile of South Africa's trade with the rest of Africa reflects the diversified nature of the South African economy. With regional market development as one of the six key pillars under the SAAM 2035, South Africa's neighbouring countries play a significant role in the domestic automotive industry's exports to Africa. Automotive exports to SADC comprised R41,6 billion, or 86,5%, of South Africa's total export value of R48,1 billion to the African continent in 2024.

The current longstanding regional integration initiatives between the countries of southern Africa include SACU, with its member states Botswana, eSwatini, Lesotho, Namibia and South Africa, and a free trade area among the 15 SADC countries. South Africa's participation in the SADC allows access to a market of about 406 million people, and an estimated regional GDP of US\$780 billion. SADC countries have consistently featured as top destinations for domestic automotive exports over the past three decades, mainly due to the close proximity, relatively easy access by road and rail, and free trade, subject to rules of origin. Regional market development offers several benefits, including increased market size, greater access to goods and services, economies of scale, reduced trade barriers, a fostering of regional co-operation, and shared resources. The export value of vehicles and automotive components to nine of the 15 countries within SADC exceeded the R1 billion level in 2024. Once a vehicle is exported, it also creates opportunities for servicing, replacement part exports, and adequately trained technicians in the export destination countries.

The SADC includes the following 15 countries: Angola, Botswana, Democratic Republic of Congo, eSwatini (formerly Swaziland), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. South Africa joined the SADC in August 1994. The SADC Protocol on Trade was signed on 24 August 1996, and amended in 2000, 2007 and 2008, with the specific simplification of rules of origin and other matters. The SADC protocol on trade was implemented in 2000, and 98% of tariff lines have been fully liberalised since 2012. Only Angola, the Democratic Republic of Congo (DRC) and the Comoros had been excluded from the trade protocol. However, Angola has been seeking accession.

The objective of the SADC Trade Protocol is to liberalise intra-regional trade. South Africa favours high rules of origin thresholds across key sectors to promote regional value chains. The current rules of origin for SADC in terms of vehicles is a maximum of 60% non-originating material (40% originating materials or local content), expressed as a percentage of the ex-works price, plus a completely knocked down (CKD) assembly rule. For automotive components, the rule is a maximum of 50% imported content.

Given the domestic automotive industry's major focus on SADC at present, cross-border connectivity remains a challenge, given the high import tariffs on vehicles in the regions outside of SADC. The AfCFTA should therefore serve as a catalyst for enhanced regional connectivity to the fast-growing markets of east Africa and the huge markets of west Africa. Modernising transportation infrastructure and standardising customs processes remain critical steps to cut unnecessary expenses and foster greater trade efficiency. It has become even more critical to prioritise cross-border transport infrastructure as part of economic development plans, if the continent is to achieve its developmental, economic, and social goals. African governments have acknowledged the importance of investments in infrastructure, in particular transport infrastructure, because it is the backbone of any economy.

There are eight significant Regional Economic Communities (RECs) currently recognised by the African Union (AU), and several countries are enrolled in two or more RECs. The AfCFTA is based on founding principles and explicitly states that this arrangement will, amongst other things, be member-driven, and that the agreed terms of the RECs must be preserved. In those RECs that have formed FTAs, customs unions or common markets, trade in goods will remain under their respective regimes. This is an important aspect, as it means that the State Parties retain the right to conclude trade agreements with third parties. When continental trade has been fully liberalised, the rules of origin will also be harmonised, which would grant all 54 AfCFTA members preferential trade access to each other's markets, to the extent set out in the agreement.

A Tripartite Free Trade Area (TFTA) Agreement that was launched in 2015 sought to improve the economic and social welfare of SADC, the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) region by promoting regional economic growth and creating an enabling environment for regional trade. The three regional blocs collectively account for over 60% of the continent's GDP and have a combined population exceeding 800 million, with a collective GDP surpassing US\$1,88 trillion. Twenty-two out of 29 TFTA Member States have signed the TFTA, while 14 countries, including SACU countries, have ratified the TFTA Agreement, which was the minimum threshold number for the Agreement to enter into force on 25 July 2024, following the deposit of the instrument of ratification by Angola.

The EAC and SACU have been engaged in tariff negotiations under the TFTA but no trade has taken place under the TFTA yet. The rules of origin for automobiles along with textile and apparel still remain outstanding. The TFTA was initially recognised as one of the stages towards the establishment of the AfCFTA, however, the AfCFTA occurred at such a speed that it overtook any progress that had been made under the TFTA. However, the full implementation of the TFTA is expected to facilitate the development of regional infrastructure programmes, stimulate industrial development by creating value chains, and increase cross-border flows of investment.

Sub-Saharan Africa has the potential to play a significant role in the global energy transition, given its endowment of critical minerals such as lithium and cobalt. However, realising the full potential of these resources requires a strategic approach to developing manufacturing capacity and scaling up production and exports. South Africa is well positioned to participate in the global green supply chain through the local mining, refining, and beneficiation of critical minerals, and to play a vital role reshaping SADC's role in the global EV battery minerals value chain. South Africa is particularly favourably positioned in terms of manganese, vanadium, and even nickel, and produces aluminium foil. Important minerals in other neighbouring countries (such as lithium in Zimbabwe, graphite in Mozambique and Tanzania, cobalt in the Democratic Republic of Congo, and copper in Zambia) are further sources of raw material for local beneficiation. As global critical minerals demand increases, it is up to countries to create better investment conditions, such as through the development of infrastructure and human capital, regional value chains and grid integration to attract investors. South Africa's sophisticated automotive industry, with its well-developed supply chains, automotive supplier parks, and special economic zones can contribute significantly to the growth of the EV battery market.

The following table reveals South Africa's automotive exports to the SADC region. Similar to Africa exports, annual comparisons provide two comparisons to facilitate historical comparisons. Total automotive exports to the SADC, excluding BELN country data, increased by R113,4 million, or 0,6%, from R20,7 billion in 2023 to R20,8 billion in 2024. Total automotive exports, including BELN country data, increased by R3,65 billion, or 9,6%, from R37,93 billion in 2023 to R41,58 billion in 2024. The increase could mainly be attributed to a year-on-year increase in the value of truck and bus exports along with an increase in various aftermarket parts exports to SADC countries.

Exports to SADC by product category – 2021 to 2024

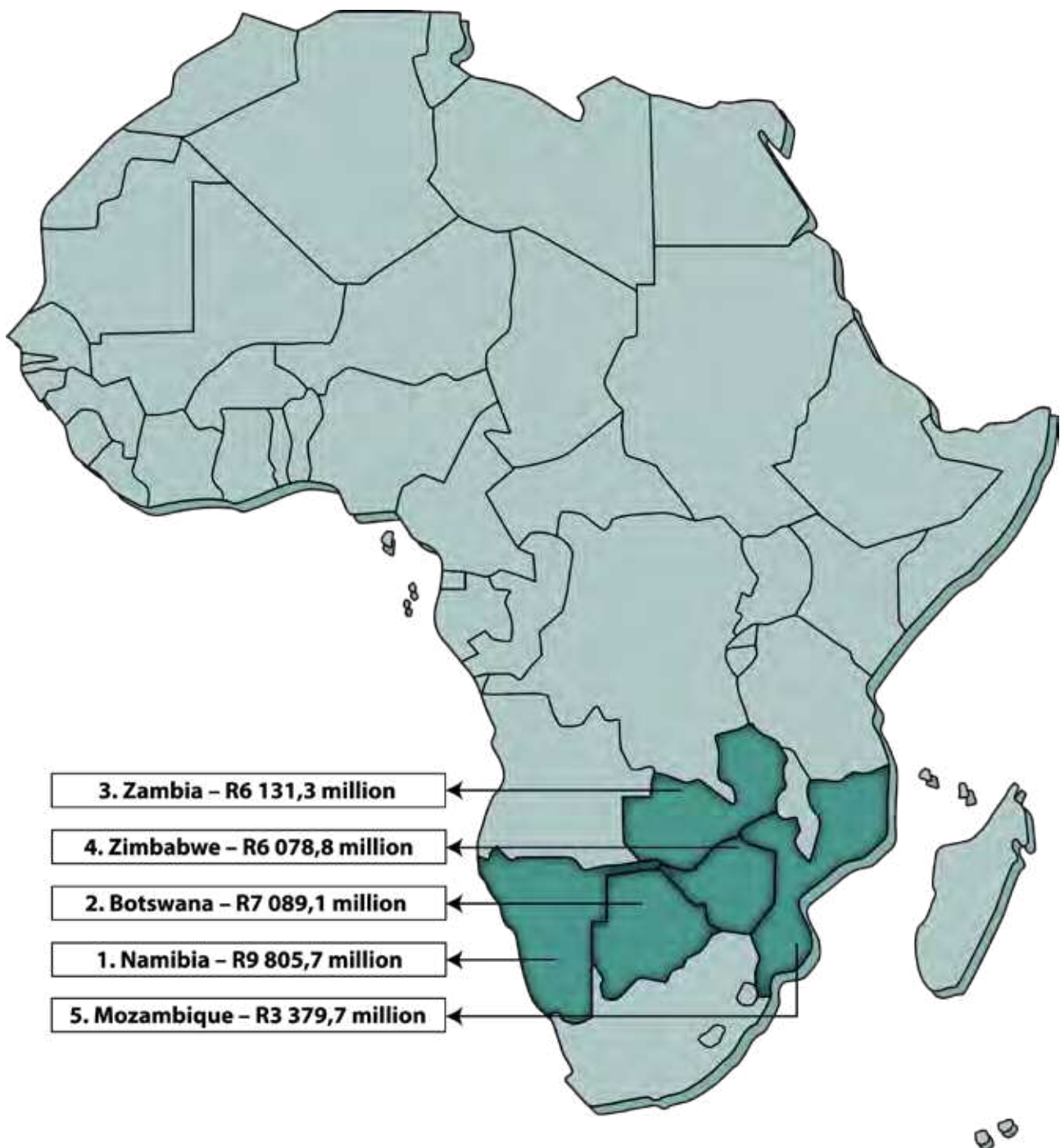
Component	2021*	2022*	2023*	2024*	2021**	2022**	2023**	2024**
Total (R million) Including BELN country data					28 361,1**	30 083,5**	37 929,1**	41 576,9**
Total (R million) Excluding BELN country data	14 103,9*	15 740,0*	20 704,0*	20 817,4*				
Air conditioners	13,4	13,4	24,7	13,3	27,4	35,2	50,6	42,9
Alarm systems	37,9	49,1	66,9	98,7	62,4	77,9	97,7	159,9
Automotive glass	15,5	18,3	26,4	21,2	78,9	84,0	106,2	115,0
Automotive tooling	178,8	225,8	255,8	221,8	295,3	392,8	405,5	338,9
Axles	70,9	91,4	95,9	98,3	101,3	129,7	140,4	235,0
Batteries	209,4	259,7	311,4	322,9	369,4	445,0	484,1	524,2
Body parts / panels	30,1	57,3	164,9	109,5	106,6	152,0	293,0	239,2
Brake parts	94,4	106,0	140,0	183,0	218,1	239,7	290,8	519,2
Car radios	1,8	8,3	14,4	3,5	18,8	20,8	22,5	17,8
Catalytic converters	105,5	109,0	186,9	118,2	152,8	163,5	254,3	201,3
Clutches / shaft couplings	60,2	75,6	60,9	139,9	152,2	176,1	160,4	322,2
Engines	345,0	475,1	448,5	1 034,4	429,8	559,2	612,6	1 559,8
Engine parts	459,7	574,6	557,5	792,8	787,2	965,3	955,5	1 371,0
Filters	199,9	219,6	219,6	241,9	368,7	402,7	383,8	480,7
Gaskets	113,2	116,2	116,2	114,0	154,6	164,7	167,1	193,8
Gauges / instruments / parts	327,3	351,8	422,9	332,7	457,9	495,5	586,9	586,0
Gear boxes	119,6	115,0	113,9	93,3	174,2	235,5	206,6	215,3
Ignition / starting equipment	86,6	104,7	109,0	127,1	228,3	249,6	266,6	353,7
Jacks	21,4	27,3	20,8	23,2	30,8	51,7	34,3	37,2
Lighting equipment / parts	73,7	77,0	71,7	134,0	148,2	170,3	175,0	375,1
Radiators / parts	33,6	52,3	39,3	43,8	90,7	107,4	102,3	130,5
Road wheels / parts	35,8	44,8	35,9	25,8	63,0	80,0	67,5	73,4
Seats	15,4	17,6	22,6	17,8	24,6	29,2	33,6	39,7
Seat belts	2,8	4,5	3,5	2,7	5,5	8,2	7,9	9,5
Shock absorbers / suspension parts	48,6	76,2	80,7	128,7	116,9	154,2	168,6	342,7
Silencers / exhausts	8,1	11,9	9,4	9,4	17,7	22,1	23,1	31,8
Springs	22,1	29,0	66,3	49,8	32,1	41,4	86,8	70,0
Steering wheels / columns / boxes	19,6	20,9	16,6	31,3	49,5	57,2	53,4	103,9
Stitched leather seats / parts	7,9	10,2	14,8	13,2	19,0	21,9	32,4	47,0
Transmission shafts / cranks	523,7	672,8	742,4	971,7	739,3	865,9	987,3	1 438,5
Tyres	541,8	661,1	702,0	478,2	1 179,9	1 335,7	1 454,7	1 218,7
Wiring harnesses	22,3	24,0	28,8	26,2	66,2	63,3	64,2	63,7
Other parts	3 326,0	3 886,8	4 050,3	3 762,2	6 423,2	7 124,0	7 124,6	7 841,9
Light vehicles	4 511,6	5 426,6	9 082,0	8 556,4	10 507,4	12 313,8	18 181,9	17 134,8
Medium / Heavy vehicles	2 420,3	1 726,1	2 381,1	2 476,5	4 663,2	2 648,0	3 846,9	5 142,6

Source: AIEC, **naamsa**, SARS

*Comparison excluding BELN (Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia) country exports

**Comparison including BELN (Botswana, eSwatini (formerly Swaziland), Lesotho and Namibia) country exports

Top export destinations in SADC with export values – 2024 (R million)



Source: **naamsa**, SARS

US-Mexico-Canada Agreement (USMCA)

The United States-Mexico-Canada Agreement (USMCA) that came into force on 1 July 2020 is regarded as one of the most comprehensive and highest standard trade agreements ever negotiated. It updated, modernised, and rebalanced the North American Free Trade Agreement (NAFTA), which it replaced, to meet the challenges of the 21st-century economy. The automotive supply chain is deeply integrated across the three countries, with Mexico and Canada, in addition to vehicles, also supplying nearly US\$100 billion worth of automotive parts to the US annually. It is estimated that Mexico supplies up to 40% of its components to US manufactured vehicles, and Canada supplies more than 20%. The automotive sector represented 22% of trade under the USMCA, with 91% of Canadian and 84% of Mexican automotive exports destined for the US in 2024. In 2024, exports to the USMCA bloc, the domestic automotive industry's third largest export region, amounted to R32,0 billion, or 11,9% of total automotive exports of R268,8 billion. Since COVID-19, the US economy has been the strongest of all major economies. Exports to the US, with R28,7 billion, or 89,7% of the total R32,0 billion, represented the major export destination in the region in 2024.

There are challenges looming for 2025, as the US incoming administration has revoked the target of 50% EV sales by 2030, and has also signalled the reconsideration of EV tax credits, and stricter federal emission rules that require OEMs to sell 30% to 56% EVs by 2032. OEMs have heavily invested in EVs, spurred by the Inflation Reduction Act (IRA) of 2022 and its generous subsidies up to US\$7 500 per vehicle. The Act spells out attractive subsidies for companies investing in EV and EV components manufactured in the US, among other green technologies, and offers EV tax credits, contingent on the US production of batteries and critical minerals. These credits, however, come with specific stipulations, such as that a certain percentage of the vehicle's battery components must be manufactured in North America, and it must meet the relevant battery mineral sourcing requirements.

However, many OEMs have since scaled back their EV plans due to slowing demand and financial losses. This regulatory shift by the new administration could reshape the US automotive industry's transition to cleaner technology. Chinese EVs have effectively been banned, with the punitive 100% import tariff imposed in 2024. At the beginning of 2025, the US also announced plans to impose 25% tariffs on automotive imports from Canada and Mexico, which could impact several major global OEMs with production facilities in the two countries that export to the US. Canada's EV manufacturing support is closely tied to US IRA incentives, while Mexico has become a key production hub, due to trade agreements like NAFTA and USMCA. Beyond vehicles, tariffs could disrupt automotive component supply chains, raising production costs for OEMs and consumers. It is estimated that these developments could lower US vehicle demand by about 1 million units annually. Furthermore, potential American policy shifts, including reduced climate ambitions, could affect Canada's and Mexico's industrial strategies.

In a decision taken just before the release of this publication, on 26 March 2025, President Donald Trump signed a proclamation imposing a 25% tariff on imports of automobiles (including passenger vehicles, i.e., sedans, SUVs, crossovers, minivans, cargo vans, and light trucks) and certain automobile parts (engines, transmissions, powertrain parts, and electrical components, with processes to expand to additional parts, if necessary) pursuant to authority granted by Section 232 of the Trade Expansion Act of 1962. The tariff on automobiles will be effective on April 3, 2025, and the effective date of the tariff on automobile parts will be published in the Federal Register, but no later than May 3, 2025. According to the 2025 proclamation, the national security concerns articulated in the 2019 Section 232 report "remain and have escalated." The Section 232 tariffs on cars and car parts will also apply to imports of steel and aluminium products from African Growth and Opportunity Act (AGOA) beneficiary countries, including South Africa.

According to the International Organisation of Motor Vehicle Manufacturers (OICA), vehicle production in the USMCA bloc recorded a loss of 0,5%, from 16,2 million units in 2023 to 16,1 million units in 2024, with only Mexico reflecting a year-on-year increase of 5,0%, while vehicle production in the US decreased by 0,7% and in Canada by 13,6%. Vehicle production was dominated by the US, with production of 10,56 million vehicles, or 65,6% of the region's total.

New vehicle sales in the region increased by 3,2%, from 19,2 million units in 2023 to 19,8 million units in 2024, although it remained 4,9% below the pre-pandemic level of 20,8 million units in 2019. In 2024, new vehicle sales reflected gains in all three markets and increased year-on-year by 9,8% in Mexico, by 8,1% in Canada and by 2,1% in the US. Sales of BEVs and hybrid models reached 20% of new car and truck sales in the US for the first time in 2024, marking a landmark year for "green" vehicles but coming at a slower pace than many had previously anticipated.

Auto data firm Motor Intelligence reports more than 3,2 million NEVs were sold in the US in 2024, of which 1,9 million hybrid vehicles, including plug-in models, and 1,3 million all-electric models. However, Tesla reported its first annual sales drop in a decade. Traditional vehicles with gas or diesel internal combustion engines still made up the majority of sales, but declined to 79,8%, falling under 80% for the first time in modern automotive history. The following tables reveal the region's vehicle production and sales for 2023 and 2024, as well as the vehicle production and sales for the three countries for 2023 and 2024.

USMCA vehicle production and sales – 2023 to 2024

	2023	2024	% change 2024/2023
Vehicle production	16 194 862	16 107 477	-0,5%
Vehicle sales	19 187 935	19 802 453	+3,2%

Source: OICA

Vehicle production and sales – USMCA countries – 2023 to 2024

Country	Vehicle production		Vehicle sales	
	2023	2024	2023	2024
USA	10 639 140	10 562 188	16 009 268	16 340 472
Mexico	4 001 964	4 202 642	1 416 429	1 555 115
Canada	1 553 758	1 342 647	1 764 223	1 906 866

Source: OICA

The USMCA is scheduled for a joint review in July 2026, but it will be subject to negotiations during 2025. The review will allow the three countries to assess the agreement's operation, consider recommendations, and decide on any necessary actions. Any of the countries can choose not to renew the agreement at the review. The USCMA is sometimes characterised as "NAFTA 2.0", or "New NAFTA", since it largely updates the provisions of its predecessor with respect to intellectual property and digital trade. The USCMA modernised the former NAFTA by creating more balanced, reciprocal trade, supporting high-paying jobs for Americans, and growing the North American economy.

A section that was changed relates to the vehicle manufacturing industry, with greater incentives for vehicle production in the US (with quotas for Canadian and Mexican automotive production). The USMCA includes many innovative provisions designed to incentivise new US investments in the automotive sector, to promote additional purchases of US-produced automotive parts, to advance US leadership in

automotive R&D, to support additional high-paying US jobs in the automotive sector, and to encourage OEMs and automotive component suppliers to locate the future production of electric and autonomous vehicles in the US.

The USMCA includes upgraded rules of origin for vehicles and automotive parts that promote the reshoring of vehicle and parts production, and incentivises new investments in the US automotive sector. Under the rules of origin requirements stipulated in the USMCA, 75% of the materials used to manufacture a car will have to be produced in North America to be tax exempt, up from the 62,5% that had been required under NAFTA. Ultimately, by 2023, the agreement requires 75% of passenger car and light truck components to be manufactured in a USMCA country, without being subjected to tariffs. Decreased or eliminated tariffs reduce the costs of production and trade, which ultimately lowers retail prices for consumers and increases profits for companies.

As far as African Growth and Opportunity Act (AGOA) is concerned, sub-Saharan Africa is home to the world's youngest population and many fast-growing economies, and AGOA has played a critical role in advancing economic development and strengthening US economic engagement in the region. In 2024, South Africa was one of 32 of the 49 sub-Saharan African countries designated as eligible countries in terms of AGOA. In Africa, those countries that qualify for the General System of Preferences (GSP) are also eligible for additional preferences under AGOA. AGOA, in combination with the GSP, allows African country participants to gain duty-free, quota-free access to the US market for 6 500 tariff lines, including the 3 500 products suitable for duty-free treatments from GSP beneficiaries and the additional 1 500 products eligible for Least Developed Countries. Notably, newly added "AGOA products" include items such as motor vehicles and selected automotive components.

AGOA plays a significant role in US–sub-Saharan Africa trade and investment, as well as in US foreign policy to pursue a broader, two-way strategy with Africa that goes beyond trade preferences, and meets the needs of the 21st century. Over the past 24 years, AGOA has created jobs and economic growth in one of the fastest-growing regions of the world and created investment opportunities for American businesses. The effective commencement date of the duty-free access provisions in terms of AGOA was 1 January 2001 to last until 30 September 2008, which was subsequently extended until 30 September 2015. In 2015, the programme was extended for a further 10 years to 2025 under the Trade Preferences Extension Act of 2015 that contained the AGOA Extension and Enhancement Act.

As far as automotive trade between South African and the US is concerned, the US has consistently featured as one of the domestic automotive industry's top trading partners since the inception of the AGOA in 2001. South Africa has been the top beneficiary country of the Act in sub-Saharan Africa over recent years, while the domestic automotive industry has been the major beneficiary of AGOA from a South African perspective. Substantial two-way automotive trade has taken place between South Africa and the US since the inception of AGOA. South African automotive exports to the US increased by 500,8% between 2001 and 2024, while automotive imports from the US increased by 741,1%, proportionally much more than exports over the same period. The duty rates in the US range from 2,5% on passenger cars to 25% on commercial vehicles. The rule of origin requirement is that 35% of the value added to the output should come from production activities in the country claiming AGOA preference. The 35% value-added can be met by including the production of raw materials from other AGOA beneficiaries.

The benefits stemming from AGOA for South Africa are much broader than mere duty- and quota-free access into the US. It also stimulates opportunities for a chain of collaborative arrangements with manufacturing companies from sub-Saharan African countries, to access the US duty free. An extension of AGOA will offer precisely the kind of market-friendly access that African companies and governments need right now that the AfCFTA is beginning to realise the potential of increased manufacturing and value chains in Africa. The AfCFTA could also play a major role in AGOA's path forward, as it will enhance regional trade by forming a single market and will create millions of jobs across the continent.

AfCFTA, AGOA, and industrialisation all go hand in hand, but the challenge is finding the right configuration to make them mutually beneficial. The extension and long-term renewal of AGOA supports economic integration under the AfCFTA, one of America's top strategic goals in Africa. It is widely recognised that the removal of barriers and harmonisation of trading rules would not only facilitate greater intra-African trade but would also offer a timely opportunity for the US to enhance its role in Africa's regional and global value chains. In this context, continued access to the US market under AGOA is more important than ever, and would also create increased imports from the US, hence, building a major economic partnership between the US and sub-Saharan Africa.

The domestic automotive industry has not just been earmarked as one of the key drivers of industrialisation in South Africa, but also on the African continent as a whole. The Auto Pact developments in Africa, led by South Africa, aiming to establish regional automotive hubs and value chain integration in the various regions under the framework of the AfCFTA will be adversely affected should AGOA or South Africa's continued eligibility be discontinued.

AGOA's mutual benefits include enabling exports, encouraging investment in the region, enhancing private sector activity and economic growth, and ultimately, generating demand for US goods and services as the region's economies develop. US business interests are well represented in South Africa, with most of the leading multinational corporations actively participating in the South African economy. AGOA has assisted the US to secure access to critical minerals, product value chains and investment opportunities to provide US consumers with cheaper products and to enable the US to contribute to African economic development as part of building a more inclusive global economy. South Africa provides the US with 25% of all its imports of nine critical minerals, including manganese and platinum. Therefore, AGOA is not only a one-way economic relationship where African countries, including South Africa, can access the US market, but also one where the US is able to rely on for its sourcing requirements.

The following table reveals that in 2024, exports to the USMCA bloc, at R32,0 billion, increased by R1,6 billion, or 5,4%, compared to the R30,4 billion exported in 2023, while in US Dollar terms, the increase was at 6,1% year-on-year in 2024, reflecting an increase in real terms in 2024. The improved performance could be attributed to an increase in the volume of vehicle exports from 19 590 units in 2023 to 24 681 units in 2024, resulting in a 22,8% year-on-year increase in the export value of vehicles in 2024. Although the same models by BMW and Mercedes-Benz are being manufactured in both countries and are therefore no longer being exported in large volumes from South Africa to the US, vehicle exports consist of some high-end models to satisfy excess demand for those models, while small volumes of vehicle exports by other OEMs have also started featuring in the recent past.



Exports to USMCA by product category – 2020 to 2024

Component	2020	2021	2022	2023	2024
Total (R million)	16 627,1	20 317,3	25 751,6	30 405,3	32 037,1
Total (average US\$ million)	1 010,2	1 374,6	1 574,5	1 648,0	1 747,8
Air conditioners	1,8	0,5	0,2	0,4	0,5
Alarm systems	1,9	1,7	4,0	1,9	5,6
Automotive glass	1,3	0,7	0,7	0,4	6,6
Automotive tooling	122,5	138,9	125,7	290,9	299,1
Axles	24,2	49,3	70,5	153,0	154,7
Batteries	0,1	0,1	0,1	1,0	2,6
Body parts / panels	3,9	1,1	12,3	1,7	20,4
Brake parts	0,7	1,6	5,7	13,0	30,4
Car radios	0,2	-	0,1	-	0,1
Catalytic converters	3 852,0	4 440,7	5 391,7	4 151,3	841,2
Clutches / shaft couplings	43,0	45,9	62,2	32,0	58,2
Engines	23,0	5,1	16,0	116,3	63,7
Engine parts	876,9	1 120,4	1 278,1	1 364,1	1 594,9
Filters	13,2	18,9	21,0	8,1	8,2
Gaskets	8,3	8,7	7,5	12,3	20,0
Gauges / instruments / parts	15,3	11,3	28,7	15,1	17,5
Gear boxes	36,4	54,8	59,8	89,5	84,6
Ignition / starting equipment	3,3	4,9	2,6	3,7	17,2
Jacks	0,3	0,4	2,3	0,6	1,8
Lighting equipment / parts	4,0	2,9	2,4	34,1	87,3
Radiators / parts	248,5	270,5	413,3	323,5	3,8
Road wheels / parts	1,6	1,7	8,0	1,2	9,6
Seats	21,1	0,6	0,6	0,7	1,7
Seat belts	0,1	-	0,5	0,1	0,6
Shock absorbers / suspension parts	53,0	6,9	5,2	5,8	40,7
Silencers / exhausts	91,9	124,0	141,3	194,8	194,3
Springs	0,4	0,8	10,7	2,9	4,7
Steering wheels / columns / boxes	1,7	1,3	0,1	14,2	61,6
Stitched leather seats / parts	20,5	14,5	5,2	2,3	8,1
Transmission shafts / cranks	27,8	33,0	39,7	100,4	283,4
Tyres	297,5	387,5	714,7	676,4	363,3
Wiring harnesses	9,1	5,5	2,5	10,1	9,0
Other parts	571,0	829,1	947,5	896,2	848,2
Light vehicles	10 250,0	12 731,6	16 370,0	21 882,4	26 879,9
Medium / Heavy vehicles	0,6	2,4	0,7	4,9	13,6

Source: AIEC, **naamsa**, SARS

Top export destinations in USMCA with export values – 2024 (R million)



Source: **naamsa**, SARS

Mercosur (Mercado Común del Sur - Common Market of South America)

Total automotive exports to Mercosur remained relatively small in the context of South Africa's overall automotive trade regime, and amounted to R1,8 billion, or 0,7% of total domestic automotive industry exports of R268,8 billion in 2024. As the major automotive market in the region, exports to Brazil comprised R942 million, or 51,6% of the total R1,8 billion export value in 2024.

South Africa, as part of SACU, enjoys a Preferential Trade Agreement (PTA) with Mercosur, an economic and political bloc comprising Argentina, Bolivia, Brazil, Paraguay, Uruguay and Venezuela, with Chile, Colombia, Ecuador, Guyana, Peru, and Suriname as associate members. Bolivia, previously an associate member of the trade bloc, became a full member of Mercosur on 8 July 2024. The associate members receive tariff reductions but do not enjoy full voting rights or complete access to the markets of Mercosur's full members. The PTA covers in the order of 1 000 tariff lines, offering preferential margins of between 10% and 100% on these tariff lines, but automotive products are currently excluded from the arrangement on both parties' sides.

According to the International Organisation of Motor Vehicle Manufacturers (OICA), vehicle production in Mercosur increased by 3,7%, from 2,97 million units in 2023 to 3,08 million units in 2024. Brazil, dominating production in the region, recorded a year-on-year increase of 9,7% in vehicle production, contributing to the positive performance in the region, while production in Argentina decreased year-on-year by 17,1% in 2024. In view of the strong performance in Brazil's vehicle production, which could be attributed to higher domestic demand, expanded credit, increased fleet renewals and a recovery in exports, the country surpassed Spain in becoming the 8th largest global vehicle producer in 2024.

New vehicle sales in the Mercosur region reflected a year-on-year increase of 8,0% from 4,1 million units in 2023 to 4,4 million units in 2024. Brazil, the major market in the region, reflected a year-on-year increase of 14,1% in 2024, strongly supported by a 219,2% year-on-year increase in hybrid and electric vehicle sales. The Brazilian Real received the undignified title of worst performing major currency in 2024, down by over 20% compared to 2023. The gradual devaluation of the Real over 2024 is the result of global investors growing increasingly concerned about the Brazilian economy's structural problems and the government's ability to contain a deepening fiscal crisis. The following table reveals Mercosur's vehicle production and sales for 2023 and 2024, as well as the vehicle production and sales for the top two Mercosur countries.

Mercosur vehicle production and sales – 2023 to 2024

	2023	2024	% change 2024/2023
Vehicle production	2 970 253	3 079 944	+3,7%
Vehicle sales	4 027 782	4 351 563	+8,0%

Source: OICA



Vehicle production and sales – top Mercosur countries – 2023 to 2024

Country	Vehicle production		Vehicle sales	
	2023	2024	2023	2024
Brazil	2 324 838	2 549 595	2 308 689	2 634 904
Argentina	610 715	506 571	406 940	411 406

Source: OICA

The Preferential Trade Agreement (PTA) between Mercosur and SACU entered into force on 1 April 2016. The PTA was initially concluded in 2004, and it was updated and signed in 2008. The PTA was the first trade agreement concluded by SACU as a single entity. This agreement was also the first with another developing region, giving meaning to the objectives of South-South co-operation. The PTA creates a basis for further integration and co-operation, including possible further exchanges of tariff preferences, and possible co-operation in other areas.

A notable achievement for the region in 2024 was the newly finalised EU-Mercosur trade agreement which promises significant benefits for the European automotive industry. The highly anticipated deal was signed on 6 December 2024, after 25 years of negotiations. If ratified by the 27-nation European Union, the EU-Mercosur partnership will create one of the world's biggest free trade zones, covering in the order of 20% of global GDP, 780 million consumers across the EU and Mercosur countries, and represents the EU's largest trade deal by population and tariff reductions. The importance of access to critical raw materials, crucial for EV battery production, was singled out as significant in the trade deal, reducing the EU's reliance on China. Latin America is estimated to hold more than half of the global lithium reserves and supplies 35% of the world's lithium, according to the International Energy Agency, with Chile at 26% and Argentina at 6%, leading the way. The trade agreement will eliminate tariffs on more than 90% of EU exports, including cars (35% tariff) and automotive parts (up to 18% tariff).

The "Green Mobility and Innovation Programme" or "Mover" was implemented on 30 December 2023 in replacing the Rota 2030, and is a Brazilian government initiative aimed at promoting sustainable mobility within the automotive industry by offering tax incentives and support for companies investing in the research and development of electric vehicles, alternative fuels, and other environmentally friendly technologies, essentially encouraging the domestic production of cleaner vehicles and related components. The aim of the Mover programme is to promote technological development, global competitiveness and sustainability in the Brazilian automotive industry. It extends the efforts of the Rota 2023 programme which aimed to accelerate the adoption of electric vehicles in the country. The programme prioritises the development and adoption of technologies that reduce carbon emissions and promote energy efficiency in the automotive sector. Companies investing in green mobility solutions can access tax benefits like reduced import duties on certain components and credits for R&D investments. Mover aims to stimulate the domestic production of electric vehicles and related parts by offering incentives for companies that manufacture locally. The programme encourages research and development efforts in areas like battery technology, alternative fuels, and vehicle design.

The Mover programme is designed to achieve several critical objectives:

- **Decarbonisation of the automotive fleet:** One of the core goals is to reduce carbon emissions by encouraging the shift from traditional internal combustion engine vehicles to electric and hybrid models. This aligns with Brazil's commitment to decarbonising its industries, combating climate change and achieving sustainability.
- **Investment in research and development:** The programme provides substantial financial incentives for companies to invest in R&D. These investments are expected to lead to advancements in technology that will make EVs more affordable and accessible.

- **Economic growth and job creation:** By fostering innovation and modernisation within the automotive sector, Mover aims to stimulate economic growth. The programme is expected to generate new jobs, particularly in the fields of manufacturing, R&D, and infrastructure development.
- **Infrastructure development:** Alongside vehicle innovation, Mover supports the development of necessary infrastructure, such as charging stations, to ensure that the transition to EVs is smooth and efficient.

The programme outlines a comprehensive financial framework to support its initiatives:

- **Credits and fiscal incentives:** Companies investing in EV technology can benefit from up to R\$19,3 billion in financial credits between 2024 and 2028. These credits can be used to offset federal taxes, thereby reducing the financial burden on businesses adopting green technologies. The R\$19,3 billion tax waiver will be divided as follows:
 - 2024 – R\$3,5 billion
 - 2025 – R\$3,8 billion
 - 2026 – R\$3,9 billion
 - 2027 – R\$4,0 billion
 - 2028 – R\$4,1 billion

Eligible companies include:

- OEMs
- Component suppliers
- Companies with plans to set up plants in Brazil.
- R&D and engineering service providers.

Among the Mover programme's new features is the measurement of carbon emissions "from well-to-wheel" by considering emissions throughout the cycle of the energy source used. Another innovation is that, as of 2027, the complete carbon footprint of vehicles sold in Brazil will be measured in a classification known as "cradle-to-grave". As a way of ensuring a "green taxation", a system of rewarding or penalising was instituted to facilitate the collection of IPI (Brazilian Tax on Industrial Products), based on indicators that take into account the source of energy for propulsion, energy consumption, engine power, recyclability, structural performance, and assistive technologies for driving. The rates will be defined by presidential decree in the coming months.

In order for companies to meet the programme's mandatory requirements, Mover will grant tax incentives in proportion to investments in R&D. This means that companies will have to spend between 0,3% and 0,6% of their revenue, and each Real invested will entitle them to financial credits of between R\$0,50 and R\$3,20. These credits can be used to deduct any taxes administered by the Brazilian Internal Revenue Service. Mover also aims to attract industrial plants from other countries to Brazil. These companies will receive a financial credit equivalent to the import tax levied on the transfer of production cells and equipment, as well as IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Profits) rebates for the export of products and systems made in Brazil. The import tax on the import of parts and components that are not locally produced may be reduced, provided that manufacturers invest 2% of the total imported revenue in research, development, and innovation projects in "priority programmes" in the supply chain.

The approval of Mover has already sparked significant interest and commitment from major OEMs, aiming to expand and modernise their operations in line with Mover's objectives. Beyond economic benefits, Mover is positioned to make a considerable environmental impact. Additionally, the programme's focus on job creation and industrial growth underscores its potential to enhance social equity and economic inclusion.

The decline in automotive exports to Mercosur over recent years could be attributed to the sharp decline of exports to Brazil, related to the country's previous Inovar-Auto Program, with its objective of reducing automotive imports into the country. The Inovar-Auto Program that ran from 2013 to 2017 added a 30% tax to industrial products, except those built in Mexico or the Mercosur countries. Moreover, the increase was in addition to a 35% import duty applicable to vehicles. Despite being criticised by the WTO for the unfair advantage being given to domestic OEMs, Inovar-Auto did manage to enhance investments, production, and thereby, sales in the country.

Another protectionist programme, the Rota (Route) 2030 – Mobility and Logistics, replaced the Inovar-Auto Program and was implemented as the Brazilian automotive industrial policy to run from 2018 through to 2032. Similar to the previous policy, Rota 2030 was based on tax incentives, however, the main scope was to encourage R&D projects throughout the entire automotive supply chain. The Rota 2030 policy was divided into three phases, being phase I (2018-2022), phase II (2023-2027) and phase III (2028-2032). Under the programme, manufacturers had to meet new energy efficiency and safety standards or would be fined if they did not. The aim of the scheme was to provide Brazil's consumers with safer and more fuel-efficient vehicles, while simultaneously making the country's automotive industry more competitive.

The following table reveals that the automotive exports to Mercosur consisted of a limited range of products. Automotive exports to the region decreased by 37,5% from R2,92 billion in 2023 to R1,83 billion in 2024, which could mainly be attributed to a decrease in light vehicle and catalytic converter exports to the region.

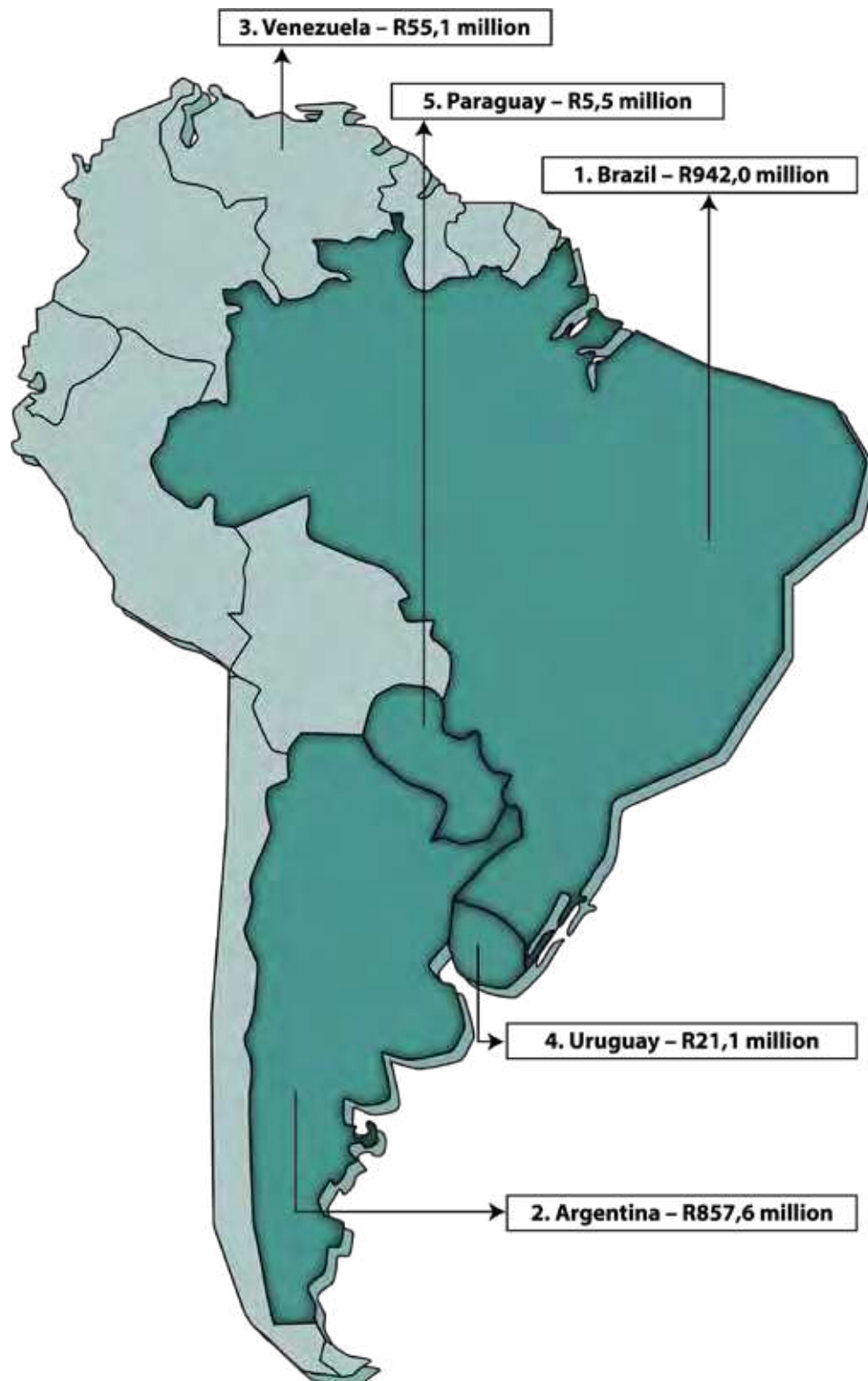


Exports to Mercosur by product category – 2020 to 2024

Component	2020	2021	2022	2023	2024
Total (R million)	1 264,8	2 146,5	3 564,2	2 922,6	1 826,1
Air conditioners	-	-	-	-	0,1
Alarm systems	0,5	0,5	1,4	-	1,1
Automotive glass	-	-	0,1	-	-
Automotive tooling	26,2	33,2	36,7	34,3	8,1
Batteries	-	0,3	0,5	0,1	-
Axles	1,1	0,4	0,4	0,9	1,6
Body parts / panels	0,8	0,7	0,6	1,2	1,0
Brake parts	-	0,1	0,1	0,1	0,2
Catalytic converters	328,1	917,7	1 538,8	1 733,8	1 269,3
Clutches / shaft couplings	5,9	8,1	13,6	14,9	10,1
Engines	0,1	-	0,9	0,3	61,5
Engine parts	291,3	350,8	331,9	45,5	116,1
Filters	1,0	0,8	1,0	0,7	-
Gaskets	0,5	0,2	0,5	1,3	7,4
Gauges / instruments / parts	1,4	1,6	1,0	7,5	3,5
Gear boxes	2,0	0,3	2,4	-	0,1
Ignition / starting equipment	0,8	0,2	0,3	0,1	0,1
Lighting equipment / parts	-	-	0,1	0,4	2,1
Radiators / parts	45,4	61,6	81,7	47,4	0,4
Road wheels / parts	73,8	113,6	127,2	85,5	63,0
Shock absorbers / suspension parts	-	0,1	0,1	2,0	1,7
Silencers / exhausts	8,5	18,4	15,2	8,4	7,6
Springs	-	0,1	0,2	0,9	0,9
Steering wheels / columns / boxes	0,5	0,1	0,1	0,1	-
Stitched leather seats / parts	0,6	7,7	99,1	153,6	75,2
Transmission shafts / cranks	48,9	51,2	57,8	17,8	11,2
Tyres	2,6	7,9	74,3	16,7	13,7
Wiring harnesses	0,6	0,2	0,3	0,8	0,1
Other parts	307,0	523,3	612,8	236,7	137,3
Light vehicles	117,2	46,6	564,9	511,6	32,7
Medium / Heavy vehicles	-	0,8	0,2	-	-

Source: AIEC, **naamsa**, SARS

Top export destinations in Mercosur with export values – 2024 (R million)



Source: **naamsa**, SARS

Exports to countries

A number of strategic challenges, including heightened geopolitical tension and the US protectionist policies, may derail future interest rate cuts by central banks, upending globalisation by imposing unprecedented tariffs on imports, likely to disrupt the smooth flow of goods and services in 2025. Inflation in advanced economies remains elevated, with both headline and core inflation above 2% in the US, the Euro area, the UK and Japan. Restrictions to global trade would suppress growth universally and create ripple effects for emerging markets like South Africa, vulnerable to shifts in globalisation and trade. The welfare of developing economies remains strongly tied to growth in the big three advanced economies.

However, the world economy is becoming more reliant on emerging markets, especially based on the purchasing-power measure that seeks to adjust prices and tends to give greater weight to poorer but more populous countries over richer ones. Developing economies are now more important for the global economy than they were at the start of the century. They accounted for about 45% of global GDP in 2024, up from 25% in 2000. As a result, these economies now have greater sway on the growth and development outcomes in other developing economies. The fortunes of emerging markets, typically seen as capital destinations for investment and opportunity that are tied to the fortunes of the global economy, therefore, might be about to change. Firstly, and most obviously, higher interest rates that diverted capital away from the periphery of the financial system, concentrating it in the developed world, are coming down. The major developed market central banks have all started cutting interest rates, which means that to attain a more compelling post-inflation return, investors are having to look beyond the US and Eurozone. This is excellent news for emerging markets because it is evidence of a global economy that is resilient enough to support the growth fortunes of the more vulnerable economies.

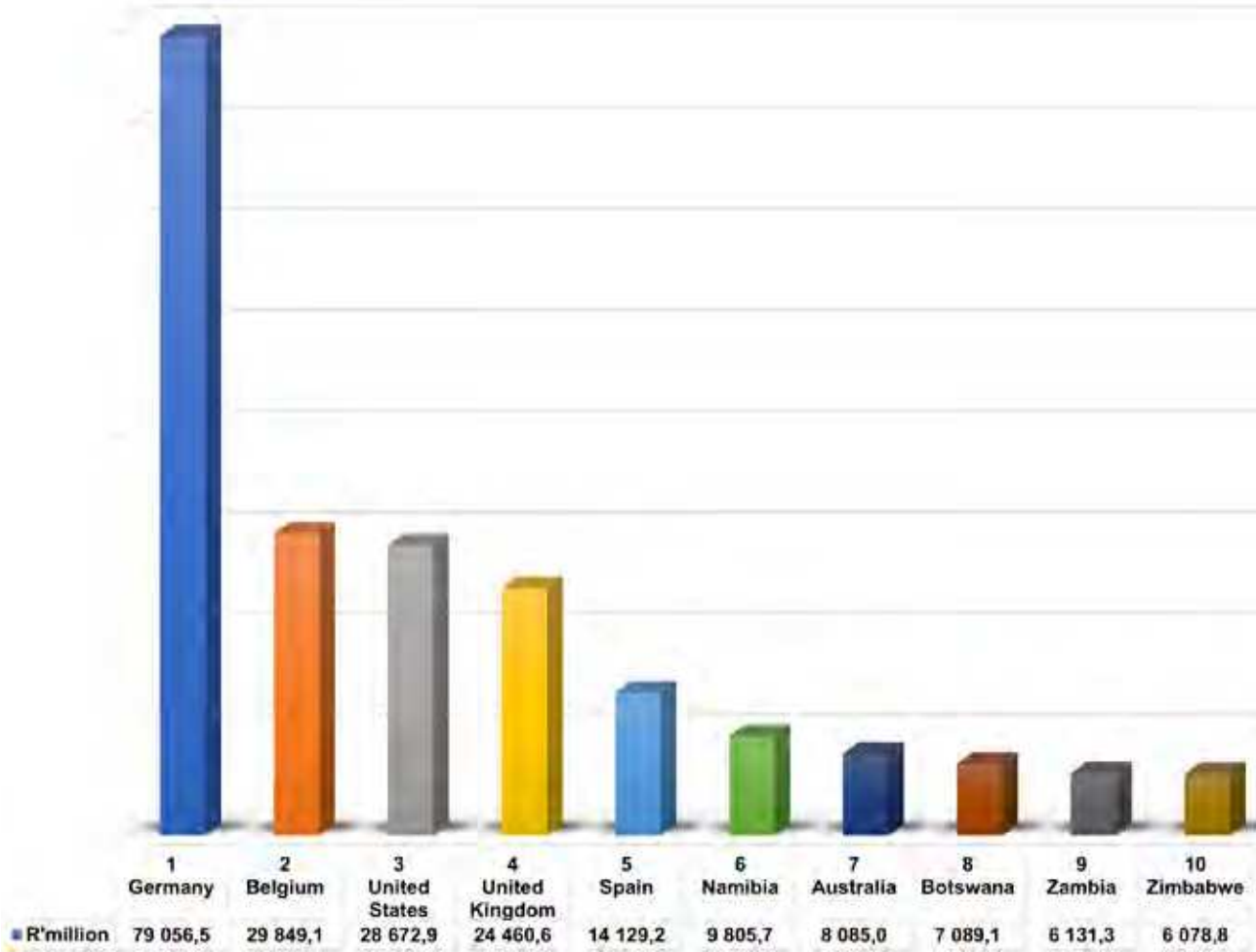
The IMF expects a bigger share of growth over the next five years to come from powerhouse BRICS+ economies. The expansion of BRICS is at a pivotal juncture, reflecting the broader shift in global power dynamics, which could be regarded as one of the most important geopolitical developments of 2024, with four new countries joining as members. At the start of 2025, BRICS+ continued its expansion, with Indonesia formally joining as its newest full member and eight other nations becoming partner countries, including major automotive hubs such as Thailand. This demonstrates the group's growing vitality and strengthened representation, influence and appeal on the global stage.

BRICS+ countries and partners are endowed with abundant natural resources, advanced manufacturing, vast markets, and technological advantages. The addition of other members as well as new partner states increases BRICS+'s share of world GDP further to 41,4%. The world economy is set to rely even more heavily on the BRICS+ group of emerging economies to drive expansion. China's prominence within BRICS+ is clear, accounting for two-thirds of the group's GDP and intra-BRICS trade. According to Bloomberg, China will be the top contributor to global growth over the next five years, with its 22% share, bigger than all G7 countries combined.

South Africa will need to navigate its foreign policy stances in these times of increasing polarisation and major shifts in geopolitical trends. The economic and geopolitical developments in the world's largest economies, including the US, China, UK, Eurozone and India, have a direct impact on the decision-making by businesses in these countries. This, in turn, impacts their decisions around trade with, and investment in, South Africa. China has been South Africa's largest trading partner since 2010 but is projected to see slower economic growth, declining to 4,5% in 2025 from 4,8% in 2024, owing to ongoing structural reforms, weak consumer spending and overcapacity challenges in the property market.

The Eurozone, Africa and the US remained the top export destinations for South African manufactured vehicles and automotive components due to their long-standing relationships. However, the focus of the domestic automotive industry remains to escalate the importance of continuously exploiting new export opportunities. As an export-oriented industry, it is essential for the domestic automotive industry to continue diversifying risk by pursuing wider geographical exposure to mitigate the impact of country or regional cyclical economic conditions.

South African automotive industry’s top export destinations – 2024 (R million)



Source: **naamsa**, SARS

The following table reveals that export destinations for values in excess of R1 million comprised of 155 countries in 2024, up from 148 countries in 2023, with 29 countries recording export values in excess of R1 billion, and 64 countries recording export values in excess of R100 million. The South African automotive industry forms an important part of international supply chains by being fully integrated into the global automotive environment. Diversity places the emphasis on high-growth emerging markets which remains a continuing trend, underlining the domestic automotive industry’s competitiveness drive and widening of the country’s traditional trading base. The latter is highlighted by new export destinations being added to the industry’s export list of countries every year, as well as the specific destinations to which the export values more than doubled on a year-on-year basis.

From 2023 to 2024, the total export values more than doubled in the case of 39 countries, which include: Nigeria, Mali, Morocco, Gabon, Dominican Republic, Algeria, Liberia, Tunisia, Egypt, Guinea, Benin, Sweden, Rwanda, Venezuela, Iraq, Norway, Vietnam Republic, Ireland, Netherlands Antilles, Switzerland, Colombia, Antarctica, Cyprus, St Helena, Paraguay, Barbados, Andorra, Sint Maarten, Comoros, South Sudan, Malta, New Caledonia, Iran, Martinique, Bangladesh, Ukraine, Maldives, Equatorial Guinea, and Brunei Darussalam.

Total automotive export value and ranking by country – 2023 to 2024

Country	2023 R million	2023 Ranking	2024 R million	2024 Ranking
Germany	83 088,1	1	79 056,5	1
Belgium	34 095,8	2	29 849,1	2
USA	27 944,0	3	28 672,9	3
UK	14 683,6	5	24 460,6	4
Spain	17 839,6	4	14 129,2	5
Namibia	8 107,6	7	9 805,7	6
Australia	8 659,5	6	8 085,0	7
Botswana	5 761,0	11	7 089,1	8
Zambia	4 899,0	12	6 131,3	9
Zimbabwe	5 964,1	9	6 078,8	10
Czech Republic	7 130,5	8	5 349,1	11
Japan	5 936,3	10	4 098,5	12
Mozambique	2 897,1	13	3 379,7	13
Mexico	2 246,8	17	3 123,1	14
United Arab Emirates	1 622,8	24	2 767,4	15
Democratic Republic of Congo	2 285,2	16	2 685,9	16
eSwatini (formerly Swaziland)	1 919,7	21	2 258,2	17
Thailand	2 243,5	18	2 237,5	18
France	1 846,0	22	1 780,8	19
Lesotho	1 439,2	27	1 608,7	20
Tanzania	1 611,0	25	1 607,3	21
Saudi Arabia	1 968,3	19	1 424,0	22
Turkey	1 095,5	28	1 392,2	23
Kenya	1 468,9	26	1 363,7	24
Taiwan	1 844,0	23	1 174,2	25
Ghana	980,9	29	1 159,4	26
Malawi	902,1	30	1 138,9	27
Netherlands	2 321,4	15	1 112,6	28
Madagascar	767,9	32	1 031,2	29
29 COUNTRIES ABOVE R1 BILLION				
Nigeria*	367,4	39	976,4	30
Brazil	1 967,7	20	942,0	31
Argentina	895,5	31	857,6	32
South Korea	2 851,3	14	816,5	33
Angola	637,8	35	787,7	34

Singapore	430,1	37	718,1	35
Mauritius	643,9	34	589,0	36
China	608,3	36	573,7	37
Ivory Coast	369,9	38	509,8	38
Mali*	77,3	69	434,1	39
Senegal	267,7	42	404,2	40
New Zealand	653,0	33	397,0	41
Morocco*	86,2	64	294,7	42
Honduras	244,7	43	286,5	43
Canada	214,7	44	241,4	44
Gabon*	62,3	75	232,9	45
Austria	141,7	50	205,9	46
Guatemala	199,3	45	205,6	47
Kuwait	123,6	53	200,0	48
Uganda	306,6	41	185,3	49
India	319,1	40	176,8	50
Dominican Republic*	26,1	97	168,0	51
Algeria*	24,9	98	161,3	52
Liberia*	22,8	100	152,7	53
Tunisia*	10,5	115	142,0	54
Panama	186,5	47	138,4	55
Egypt*	60,3	78	134,0	56
Guinea*	66,8	73	133,6	57
Hungary	121,4	54	120,8	58
Chile	103,7	59	119,0	59
Benin*	12,0	112	110,2	60
Poland	120,7	55	110,0	61
Hong Kong, China	109,9	58	109,2	62
Italy	82,4	67	101,9	63
Suriname	84,4	66	100,1	64
64 COUNTRIES ABOVE R100 MILLION				
Jamaica	67,1	72	93,9	65
Sweden*	37,4	88	91,7	66
Qatar	127,0	52	91,7	67
Rwanda*	35,5	89	87,8	68
Portugal	87,1	63	87,4	69
Burkina Faso	62,1	76	80,7	70
Kazakhstan	81,1	68	77,9	71
Seychelles	59,8	79	72,4	72
Congo	89,8	62	72,1	73
Belize	68,2	71	70,5	74
Ethiopia	31,3	91	58,3	75
Cameroon	61,4	77	56,7	76
Mauritania	34,2	90	56,6	77

Philippines	43,2	82	55,3	78
Venezuela*	14,5	109	55,1	79
Russia	51,9	81	52,4	80
Malaysia	85,4	65	50,9	81
Sierra Leone	162,3	49	50,6	82
Oman	37,7	87	50,1	83
Indonesia	65,4	74	47,1	84
Costa Rica	30,9	93	45,3	85
Iraq*	3,8	138	45,0	86
Guyana	21,9	101	43,2	87
Peru	26,3	96	42,6	88
Togo	41,3	85	41,0	89
Djibouti	42,4	84	38,8	90
Norway*	10,1	118	38,5	91
Trinidad & Tobago	92,7	61	35,7	92
Haiti	116,5	56	35,6	93
Papua New Guinea	186,3	48	33,8	94
Vietnam Republic*	6,8	131	32,5	95
Nicaragua	20,8	103	32,3	96
Cape Verde Islands	194,5	46	31,1	97
Ireland*	10,2	117	31,1	98
Netherlands Antilles*	9,8	121	28,9	99
Slovenia	23,6	99	28,4	100
Switzerland*	5,2	137	26,3	101
Guadeloupe	102,1	60	26,1	102
Eritrea	16,0	107	24,3	103
Slovak Republic	39,4	86	22,8	104
Romania	69,0	70	22,4	105
Colombia*	5,9	135	21,2	106
Uruguay	42,6	83	21,1	107
Israel	115,5	57	21,0	108
Ecuador	30,1	94	20,6	109
Luxembourg	11,5	114	20,2	110
Antigua	16,4	105	18,1	111
Denmark	11,8	113	17,1	112
Antarctica*	8,4	124	16,8	113
Reunion	140,8	51	15,4	114
Sudan	12,6	111	14,9	115
Cyprus*	1,6	143	12,1	116
Pakistan	16,0	106	11,0	117
Bahamas	9,9	119	9,9	118
Bahrain	8,4	123	8,6	119
Lebanon	7,1	129	8,5	120
Aruba	7,1	128	8,4	121

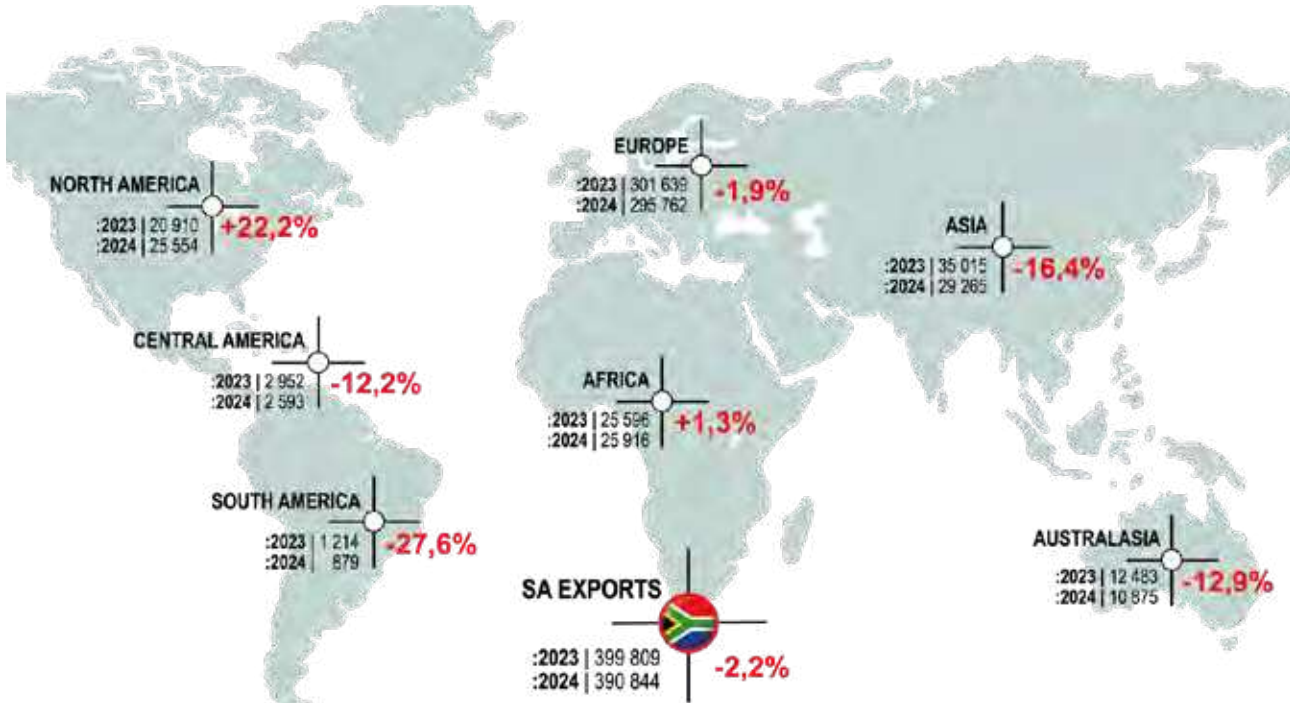
Greece	13,5	110	8,1	122
St Helena*	2,7	140	7,9	123
Sri Lanka	9,8	120	6,9	124
Finland	6,1	134	6,7	125
Lithuania	9,6	122	6,5	126
Jordan	29,2	95	5,9	127
French Guiana	56,0	80	5,6	128
Paraguay*	2,3	141	5,5	129
Grenada	6,8	132	5,4	130
Libya	15,0	108	5,3	131
Barbados*	-	-	5,3	132
Andorra*	-	-	4,8	133
Sint Maarten*	-	-	3,9	134
Comoros*	1,4	144	3,6	135
South Sudan*	-	-	3,4	136
Somalia	8,4	125	3,3	137
Malta*	0,5	-	3,2	138
New Caledonia*	-	-	3,0	139
Latvia	21,6	102	3,0	140
Iran*	0,3	-	2,6	141
Burundi	10,4	116	2,4	142
Martinique*	-	-	2,4	143
Estonia	1,9	142	2,3	144
Gambia	18,2	104	1,9	145
Bangladesh*	0,1	-	1,8	146
Ukraine*	0,5	-	1,8	147
Maldives*	0,5	-	1,7	148
Equatorial Guinea*	0,2	-	1,5	149
Bosnia and Herzegovina	5,3	136	1,5	150
Guinea-Bissau	6,1	133	1,5	151
Brunei Darussalam*	-	-	1,4	152
Moldova	1,0	148	1,2	153
Croatia	7,0	130	1,2	154
Bulgaria	0,9	-	1,0	155
155 COUNTRIES ABOVE R1 MILLION				

Source: **naamsa**, SARS

*Countries with export values more than doubling year-on-year



EXPORTS OF VEHICLES



Source: **naamsa**/Lightstone Auto

Vehicle exports decreased in 2024 for the first time since the COVID-19 affected 2020, to 390 844 units, down by 8 965 units, or 2,2% compared to the record performance of 2023, when the industry exported 399 809 units. The softening in vehicle exports could be linked especially to a slowdown in demand in key economies such as the EU because of low economic growth in the region, stricter emission rules as well as competition from cheaper EV imports from China. In addition, the timing effect of new model introductions in the domestic market by a major exporting OEM also impacted the industry's export performance in 2024. A total of 390 844 left- and right-hand drive vehicles were exported to 109 countries around the world in 2024.

Passenger car exports comprised 274 628 units, or 70,3% of the total; light commercial vehicle exports comprised 115 452 units, or 29,5% of the total; and medium and heavy commercial vehicle and bus exports comprised 764 units, or 0,2% of the total. The global OEM production and trade system enables the production of all their required models across several production centres globally, linked to global demand patterns. Foreign demand allows the domestic OEMs to generate sufficient economies of scale, and to achieve improved international competitiveness. Four of the seven OEMs in the country exported more than 50% of their vehicle production in 2024, while three were dependent on the domestic market for the bulk of their vehicle production.

South African OEMs manufacture a broad range of vehicles, including passenger cars, light commercial vehicles, medium commercial vehicles, heavy commercial vehicles, extra-heavy commercial vehicles and buses.

Passenger car models manufactured in South Africa in 2024 included the following:

BMW	X3
Mercedes-Benz	C-Class 4-Door
Toyota	Corolla 4-door previous series (designated Quest), Cross and Fortuner
Volkswagen	Polo, new and previous series (designated Vivo)

Light commercial vehicle models manufactured in South Africa in 2024 included the following:

Ford	Ranger
Isuzu Motors	D-Max
Nissan	Navara and NP200
Toyota	Hilux, HiAce and Quantum
Volkswagen	Amarok

The following table reveals the top 10 vehicle export destinations from 2020 to 2024 for passenger cars and LCVs. In terms of number of units exported in 2024, Germany moved into top position since 2023, surpassing the UK, which dominated the rankings for nine consecutive years since 2014, followed by France, the US and Japan. VWSA, with its Polo model, maintained its top position for the fifth consecutive year in 2024. VWSA is the sole supplier of the Polo GTI for global markets, and in July 2024, the plant became the sole supplier of the Polo model for European and Asia Pacific markets. Easing of monetary policy in key export markets could see the vehicle export momentum turn positive again in 2025.

In terms of number of units exported in 2024, Germany moved into top position since 2023, surpassing the UK, which dominated the rankings for nine consecutive years since 2014.

Top 10 destinations for light vehicles (passenger cars and light commercial vehicles) exported – 2020 to 2024

Country	2020	2021	2022	2023	2024
Total (R billion)	117,0	133,2	154,3	200,0	199,8
Ranking of exporters Number 1 to 5	VW MBSA BMW Ford Toyota	VW Ford Toyota BMW MBSA	VW MBSA Ford BMW Toyota	VW MBSA Toyota BMW Ford	VW MBSA Ford BMW Toyota
Germany	25 736	42 671	67 399	85 776	80 731
UK	67 798	60 260	67 884	80 550	77 866
France	13 956	22 130	23 772	21 223	33 409
USA	8 584	6 821	20 566	19 590	24 681
Japan	23 645	15 765	23 750	23 207	20 068
Belgium	10 048	11 752	14 812	13 819	18 160
Spain	7 345	10 876	9 588	14 899	14 387
Italy	10 546	18 295	18 914	23 185	12 997
Turkey	3 063	1 710	1 674	4 382	12 349
Australia	13 041	9 675	11 507	11 996	10 476
Other	86 968	97 485	91 077	100 168	84 956
Total (units)	270 730	297 440	350 943	398 795	390 080
Light vehicle production	422 904	471 432	524 895	598 658	567 946
% of production exported	64,0%	63,1%	66,9%	66,6%	68,7%
Number of base models produced	11	10	10	10	10
Average volume per model produced	38 446	47 143	52 490	59 866	56 795

Source: **naamsa**/Lightstone Auto, SARS

A significant 68,7% of light vehicle production was exported in 2024, enabling the domestic OEMs to reach a consumer base beyond the South African market. The average volume per model produced in the domestic market decreased from 59 866 units in 2023 to 56 795 units in 2024. One model achieved a production volume in excess of 100 000 units, and three models above 80 000 units in 2024.

As an export-oriented industry, the domestic automotive sector has embraced the trade opportunities that have accompanied globalisation generally, as well as the specific trade deals that South Africa has concluded over the past three decades, opening certain markets in Europe, the US, and Africa, among others. South Africa's trade agreements remain instrumental in growing domestic vehicle production and maximising benefits for the domestic OEMs in enhancing the competitiveness of vehicle exports as they reduce costs, expand market access, and streamline operations, enabling the OEMs to thrive in the global market. Via the EPAs with the EU and the UK, the region dominated exports and accounted for a substantial 75,7%, or three out of every four vehicles exported in 2024, with 52,1% of light vehicle production destined for the region. Although it is beneficial to have such a large customer base in Europe, the downside is that any developments in this region have a direct and measurable impact on the domestic automotive industry.

With the rapid transition toward EVs in major export regions, the demand for internal combustion engine (ICE) vehicles is decreasing. The legislation to ban the sales of new ICE vehicles in the EU and the UK by 2035 in favour of EVs, with the legislation in some countries, such as Germany, already commencing in 2030, is

not just about creating a greener future. For the domestic automotive industry to remain part of this global supply chain it is imperative for South Africa to accelerate the implementation of EV-friendly policies or risk losing its edge in the global automotive manufacturing sector. The reality of natural demand and a fiscal framework that incentivise consumers to buy these NEVs in the domestic market are fundamental, given that the OEMs also manufacture a large portion of their production for the domestic market along with strong overseas demand. The latter should be aligned with a trade strategy that maintains a tariff-free enhanced trade partnership with the EU in particular.

Encouragingly for the four domestic OEMs producing hybrids and plug-in hybrids is that the growing demand for hybrid cars has prompted a strategic shift across a sector that had initially aimed to also phase out hybrids in favour of fully electric vehicles. The transition to electrification is not expected to be linear, and customers and markets are moving at different speeds. Globally, several OEMs have delayed or cancelled new electric models to avoid spending heavily on BEVs that consumers are not buying as quickly as anticipated, while hybrid sales continued to be the more favourable choice among European customers.

The following table reveals that, despite sustained pressure from growing global challenges, such as weak economic growth, growing economic divergences, new protectionism, and rising unemployment globally, vehicle exports to major regions, such as North America and Africa, reflected a positive performance from 2023 to 2024.

Changing composition of South African vehicle exports by major regions: 2020 to 2024

Region	2020	2021	2022	2023	2024	% change 2024 / 2023
Europe	197 355	229 672	255 709	301 639	295 762	-1,9%
Asia	29 440	24 170	35 154	35 015	29 265	-16,4%
Africa	17 127	21 994	22 769	25 596	25 916	+1,3%
North America	9 463	7 981	21 684	20 910	25 554	+22,2%
Australasia	13 698	10 620	12 389	12 483	10 875	-12,9%
Central America	3 156	3 045	2 759	2 952	2 593	-12,2%
South America	1 188	706	1 527	1 214	879	-27,6%
Total	271 427	298 188	351 991	399 809	390 844	-2,2%

Source: **naamsa**/Lightstone Auto

The exports of medium and heavy commercial vehicles and buses, at 0,2% of the total vehicle exports in 2024, remained relatively insignificant in terms of the total vehicle export volumes. However, in terms of the heavy commercial vehicle and bus sector, exports contribute to achieving higher vehicle production volumes in view of the relatively low volume domestic market.

A large number of companies are active in the South African market, and in 2024, the following medium, heavy and extra-heavy commercial vehicle companies were represented in the country:

Babcock
Bell Equipment
Daimler Truck Southern Africa
FAW Trucks
Ford Motor Company
Hyundai Automotive SA

Powerstar
Scania
Sinotruk
Tata Trucks
Toyota

Isuzu Motors SA
Iveco
JAC Motors South Africa
MAN
Mercedes-Benz SA

UD Trucks Southern Africa
VECH South Africa
Volkswagen Group SA
Volvo Group Southern Africa

In 2024, the following bus companies were represented in South Africa:

Daimler Truck Southern Africa
MAN

MarcoPolo
Scania
Volvo Group Southern Africa

The following table reveals that the main export destinations for trucks and buses have consistently been neighbouring countries in the SADC free trade area. Zimbabwe was the overall top destination for all truck and bus exports in 2024, including for medium commercial vehicles, heavy commercial vehicles, extra-heavy commercial vehicles and buses.

Top 10 destinations and top region for medium, heavy commercial vehicles and buses exported – 2020 to 2024

Country	2020	2021	2022	2023	2024
Total (R billion)	4,2	5,1	2,7	3,9	5,6
Ranking of exporters Number 1 to 5	Volvo Group FAW UD Trucks Toyota Isuzu	UD Trucks FAW Volvo Group Daimler Isuzu	UD Trucks FAW Scania Isuzu Toyota	FAW UD Trucks Volvo Group Scania Daimler	FAW Volvo Group UD Trucks Daimler Scania
Zimbabwe	198	245	507	379	319
Mozambique	168	212	184	189	182
Zambia	118	161	243	402	148
Malawi	61	32	66	10	44
Tanzania	55	19	12	5	36
Mauritius	34	8	25	23	25
Angola	0	0	0	0	4
Saudi Arabia	0	0	1	3	2
Liberia	0	0	0	0	2
Mauritania	14	14	5	2	1
Other	49	52	5	1	1
Africa	697	743	1 047	1 010	761
Total (units)	697	748	1 048	1 014	764

Source: **naamsa**/Lightstone Auto, SARS

Trucking plays a critical role in African economies, serving as the primary mode of transport for goods across regions, facilitating trade, accessing markets, and promoting economic growth by enabling the movement of products between countries. The transport sector is expected to be one of the big winners of the African Continental Free Trade Area (AfCFTA), implemented on 1 January 2021, which will significantly increase traffic flows for container cargo movement and infrastructure projects, and which could open up significant export opportunities for the domestic commercial vehicle sector.

AUTOMOTIVE COMPONENTS – EXPORTS BY PRODUCT

Vehicle manufacturing is a complex and highly competitive industry, with OEMs constantly innovating to improve the performance, safety, and efficiency of their vehicles. The OEMs are at the centre of the supply chain and responsible for designing, manufacturing, and assembling vehicles. The global automotive component sector currently is navigating a dynamic landscape shaped by technological advancements, policy shifts, and evolving market demands. Component suppliers play a crucial role in the mobility landscape, supporting vehicle production and contributing to economic growth, technological innovation, and job creation. It supports upstream industries like steel, aluminium, resins and electronics, and downstream industries like logistics and aftersales services.

South Africa has a well-developed automotive component manufacturing industry with a high employment multiplier factor, considering that in 2024, the component sector had 81 860 employees versus the 33 154 employees in vehicle manufacturing sector. The domestic automotive component sector consists of a diverse group of various tier-level automotive suppliers. Out of the 198 first-tier suppliers in South Africa, about 75% are foreign multinational companies, while the South African-owned companies are more represented within the second- and third-tier supplier bases. In line with the imminent need to embrace new energy vehicle (NEV) technologies, key focus areas currently driving the component sector include cost reduction, supply chain agility, sustainability, digital transformation, automation and employee reskilling. The automotive component industry remains a strong base for employment creation, exports and new business creation.

The automotive industry generally has a highly integrated global supply chain, fostering economic interdependence between countries. The transition to EVs is the defining industrial challenge of the 21st century. Most OEMs are setting ambitious 100% electrification targets within the next decade, heralding the EV revolution. In this dynamic era, leading industry participants are not merely shifting to EVs, they are also enhancing internal capabilities, building charging infrastructure, refining fuel cell technology, and harnessing core technological disruptions, all contributing to the evolving landscape of growth opportunities in this domain.

However, the world is not all travelling in the same direction, or at the same speed. While global sales of EVs continued to rise in 2024, some markets have experienced a significant slowdown, and many OEMs have deferred their EV targets. The automotive industry also faces uncertainties due to fluctuating policies and market dynamics. For example, changes in EV mandates and subsidies in the US and in the EU could affect the growth trajectory of EV adoption, thereby influencing the demand for related components. In the case of lower demand or even a recession in the car market, component suppliers naturally experience a decline in demand for their products.

The shift to EVs continues to disrupt the demand for traditional components like internal combustion engines and exhaust systems, and will increasingly influence the automotive component sector. Major OEMs are investing heavily in EV development, necessitating advancements in battery technology, electric drivetrains, and related components. Globally, component manufacturers have had to adapt their product portfolios to cater to EV technologies, including batteries, electric drivetrains, and power electronics. Key priorities include securing raw materials, accelerating innovation and building resilient supply chains to navigate ongoing and future disruptions. Companies are also adopting “just-in-case” inventory strategies, instead of the traditional “just-in-time” approach to mitigate shortages.

The key difference between an ICE vehicle and a NEV is the omission of the internal combustion engine, fuel system and exhaust system. The additional systems include larger batteries, power electronics, more elaborate thermal management, high voltage wiring harnesses, and electric motors. One way that South Africa could secure market share is to prioritise the creation of targeted EV components, rather than attempt to localise every part that goes into EVs. Automotive component suppliers have the capability to significantly increase the number and value of components, as economies of scale, in particular, are important in the production of original equipment components, including for aftermarket parts.

Going forward, from a South African perspective, localisation opportunities identified in the EV space include EV batteries, with an initial focus on battery assembly, critical raw material beneficiation, localisation of high voltage wiring harnesses, electric motors, transmission axles, thermal management systems, power electronics, hydrogen fuel cells and tanks, as well as ongoing efforts to attract relevant new multinational component suppliers into the domestic market. These new opportunities will need to be underpinned by significant investment in new production technologies and tooling.

Barriers to localisation, in general, include cost competitiveness, lack of domestically available technology, high investment costs, availability of skills, lack of local raw material availability, as well as different OEM volume and diverse specifications. Policymakers could focus on research and development, global alliances, as well as raw material advantages in strategic lines, such as battery production, e-motors, high-voltage electronics and fuel-cell propulsion systems, as ways to increase the domestic component sector's international competitiveness.

As part of the longer-term automotive industrialisation strategy in South Africa aligned with the SAAM 2035, increased localisation of components and materials remains key as the programme's underpinning tenet. The dual goals of greater localisation and transformation go hand in hand. The SAAM 2035 target is in the order of 500 second- and third-tier suppliers, of which 25%, or 130, of these suppliers need to be Black-owned by 2035, off a very low base currently. The seven domestic OEMs have done well in introducing new entrants to the market, and the R6-billion Automotive Industry Transformation Fund (AITF) is a unique structure to support Black industrialists. It aims to facilitate transformation across the sector's value chain, through the provision of access to developmental funding, access to market, and access to capacity development for qualifying Black-owned entities.

Since its inception in 2020, the AITF has invested R596 million in 67 companies across the automotive value chain. The goal is to support 90 enterprises by 2029, and the Fund is well on its way to achieving that. Around 30% of the funding has been allocated to women-owned businesses. In response to the unique needs of the automotive sector, the AITF has diversified its financial offerings by introducing long-term funding, equity-like investments and preferential loans. The AITF's pivotal role in strengthening South Africa's automotive value chain through strategic partnerships with suppliers, global stakeholders and educational institutions has been duly recognised. The AITF has been removing the traditional barriers that have kept many Black entrepreneurs from accessing the funding they need. The aim is to provide low-risk, flexible financing that aligns with the realities of the automotive industry, so the Fund's beneficiaries can focus on growth without being weighed down by financial strain. The Fund is also expanding its focus beyond the original seven OEMs to include Tier 1 component manufacturers, as well as the opportunities created by NEVs, such as charging infrastructure and battery manufacturing.





Accelerating Inclusive Growth in South Africa's Automotive Sector

The Automotive Industry Transformation Fund (AITF) is a pioneering catalyst for transformation and inclusive growth within South Africa's automotive value chain. Launched in 2020 as a collective Equity Equivalent Investment Programme (EEIP), the Fund is backed by seven of the country's leading original equipment manufacturers (OEMs): BMW, Ford, Isuzu, Mercedes-Benz, Nissan, Toyota, and Volkswagen.

AITF is committed to unlocking opportunities for black-owned enterprises from panel beaters and dealerships to component manufacturers by providing access to funding, markets, and tailored business support. Through a diversified suite of financial instruments, including long-term funding, equity-like investments, and preferential loans, AITF is driving localisation, fostering job creation, and building a more sustainable and competitive industry.

To learn more about AITF and its impact, visit www.autofund.co.za

Working in close collaboration with OEMs, government stakeholders, and private sector partners, AITF is strengthening supply chain resilience and enabling South African businesses to compete on a global stage.

Between 2024 and 2026, AITF has earmarked R500 million to support strategic initiatives across the industry.

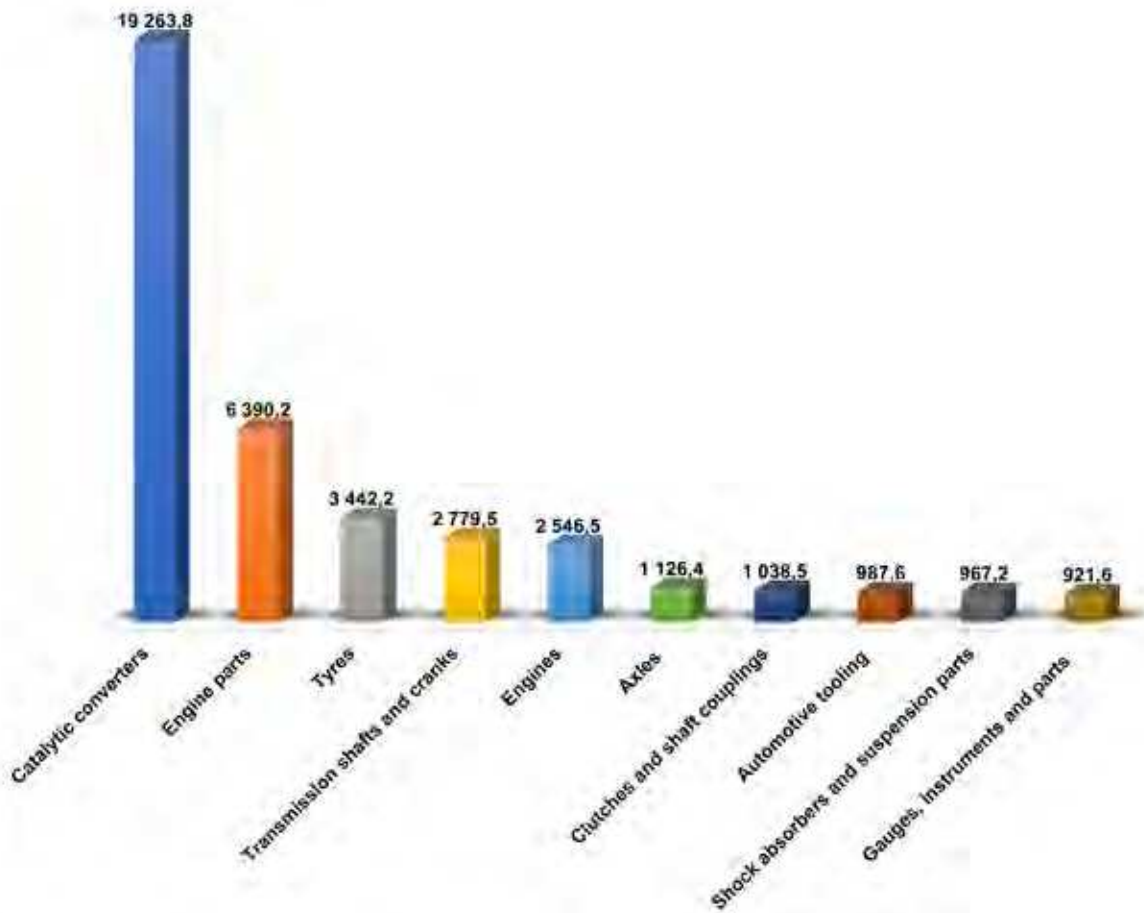
These include:

- Charging infrastructure for New Energy Vehicles (NEVs),
- NEV component manufacturing and value chain development,
- Material recycling and mineral beneficiation,
- Automotive logistics and procurement scaling

The AITF extends its sincere appreciation to all member OEMs and APDP participants who continue to support and invest in South Africa's transformation journey.



Top automotive component exports by value – 2024 (R million)



Source: **naamsa**, SARS

In 2024, automotive component exports decreased by R3,4 billion, or 5,2%, to R63,4 billion, from R66,9 billion in 2023, mainly due to the decline in catalytic converter exports. However, catalytic converters remained the top automotive component exported from South Africa, comprising 30,4% of total automotive component exports, followed by engine parts, tyres and transmission shafts and cranks. The global demand and supply patterns that have changed from the dominance of ICE vehicles to a mix that incorporates BEVs, plug-in hybrids and hybrids continues to affect the demand for catalytic converters.

South Africa's automotive component sector has solidified its position as a key player in the global automotive supply chain, with its diverse range of original equipment components and aftermarket parts exported on an annual basis. The bulk of the domestically manufactured automotive components are sold as original equipment components to the OEMs, and the balance to exports and the aftermarket. Given South Africa's geographic location, the focus of exporters tends to be on high-value domestically beneficiated, logistics-friendly automotive components. In addition to catalytic converters as the domestic automotive industry's largest automotive component export category by value, the country's manufacturing capabilities are also illustrated by engine manufacturing by two OEMs, both linked to export programmes to global markets. The following table reveals the automotive component export ranking by product category from 2020 to 2024.



Automotive component export ranking by product category – 2020 to 2024

Component category	2020	2021	2022	2023	2024	% of total export value	Ranking
Total (R million)	54 476	69 198	70 270	66 861	63 418		
Catalytic converters	25 978	34 891	33 955	29 494	19 264	30,4%	1
Engine parts	3 340	5 083	4 719	5 110	6 390	10,0%	2
Tyres	2 697	3 084	4 053	3 828	3 442	5,4%	3
Transmission shafts / cranks	1 182	1 296	1 415	1 679	2 780	4,4%	4
Engines	1 095	1 372	850	973	2 547	4,0%	5
Axles	432	615	656	1 020	1 126	1,8%	6
Clutches / shaft couplings	588	674	652	685	1 039	1,6%	7
Automotive tooling	783	880	973	1 077	988	1,6%	8
Shock absorbers / suspension parts	492	430	393	438	967	1,5%	9
Gauges / instruments / parts	514	662	687	800	922	1,5%	10
Automotive glass	532	529	547	556	808	1,3%	11
Lighting equipment / parts	206	271	319	337	736	1,2%	12
Filters	561	660	607	609	721	1,1%	13
Brake parts	263	270	289	356	681	1,1%	14
Body parts / panels	241	243	339	598	661	1,0%	15
Silencers / exhausts	313	417	409	603	650	1,0%	16
Batteries	440	429	510	575	630	1,0%	17
Ignition / starting equipment	283	278	308	317	478	0,8%	18
Gear boxes	257	282	381	361	428	0,7%	19
Gaskets	186	226	219	222	325	0,5%	20
Alarm systems	82	92	105	138	295	0,5%	21
Stitched leather seats / parts	101	85	187	229	288	0,5%	22
Road wheels / parts	243	242	271	225	258	0,4%	23
Radiators / parts	1 284	1 272	1 447	1 294	257	0,4%	24
Steering wheels / columns / boxes	59	71	139	113	217	0,3%	25
Wiring harnesses	131	194	171	175	195	0,3%	26
Springs	68	74	89	134	130	0,2%	27
Air conditioners	70	35	48	56	68	0,1%	28
Seats	59	43	43	64	60	0,1%	29
Jacks	34	36	60	40	46	0,1%	30
Car radios	28	20	24	39	21	-	31
Seat belts	8	8	17	13	14	-	32
Other parts	11 926	14 434	15 388	14 703	15 986	25,2%	33

Source: AIEC, **naamsa**, SARS

The following tables reveal the top five destinations for the automotive component category exports from South Africa for the period 2020 to 2024.

Catalytic converters (1)

Country	2020	2021	2022	2023	2024
Total (R million)	25 978,1	34 890,9	33 955,1	29 494,0	19 263,8
Germany	30%	36%	32%	33%	42%
Czech Republic	26%	22%	20%	22%	25%
Thailand	-	1%	3%	4%	8%
Turkey	3%	4%	3%	3%	6%
USA	12%	12%	16%	14%	4%

Engine parts (2)

Country	2020	2021	2022	2023	2024
Total (R million)	3 339,9	5 082,9	4 719,0	5 109,7	6 390,2
Germany	20%	29%	32%	32%	26%
USA	26%	22%	27%	26%	24%
Netherlands	1%	-	2%	3%	5%
Czech Republic	-	-	-	2%	5%
Namibia	4%	3%	5%	4%	5%

Tyres (3)

Country	2020	2021	2022	2023	2024
Total (R million)	2 696,7	3 083,9	4 052,8	3 827,6	3 442,2
Netherlands	8%	7%	6%	9%	14%
USA	8%	11%	15%	16%	10%
Namibia	9%	8%	6%	7%	8%
Germany	3%	3%	4%	2%	8%
Botswana	7%	6%	5%	7%	7%

Transmission shafts and cranks (4)

Country	2020	2021	2022	2023	2024
Total (R million)	1 182,0	1 295,6	1 414,9	1 679,4	2 779,5
Zambia	8%	10%	10%	11%	13%
Zimbabwe	11%	9%	15%	9%	10%
Democratic Republic of Congo	7%	14%	13%	11%	10%
USA	2%	2%	3%	4%	9%
Botswana	4%	5%	4%	6%	7%

Engines (5)

Country	2020	2021	2022	2023	2024
Total (R million)	1 094,8	1 371,5	849,9	972,9	2 546,5
Zambia	13%	5%	15%	10%	21%
Mozambique	4%	11%	26%	16%	15%
Democratic Republic of Congo	4%	3%	4%	9%	11%
Botswana	5%	2%	4%	4%	10%
Namibia	4%	3%	4%	11%	10%

Axles (6)

Country	2020	2021	2022	2023	2024
Total (R million)	432,2	614,6	655,6	1 019,9	1 126,4
Germany	68%	71%	62%	66%	53%
USA	6%	8%	11%	15%	13%
Namibia	4%	3%	3%	2%	6%
Botswana	1%	1%	2%	1%	4%
Mozambique	1%	2%	3%	3%	3%

Clutches and shaft couplings (7)

Country	2020	2021	2022	2023	2024
Total (R million)	588,3	673,5	651,9	685,4	1 038,5
Germany	56%	56%	47%	58%	47%
Namibia	7%	7%	8%	7%	8%
Botswana	4%	4%	5%	5%	7%
Mozambique	3%	2%	3%	3%	4%
Zambia	2%	2%	2%	1%	4%

Automotive tooling (8)

Country	2020	2021	2022	2023	2024
Total (R million)	782,8	879,8	973,0	1 077,0	987,6
Mexico	6%	3%	5%	15%	27%
Namibia	5%	8%	11%	9%	8%
Zambia	3%	3%	5%	5%	7%
Angola	5%	1%	1%	4%	6%
France	2%	1%	-	1%	5%

Shock absorbers and suspension parts (9)

Country	2020	2021	2022	2023	2024
Total (R million)	492,4	430,2	392,8	438,0	967,2
Belgium	-	1%	1%	1%	32%
Germany	64%	64%	54%	48%	18%
Namibia	5%	7%	9%	10%	11%
Botswana	7%	6%	6%	6%	7%
Mozambique	1%	1%	3%	6%	6%

Gauges, instruments and parts (10)

Country	2020	2021	2022	2023	2024
Total (R million)	514,4	661,6	687,1	799,6	921,6
Namibia	8%	7%	8%	8%	13%
Botswana	9%	8%	10%	9%	11%
Democratic Republic of Congo	17%	20%	18%	17%	11%
Mozambique	12%	9%	10%	10%	10%
Zambia	8%	6%	9%	8%	10%

Automotive glass (11)

Country	2020	2021	2022	2023	2024
Total (R million)	532,3	528,5	547,3	555,7	807,8
Belgium	30%	34%	34%	27%	31%
UK	27%	22%	21%	19%	20%
Spain	6%	7%	7%	8%	10%
Germany	4%	6%	5%	14%	10%
France	8%	9%	10%	5%	6%

Lighting, signalling and wiping equipment (12)

Country	2020	2021	2022	2023	2024
Total (R million)	206,3	270,6	319,1	337,4	735,8
Namibia	16%	15%	17%	16%	15%
Botswana	10%	10%	10%	11%	12%
Germany	15%	14%	19%	15%	11%
USA	2%	1%	1%	9%	10%
Belgium	9%	12%	8%	6%	7%

Filters (13)

Country	2020	2021	2022	2023	2024
Total (R million)	560,6	660,2	607,3	608,6	720,8
Germany	29%	30%	20%	24%	21%
Namibia	11%	13%	15%	13%	16%
Botswana	7%	8%	10%	9%	11%
Zimbabwe	10%	10%	11%	10%	10%
Mozambique	7%	8%	10%	8%	9%

Brake parts (14)

Country	2020	2021	2022	2023	2024
Total (R million)	263,3	270,3	288,9	356,4	680,9
Namibia	14%	16%	18%	15%	19%
Botswana	12%	15%	12%	12%	18%
Mozambique	7%	9%	10%	11%	9%
Zambia	8%	11%	12%	8%	8%
eSwatini	11%	10%	12%	7%	8%

Body parts and panels (15)

Country	2020	2021	2022	2023	2024
Total (R million)	241,4	243,2	338,5	597,9	660,9
Germany	6%	19%	14%	23%	22%
Belgium	18%	19%	17%	13%	11%
Zambia	1%	2%	4%	11%	10%
Namibia	15%	13%	11%	7%	9%
Democratic Republic of Congo	2%	1%	2%	2%	9%

Silencers and exhausts (16)

Country	2020	2021	2022	2023	2024
Total (R million)	313,1	416,9	408,9	603,0	649,6
Germany	11%	8%	13%	14%	22%
Czech Republic	12%	22%	20%	17%	22%
USA	16%	18%	18%	16%	16%
Mexico	13%	11%	17%	16%	14%
South Korea	7%	6%	5%	4%	5%

Batteries (17)

Country	2020	2021	2022	2023	2024
Total (R million)	440,2	428,8	510,2	575,4	629,6
Zambia	19%	20%	23%	23%	25%
Namibia	19%	17%	21%	15%	17%
Zimbabwe	9%	10%	11%	15%	17%
eSwatini	5%	8%	7%	4%	8%
UK	11%	8%	8%	11%	7%

Ignition and starting equipment (18)

Country	2020	2021	2022	2023	2024
Total (R million)	283,4	278,3	307,5	317,2	478,3
Namibia	19%	20%	20%	21%	20%
Botswana	20%	22%	19%	19%	19%
Zimbabwe	8%	10%	11%	9%	8%
Zambia	14%	6%	7%	7%	8%
Mozambique	6%	7%	7%	7%	6%

Gear boxes (19)

Country	2020	2021	2022	2023	2024
Total (R million)	256,8	281,5	381,0	360,7	428,1
USA	14%	19%	16%	25%	19%
Botswana	5%	5%	6%	11%	14%
Democratic Republic of Congo	5%	10%	6%	11%	13%
Namibia	8%	9%	22%	12%	11%
Zambia	4%	16%	10%	4%	10%

Gaskets (20)

Country	2020	2021	2022	2023	2024
Total (R million)	185,7	225,5	219,0	222,2	324,5
Namibia	10%	9%	10%	13%	14%
Mozambique	13%	11%	11%	11%	11%
Zambia	11%	13%	14%	12%	11%
Democratic Republic of Congo	7%	9%	10%	10%	8%
Zimbabwe	7%	9%	9%	9%	7%

Alarm systems (21)

Country	2020	2021	2022	2023	2024
Total (R million)	81,9	91,8	104,5	138,0	294,5
UK	1%	2%	1%	-	14%
Namibia	8%	9%	9%	9%	11%
Zambia	6%	10%	8%	9%	11%
Zimbabwe	14%	10%	15%	11%	10%
Democratic Republic of Congo	5%	4%	6%	11%	9%

Stitched leather seats and parts (22)

Country	2020	2021	2022	2023	2024
Total (R million)	101,0	84,7	187,3	228,8	287,5
Hungary	-	-	-	-	39%
Brazil	1%	1%	1%	35%	26%
Morocco	-	-	2%	2%	5%
Germany	11%	20%	2%	5%	5%
Botswana	3%	5%	3%	3%	5%

Road wheels and parts (23)

Country	2020	2021	2022	2023	2024
Total (R million)	243,1	241,5	270,9	224,8	258,0
Argentina	30%	47%	47%	38%	24%
Germany	9%	11%	7%	8%	15%
Democratic Republic of Congo	1%	2%	3%	7%	13%
Namibia	5%	6%	8%	8%	12%
Belgium	2%	3%	2%	4%	5%

Radiators and parts (24)

Country	2020	2021	2022	2023	2024
Total (R million)	1 283,5	1 271,8	1 447,2	1 293,8	257,0
United Kingdom	-	-	-	-	19%
Namibia	1%	2%	2%	2%	15%
Botswana	1%	1%	1%	1%	11%
Belgium	6%	3%	2%	4%	11%
Germany	19%	16%	10%	6%	9%

Steering wheels, columns and boxes (25)

Country	2020	2021	2022	2023	2024
Total (R million)	58,7	71,0	139,2	113,3	216,5
USA	3%	2%	1%	12%	28%
Namibia	21%	21%	12%	15%	16%
Botswana	10%	11%	9%	12%	13%
Spain	8%	13%	12%	14%	5%
Democratic Republic of Congo	2%	4%	2%	1%	5%

Wiring harnesses (26)

Country	2020	2021	2022	2023	2024
Total (R million)	131,3	193,6	171,1	175,0	195,1
United Arab Emirates	9%	28%	28%	1%	14%
Germany	7%	5%	6%	11%	11%
Botswana	23%	16%	15%	14%	11%
Czech Republic	2%	1%	2%	1%	9%
Zambia	5%	6%	7%	7%	8%

Springs (27)

Country	2020	2021	2022	2023	2024
Total (R million)	68,0	73,9	89,2	133,8	129,9
Zimbabwe	7%	8%	5%	9%	23%
Germany	7%	10%	14%	8%	9%
Japan	6%	16%	8%	5%	7%
Zambia	4%	9%	11%	7%	7%
Botswana	4%	6%	5%	5%	7%

Air conditioners (28)

Country	2020	2021	2022	2023	2024
Total (R million)	70,4	35,3	47,8	56,3	68,2
Namibia	16%	18%	11%	11%	20%
Botswana	6%	11%	22%	27%	13%
Kenya	-	2%	2%	-	10%
Democratic Republic of Congo	2%	8%	3%	7%	9%
Lesotho	1%	5%	4%	-	8%

Seats (29)

Country	2020	2021	2022	2023	2024
Total (R million)	59,0	42,8	43,4	63,7	60,3
Botswana	9%	10%	14%	8%	15%
Namibia	8%	9%	9%	5%	15%
Zimbabwe	7%	12%	16%	11%	12%
Zambia	5%	8%	9%	9%	10%
Australia	6%	11%	3%	9%	8%

Jacks (30)

Country	2020	2021	2022	2023	2024
Total (R million)	34,0	36,1	60,1	39,5	45,8
Zambia	10%	12%	9%	9%	21%
Zimbabwe	19%	15%	15%	13%	14%
Botswana	7%	8%	28%	11%	12%
Namibia	10%	12%	8%	11%	11%
Mozambique	6%	13%	11%	11%	8%

Car radios (31)

Country	2020	2021	2022	2023	2024
Total (R million)	27,7	20,2	23,9	39,2	21,0
Botswana	31%	43%	21%	10%	32%
Namibia	20%	29%	23%	5%	24%
eSwatini	5%	10%	5%	-	9%
Bangladesh	-	-	-	-	7%
Zambia	1%	2%	3%	3%	5%

Seat belts (32)

Country	2020	2021	2022	2023	2024
Total (R million)	8,2	7,7	17,1	13,0	13,8
Namibia	19%	18%	12%	18%	32%
Botswana	12%	12%	8%	12%	12%
Belgium	6%	10%	4%	22%	7%
Germany	4%	2%	-	-	7%
Mozambique	5%	8%	-	-	7%



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AUTOMOTIVE COMPONENTS – EXPORTS BY COUNTRY

The global automotive component industry is navigating a period of significant transformation, influenced by technological advancements, shifting market dynamics, and evolving regulatory landscapes. Globally, intensifying pressures on the world's economic interconnectedness, international political developments, intensifying trade tensions, supply chain realignments, and security concerns continued to remain prominent in 2024. These shifts are likely to continue and result in escalating costs in 2025 and beyond. In Europe, stringent CO₂ emission regulations, effective from January 2025, are accelerating the shift towards battery electric vehicles (BEVs). OEMs are ramping up BEV production to avoid penalties, however, the influx of affordable and technologically advanced Chinese BEVs presents competitive challenges, which have prompted trade barriers and domestic production partnerships to safeguard the European automotive sector. In North America, tariff implementations will be influencing automotive suppliers to reconsider their production strategies.

Responses from automotive component suppliers to the increasing fragmentation of the global economy are expected to include the restructuring of supply chains, regionalising of operations and focusing on core markets. The technological and societal changes are not only forcing automotive companies around the world to make changes to their products and services, but also to their production technology and supply chains. Many countries are reconfiguring their supply chains, bringing them closer to home to promote economic resilience and address strategic vulnerabilities. While some companies have been decreasing the length of their supply chains owing to geopolitical events, others have expanded into more stable and transparent markets.

The automotive components industry at present is furthermore at a pivotal juncture, balancing the pursuit of innovation with the need to navigate complex market and regulatory environments. Zero-emission vehicle mandates are at the heart of policies driving the early uptake of EVs in key regions. Green supply chains, focusing on reduced emissions, have become an industry standard. The ongoing transition towards electrification, coupled with advancements in vehicle connectivity and autonomy, present both opportunities and challenges. Success in this evolving landscape will depend on strategic investments, agile supply chain management, and the ability to adapt to regional market conditions. These developments underscore the automotive industry's commitment to innovation, collaboration, and strategic growth, paving the way for more advanced, efficient, and safer vehicles in the future.

Regarding geopolitical actions, resilience is the main capability to be developed within supply chains and manufacturing companies, in terms of redesigning supply chains. Automotive component suppliers have been exploring alternative sourcing strategies to address disruptions caused by geopolitical tensions. As the sector continues to evolve, collaboration between OEMs, automotive component suppliers, and governments will be essential to navigate challenges and capitalise on emerging opportunities. Agility is going to be key to sustaining, and ideally, growing business operations. The technology race, geopolitical fragmentation and the industrial programmes of many countries will reshape regional industrial centres and global value chains. At no time in recent history have developing economies had a better opportunity to level the playing field in global supply chain dynamics and manufacturing capacity.

It remains crucial to keep innovation at the heart of manufacturing transformations. Radical innovations will make businesses competitive and sustainable in the long run. The importance of encouraging component suppliers to think beyond the present and to prepare for the future remains imperative. Change is inevitable, and risk cannot be eliminated, but developing good strategies for managing both, and pursuing best

practices remain crucial. Sustainability should preferably be viewed as a business opportunity, as it would drive the creation of new technologies and workforce dynamics.

In a South African context, maintaining an agile supply chain and efficient manufacturing operations have never been of greater importance than in the wake of the global disruptions. These transformations simultaneously pose threats to and create opportunities for the South African automotive component manufacturing industry. In view of fundamental changes in manufacturing processes and methodologies, it is clear that quality management, materials management and supply chain logistics of automotive component suppliers remain under increasing pressure to rapidly identify and embed critical skills to secure their global competitiveness. In this regard, the Automotive Supply Chain Competitiveness Initiative (ASCCI), a national non-profit initiative jointly established by government (the DTIC), industry (NAACAM and **naamsa**) and labour (NUMSA) was established in December 2013 to:

- Facilitate, co-ordinate and oversee supplier competitiveness improvement initiatives in the South African automotive industry; and
- Set the strategic direction for specific practically oriented competitiveness improvement projects to drive localisation.

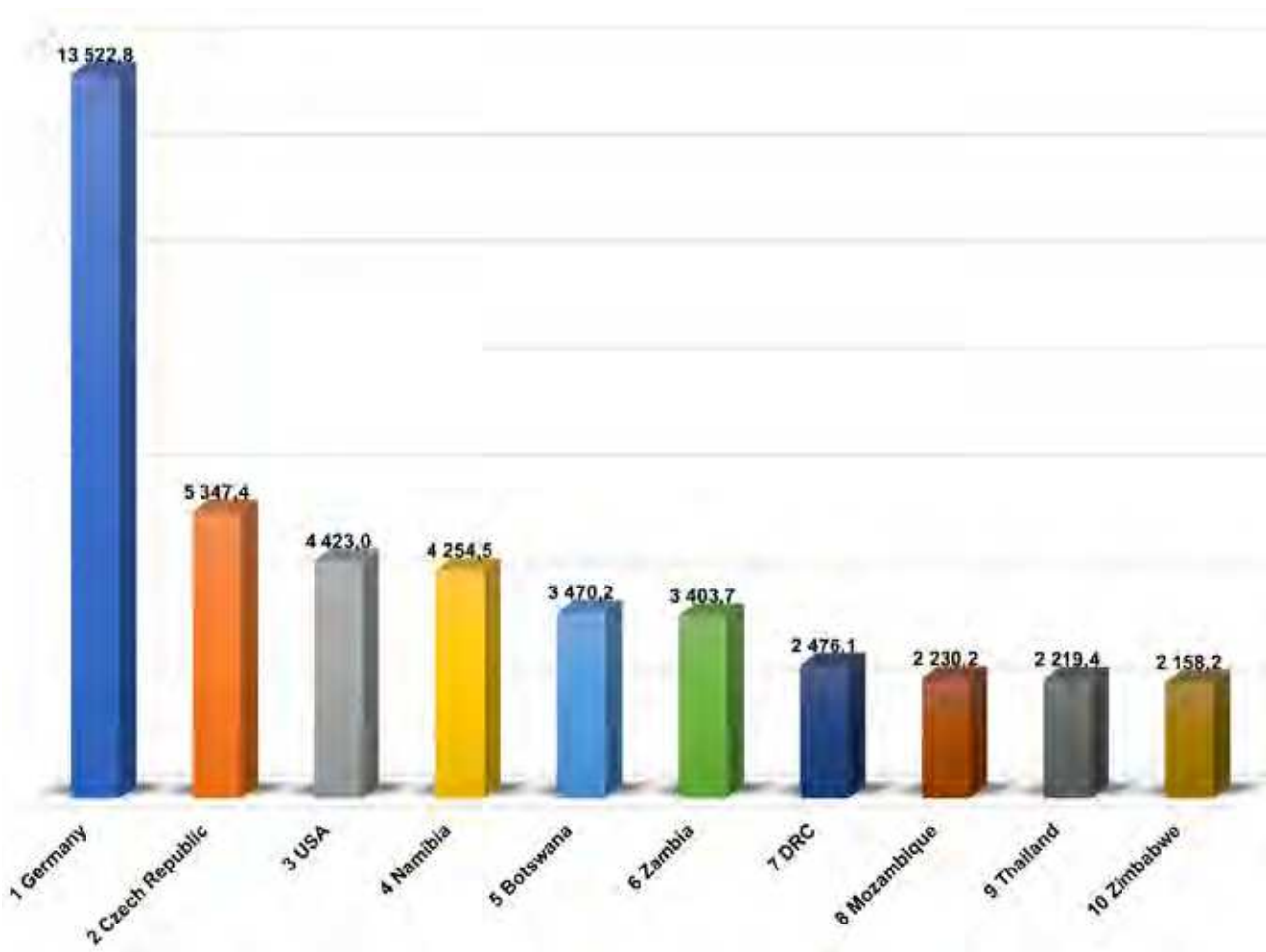
The objectives of ASCCI include to increase supplier manufacturing value-add, enable domestic supply chain capabilities, increase local content, grow employment, and advance transformation. Against the backdrop of the current low average levels of local content in domestically manufactured vehicles and the targets outlined in the SAAM 2035, a key priority for ASCCI is to deepen domestic manufacturing value-addition through localisation, by developing opportunities for the domestic sourcing of components at Tier 1 and 2 levels. In supporting sub-tier suppliers to unlock competitiveness gains, ASCCI has implemented a World Class Manufacturing (WCM) programme, with the focus on lean principles and production optimisation methodologies.

The subsidised programme has supported nearly 170 component suppliers since its inception and continues to identify new automotive component suppliers to support. In 2024, the WCM interventions increasingly supported lower tier, Black-owned suppliers to support production optimisation, with the end goal of matching suppliers with localisation opportunities identified via ASCCI's Localisation Working Groups (LWGs). The increase of domestic value-addition is key, not only for the sustainability of the South African automotive industry, but also to allow the multitude of benefits that the sector delivers to be felt more widely across the economy.

Additionally, ASCCI has supported the delivery of key research projects to provide a holistic view on two key barriers to localisation, namely, access to global technology licences and the development of domestic testing infrastructure. In the "Access to Technology" study, ASCCI investigated the new component technologies which will be required across a multitude of vehicle propulsion systems. Once priority technologies had been identified, a deep dive into the market, investment and manufacturing trends of the global license holders was undertaken, to support the identification of new component systems and technologies which could be manufactured domestically in future. In the "Develop Testing Infrastructure" study, ASCCI reviewed the domestic technical infrastructure ecosystem to ascertain whether the domestic testing laboratories (public and private) will meet the future vehicle and component testing requirements of the sector, and subsequently, made recommendations of new investments which need to be made. ASCCI highlights not only the need for focused interventions, but also the value of co-operation among industry stakeholders to ensure the success of these initiatives.



Top automotive component export destinations by value – 2024 (R million)



Source: **naamsa**, SARS

Germany and other developed markets, along with South Africa’s neighbouring countries, have remained the South African automotive industry’s top export destinations for component exports over the past three decades. However, adapting to global shifts towards electric mobility will be crucial for sustaining and enhancing growth in the coming years. The following table reveals the domestic automotive industry’s top automotive component export destinations by value and country ranking for 2023 to 2024.

However, adapting to global shifts towards electric mobility will be crucial.

Automotive component export value and ranking by country – 2023 to 2024

Country	2023 R million	2023 Ranking	2024 R million	2024 Ranking
Germany	15 723,3	1	13 522,8	1
Czech Republic	7 130,4	3	5 347,4	2
USA	7 830,5	2	4 423,0	3
Namibia	2 913,1	4	4 254,5	4
Botswana	2 360,8	6	3 470,2	5
Zambia	2 088,1	9	3 403,7	6
Democratic Republic of Congo	2 125,8	8	2 476,1	7
Mozambique	1 621,6	12	2 230,2	8
Thailand	2 187,8	7	2 219,4	9
Zimbabwe	1 765,7	11	2 158,2	10
UK	2 384,8	5	1 566,0	11
Belgium	1 473,1	14	1 515,9	12
Turkey	1 085,8	16	1 165,6	13
Netherlands	1 322,9	15	1 049,6	14
eSwatini (formerly Swaziland)	831,2	19	1 044,8	15
Brazil	1 530,1	13	913,0	16
Argentina	866,6	18	855,7	17
Lesotho	554,1	21	745,6	18
Australia	597,6	20	723,9	19
Spain	2 062,3	10	718,4	20
Japan	1 028,0	17	704,6	21
Angola	526,0	22	574,9	22
United Arab Emirates	440,9	-	500,8	23

Source: AIEC, SARS

The following tables reveal the automotive component export details for the 23 export destinations recording an export value above R500 million of the total automotive component export value of R63,4 billion in 2024. It should be noted that various miscellaneous parts and sub-components, eligible in terms of the APDP and APDP2 classifiable in the Customs Tariff as “other parts”, have not been included in the tables.

(1) Country	Germany R13 522,8 million				
	1 Catalytic converters R8 110,1	2 Engine parts R1 650,0	3 Axles R596,8	4 Clutches / shaft couplings R493,2	5 Tyres R281,9
	6 Engines R232,0	7 Shock absorbers / suspension parts R178,5	8 Filters R151,3	9 Body parts / panels R148,2	10 Silencers / exhausts R143,3

(2) Country	Czech Republic R5 347,4 million				
	1 Catalytic converters R4 820,9	2 Engine parts R326,4	3 Silencers / exhausts R140,8	4 Wiring harnesses R18,4	5 Shock absorbers / suspension parts R3,5
	6 Gaskets R2,5	7 Stitched leather seats / parts R1,2	8 Lighting equipment / parts R1,0	9 Seats R0,6	10 Automotive tooling R0,5

(3) Country	USA R4 423,0 million				
	1 Engine Parts R1 535,7	2 Catalytic converters R796,3	3 Tyres R333,5	4 Transmission shafts / cranks R258,1	5 Axles R145,8
	6 Silencers / exhausts R101,8	7 Gear boxes R83,4	8 Lighting equipment / parts R70,3	9 Engines R62,7	10 Steering wheels / columns / boxes R59,9

(4) Country	Namibia R4 254,5 million				
	1 Engine parts R324,9	2 Tyres R288,7	3 Engines R246,7	4 Transmission shafts / cranks R188,0	5 Brake parts R131,2
	6 Filters R118,4	7 Gauges / instruments / parts R118,1	8 Batteries R109,5	9 Shock absorbers / suspension parts R108,4	10 Lighting equipment / parts R106,9

(5) Country	Botswana R3 470,2 million				
	1 Engines R254,2	2 Tyres R232,7	3 Transmission shafts / cranks R198,8	4 Engine parts R177,1	5 Brake parts R119,9
	6 Gauges / instruments / parts R100,7	7 Ignition / starting equipment R90,0	8 Lighting equipment / parts R89,5	9 Filters R82,8	10 Clutches / shaft couplings R70,2



(6) Country	Zambia R3 403,7 million				
	1 Engines R524,8	2 Transmission shafts / cranks R352,2	3 Engine parts R169,8	4 Batteries R155,7	5 Tyres R94,8
	6 Gauges / instruments / parts R93,3	7 Filters R66,0	8 Automotive tooling R64,6	9 Body parts / panels R63,9	10 Brake parts R56,8

(7) Country	Democratic Republic of Congo R2 476,1 million				
	1 Transmission shafts / cranks R273,7	2 Engines R268,9	3 Engine parts R145,9	4 Gauges / instruments / parts R97,6	5 Body parts / panels R60,8
	6 Gear boxes R56,3	7 Automotive tooling R45,2	8 Axles R37,2	9 Road wheels / parts R34,0	10 Ignition / starting equipment R29,5

(8) Country	Mozambique R2 230,2 million				
	1 Engines R385,6	2 Transmission shafts / cranks R188,7	3 Engine parts R100,5	4 Gauges / instruments / parts R94,6	5 Filters R66,9
	6 Brake parts R61,3	7 Shock absorbers / suspension parts R57,7	8 Tyres R54,7	9 Clutches / shaft couplings R43,3	10 Batteries R39,3

(9) Country	Thailand R2 219,4 million				
	1 Catalytic converters R1 452,0	2 Tyres R52,8	3 Engines R19,7	4 Clutches / shaft couplings R18,0	5 Automotive glass R8,6
	6 Engine parts R6,0	7 Gauges / instruments / parts R5,4	8 Ignition / starting equipment R5,3	9 Brake parts R3,2	10 Lighting equipment / parts R3,1

(10) Country	Zimbabwe R2 158,2 million				
	1 Transmission shafts / cranks R279,7	2 Tyres R176,0	3 Engine parts R108,9	4 Batteries R104,2	5 Filters R71,9
	6 Gauges / instruments / parts R49,8	7 Ignition / starting equipment R39,9	8 Brake parts R36,5	9 Clutches / shaft couplings R36,2	10 Engines R32,5

(11) Country	United Kingdom (UK) R1 566,0 million				
	1 Catalytic converters R588,2	2 Tyres R172,5	3 Automotive glass R164,3	4 Engine parts R65,0	5 Engines R58,8
	6 Radiators / parts R48,4	7 Batteries R45,5	8 Alarm systems R40,0	9 Lighting equipment / parts R22,8	10 Transmission shafts / cranks R21,2

(12) Country	Belgium R1 515,9 million				
	1 Shock absorbers / suspension parts R312,3	2 Automotive glass R253,2	3 Tyres R196,2	4 Transmission shafts / cranks R141,7	5 Engine parts R90,4
	6 Body parts / panels R74,8	7 Lighting equipment / parts R54,2	8 Engines R32,7	9 Radiators / parts R28,7	10 Clutches / shaft couplings R28,4

(13) Country	Turkey R1 165,6 million				
	1 Catalytic converters R1 082,3	2 Tyres R16,3	3 Transmission shafts / cranks R10,9	4 Silencers / exhausts R10,6	5 Engines R4,9
	6 Body parts / panels R4,4	7 Automotive tooling R3,2	8 Engine parts R3,1	9 Gauges / instruments / parts R1,3	10 Gaskets R0,4

(14) Country	Netherlands R1 049,6 million				
	1 Tyres R483,0	2 Engine parts R349,7	3 Catalytic converters R90,9	4 Automotive tooling R14,9	5 Transmission shafts / cranks R9,8
	6 Body parts / panels R7,5	7 Engines R3,4	8 Gauges / instruments / parts R3,0	9 Clutches / shaft couplings R1,5	10 Axles R1,3

(15) Country	eSwatini R1 044,8 million				
	1 Tyres R125,1	2 Engine parts R54,6	3 Brake parts R54,4	4 Batteries R47,7	5 Transmission shafts / cranks R47,5
	6 Gauges / instruments / parts R27,6	7 Ignition / starting equipment R25,6	8 Filters R23,5	9 Lighting equipment / parts R23,4	10 Body parts / panels R22,2

(16) Country	Brazil R913,0 million				
	1 Catalytic converters R560,9	2 Engine parts R114,3	3 Stitched leather seats / parts R73,8	4 Engines R41,4	5 Clutches / shaft couplings R10,1
	6 Tyres R8,7	7 Automotive tooling R8,1	8 Gaskets R7,4	9 Transmission shafts / cranks R7,1	10 Silencers / exhausts R4,4

(17) Country	Argentina R855,7 million				
	1 Catalytic converters R707,5	2 Road wheels / parts R63,0	3 Engines R4,2	4 Transmission shafts / cranks R4,1	5 Silencers / exhausts R3,2
	6 Engine parts R1,8	7 Stitched leather seats / parts R1,4	8 Body parts / panels R1,0	9 Lighting equipment / parts R0,8	10 Axles R0,7

(18) Country	Lesotho R745,6 million				
	1 Tyres R94,1	2 Transmission shafts / cranks R32,5	3 Brake parts R30,8	4 Engine parts R21,6	5 Lighting equipment / parts R21,4
	6 Ignition / starting equipment R15,6	7 Engines R14,7	8 Shock absorbers / suspension parts R14,1	9 Filters R14,0	10 Clutches / shaft couplings R9,6

(19) Country	Australia R723,9 million				
	1 Tyres R90,6	2 Body parts / panels R49,5	3 Engines R47,2	4 Automotive tooling R39,6	5 Transmission shafts / cranks R39,6
	6 Catalytic converters R37,3	7 Engine parts R25,0	8 Alarm systems R9,1	9 Gauges / instruments / parts R9,0	10 Silencers / exhausts R8,5



(20) Country	Spain R718,4 million				
	1 Catalytic converters R438,2	2 Engine parts R89,9	3 Automotive glass R82,7	4 Steering wheels / columns / boxes R11,5	5 Silencers / exhausts R9,6
	6 Wiring harnesses R3,4	7 Tyres R3,4	8 Ignition / starting equipment R2,3	9 Transmission shafts / cranks R2,2	10 Lighting equipment / parts R1,3

(21) Country	Japan R704,6 million				
	1 Engine parts R26,4	2 Brake parts R13,6	3 Tyres R12,6	4 Springs R9,7	5 Clutches / shaft couplings R5,2
	6 Shock absorbers / suspension parts R3,8	7 Catalytic converters R3,6	8 Steering wheels / columns / boxes R3,5	9 Transmission shafts / cranks R3,0	10 Stitched leather seats / parts R1,6

(22) Country	Angola R574,9 million				
	1 Engines R69,6	2 Automotive tooling R58,9	3 Engine parts R58,5	4 Gauges / instruments / parts R45,1	5 Transmission shafts / cranks R42,8
	6 Tyres R33,4	7 Filters R11,1	8 Ignition / starting equipment R10,5	9 Gaskets R10,0	10 Brake parts R9,4

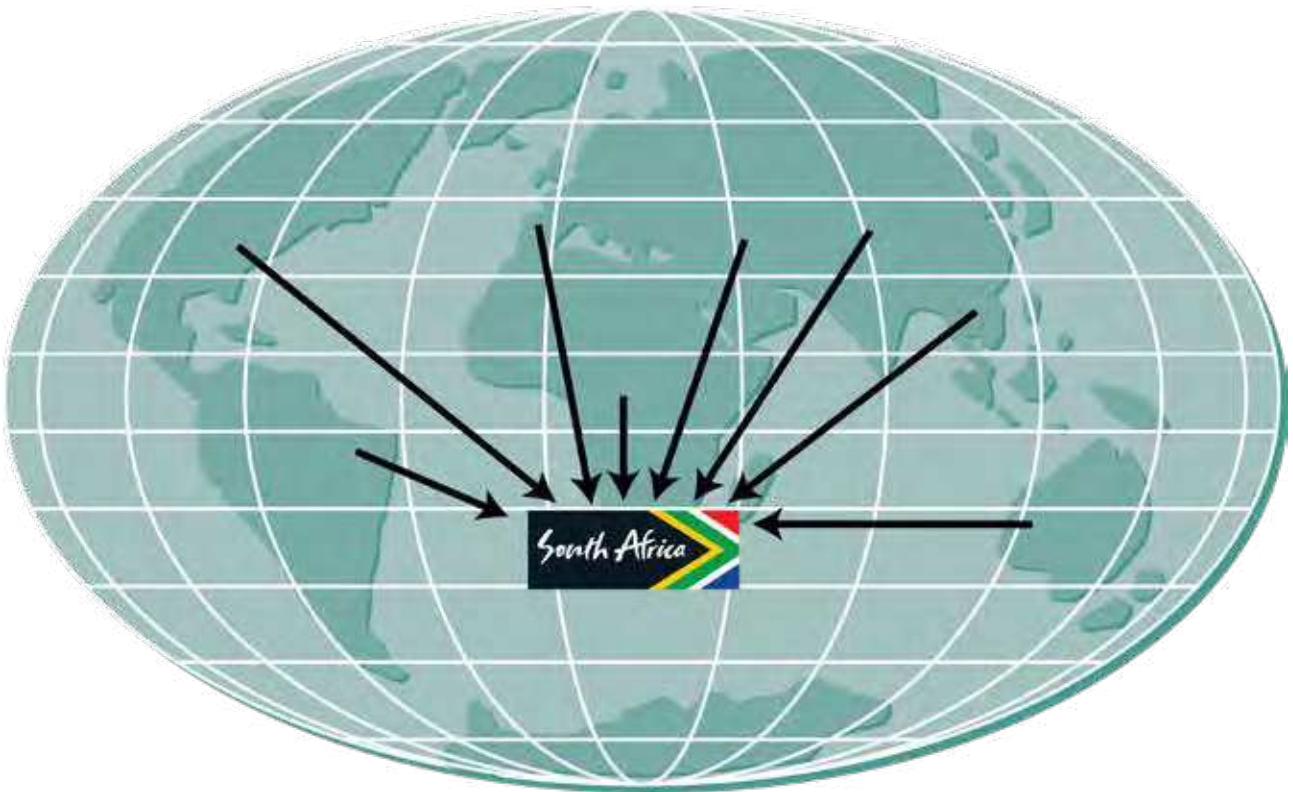
(23) Country	United Arab Emirates R500,8 million				
	1 Tyres R40,2	2 Transmission shafts / cranks R37,1	3 Wiring harnesses R27,3	4 Automotive tooling R19,9	5 Engines R16,8
	6 Axles R14,5	7 Engine parts R14,2	8 Shock absorbers / suspension parts R10,7	9 Ignition / starting equipment R10,5	10 Gauges / instruments / parts R6,0



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IMPORTS



Amid some challenges, the global economy has shown resilience in 2024, however, the world is experiencing extreme levels of uncertainty heading into 2025. Trade tensions have escalated, and longstanding geopolitical relationships are shifting abruptly. Escalating protectionist measures, geopolitical tensions, and trade disruptions could spike commodity prices and reignite inflation. The evolving power dynamics, compounded by ongoing global trade disputes, have prompted developing nations to adopt more pragmatic and responsible diplomatic relations.

Imports are vital for a country's economic health and global integration, and especially in the automotive industry, imports are integral to globalised economies where production is often distributed across borders. However, balancing imports with domestic production and exports is key to sustainable development, as over-dependence on imports for critical goods can expose countries to vulnerabilities, such as trade imbalances, supply chain disruptions or geopolitical tensions.

The new energy economy that is emerging presents major opportunities for countries looking to manufacture clean technologies, their components and related materials. The inevitable transition to NEVs presents unique opportunities for the domestic automotive industry in collaborating with external partners, sourcing sustainable innovations, and driving growth through environmentally responsible choices.



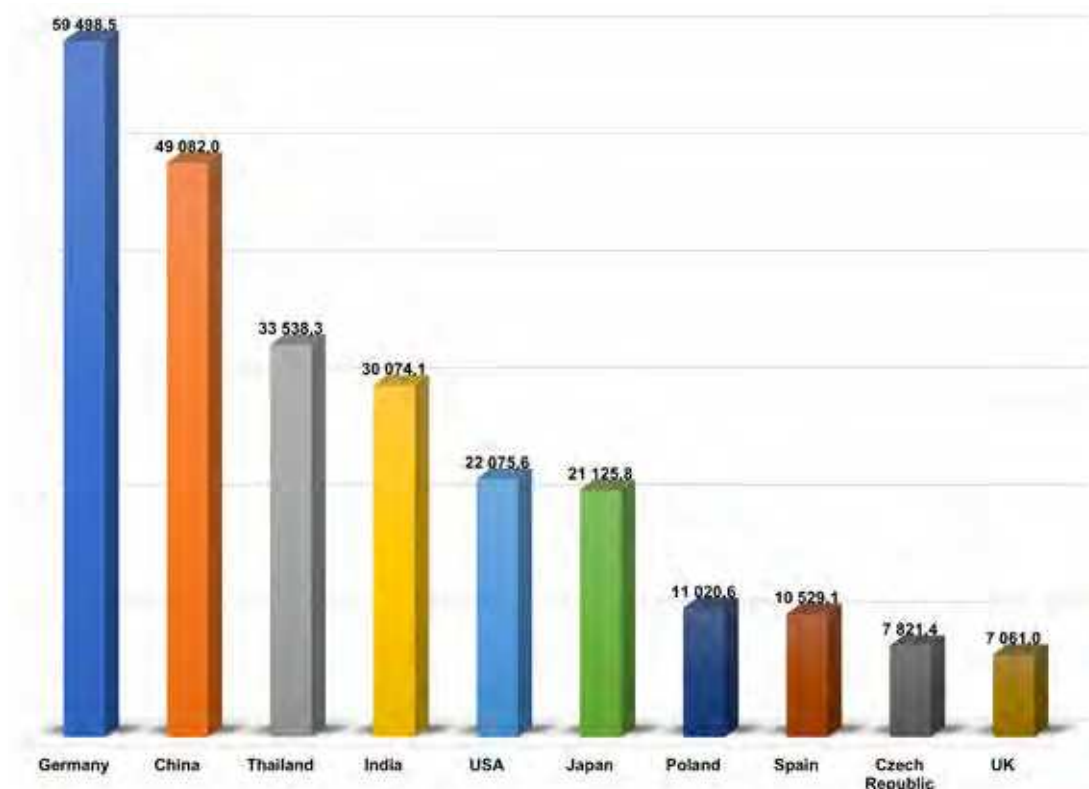
IMPORTS BY COUNTRY OF ORIGIN

Vehicle and automotive component imports in 2024 originated from 66 countries. The diverse sources of South Africa's automotive imports reflect a blend of European, American and Asian manufacturing influences. The relevance of automotive vehicle and component imports lies in their role in meeting market demand, supporting industrial growth, and advancing technology. Imports play a meaningful role in South Africa's economy through various channels, including job creation, investment, revenue generation, consumer choice, market competition, technology and skills transfer, and aftermarket services, amongst others.

Imports of new vehicles, original equipment components, as well as aftermarket parts into South Africa are affected by movements in the Rand exchange rate against the exchange rates of the source countries. Depending on the particular firm's balance of trade, the impact of exchange rate fluctuations may vary. Against the Japanese Yen, the Rand appreciated by 7,8% on an annual average basis in 2024, against the Chinese Yuan it appreciated by 2,3%, against the US Dollar it appreciated by 0,7%, against the Euro it appreciated by 0,6%, and against the Pound it depreciated by 2,1%.

The countries of origin for vehicles and automotive components imported into South Africa generally reflect the global linkages with the head offices of parent companies. The notable exceptions amongst the top countries of origin in 2024 were Thailand, where 72,0% of imports comprised original equipment components for light commercial vehicles, and China, where 54,1% of the imports comprised aftermarket parts.

Top automotive countries of origin – 2024 (R million)



Source: **naamsa**/Lightstone Auto, SARS

The following table reveals the import values and rankings for the 66 countries of origin for vehicles and automotive component imports into South Africa, above the R20 million threshold, for 2023 and 2024. From 2023 to 2024, the import values of Bulgaria, Lesotho, Serbia, Namibia, Lithuania, Cambodia, Moldova, Estonia and Mozambique more than doubled on a year-on-year basis.

Import value and ranking by country of origin – 2023 to 2024

Country	2023 R million	2023 Ranking	2024 R million	2024 Ranking
Germany	78 001,4	1	59 498,5	1
China	34 570,8	3	49 082,0	2
Thailand	39 392,4	2	33 538,3	3
India	31 162,4	4	30 074,1	4
USA	23 807,2	6	22 075,6	5
Japan	25 898,5	5	21 125,8	6
Poland	5 632,5	10	11 020,6	7
Spain	11 808,5	7	10 529,1	8
Czech Republic	5 953,7	9	7 821,4	9
UK	7 580,7	8	7 061,0	10
Brazil	5 154,5	13	6 036,2	11
Mexico	5 124,4	14	5 979,9	12
Romania	3 562,0	18	5 711,5	13
Sweden	5 317,3	12	5 705,6	14
Austria	5 526,4	11	5 578,7	15
Italy	4 535,3	15	5 373,1	16
Hungary	3 426,9	19	4 729,9	17
Slovak Republic	3 773,8	17	3 721,9	18
France	3 024,1	22	3 493,9	19
South Korea	4 463,5	16	3 402,7	20
Turkey	3 285,9	20	3 028,3	21
Portugal	3 061,0	21	2 303,7	22
Netherlands	1 574,6	24	2 176,5	23
Botswana	2 430,3	23	1 999,6	24
Vietnam	762,8	31	1 318,1	25
Indonesia	1 201,0	27	1 259,5	26
Taiwan	1 237,1	26	1 231,1	27
Malaysia	1 123,9	29	1 098,1	28
28 COUNTRIES ABOVE R1 BILLION				
Belgium	1 446,3	25	944,1	29
Argentina	805,0	30	933,9	30
Philippines	1 140,1	28	682,5	31
Finland	502,0	33	681,1	32
Bulgaria*	231,5	41	639,0	33
Lesotho*	0,6	-	592,6	34

Slovenia	655,3	32	584,1	35
Switzerland	431,6	34	530,7	36
Australia	398,0	35	499,4	37
Morocco	282,2	39	465,9	38
United Arab Emirates	337,6	37	463,3	39
Canada	355,2	36	429,6	40
Denmark	284,1	38	425,1	41
Singapore	260,9	40	257,9	42
Serbia*	41,0	53	250,4	43
Tunisia	178,8	42	211,6	44
Israel	161,2	43	173,7	45
Macedonia	84,4	47	136,9	46
Namibia*	19,3	-	115,4	47
Luxembourg	133,1	44	106,2	48
Lithuania*	38,2	54	101,5	49
49 COUNTRIES ABOVE R100 MILLION				
Ireland	91,6	46	82,4	50
Cambodia*	18,5	-	77,3	51
Moldova*	1,6	-	75,6	52
Ukraine	70,8	48	74,7	53
Hong Kong, China	52,7	49	66,4	54
Croatia	130,8	45	65,1	55
Bosnia & Herzegovina	42,2	51	64,9	56
Estonia*	25,6	58	56,5	57
Norway	37,0	55	50,3	58
Malta	42,0	52	47,1	59
Saudi Arabia	24,7	59	30,5	60
Colombia	31,8	57	26,0	61
Mozambique*	6,5	-	22,9	62
New Zealand	23,4	60	21,7	63
Egypt	20,2	62	21,2	64
Latvia	32,6	56	21,1	65
Mauritius	10,6	-	20,9	66
66 COUNTRIES ABOVE R20 MILLION				

Source: **naamsa**, SARS

*Countries with import values more than doubling year-on-year



IMPORTS OF VEHICLES



Source: **naamsa**/Lightstone Auto

Modern consumers demand access to all the latest technologies and models available globally, but at an affordable price. New vehicle demand in South Africa is met by a range of domestically manufactured and imported models, and consumers are therefore spoiled for choice in the domestic market. The essence of the automotive policy regime in South Africa is to encourage the OEMs to manufacture one or two high volume models, export to obtain economies of scale benefits, and then import the low volume models not manufactured in the country to satisfy consumer demand.

Imports of light vehicles (passenger cars and light commercial vehicles) increased by 7 588 units, or 2,6% from 296 767 units in 2023 to 304 355 units in 2024. Passenger car imports accounted for 78,0% of total passenger car sales of 351 555 units in 2024, while light commercial vehicle imports accounted for 22,6% of total light commercial vehicle sales of 133 251 units in 2024. Considering the 2,0% contribution by the retail sector to the GDP in 2024, the independent vehicle importers and distributors also play a meaningful role in South Africa's economy through various channels in the retail sector.

New light vehicles imported into South Africa originated from 24 countries. Emerging brands, primarily from India and China, continued to gain traction by selling high volumes of lower-priced models. The rising demand for affordable vehicles has been creating new opportunities for brands to enter the domestic market while offering consumers a wider variety of choices. This trend also underscores South Africa's increasing reliance on imported vehicles, particularly from cost-efficient production hubs like India and China. South Africa welcomed no less than six different Chinese brands in 2024, on top of the three brands that launched in 2023. Altogether, there were 14 different brands from China operating in the domestic new vehicle market in 2024, with more to follow in 2025.

South Africa has become a very price-conscious market, and consumers are increasingly favouring vehicles that offer features comparable to premium brands, but at a more affordable price point. Chinese brands in particular have leveraged the search for value to grow quickly in South Africa over the recent past. While Chinese brands are very affordable, they are also generally competitive in terms of technology and luxury. Chinese car brands have returned to the domestic market at an opportune time, with tough economic conditions pushing consumers to buy down. China has increasingly presented itself as an export hub for vehicles, with Western brands producing an increasing number of their models in the country.

The top country of origin, in volume terms, for passenger cars and LCVs imported into South Africa in 2024 was India, with 173 742 vehicles, accounting for 57,1% of the total light vehicles imported, while China cemented its second position, accounting for 17,1%. Several global brands have established India as a production hub for small car plants, and most of the vehicles imported from India fell in the small car and entry-level segments. Volkswagen's Polo Vivo was the only vehicle in these segments that was manufactured in South Africa in 2024.

The following table reveals that in volume terms, India, followed by China, Germany, Japan and Spain were the top countries of origin for vehicles imported into South Africa in 2024. In Rand value terms, India was also the main country of origin, followed by China and Germany, of which imports included premium brands such as Audi, BMW, Mercedes-Benz and Porsche.

Top 10 countries of origin for light vehicles (passenger cars and light commercial vehicles) imported – 2020 to 2024

Country of origin	2020	2021	2022	2023	2024	2024
Total (R billion)	36,6	50,9	79,1	83,3	74,8	Import Rand value %
India	87 036	128 715	176 486	160 509	173 742	32,9%
China	10 427	21 656	35 052	39 290	52 067	17,8%
Germany	21 855	20 045	19 968	19 657	17 012	12,0%
Japan	22 536	24 578	18 785	18 254	12 705	8,4%
Spain	10 702	11 988	18 158	13 095	9 513	4,0%
Thailand	4 561	2 342	4 537	6 866	6 346	4,7%
South Korea	14 854	17 953	19 288	13 295	5 737	1,8%
Portugal	255	3 610	2 419	2 218	4 133	0,9%
USA	3 514	3 252	4 916	4 116	3 925	4,6%
France	2 110	2 184	2 554	1 505	3 019	0,6%
Other	26 721	25 956	20 621	17 962	16 156	12,3%
Number of light vehicle imports	204 571	262 279	322 784	296 767	304 355	100%
Total light vehicle market	357 451	437 416	499 393	498 867	484 808	
% of new light vehicle market imported	57,2%	60,0%	64,6%	59,5%	62,8%	
Passenger car imports as % of total	76,1%	78,3%	80,3%	77,2%	78,0%	
LCV imports as % of total	15,3%	18,1%	23,5%	18,8%	22,6%	

Source: **naamsa**/Lightstone Auto, SARS

The global OEM production and trade system enables the production of all their required models across several production centres globally, linked to global demand patterns. The growth in the variety of vehicles in South Africa is a direct result of government's automotive policy regime whereby OEMs earn duty credits

in the form of Production Rebate Certificates (PRCs) which they can use to cost-effectively import other low volume models not manufactured in the country. Vehicles manufactured in South Africa are mainly for the export market in order to obtain higher production volumes but also to generate rebate credits so that the imported vehicles and growing choices demanded by a consumer-driven market can be offered at more favourable prices by rebating the relevant import duties.

While the growth in vehicle imports provide South African consumers with more affordable vehicle options, they place substantial pressure on the domestic OEMs and the long-established importing brands. To mitigate risks, it remains essential to find innovative ways to enhance domestic vehicle production and to remain competitive. In this regard, the established brands in the country are responding to the import disruption by way of aggressive marketing, sales incentives, innovative financial solutions and new model launches to compete. After-sales support also remains imperative, and at present, established players in the market aim to capitalise on this aspect until such time that new entrants have built out their dealer networks.

A process of homologation is required before any motor vehicle model, whether domestically manufactured or imported, can be introduced into the South African market. The National Regulator for Compulsory Specifications (NRCS) is tasked with ensuring public safety and environmental protection. The homologation procedure of the NRCS intends to ensure that all new vehicle models comply with the relevant South African legislation, standards and specifications, as well as codes of practice, before use by the public on public roads. More information on the NRCS can be accessed at www.nrcs.org.za.

The National Transport Information System (NaTIS) combats stolen and non-complying vehicle registrations. All vehicle manufacturing plants in South Africa have been linked to the on-line system to facilitate the collation of data related to vehicles manufactured. More information on the NaTIS can be accessed at www.rtmco.co.za.

Used vehicle imports are not allowed into South Africa. However, there are certain criteria allowing people to import a specified used vehicle from another country completely legally, but this is strictly controlled. According to the International Trade Administration Commission of South Africa (ITAC), the importation of vehicles to the country is only allowed under the following circumstances:

- The vehicle was owned by an immigrant in another country prior to getting a permanent residence permit issued by the Department of Home Affairs.
- The vehicle was owned by a returning South African resident who had it registered in their name for at least six months while employed abroad.
- A physically disabled person requires a specially modified vehicle and can supply relevant supporting documents.
- The imported car is a racing vehicle, and the applicant is a national or international racing driver.
- The car is considered a vintage model, being 40 years or older, or is regarded as a collectable.

Should a particular model not satisfy one or more of these conditions, the application for importation will not be considered. The stringent rules and regulations that guide the importing of used cars intend to protect the domestic vehicle manufacturing industry, whilst simultaneously ensuring that the millions of cars traversing the country's roads every day meet the necessary safety standards. More information with respect to used vehicle imports and relevant permit application forms can be accessed at www.itac.org.za. Left-hand drive vehicles are also not allowed in the country.

AUTOMOTIVE PARTS AND COMPONENTS – IMPORTS

The automotive supply chain is a complex, multi-tiered network that spans the entire lifecycle of a vehicle, from raw material extraction to final delivery of the complete product to consumers. The OEMs are the key drivers of the supply chain and have significant power to shape the value chains through the scale and specification of their orders. First-tier suppliers are major suppliers that provide critical parts and systems directly to the OEMs, such as engines, transmissions, electronics, and safety systems, while lower tier suppliers provide sub-components or materials to the first-tier suppliers.

The seven domestic manufacturing OEMs in South Africa, with another two on the horizon, operate within global supply chains. Global sourcing in the automotive industry refers to the strategic practice of procuring parts, components, and raw materials from specific suppliers located around the world. This strategy allows the OEMs to balance cost efficiency, quality, risk management, and innovation mainly via accessing specialised expertise. However, it requires careful planning, supplier collaboration, and effective supply chain management to handle the challenges of a globalised sourcing strategy.

Imports of OE components by the seven domestic OEMs decreased by R13,0 billion, or 8,1%, to R147,4 billion in 2024, from R160,4 billion in 2023, in line with the 5,2% year-on-year decrease in vehicle production in 2024, notwithstanding new model launches by major exporting OEMs. The introduction of a new model generally starts off with lower local content levels, with the high-value componentry, such as the powertrain and telematics, which collectively account for about 50% to 60% of the value in a modern vehicle, being mainly imported into South Africa. However, the local content values vary from OEM to OEM and significant value is added to the imports of original equipment components that are not sourced in South Africa, and that are used to manufacture vehicles for the domestic and export markets.

OE components are imported under Chapter 98 for completely knocked down (CKD) vehicle manufacturing in South Africa. The widening and deepening of South Africa's component-supplier base under the SAAM 2035 is an important focal point, as it will reduce the risk associated with exchange rate fluctuations and logistics costs. The following table reveals that imports of OE components originated mainly from major vehicle production countries such as Germany, Thailand, Japan, China and the US.

**Imports of OE components
by the seven domestic
OEMs decreased by
R13,0 billion.**

Top 10 countries of origin for original equipment components (OE) imported (Chapter 98) – 2020 to 2024

Country	2020	2021	2022	2023	2024
Total (R billion)	82,3	110,1	119,6	160,4	147,4
Germany	34%	30%	34%	34%	24%
Thailand	19%	20%	20%	18%	16%
Japan	10%	11%	9%	9%	7%
China	4%	4%	4%	5%	7%
USA	6%	6%	6%	7%	6%
Poland	1%	1%	1%	1%	5%
Czech Republic	3%	3%	3%	2%	4%
Spain	3%	3%	2%	3%	3%
Brazil	2%	3%	3%	3%	3%
Romania	1%	1%	1%	1%	3%
Other	17%	18%	17%	17%	22%

Source: AIEC, **naamsa**, SARS

After manufacturing and retail, the automotive aftermarket refers to the secondary market of the automotive industry that deals with the manufacturing, distribution, and sale of parts, accessories, and services for vehicles after the original sale. The aftermarket is a dynamic and essential sector of the automotive industry, offering a wide variety of parts, accessories, and services that extend the lifespan of the vehicle, improve performance, and enhance the appearance of vehicles. It includes everything from routine maintenance parts to high-performance upgrades. The sector is continuously evolving, driven by innovations in vehicle technology, and an increasing focus on sustainability and personalisation. Many OE-supplier brands have expanded their product coverage beyond the applications they provide for new vehicles. Automotive component manufacturers who supply OE components to OEMs often sell products in the aftermarket labelled as OE-supplier brands, which are virtually identical to the parts they provide in OE boxes.

The aftermarket parts environment continues to evolve in response to shifts in economic pressures and consumer behaviour. While consumers naturally consider price and features when buying a car, the ease with which parts can be sourced and the support it receives through high-quality repairs, play a significant role in the vehicle's long-term viability. Brands that prioritise robust supply chains are supporting not only their customers, but also the repair industry that maintains their vehicles. Ample aftermarket support is more likely to retain the vehicle's value, as the new owner will be able to deal with issues that may arise with relative ease. A dependable supply chain keeps vehicles safely on the road and helps ensure that owners receive the service and support they deserve. This is especially crucial for those investing in long-term vehicle ownership.

In the South African context, aftermarket parts are supplied by domestic component suppliers focusing mainly on the domestic models manufactured in the country, while foreign aftermarket parts would generally be imported for the imported models. Replacement parts for a vehicle parc of 13,36 million vehicles remain high, considering that 78,0% of passenger cars sold in the domestic market were imported in 2024. In 2024, the import of replacement parts increased by a substantial R15,3 billion, or 17,1%, to R104,8 billion, up from the R89,5 billion in 2023. The expansion in the aftermarket product volume over recent years has been driven by major trends in the light vehicle aftermarket space, including the growth of vehicle imports, increase in the age of the vehicle parc, advancements in vehicle technology, and economic pressures on businesses and consumers.

Regarding the growth of vehicle imports, there has been a structural change in the makeup of vehicles being sold in South Africa as demanding consumers benefit from access to a wide variety of new models and a highly competitive pricing environment. Imported vehicles introduce unique and diverse vehicle models into the domestic market, catering to niche markets and meeting specific consumer demands. In 2024, light vehicle imports, as a percentage of total new light vehicle sales in South Africa, increased from 59,5% in 2023 to 62,8% in 2024. This trend has become more pronounced over the last decade, as the share of domestically manufactured light vehicles has fallen steadily, with imported light vehicle models averaging 58,5% of annual new vehicle sales over the past decade, while the domestically manufactured models' new vehicle share declined to 41,5%.

The increasing vehicle imports have consequences for the mix and volume of aftermarket products. The growing complexity of modern vehicles, with advanced electronics and systems, has increased demand for specialised diagnostic tools and software. Independent repair shops and service providers must therefore continue to invest in technology to diagnose and repair modern cars accurately. The rise of online shopping has also significantly transformed the automotive aftermarket. Consumers now have easy access to a wide range of parts and accessories, with the ability to compare prices, read reviews, and often get direct delivery to their homes.

Due to the anaemic growth of light vehicle sales over recent years, the South African car parc is an ageing one, increasing to 10 years and eight months in 2024, up from 10 years and six months in 2023, with 77,5% of vehicles being six years or older in 2024, up from 77,1% in 2023. The growth of older cars and LCVs will generally increase aftermarket product volume. At more than twice the size of the new car market, used vehicles present a lucrative opportunity for domestic automotive aftermarket parts suppliers. The increasing age of the vehicle population is also positive for the aftermarket, as older vehicles on the road use more aftermarket products per kilometre than newer models. The repair-age sweet-spot for most light vehicles ranges between six and 10 years of vehicle age. In view of stagnating domestic new vehicle sales at present, there will be fewer cars and LCVs under six years old through the coming decade. However, on the upside, new vehicles are a key market for many types of accessories, as new vehicles are often modified to fit the lifestyles and usage needs of their buyers. The recent increases in used car prices are also favourable for the aftermarket, since it encourages owners to invest more in the maintenance of older vehicles, which enhances aftermarket volume.

As far as advancements in new technology are concerned, the wide selection of mainly imported choices introduced in the domestic market include high-tech features such as leading-edge software, connectivity, infotainment, high-performing computers, advanced safety, emissions technology, and advanced driver-assistance system features. Evolving safety standards and consumer demands necessitate additional features and technologies in modern vehicles. Although these advancements are necessary and beneficial, they also complicate the aftermarket space. With these emerging trends, and with vehicles becoming increasingly sophisticated, more specialised companies will likely enter the automotive sector and play a larger role in specifying and integrating the components and technologies that it produces.

The industry will become increasingly diverse as new technologies, revenue sources, and business models emerge. It also necessitates further training and skills development for domestic technicians and service providers. Along with the growing prevalence of new energy vehicles, new aftermarket parts and services tailored to these vehicles are also emerging. A battery-powered vehicle has fewer moving parts than a diesel or petrol engine vehicle and requires significantly less servicing and parts to fix. However, for the time being, BEV sales in South Africa still represent only a relatively small percentage of total sales, and the annual rate of ICE vehicle growth up to 2030 will likely outpace the loss of ICE volume caused by BEVs over this period.

Depreciation is the greatest cost of vehicle ownership. South African middle-class buyers increasingly look for affordable options, and with ongoing economic challenges, the appeal of attractive pricing from

Chinese brands has been particularly strong in 2024. With affordability continuing to drive new vehicle sales in South Africa, 61,8% of the new light vehicle market comprised smaller and more affordable vehicles below the R500 000 price range in 2024. Chinese- and Indian-built vehicles offer value-centric offerings, often packed with features that are optional in more expensive cars, along with strong warranties and service plans.

This movement underscores a broader industry trend in a shift from long-established, often more expensive brands to newer, more affordable alternatives in most market segments. New light vehicle price inflation decreased from 6,2% in 2023 to 3,3% in 2024, well below inflation of 4,4%. With affordability driving new vehicle sales, many consumers also shifted to pre-owned vehicles, while many keep vehicles in operation for additional years, increasing the population of older models. Keeping their vehicles for longer and also opting to extend maintenance plans on their vehicles increase aftermarket product volume.

The following table reveals the replacement parts imported, mainly to complement the parts not manufactured in the domestic market, for 2020 to 2024 .

**New light vehicle
price inflation
decreased from 6,2%
in 2023 to
3,3% in 2024,
well below inflation
of 4,4%.**

Replacement parts imported (R million) – 2020 to 2024

Parts category	2020	2021	2022	2023	2024
Total (R million)	57 616	68 307	79 189	89 526	104 763
Tyres	4 766	6 698	6 734	8 126	8 788
Engine parts	4 239	4 883	5 804	5 861	6 846
Transmission shafts / cranks	2 091	2 461	3 078	3 257	6 286
Engines	1 921	2 323	3 279	5 234	5 902
Axles	815	902	1 026	1 556	4 287
Brake parts	1 342	1 546	1 862	2 276	4 073
Automotive tooling	6 074	4 944	5 968	6 032	3 844
Gauges / instruments / parts	2 065	2 229	2 324	3 024	3 773
Stitched leather seats / parts	1 788	2 453	2 952	3 558	3 319
Lighting equipment / parts	1 041	1 355	1 562	1 866	2 939
Wiring harnesses	1 661	2 030	2 540	3 112	2 547
Shock absorbers / suspension parts	762	937	985	1 060	2 329
Filters	1 455	1 577	1 867	1 944	2 263
Ignition / starting equipment	887	1 149	1 293	1 376	2 033
Clutches / shaft couplings	798	995	1 172	1 134	1 952
Steering wheels / columns / boxes	978	1 108	1 157	1 555	1 825
Batteries	1 390	1 208	1 412	1 686	1 626
Catalytic converters	752	702	1 288	1 153	1 225
Body parts / panels	650	816	1 015	1 142	1 087
Alarm systems	347	380	478	497	1 049
Gaskets	527	659	818	734	1 041
Gear boxes	366	537	586	677	1 002
Silencers / exhausts	372	427	474	465	976
Radiators / parts	626	888	957	964	907
Automotive glass	411	522	631	567	737
Road wheels / parts	415	504	531	566	589
Springs	235	342	381	460	407
Air conditioners	267	296	215	369	352
Car radios	217	262	264	200	180
Jacks	84	118	118	123	146
Seats	70	86	102	114	130
Seat belts	76	92	124	146	120
Other parts	18 128	22 878	26 192	28 692	30 183

Source: AIEC, **naamsa**, SARS

Weak domestic new vehicle sales driven by an affordability crisis, along with the severe impact of COVID-19 have created substantial changes in the vehicle parc mix, vehicle age and new vehicle market growth performance over recent years. Consequently, vehicle and associated replacement parts imports from traditional markets, such as Germany, Japan, the US, and the UK, have continued to decline, while replacement parts imports from India and China have increased in line with the substantial increases in vehicle imports from these two countries over recent years. Chinese brands are offering generous warranty

offers, and recently, one Chinese brand became the first in South Africa to introduce a lifetime engine warranty.

The following table reveals that the countries of origin for the aftermarket parts imported from 2020 to 2024 were aligned with the main countries of origin for passenger cars and light commercial vehicles. The high level of imports from China is indicative of the country’s dominant influence and cost competitiveness in the global automotive environment.

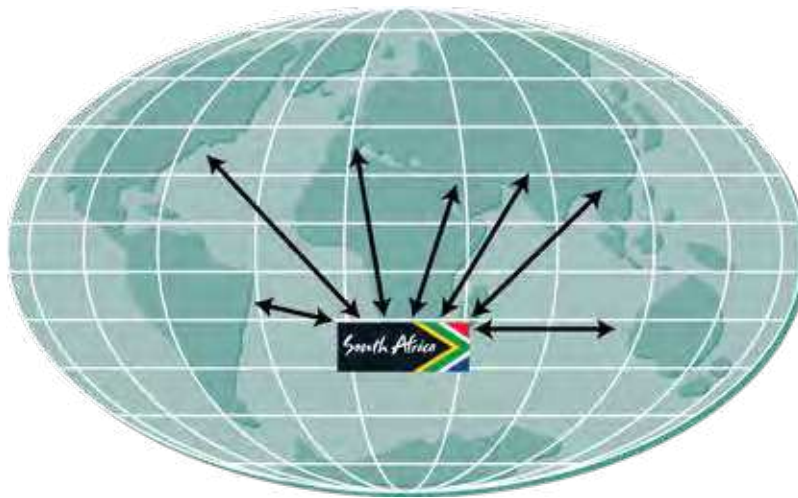
Top 10 countries of origin for imported replacement parts – 2020 to 2024

Country of origin	2020	2021	2022	2023	2024
China	21,7%	24,1%	24,8%	21,9%	24,0%
Germany	16,1%	15,4%	14,4%	14,9%	14,8%
USA	9,1%	8,5%	9,1%	9,9%	9,5%
Thailand	4,9%	5,5%	5,0%	5,9%	5,9%
India	2,8%	3,5%	4,0%	4,6%	4,9%
Japan	5,6%	4,9%	5,2%	4,1%	4,2%
Italy	3,8%	3,3%	3,4%	3,5%	3,6%
Poland	1,9%	2,4%	2,6%	2,7%	2,8%
Spain	2,6%	2,5%	2,5%	3,0%	2,6%
United Kingdom	2,4%	2,5%	2,4%	2,3%	2,2%
Other	29,1%	27,4%	26,6%	27,2%	25,5%

Source: AIEC, **naamsa**, SARS



TRADE



As an open economy, South Africa's economic fortunes are intertwined with the rest of the world. While domestic factors directly impact the country's economic outlook, so does the economic health of its trade partners, as the country is a small and trade-dependent economy exposed to global geopolitical forces beyond its borders. Currently the country's economy is caught between two worlds, namely, the mature world of the West characterised by consumption and excessive debt, moderate investment and an ageing population, and the new world of emerging markets driven by production and supported by investments and a young demographic profile.

Trade is an important instrument to fuel and accelerate economic growth. As a large commodity exporter, South Africa benefits from improvements in foreign currency earnings and economic growth, enhancing the Rand's value. Chinese demand, as the country's top trading partner for South Africa's mineral exports in particular, is a vital source of foreign exchange earnings for the country. China's performance as the world's second-largest economy tends to result in an uptick in commodity prices, as it is the largest consumer of many resources. Policy stimulus in China is expected to start yielding results in 2025, weighing on commodity prices.

In 2024, South Africa's export basket was dominated by mining products, agricultural goods, and manufactured items. South Africa's imports in 2024 included capital goods such as machinery, equipment and vehicles, as well as petroleum products, chemicals, plastics, pharmaceutical products and electronics. Total South African export revenue decreased from R1 880,7 billion in 2023 to R1 832,2 billion in 2024, while total South African import revenue decreased from R1 879,7 billion in 2023 to R1 775,6 billion in 2024. Automotive exports and imports decreased from 2023 to 2024, and as a significant contributor on both the import and export side, automotive trade impacted on the country's overall trade balance. The domestic automotive industry also has synergies with various other ancillary industries in South Africa, including steel, platinum group metals, plastics, textile, leather, and logistics services, amongst others, and its performance also impacts other sectors of the economy.

The South African automotive industry continues to encourage and foster its business and economic relations with established trade and investment partners, while at the same time aiming to diversify and expand trade with new emerging markets. As far as South Africa's membership of a continuously expanding BRICS+ grouping is concerned, automotive industry expectations are characterised by potential opportunities for growth, innovation, and sustainability. Enhanced market access and a focus on eco-friendly transportation can drive the success of BRICS+ member countries such as South Africa. Ultimately, the socio-economic benefits of job creation, economic growth, and skills development can contribute to the overall prosperity of member countries.

MAIN AUTOMOTIVE TRADING REGIONS AND COUNTRIES

The competition between economic blocs will continue to redefine the world order, fuelled by strategic opportunities and increasing rivalries. Trade remains a cornerstone of sustainable development. Stable global growth forecasts and easing inflation present an opportunity for developing economies, such as South Africa and its automotive industry, to build resilience in 2025 and strengthen its trade position amid rising geopolitical uncertainties. The domestic automotive industry's international competitiveness is strongly influenced by a wide range of structural and environmental factors that affect the costs of production and trade and which require constant navigation.

The domestic automotive industry's top automotive regional trading partner in 2024 remained the EU. Vehicle and automotive component exports to the EU increased by R9,6 billion, or 6,5%, from R147,1 billion in 2023 to R156,7 billion in 2024, mainly due to a rise in the value of vehicle exports to the region. Automotive imports from the EU decreased by R900 million, or 0,7%, from R139,4 billion in 2023 to R138,5 billion in 2024, in line with lower original equipment component imports from the region. The EU, Africa and USMCA were the regions providing a trade surplus in 2024. The largest deficit was recorded with the 48-country Asia region, including countries such as China, Japan, India and Thailand.

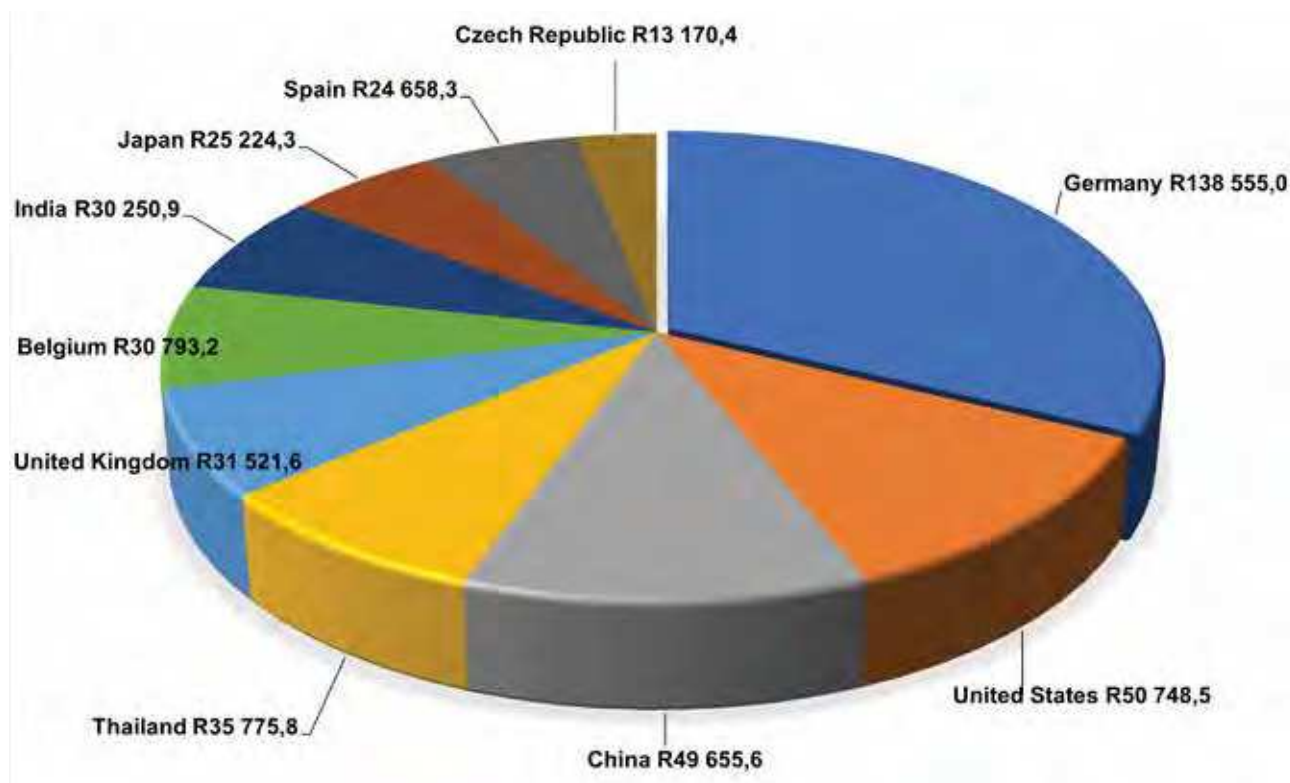
South Africa's main automotive regional trade partners – 2024

Year	Exports from SA (R billion)	Imports into SA (R billion)	Trade surplus/ (deficit) (R billion)
Total	268,8	327,0	(58,2)
EU	156,7	138,5	18,2
Africa (including SADC)	48,1	3,5	44,6
USMCA	32,0	28,5	3,5
Asia	14,9	145,6	(130,7)
Mercosur	1,8	7,0	(5,2)
Other regions	15,3	3,9	11,4

Source: **naamsa**, SARS

Germany, home to BMW, Volkswagen and Mercedes-Benz, remained the South African automotive industry's biggest single trading country partner (exports and imports combined) in 2024. Despite decreasing from the R161,1 billion in 2023, total automotive trade between the two countries still reached a significant R138,6 billion in 2024. The South African automotive industry's trade relationship with five of its top trading countries reflected a surplus in 2024. There were no changes in South Africa's top 10 automotive trading partners, but China improved its ranking year-on-year in 2024, from being ranked as number 5 to number 3, and the UK from number 9 to number 5. The global transition to EVs is reshaping South Africa's automotive export landscape considering the decrease in exports for internal combustion engine (ICE) vehicle components over the past two years. However, four OEMs at present are manufacturing hybrids and plug-in hybrid models in the domestic market, while several localisation opportunities for EV components have been identified or already exist and should contribute to substitute the losses in ICE vehicle component exports over the medium term.

South Africa's main automotive trading partners – 2024 (R million)



Source: **naamsa**, SARS

The following tables reveal details and rankings of the South African automotive industry's top 10 automotive trading partners in 2024 and also reflect the top 10 products exported and imported, where applicable.

1. Germany (Total trade R138 555,0 million) – 2024

Main products	Exports from SA R79 056,5 million	Main products	Imports into SA R59 498,5 million
Light vehicles	65 530,3	Original equipment components	34 647,7
Catalytic converters	8 110,1	Light vehicles	8 342,9
Engine parts	1 650,0	Axles	1 142,8
Axles	596,8	Automotive tooling	1 107,4
Clutches / shaft couplings	493,2	Medium / Heavy vehicles	1 056,7
Tyres	281,9	Transmission shafts / cranks	1 018,2
Engines	232,0	Engine parts	914,5
Shock absorbers / suspension parts	178,5	Steering wheels / columns / boxes	775,1
Filters	151,3	Engines	761,2
Body parts / panels	148,2	Gauges / instruments / parts	723,1
Other	1 684,2	Other	9 008,9

2. United States of America (USA) (Total trade R50 748,5 million) – 2024

Main products	Exports from SA R28 672,9 million	Main products	Imports into SA R22 075,6 million
Light vehicles	24 249,4	Original equipment components	8 911,7
Engine parts	1 535,7	Light vehicles	3 225,0
Catalytic converters	796,3	Engines	1 247,8
Tyres	333,5	Transmission shafts / cranks	1 029,2
Transmission shafts / cranks	258,1	Engine parts	857,0
Axles	145,8	Axles	711,1
Silencers / exhausts	101,8	Gauges / instruments / parts	587,3
Gear boxes	83,4	Gear boxes	293,8
Lighting equipment / parts	70,2	Automotive tooling	258,2
Engines	62,7	Brake parts	211,7
Other	1 036,0	Other	4 742,8

3. China (Total trade R49 655,7 million) – 2024

Main products	Exports from SA R573,7 million	Main products	Imports into SA R49 082,0 million
Light vehicles	322,4	Light vehicles	12 396,9
Transmission shafts / cranks	34,6	Original equipment components	10 119,7
Engine parts	14,6	Tyres	3 323,5
Tyres	8,2	Engine parts	2 086,4
Springs	6,3	Transmission shafts / cranks	1 631,5
Medium / Heavy vehicles	4,8	Medium / Heavy vehicles	1 480,1
Engines	4,0	Brake parts	1 116,2
Gauges / instruments / parts	2,9	Automotive tooling	847,0
Silencers / exhausts	2,7	Ignition / starting equipment	794,0
Gear boxes	2,3	Engines	760,4
Other	170,9	Other	14 526,3

4. Thailand (Total trade R35 775,8 million) – 2024

Main products	Exports from SA R2 237,5 million	Main products	Imports into SA R33 538,3 million
Catalytic converters	1 452,0	Original equipment components	24 127,7
Tyres	52,8	Light vehicles	3 257,4
Engines	19,7	Tyres	1 336,4
Clutches / shaft couplings	18,0	Stitched leather seats / parts	696,1
Light vehicles	17,9	Brake parts	530,0
Automotive glass	8,6	Axles	509,7
Engine parts	6,0	Lighting equipment / parts	364,6
Gauges / instruments / parts	5,4	Filters	316,4
Ignition / starting equipment	5,3	Wiring harnesses	268,8
Brake parts	3,2	Ignition / starting equipment	144,2
Other	648,6	Other	1 987,0

5. United Kingdom (UK) (Total trade R31 521,6 million) – 2024

Main products	Exports from SA R24 460,6 million	Main products	Imports into SA R7 061,0 million
Light vehicles	22 894,4	Original equipment components	2 645,5
Catalytic converters	588,2	Light vehicles	1 603,7
Tyres	172,5	Engines	619,7
Automotive glass	164,3	Medium / Heavy vehicles	552,5
Engine parts	65,0	Engine parts	169,2
Engines	58,8	Gauges / instruments / parts	133,3
Radiators / parts	48,4	Alarm systems	111,3
Batteries	45,5	Transmission shafts / cranks	99,2
Alarm systems	39,9	Catalytic converters	84,2
Lighting equipment / parts	22,8	Automotive tooling	82,8
Other	360,8	Other	959,6

6. Belgium (Total trade R30 793,2 million) – 2024

Main products	Exports from SA R29 849,1 million	Main products	Imports into SA R944,1 million
Light vehicles	28 333,3	Original equipment components	410,6
Shock absorbers / suspension parts	312,3	Transmission shafts / cranks	142,7
Automotive glass	253,2	Shock absorbers / suspension parts	46,0
Tyres	196,2	Lighting equipment / parts	22,0
Transmission shafts / cranks	141,7	Automotive tooling	19,2
Engine parts	90,4	Catalytic converters	18,4
Body parts / panels	74,8	Gaskets	15,0
Lighting equipment / parts	54,2	Engine parts	13,9
Engines	32,7	Light vehicles	12,8
Radiators / parts	28,7	Clutches / shaft couplings	8,8
Other	331,6	Other	234,7

7. India (Total trade R30 250,9 million) – 2024

Main products	Exports from SA R176,8 million	Main products	Imports into SA R30 074,1 million
Engine parts	35,8	Light vehicles	22 957,7
Transmission shafts / cranks	7,3	Original equipment components	1 915,3
Clutches / shaft couplings	5,9	Engines	843,8
Catalytic converters	5,6	Tyres	620,6
Automotive tooling	4,5	Engine parts	372,1
Brake parts	3,9	Transmission shafts / cranks	340,1
Engines	2,8	Gauges / instruments / parts	318,1
Light vehicles	2,6	Axles	258,4
Seats	2,5	Lighting equipment / parts	139,8
Tyres	2,0	Medium / Heavy vehicles	123,5
Other	103,9	Other	2 184,7

8. Japan (Total trade R25 224,3 million) – 2024

Main products	Exports from SA R4 098,5 million	Main products	Imports into SA R21 125,8 million
Light vehicles	3 393,9	Original equipment components	10 747,9
Engine parts	26,4	Light vehicles	5 850,1
Brake parts	13,6	Tyres	424,6
Tyres	12,6	Engine parts	354,7
Springs	9,7	Brake parts	328,5
Clutches / shaft couplings	5,2	Ignition / starting equipment	302,9
Shock absorbers / suspension parts	3,7	Transmission shafts / cranks	254,0
Catalytic converters	3,6	Filters	171,8
Steering wheels / columns / boxes	3,5	Lighting equipment / parts	165,9
Transmission shafts / cranks	3,0	Medium / Heavy vehicles	148,2
Other	623,3	Other	2 377,2

9. Spain (Total trade R24 658,3 million) – 2024

Main products	Exports from SA R14 129,2 million	Main products	Imports into SA R10 529,1 million
Light vehicles	13 410,9	Original equipment components	4 802,3
Catalytic converters	438,2	Light vehicles	2 787,7
Engine parts	89,9	Medium / Heavy vehicles	257,7
Automotive glass	82,7	Batteries	238,6
Steering wheels / columns / boxes	11,5	Stitched leather seats / parts	226,3
Silencers / exhausts	9,6	Brake parts	131,9
Wiring harnesses	3,4	Body parts / panels	119,5
Tyres	3,3	Tyres	118,4
Ignition / starting equipment	2,3	Automotive tooling	89,4
Transmission shafts / cranks	2,1	Shock absorbers / suspension parts	87,7
Other	75,3	Other	1 669,6

10. Czech Republic (Total trade R13 170,5 million) – 2024

Main products	Exports from SA R5 349,1 million	Main products	Imports into SA R7 821,4 million
Catalytic converters	4 820,9	Original equipment components	5 831,1
Engine parts	326,4	Brake parts	299,9
Silencers / exhausts	140,8	Stitched leather seats / parts	149,7
Wiring harnesses	18,3	Batteries	146,9
Shock absorbers / suspension parts	3,5	Tyres	119,8
Gaskets	2,5	Lighting equipment / parts	114,9
Light vehicles	1,6	Engine parts	105,0
Stitched leather seats / parts	1,2	Automotive tooling	67,8
Lighting equipment / parts	1,0	Filters	65,9
Seats	0,6	Radiators / parts	63,2
Other components	32,3	Other components	857,2

AUTOMOTIVE INDUSTRY

TRADE BALANCE

The South African automotive industry is a strategic sector with vast economic significance as the cornerstone of the country's manufacturing sector and one of its most significant economic contributors. It stands as the largest manufacturing sector in South Africa, accounting for a substantial portion of the country's GDP, export revenue, and employment. The automotive industry's export value under the APDP2 in 2024 amounted to R268,8 billion, which comprised 14,7% (14,7% in 2023) of total South African exports of R1 832,2 billion, while the industry's imports of R226,0 billion under the APDP2 in 2024, comprised 12,7% (13,0% in 2023) of total South African imports of R1 775,6 billion.

South African automotive trade revenue under the APDP2, amounting to a substantial R494,8 billion in 2024, comprised 16,4% of South Africa's total trade GDP, down from 16,7% in 2023. The automotive export revenue of R268,8 billion in 2024 reflected a decrease of R2,0 billion, or 0,7%, compared to the record R270,8 billion export value in 2023. Although the vehicle export revenue increased by R1,5 billion, or 0,7%, to a record R205,4 billion in 2024, up from R203,9 billion in 2023, automotive component exports decreased by R3,5 billion, or 5,2%, from the R66,9 billion exported in 2023, to R63,4 billion exported in 2024. The automotive import value decreased by R23,7 billion, or 9,5%, from R249,7 billion in 2023 to R226,0 billion in 2024, which could mainly be attributed to a year-on-year decrease in the imports of original equipment components in 2024.

Since 2008, vehicle exports have been a testament to the South African automotive industry's integration into the global automotive environment and a critical driver of the industry's export performance. Comprising 76,4% of the total export revenue, vehicle exports were once again the key driver for the automotive industry's healthy trade balance in 2024. On the automotive component side, the trade deficit remained in negative territory, but lower original equipment component imports supported the industry's overall trade balance position in 2024. The objectives under the SAAM 2021-2035 to raise localisation levels in South African-manufactured vehicles from an average of 40% to 60% by 2035, amongst others, will contribute to the reliance on imported components decreasing in future. The following table reveals that the trade balance under the APDP2 measurement reflected the second biggest trade surplus since 2013, at R42,8 billion in 2024 compared to R21,1 billion in 2023.

Comprising 76,4% of the total export revenue, vehicle exports were once again the key driver for the automotive industry's healthy trade balance in 2024.

APDP- and APDP2-related trade balance for the automotive industry: 2013 – 2024

Year	Imports into SA (R billion)	Exports from SA (R billion)	Trade surplus/deficit (R billion)
2013	126,7	102,7	(24,0)
2014	131,5	115,7	(15,8)
2015	146,2	151,5	5,3
2016	147,9	171,1	23,2
2017	154,6	164,9	10,3
2018	162,0	178,8	16,8
2019	174,6	201,7	27,1
2020	127,5	175,7	48,2
2021	168,4	207,5	39,1
2022	207,7	227,3	19,6
2023	249,7	270,8	21,1
2024	226,0	268,8	42,8
Vehicles	74,8	205,4	130,6
Automotive components (excluding aftermarket parts)	151,2	63,4	(87,8)

Source: AIEC, **naamsa**, SARS

Under the APDP and APDP2, the basis for calculating the duty-free import credits is based on value added through the supply chain in the automotive manufacturing industry. There are certain eligibility requirements under the APDP and APDP2 to ensure that the beneficiaries are companies producing substantial quantities of automotive components for vehicle manufacturing, and to exclude accessories. The requirements include that automotive component manufacturers have to supply at least 25% of their total turnover, or R10 million annually, as part of an OEM supply chain domestically and/or internationally, to comply under the APDP and APDP2.

In view of the above, with the exception of automotive tooling, as all manufacturing operations require tooling, the imported replacement parts are generally not linked to value-addition in the country under the APDP and APDP2, and they are therefore not included in the automotive trade balance that is used to track the progress of the APDP and APDP2. Holistically, as was the measure under the MIDP, should imports of aftermarket parts be included in the calculation, the industry as a whole still reflects a trade deficit (refer to the memo item and the following table).

Memo item:

For the purposes of comparison of the 2012 MIDP data with the 2013 to 2024 trade balance data under the APDP and APDP2, based on a holistic view of total automotive exports and imports (including vehicles, OE components and aftermarket parts), total automotive imports amounted to R327,0 billion in 2024, down by R6,2 billion, or 1,9%, compared to the R333,2 billion in 2023. Despite higher vehicle and higher aftermarket parts imports, the latter to support a growing and ageing vehicle parc in the country, the decrease in original equipment component imports supported the narrowing of the trade deficit to R58,2 billion in 2024 compared to R62,4 billion in 2023.



Automotive industry trade balance, including all automotive products – 2012 to 2024

Year	Imports into SA (R billion)	Exports from SA (R billion)	Trade surplus/(deficit) (R billion)
2012*	137,2	94,9	(42,3)
2013	166,5	102,7	(63,8)
2014	177,9	115,7	(62,2)
2015	196,7	151,5	(45,2)
2016	204,0	171,1	(32,9)
2017	208,4	164,9	(43,5)
2018	219,1	178,8	(40,3)
2019	233,7	201,7	(32,0)
2020	179,1	175,7	(3,4)
2021	231,8	207,5	(24,3)
2022	280,9	227,3	(53,6)
2023	333,2	270,8	(62,4)
2024	327,0	268,8	(58,2)
Vehicles	74,8	205,4	130,6
Automotive components (including aftermarket parts)	252,2	63,4	(188,8)

Source: AIEC, **naamsa**, SARS

*MIDP calculation

As an export-oriented industry, the domestic automotive sector has embraced trade opportunities via the specific trade arrangements that South Africa has concluded over the past three decades, opening markets in Europe, the US, and Africa, among others. However, exports depend on the economic performance and direction of global markets. In this regard, South African vehicle and automotive component exports should benefit from the expected positive economic conditions and greater consumer confidence that may result in market demand improvements in 2025. Imports of new vehicles into South Africa are likely to increase in line with the growing number of new entrants with affordable models capitalising on the expected improved domestic market conditions in 2025. OE component imports are also set to increase in line with higher vehicle production levels to support higher anticipated vehicle exports, while aftermarket parts and component imports will continue growing in line with the growing and ageing vehicle parc in the country.

**As an export-oriented industry,
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has embraced trade opportunities
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SOUTH AFRICAN AUTOMOTIVE INDUSTRY GROWTH PROSPECTS

A highlight of 2024 for South Africa was the smooth establishment of the Government of National Unity (GNU). General elections were held in the country on 29 May 2024 while the GNU was formed on 14 June 2024 and the incumbent Cabinet appointed on 30 June 2024. Observers, especially those hailing from European countries where it often takes months, if not years, for coalition governments to be formed, were astounded at the speed with which the seventh administration in South Africa achieved these developments. Positive sentiment in the country has built up since the formation of the more business-friendly governing coalition to unlock the growth the country sorely needs.

The establishment of the GNU has created a framework for enhanced political stability, fiscal responsibility and renewed optimism regarding economic reforms in South Africa. Commentators believe that the country could be on a journey to a 3% economic growth rate if it continues on the current trajectory over the next five years, considering that Operation Vulindlela will continue as a flagship programme under the new GNU to harness South Africa's unique strengths and advantages to unlock growth that is both green and digital.

Operation Vulindlela was established as a joint initiative by the Presidency and the National Treasury in October 2020 to accelerate priority structural reforms to overcome problems identified as "binding constraints" to economic performance. Over the next five years, South Africa has an opportunity to accelerate growth through massive new investment in the energy sector, leveraging its unique solar and wind resources to reduce energy costs and power green manufacturing. The initiative aims to modernise and transform network industries, including electricity, water, transport and digital communications. Higher sustainable growth will also assist to create the economic buffers and resilience needed to mitigate any external shocks caused by elevated global uncertainty.

Operation Vulindlela has already resulted in many gains for the country, including the opening up of the electricity market and building better relations between businesses and government. Following its successful first phase, Operation Vulindlela will be going into its second phase with new initiatives. The partnership provides a compelling case study for many emerging and developed markets, demonstrating how business can leverage its expertise and resources to help implement government's policy agenda in areas where key reforms are required to foster economic growth. South Africa needs to attract substantial investments to help drive more robust and inclusive economic growth, and the emphasis is on the importance of seizing the moment to achieve meaningful progress. South Africa's hosting of the G20 and B20 will be an opportunity to showcase the partnership as a uniquely successful public-private collaboration model, and it presents a once-in-a-generation opportunity to put key policy issues that affect the Global South.

Macro-economic stability, structural reforms, infrastructure development, and state capability provide a framework for potential improvement in the automotive landscape. Structural reforms increase economic capacity, reduce the cost of doing business, and enable companies to invest in expansions. Enhanced infrastructure, for instance, will facilitate better logistics and supply chain efficiencies that are crucial to contribute to improved international competitiveness for the OEMs and their automotive component suppliers. The South African automotive industry at present is operating in times of uncertainty, with global disruptions, which include falling new vehicle sales in key world markets, the selling or closing of vehicle manufacturing plants, thousands of people being laid off and the closing of dealerships. These

are of great concern for an industry which has just celebrated its centenary of existence at the foot of the African continent.

The substantial additional tax allowance of 150% from March 2026 for domestic electric vehicle producers is a promising sign for its sustainable energy policies. This move not only supports climate goals but also augurs well for the country's economic future amid its evolving NEV road map. As these policies unfold, they could attract further investments and potentially reshape market dynamics. With the inevitable transition to EVs, the decisions taken over the next three to four years are imperative, as they are going to affect what the future manufacturing footprint looks like in South Africa, along with the domestic automotive industry's contribution to the economy and the profile of vehicles manufactured and sold in the country.

The maturity of the country's automotive industry, its developed logistics infrastructure, and the mix of existing trade agreements with key economic centres and regions all position South Africa favourably as a potential EV manufacturer. The domestic automotive industry has become an international player of note over the past three decades, particularly in view of the significant growth in vehicle and automotive component exports to over 150 markets globally. The OEMs and their suppliers account for more than 115 000 high-skilled manufacturing jobs, and along with the retail side, account for around 500 000 formal jobs in the automotive supply chain.

The South African automotive industry is making strides in NEV production and green manufacturing practices. By leveraging its abundant natural resources, skilled workforce, and supportive government policies, the country can drive sustainable economic growth and reduce its reliance on fossil fuels. With investment in NEVs, infrastructure, skills, and an objective of well over a million-vehicle production annually under the SAAM 2035, South Africa should realise its potential to become a tier 1 global vehicle manufacturing producer. The continued success of the South African automotive industry remains critical for the country's economic stability and long-term economic growth and development.

**The South African
automotive industry
is making strides in
NEV production and green
manufacturing practices.**

METHODOLOGY

The methodology utilised and applied in the *Automotive Trade Manual – 2025 – South Africa* publication remains unchanged from the previous publications to enable meaningful comparisons. All values are presented at nominal prices. The trade data in this publication is reflected for South Africa. Despite the free movement of goods between customs union member countries, from a customs point of view within the Southern African Customs Union (SACU), South African trade with member countries, comprising Botswana, eSwatini, Lesotho and Namibia are included in South Africa's trade data to provide a more accurate reflection of the country's trade.

The trade data in the *Automotive Trade Manual – 2025 – South Africa* publication is based on the detailed Customs and Excise statistics for products eligible under the APDP and APDP2, obtained from the South African Revenue Service (SARS). The Customs and Excise values reflect free on board (FOB) values in nominal terms. The export values of the latest year (2024) are used to rank the countries in order of priority, from the most to the least important export country destination. The same principle is applied to prioritise the export and import data regarding regions, vehicles and component categories. There are 263 country export destinations listed by SARS. For purposes of relevance, one million Rand (R1 million) is used in the *Automotive Trade Manual – 2025 – South Africa* publication as a cut-off level (measure) to determine the top South African export country destinations. For ease of reference and for comparison purposes, the data with respect to the component categories, where applicable, is placed in alphabetical order. Percentages are rounded off.

The main purpose of this publication is to discern and highlight trends in export and import data, to prioritise export country destinations, to prioritise countries of origin, to identify opportunities via potential country and region growth destinations, to measure the impact of the country's trade arrangements on automotive trade patterns, and to identify growth in products exported to specific country destinations. The publication also serves as a guide to track the export and import performance of the South African automotive industry under the APDP and APDP2. Due to certain limitations, Customs and Excise statistics cannot always distinguish between the automotive components eligible in terms of the APDP and APDP2 and non-eligible components, therefore certain categories, such as automotive tooling, may contain a small percentage of non-APDP/APDP2 components.



KEY MOTOR INDUSTRY CONTACT DETAILS

With its well-established industry associations and structures, dedicated long-term automotive policy regime, and favourable trade agreements, the automotive industry has been and will remain the mainstay for the country's manufacturing sector. The organisational structure in the manufacturing and retail sectors of the South Africa automotive industry include **naamsa** | The Automotive Business Council, the National Association of Automotive Component and Allied Manufacturers (NAACAM), and the Retail Motor Industry Organisation (RMI). The National Union of Metalworkers of South Africa (NUMSA) represents the labour constituency in the automotive industry. The major OEMs in South Africa, as well as NAACAM, are also affiliated with the independent African Association of Automotive Manufacturers (AAAM), while the Motor Industry Ombudsman of South Africa (MIOSA) is the industry's accredited dispute resolution body.

The AAAM is an independent automotive association focused on Africa.

African Association of Automotive Manufacturers (AAAM)	
Telephone: +27 (0) 82 801 0300 Website: www.aaamafrica.com	152 Western Service Road Woodmead Sandton, 2191

The Department of Trade, Industry and Competition is the department of the South African government responsible for trade and industrial policy.

Department of Trade, Industry and Competition (DTIC) Trade and Investment South Africa (TISA) Export Marketing & Investment Assistance Scheme (EMIA)	
Telephone: +27 12 394 9500 (International) Telephone: +27 861 843 384 (Customer Care Centre) Website: www.thedtic.gov.za	Private Bag X84 Pretoria 0001

The MIOSA office acts as the only accredited dispute resolution forum within the automotive and related industries in South Africa.

Motor Industry Ombudsman of South Africa (MIOSA)	
Telephone: 010 590 8378 Telefax: +27 86 630 6141 Website: www.miosa.co.za	Meiring Naude Road Scientia 627-J Pretoria, 0184

NAACAM represents the interests of the automotive component manufacturers in the country.

National Association of Automotive Component & Allied Manufacturers (NAACAM)	
Telephone: +27 11 392 4060/5748 Website: www.naacam.org.za	Postnet Suite # 597 Private Bag 29 Gallo Manor, 2052

naamsa | The Automotive Business Council represents the collective, non-competitive interests of the new motor vehicle industry in South Africa.

naamsa The Automotive Business Council	
Telephone: +27 12 807 0086/0152	P.O. Box 74166
Telefax: +27 12 807 0671	Lynnwood Ridge
Website: www.naamsa.net	0040

NUMSA is the trade union representing the labour constituency in the automotive industry.

National Union of Metalworkers of South Africa (NUMSA)	
Telephone: +27 11 689 1700/1/2/3	P.O. Box 260483
Telefax: +27 11 833 6330/6408	Excom
	2023

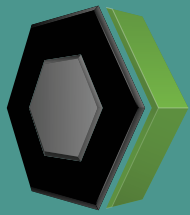
The RMI represents the retail motor trade sector of the automotive industry.

Retail Motor Industry Organisation (RMI)	
Telephone: +27 11 886 6300	P.O. Box 2940
Telefax: +27 11 789 4525	Randburg
Website: www.rmi.org.za	2125

Standard disclaimer

The trade data is based on eligible APDP and APDP2 products, while the new vehicle market data is provided by Lightstone Auto, the **naamsa** service provider. **naamsa** cannot vouch for the accuracy of the information obtained from the sources. Due to certain limitations, Customs and Excise statistics cannot always distinguish between automotive components eligible in terms of the APDP and APDP2 and non-APDP/APDP2 components. The main purpose of this trade data is to discern trends in exports and export destinations, as well as imports and countries of origin. As far as the new vehicle market data is concerned, a meticulous verification process ensures the accuracy of the data, but minor corrections in historic data may occur, such as in instances when new entrants start reporting, providing retrospective data.

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