

SOUTH AFRICA: DEVELOPMENT OF AN AUTOS MANUFACTURING ECOSYSTEM

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WHO IS NAACAM

NAACAM is the authoritative voice of the automotive component supply sector in SA, with strong links to all major sector stakeholders

There are approx. 150 national NAACAM manufacturing members across around 220 regional manufacturing sites, in addition to about 25 associate members who provide services e.g. logistics, IT and financial services to members

WHY NAACAM

Advocating interests of automotive suppliers in SA

- Industrial policy
- Trade policy
- Intra stakeholder relationships

Significant networking and marketing opportunities

- Regional meetings
- NAACAM SHOW

Source of up to date and relevant sector info and opportunities

Value added services eg:

- Workshops, seminars, newsletters and (member only) online offerings
- Special industry offers only available to NAACAM members

Special Interests Management

- Catcons (CCIG)
- Tyres (SATMC)
- Automotive Supply Chain Competitiveness Initiative (ASCCI)

SA AUTOMOTIVE INDUSTRY: OEM REPRESENTATION

- European lmv vehicle manufacturers represented in SA - **Mercedes Benz, BMW, and Volkswagen** are all wholly owned subsidiaries.
- Japanese and US Multinational manufacturers, **Nissan, Toyota, Isuzu, and Ford** are also 100% controlled subsidiaries
- New entrants: **BAIC & Mahindra**
- Other major marques imported - European (Peugeot/Citroen, Volvo), Japanese (Daihatsu, Honda, Subaru), Korean (Hyundai/Kia), Indian (Tata)
- OEM employment levels: approx 30 000



SA AUTOMOTIVE INDUSTRY: HEAVY VEHICLE ASSEMBLERS

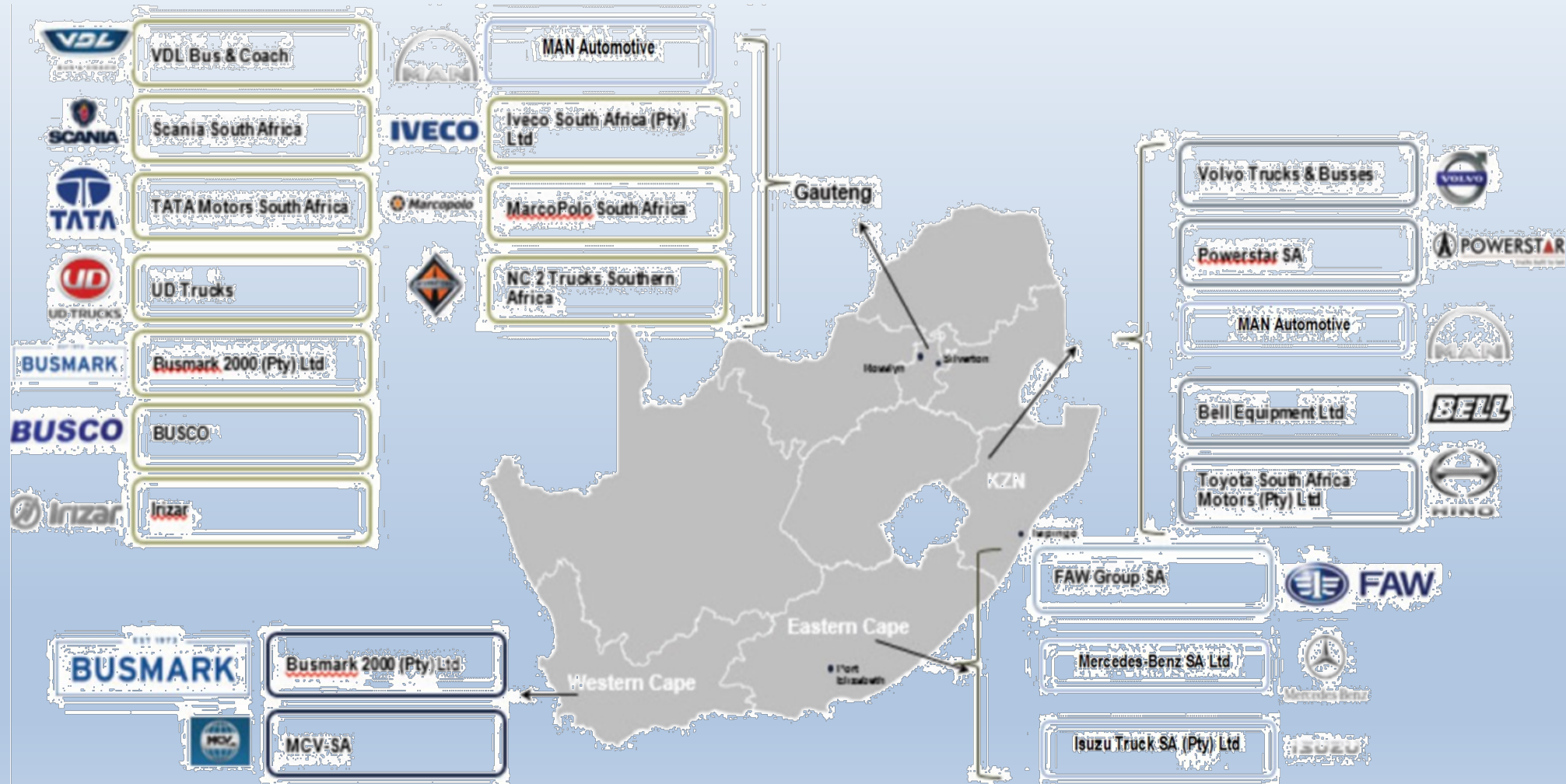


Figure 2: Heavy motor vehicle manufacturing plants in South Africa

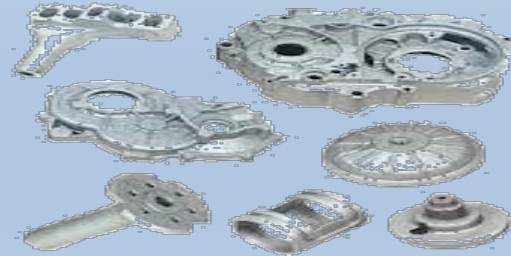
SA AUTOMOTIVE INDUSTRY: COMPONENT MANUFACTURING



Refer NAACAM Directory 2021 for full product and manufacturer listing
(www.naacam.org.za)

SA AUTOMOTIVE INDUSTRY: COMPONENT MANUFACTURING

- **Widespread base** of auto component suppliers including global first tier suppliers: Robert Bosch, Faurecia, YanFeng, Metair, Auto Industrial, KAP Automotive, Sumitomo, ZF Group, Purem, NGK and MahleBehr
- 150+ 1st tier suppliers, **75% of them multinationals**
- Over 200 2nd/3rd tier suppliers, mostly local, often cross sectoral
- Supplier Employment Level: approx 80 000



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SA AUTOMOTIVE INDUSTRY: ECONOMIC CONTRIBUTION

One of the largest manufacturing sectors in the SA economy contributing 4.9 % of GDP last year

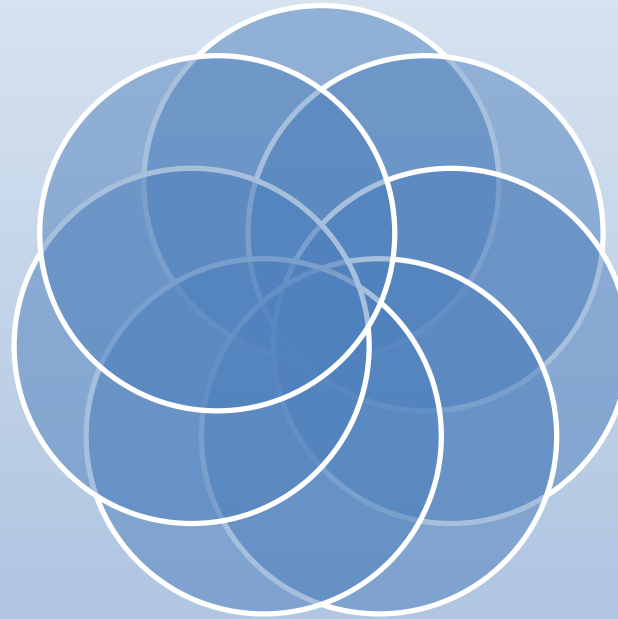
The export led growth model came under pressure in 2020 due to Covid 19

R11.6bn capital investment in 2020

Spread across 147 export destinations

2020 vehicle exports registered reduced industry exports of 271 288 vehicles. Component Export Value still record R54.5bn

Automotive related production represents about 28% of SA manufacturing output



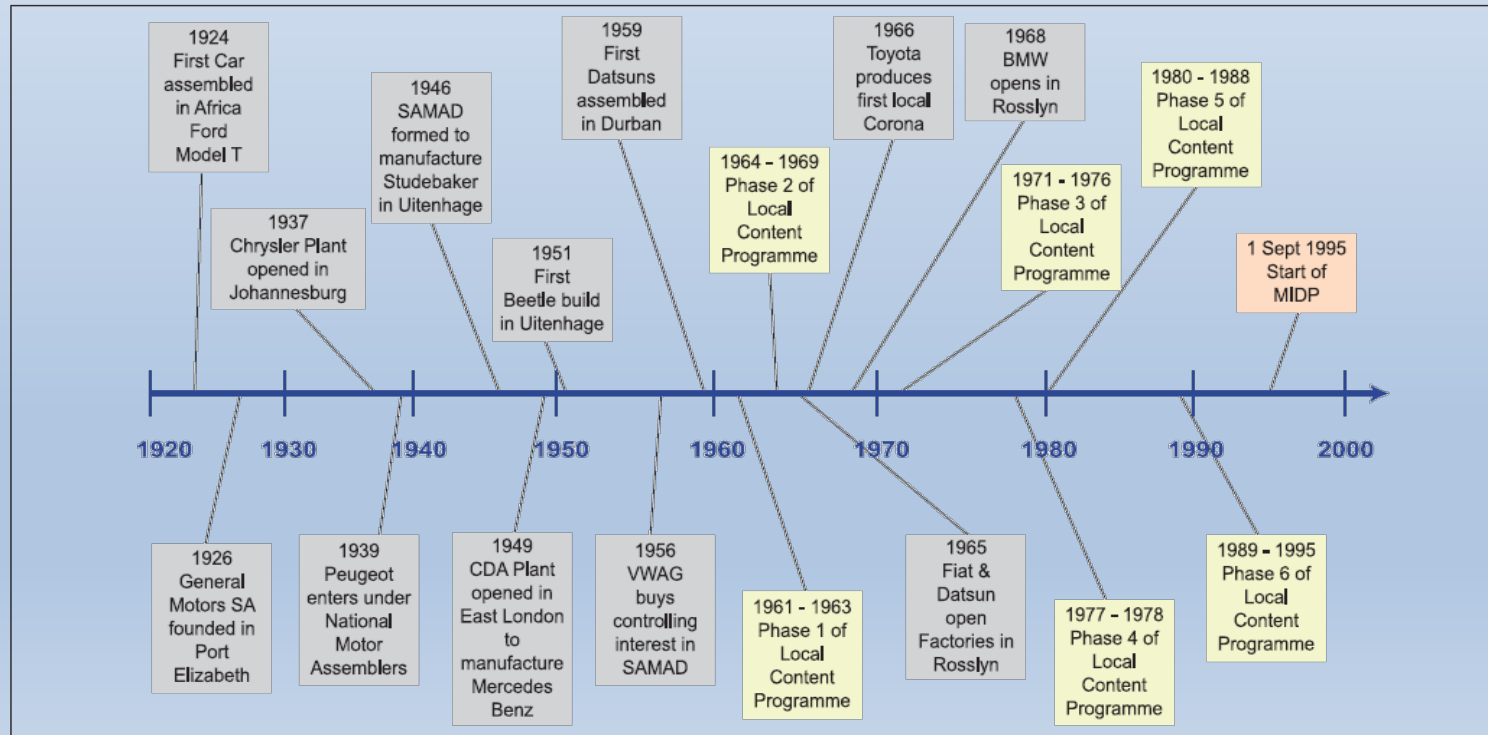
SA AUTOS: FOCUSSED INDUSTRIAL POLICY

TRIM: PRIMARY REASON FOR AUTOS PROD ECOSYSTEM IN SA

>110 000 DIRECT JOBS

UNDER dtic led APDP:

- VALUE OF VEHICLE PRODUCTION - R830bn
- LOCAL CONTENT - R 331bn



SUPPLIER
PARKS/SEZs

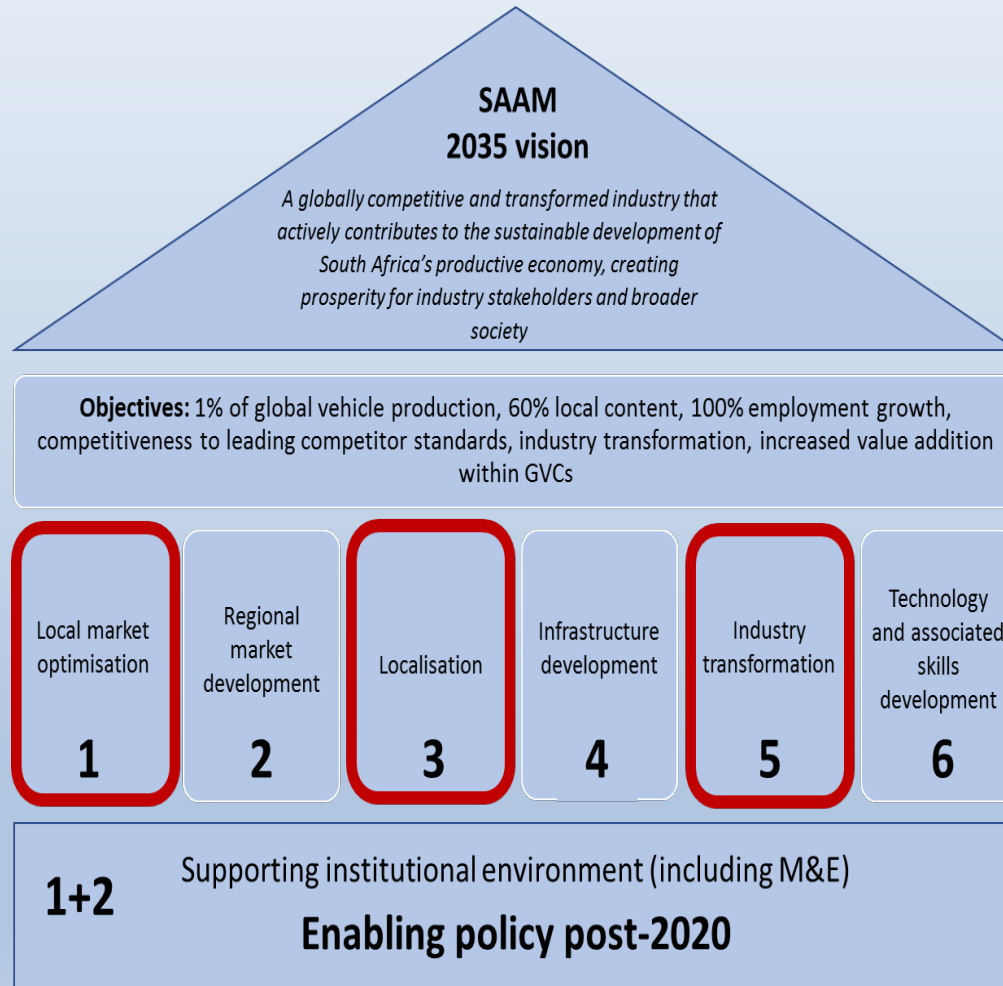
ASCCI, AIDC,
CLUSTERS

EXPORT
COUNCIL

R&D TAX
GRANT, BLACK
INDUSTRIALISTS
GRANT

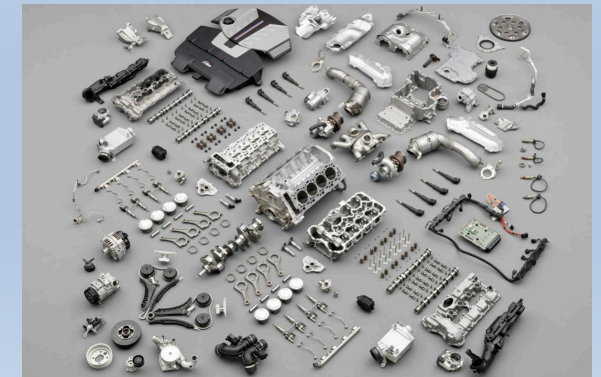
IDC DEDICATED
FUNDS

SA OUTLOOK: AUTOS MASTERPLAN 2035



Select Implications:

- Transport solutions fit to local and regional market
- Whilst platforms for coming model gen remain ICE dominated, greater emphasis on NEVs
- High volume platforms supplied by domestic and regional suppliers at greater mix and quantity
- Emphasis on T2 growth: Deep manufacturing

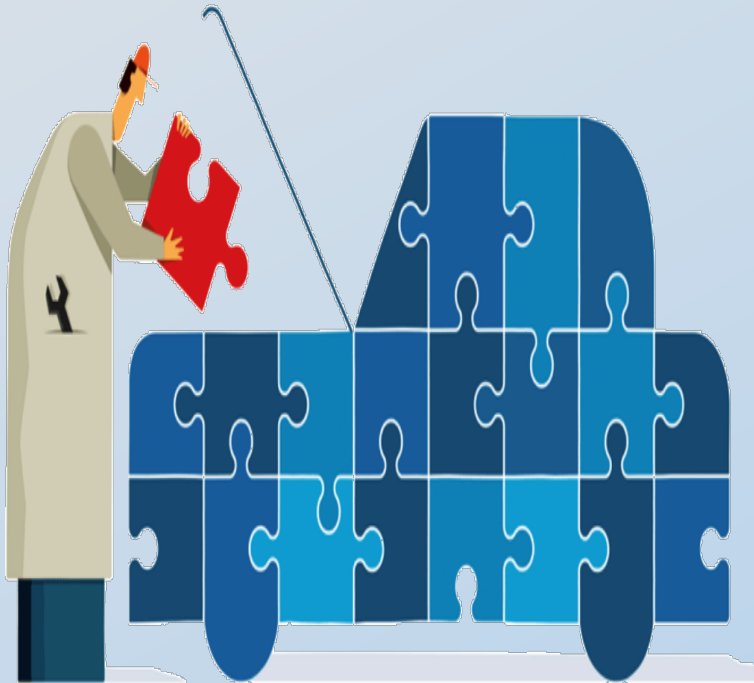


Supplier Development Activities: ASCCI

The Automotive Supply Chain Competitiveness Initiative (ASCCI) was established in December 2013, with the mandate of coordinating supply chain development activities within the South African automotive industry.

ASCCI is a collaborative, joint funded initiative between the suppliers, OEMs, government and labour, with the objectives of increasing supplier manufacturing value-add, enabling local supply chain capabilities, increasing local content, growing employment and advancing transformation.

Facilitated by NAACAM









ASCCI Case study: Naicker Toolmakers (Tier 2)

Pre-project status quo

- OEM impressed on their Tier 1s, the importance of developing Black-owned suppliers.
- Tier 1 had **informal engagements** with Black owned supplier previously, and saw potential to secure sourcing
- OEM 2 engaged ASCCI on participation in BSDP:
 - ✓ OEM sponsored R 250 000
 - ✓ ASCCI matched sponsorship of R 250 000
 - ✓ Black owned supplier contributed R 9 000

Key ASCCI project deliverables

- | | | | |
|--|-----------------------------------|---|--|
|  | Factory layout and flow |  | Optimise use of space and visual control |
|  | Gain automotive business |  | Improve productivity and efficiency |
|  | Improve quality management system |  | Safety, environmental and legal compliance |

Project outcomes

- Passed Tier 1 supplier audit requirements
- **IATF 16949 accreditation** complete
- Skills matrix and training plan in place
- Factory layout and 5S system in place, with supporting maintenance plan
- Secured one business contract with Tier 1 (more to follow)
- Secured interest from several additional OEMs and Tier 1 suppliers for new business development - RFQ processes initiated; supply commenced on selected components



NAACAM Value-Added Services

Activity	Description
Targeted Black supplier development initiatives	<p>Following the hosting of the NAACAM Black Supplier Day, in collaboration with BMW SA, where 18 strategic Black-owned suppliers were provided a platform to showcase their capabilities, the NAACAM office facilitated the following opportunities:</p> <ul style="list-style-type: none"> • KZN-based wire bending and forming supplier secured an interest-free loan of R 5 million to support new equipment investment to unlock one new contract • KZN-based CMT secured an interest-free loan of R 4,2 million to support new equipment investment to unlock one new multi-OEM localisation opportunity • Gauteng-based metal pressing supplier secured an interest-free loan of R 5 million to support new equipment investment to unlock one new contract • WC-based metal fabrication supplier secured one new contract with Tier 1 customer
High Gear – a NAACAM and IYF initiative	<ul style="list-style-type: none"> • NAACAM has partnered with the International Youth Foundation (IYF) to roll-out a large-scale programme to support the upgrading of curricula delivered at TVET colleges, to ensure that these TVETs remain responsive to the needs of the automotive sector. Targeted provinces include KZN and EC. • IYF core expertise lies in their TVET Curriculum Diagnostic and Enhancement Model • International donor funders engaged: Michael and Susan Dell Foundation, UK Prosperity Fund and USAID • Programme Managers appointed for KZN and EC regions • NAACAM to receive sub-grant to undertake a portion of phase 1 project deliverables – including the development and implementation of a routine labour market survey • DAC and ECAIF contracted to undertake industry skills gap research in project implementation regions
COVID-19 related activities	<ul style="list-style-type: none"> • Development and launch of NAACAM COVID-19 PPE Procurement Portal to provide a platform for NAACAM members which pivoted to PPE production, to be connected with potential customers • Co-ordination and management of National Face Shield Manufacturing Workstream (and development of dtic guidelines for manufacture of face shields) • Support for SAVE-P ventilator project: Several NAACAM members identified and sourced for participation

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