

# PRESS RELEASE

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## The SA Auto industry will release its Thought Leadership Discussion Document on New Energy Vehicles by end of December 2022 | naamsa releases November 2022 New Vehicle Stats

**PRETORIA:** Thursday, December 01, 2022: **naamsa** | The Automotive Business Council has confirmed that it will be releasing the industry's Thought Leadership Discussion Document on New Energy Vehicles [NEV] by the end of December 2022.

**naamsa** CEO, Mikel Mabasa said that the automotive industry has been discussing and consulting extensively during the past 12 months around the country's path to NEV's. "The South African automotive industry appreciates the importance of working diligently to contribute to the decarbonisation of road transport in support of achieving carbon neutrality by 2050. We also recognise that no single government policy or industry commitment alone will achieve this ambitious goal. We must work collaboratively - at all levels of government and across all economic sectors - to identify the range of approaches necessary to establish sustainable pathways to carbon neutrality across sectors and the unique circumstances of the South African economic landscape", said Mabasa.

Mabasa said that South African based OEMs compete within the global OEMs' production network with their overseas sister plants. Plant decisions need to be taken three years before the start of production which means that NEV plant decisions for the next general NEVs are taken now. NEV plant decisions require-and are influenced by-the availability of:

- Low logistics CO<sup>2</sup> footprint;
- Green and low-cost energy;
- Investment and infrastructure support;
- Competitiveness versus other international plants; and
- A suite of Government support incentives to lower the cost of production and stimulate demand.

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**National Office Bearers:** President: **Neale HILL** | Managing Director | Ford Motor Company  
Vice-President: Manufacturing OEMs | **Billy TOM** | President and Chief Executive Officer | Isuzu Motors South Africa  
Vice-President: Retailing OEMs | **Gary SCOTT** | Chief Executive Officer | Kia South Africa  
Vice-President: Heavy Commercial OEMs | **Filip VAN DEN HEUDE** | Managing Director | UD Trucks  
Immediate Past President: **Andrew KIRBY** | President and Chief Executive Officer | Toyota South Africa Motors

**Executive Director:** Chief Executive Officer: **Mikel MABASA**

**Registration Details:** **naamsa** NPC: 2021/358607/08 | VAT No.: 4070109972 | PBO No.: 930/023/609

“Logically, South African OEMs would require at least similar support as their overseas sister plants in order to compete equally for plant decisions. It is for this reason that the industry has proactively worked on its proposals which will be shared with other social and business partners in order to accelerate our NEV roadmap without further delay. It is clear that NEV transition support is urgently required for positive plant decisions to be taken because OEMs require a lead time of at least 3 to 4 years to motivate to their parent companies before any potential production could start and to align with existing production cycles”, Mabasa said.

Mabasa said that over and above making a contribution to reduce CO2 emissions, South Africa has an important obligation to ensure that the auto manufacturing base is protected, retained and strengthened given that the country is at risk of losing more than 50% of its' production volume from July 2025 to 2035 due to the banning of ICE drivetrains in almost all the European countries. “The **naamsa** CEO Advisory Council will be meeting tomorrow to make its final amendments to the Thought Leadership Paper before it is released and shared with other social and business partners before the end of the year.

On New Vehicle Statistics for November 2022, **naamsa** said that the new vehicle market had now registered its eleventh consecutive month of year-on-year growth. Aggregate domestic new vehicle sales in November 2022, at 49,413 units reflected an increase of 7,618 units, or 18,2%, from the 41,795 vehicles sold in November 2021. Export sales recorded an increase of 13,479 units, or 64,7%, to 34,310 units in November 2022 compared to the 20,831 vehicles exported in November 2021.

Overall, out of the total reported industry sales of 49,413 vehicles, an estimated 39,998 units, or 81,0%, represented dealer sales, an estimated 14,7% represented sales to the vehicle rental industry, 2,3% sales to government, and 2,0% to industry corporate fleets. The November 2022 new passenger car market at 32,859 units had registered an increase of 4,759 cars, or a gain of 16,9%, compared to the 28,100 new cars sold in November 2021. The car rental industry supported the new passenger car market during the month and accounted for a sound 20,0% of sales in November 2022.

Domestic sales of new light commercial vehicles, bakkies and mini-buses at 13,477 units during November 2022 had recorded an increase of 2,323 units, or a gain of 20,8%, from the 11,154 light commercial vehicles sold during November 2021. Sales for medium and heavy truck segments of the industry reflected a positive performance during the month and at 900 units and 2,177 units, respectively, showed an increase of 134 units, or 17,5% in the case of medium commercial vehicles, and, in the case of heavy trucks and buses an increase of 402 vehicles, or a gain of 22,6%, compared to the corresponding month last year.

The November 2022 exports sales number at 34,310 units reflected an increase of 13,479 vehicles, or 64,7%, compared to the 20,831 vehicles exported in November 2021. For the year-to-date, vehicle exports were now 17,9% ahead of the corresponding period 2021 and at 326, 516 units already surpassed the 300 000 level for the year.

The new vehicle market continued its resilient performance during November 2022 despite a myriad of negative economic pressures, including rising interest rates, a drastic increase in load shedding, high fuel prices, a weak economy and ongoing stock supply shortages. As expected, the South African Reserve Bank raised the interest rate during the month for the seventh consecutive time since November 2021 and the third consecutive time by 75 basis points, to its highest level since 2016. However, the new vehicle market continued to outperform expectations and with only one month to go in the year it was running 13,6% ahead of the corresponding period 2022. The recovery in business and leisure travel provided some support to the new vehicle market to counter the growing pressures on household incomes. GDP growth in South Africa continues to be adjusted downwards and was now expected to be at 1,1% for 2023. In view of the close correlation between new vehicle sales and the country's GDP growth rate, single digit growth in new vehicle sales could be expected for 2023.

Vehicle exports performed strongly compared to the corresponding month 2022 which was affected by the impact of a severe COVID-19 fourth wave in parts of Europe, the industry's top export region. Given persistently high inflation and aggressive interest rate hikes in many advanced and developing countries at present, the risks to export sales reside on the downside. However, linked to the new model introductions, growth prospects for domestic vehicle exports remain optimistic over the medium term.

## ENDS

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### ABOUT THE SA AUTOMOBILE INDUSTRY

- the automotive industry contributes 4.3% to GDP [2.4% manufacturing and 1.9% retail];
- in 2021, the export of vehicles and automotive components reached a record amount of R207.5 billion, equating to 12.5% of South Africa's total exports;
- the industry accounts for 17.3% of the country's manufacturing output;
- vehicles and components are exported to 152 international markets;
- the manufacturing segment of the industry presently employs in the order of 110,000 people across its various tiers of activity [from component manufacturing to vehicle assembly];
- combined with the industry's strong multiplier effect, the industry is responsible for approximately 457,000 jobs across the South African economy's formal sector.

### NOTES FOR EDITORS

- Since 2021 naamsa introduced associate membership that offers tangible benefits such as access to information, visibility to key industry issues, business exposure, as well as related discounts.
- **naamsa** is a pre-eminent industry representative that actively and responsibly represents, promote, advance, and protect the interests of local manufacturers and assemblers of passenger, light, and heavy commercial vehicles as well as major importers and distributors of new vehicles in South Africa. We represent 41 companies;
- Our vision is to be the most credible and respected thought leader and partner of a globally competitive and transformed automotive industry that actively contribute to the sustainable development of South Africa;
- Enquiries: Mikel M. MABASA, Chief Executive Officer, [mikel@naamsa.co.za](mailto:mikel@naamsa.co.za),
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- More information can be found on [www.naamsa.co.za](http://www.naamsa.co.za).

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