SOUTH AFRICAN AUTOWEEK

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SADC EU EPA Ex-post Evaluation

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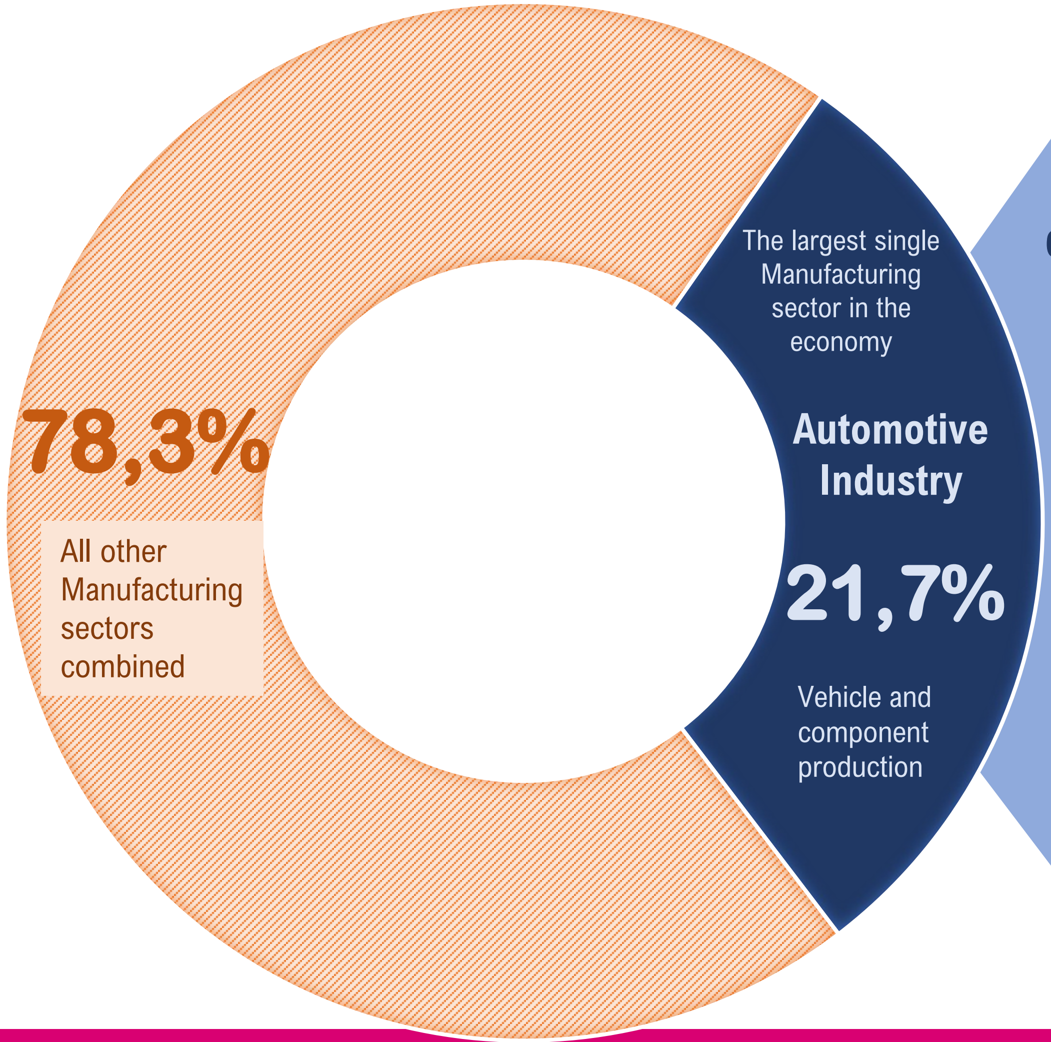
naamsa

LEADING THE SA AUTOMOTIVE INDUSTRY

OUR VALUE DRIVERS | AUTO CONTRIBUTION TO THE SA ECONOMY - 2022

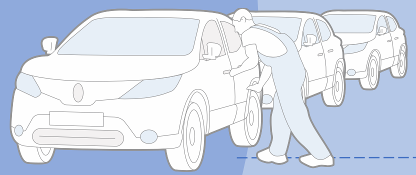


Manufacturing
2,9%

Automotive Contribution to the
GDP
4,9%

Current Prices
SA's GDP
R6 638,3 billion

Retail
2,0%



PEOPLE | EMPLOYMENT | FAMILIES

33 321 people: Average monthly employment by OEMs

TOTAL DIRECTLY EMPLOYED: INFORMAL AND FORMAL = **497 408**

Auto Manufacturing = 116,683	Auto Sales, Repair & Maintenance = 380,725

The auto sector accounts for **2.9% share** of **16.2 million people** employed in SA

CAPITAL EXPENDITURE | OEMs **R7,1b** | Components **R4,5b**

SA Vehicle Production | **555 889 units**

SA Vehicle Sales | **529 562 units**

SA's production as % of Africa's production | **54,4%**

SA's global vehicle production ranking | **22nd**

SA's global vehicle production market share | **0,65%**

No. of registered vehicles in SA | **13,0 million**

Total automotive export earnings | **R227,3 billion**

No. of export destinations | **152 Markets**

"Automotive industry's extraordinary contribution to South Africa's prosperity on a page"

SIGNIFICANT SOCIO- AND ECONOMIC CONTRIBUTION BY THE AUTOMOTIVE INDUSTRY - 2022

Indicator	Performance	
	2021	2022
Broader automotive industry contribution to GDP	4,3%	4,9%
Vehicle and component production as % of South Africa's manufacturing output	17,3%	21,7%
Average monthly employment by vehicle manufacturers	30 697	33 321
Automotive component sector employment	78 874	83 362
Capital expenditure – vehicle manufacturers	R8,8 billion	R7,1 billion
Capital expenditure – component sector	R5,7 billion	R4,5 billion
Total South African new vehicle sales	464 493 units	529 562 units
Total South African vehicle production	499 087 units	555 889 units
South Africa's vehicle production as % of Africa's vehicle production	55,0%	54,4%
South Africa's global vehicle production ranking	21st	22nd
South Africa's global vehicle production market share	0,62%	0,65%
Vehicle ownership ratio per 1 000 persons	178	182
Vehicle parc (number of registered vehicles)	12,96 million	13,30 million
Total automotive export earnings	R207,5 billion	R227,3 billion
Automotive export value as % of total South African export value	12,5%	12,4%
Number of export destinations	152	152
Number of export destinations with export values more than doubling year-on-year	32	29
Top automotive export destination in Rand value terms	Germany	Germany
Total South African vehicle exports	298 020 units	351 785 units
Value of vehicle exports	R138,3 billion	R157,0 billion
Top vehicle export destination in volume terms	UK	UK
Value of automotive component exports	R69,2 billion	R70,3 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: AIEC, Econometrix, naamsa/Lightstone Auto, NAACAM, OICA, SARS, StatsSA

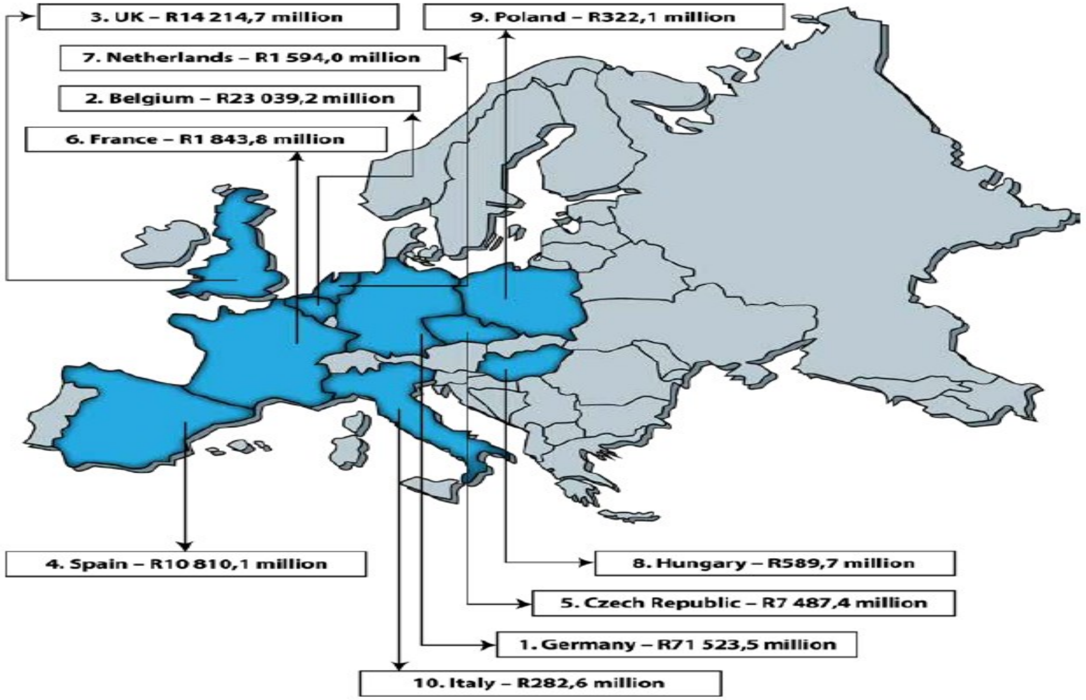
AUTOMOTIVE TRADE WITH THE EU

Country of origin	2018	2019	2020	2021	2022	2022
Total (R billion)	57,1	60,6	36,6	50,9	79,1	Import Rand value %
India	98 585	106 199	88 699	129 364	165 910	27,3%
China	3 201	11 443	10 427	21 517	34 939	12,1%
Japan	36 386	34 351	21 491	24 152	29 830	9,3%
Germany	41 791	36 760	21 660	19 801	20 345	13,2%
South Korea	27 458	26 828	14 854	17 478	19 491	4,4%
Spain	9 439	11 946	10 129	11 135	18 402	6,6%
Indonesia	7 928	7 882	3 697	7 782	6 833	2,0%
USA	4 523	4 191	3 514	3 251	4 644	5,7%
Thailand	15 711	10 748	4 561	2 342	4 435	2,3%
UK	10 314	8 125	4 776	4 413	3 595	2,4%
Other	36 861	32 181	19 764	21 046	15 376	14,7%
Number of light vehicle imports	292 197	290 654	203 572	262 281	323 800	100%
Total light vehicle market	524 772	508 600	357 453	437 418	499 409	
% of new vehicle market imported	55,7%	57,2%	57,0%	60,0%	64,8%	
Passenger car imports as % of total	72,8%	75,1%	75,7%	78,3%	80,0%	
LCV imports as % of total	16,6%	15,6%	15,3%	18,1%	23,5%	

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

Year	Imports into SA (R billion)	Exports from SA (R billion)	Trade surplus/ (deficit) (R billion)
2022 Total	280,9	227,3	(53,6)
EU	121,2	133,2	12,0
Africa (including SADC)	2,6	34,9	32,3
USMCA	21,8	25,8	4,0
Asia	127,7	23,2	(104,5)
Mercosur	5,1	3,6	(1,5)
Other regions	2,5	6,7	4,2

Source: AIEC, SARS



VEHICLE EXPORTS AND RISK ASSESSMENT

COUNTRY	2019	2020	2021	2022
Total [R,billions]	143,4	117,0	133,2	154,3
Ranking of exporters Number 1 to 5	VW | MBSA | BMW | Ford | Toyota	VW | MBSA | BMW | Ford | Toyota	VW | MBSA | BMW | Ford | Toyota	VW | MBSA | BMW | Ford | Toyota
UK	101,401	67,798	60,260	67,884
Germany	37,152	25,736	42,671	67,399
France	25,629	13,956	22,130	23,772
Japan	33,435	23,645	15,765	23,750
USA	12,437	8,584	6,821	20,566
Italy	14,624	10,546	18,295	18,914
Belgium	11,379	10,048	11,752	14,812
Australia	16,284	13,041	9,676	11,507
Spain	11,217	7,345	10,876	9,588
Netherlands	12,146	8,321	6,191	7,484
Other	110,561	81,710	93,004	85,266
Total [units]	386,265	270,730	297,441	350,945
Light Vehicle Production	603,082	422,905	471,433	524,895
% of Production Exported	**64,0%**	**64,0%**	**63,1%**	**66,9%**

REGION	2019	2020	2021	2022	% Change
Europe	285,599	197,355	229,672	255,709	+11,3%
Asia	39,879	29,440	24,170	35,154	+45,4%
Africa	23,382	16,987	21,825	22,564	+3,4%
Australasia	17,350	13,698	10,621	12,389	+16,6%
North America	13,540	9,463	7,981	21,684	+171,7%
Central America	5,651	3,156	3,045	2,759	-9,4%
South America	1,691	1,188	706	1,527	+116,3%
Total	387,092	271,287	298 020	351,786	+18,0%

Europe continued to dominate as a region and accounted for 72,7%, or nearly three out of every four vehicles exported in 2022. The future of South Africa's vehicle exports to Europe stands in the shadow of increasingly strict emission regulations. New European emission regulations include the proposed introduction of Euro VII emission standards [2025 for passenger cars and 2027 for trucks], which could add a significant cost to any vehicle produced in the domestic market for exports to the region. Added to this is legislation to ban the sales of new internal combustion engine ICE] vehicles in Europe by 2035 and 2030 in the UK, in favour of new energy vehicles. Domestic vehicle production needs to align with the overall technology shift of the global value chains in which the OEMs operate to safeguard the country's future vehicle exports.

AGOA country eligibility for 2024 while the arrangement will expire in September 2025. The US has been the domestic automotive industry's second largest automotive export destination overall and it remains important for AGOA to continue and for South Africa to remain eligible to access the US duty free for our vehicle exports [**naamsa**, AIEC AGOA report].

A short-term risk for the South African automotive industry relates to Norway which currently has the most ambitious law yet to ban the sales of all new petrol and diesel cars by 2025. The domestic automotive industry exported 2,639 vehicles and automotive components to the value of R11,2 million to Norway in 2021 [AIEC SA-EU, UK and EFTA Research Report]. A medium-term risk for the South African automotive industry relates to countries that will be banning all new petrol and diesel car sales by 2030, including Belgium [2029], Denmark, Germany, Greece, Iceland, the Netherlands, Slovenia [2031], Sweden and the UK. The domestic automotive industry exported 129,717 vehicles and automotive components to the value of R23,51 billion to these countries in 2021 [AIEC SA-EU, UK and EFTA Research Report].