

# PRESS RELEASE

**FOR IMMEDIATE RELEASE | Monday, January 10, 2022**

**A challenging year characterised by more waves and variants of the Coronavirus as well as several domestic socio-economic challenges has come to a close as naamsa releases December 2021 New Vehicle Stats.**

**PRETORIA: Monday, January 10, 2022:** naamsa says it was inconceivable that during our lifetime a virus such as COVID-19 would radically and precipitously change the world we live in and bring global economies to an upsetting slowdown. The year 2021 was a year characterised by further waves and variants of the Coronavirus as well as several domestic challenges. The South African automotive industry like many other businesses, had to learn to quickly adapt to constantly changing regulations at the different alert levels. We had to embrace remote and flexible working environments and we had to find new ways to operate in a dynamical digital economy. Many of our companies had to reimagine and reinvent themselves to remain relevant and as a result, they managed to remain resilient in recouping some of the losses in new vehicle sales, vehicle exports and vehicle production compared to the severely COVID-19 affected 2020 levels.

## 1. BRIEF COMMENT ON DECEMBER 2021 SALES

The new vehicle market declined during December 2021, with aggregate industry new vehicle sales at 35,948 units recording a decline of 1,302 vehicles or a fall of 3,5% compared to the total new vehicle sales of 37,250 units during the corresponding month of December 2020. The December 2021 new passenger car market and light commercial vehicle market reflected a mixed performance with a year-on-year volume increase of 1,7% in the case of new passenger cars and a decline of 16,6% in the case of light commercial vehicles. Sales of medium commercial vehicles increased year-on-year by 17,5% while heavy commercial vehicles and buses were marginally down by 0,7%.

Page 1 of 4

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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 HEEDE** | 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**

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Export sales ended the year on a positive note recording a welcomed increase in December 2021 and at 21,430 units reflected a gain of 3,487 vehicles or an increase of 19,4% compared to the 19,943 vehicles exported during December 2020. Overall, out of the total reported industry sales of 35,948 vehicles, an estimated 33,160 units or 92,2% represented dealer sales, an estimated 4,9% represented sales to the vehicle rental industry, 1,9% to government, and 1,0% to industry corporate fleets.

## 2. COMMENT ON 2021 NEW VEHICLE SALES AND VEHICLE EXPORTS: “A YEAR CHARACTERISED BY FURTHER WAVES AND VARIANTS OF THE CORONAVIRUS AS WELL AS DOMESTIC CHALLENGES”

Following the massive COVID-19 pandemic related decline in new vehicle sales of 29,2% from 536,612 units in 2019 to 380,206 units in 2020, the new vehicle market reflected a strong rebound increasing year-on-year by 22,1% to 464,122 units in 2021. A close correlation exists between domestic new vehicle sales and the overall performance of the economy and the new vehicle market’s performance was aligned with the country’s projected GDP growth rate of around 5% for 2021.

It was a very satisfying performance by an industry that has had to deal with numerous challenges over the course of the year, ranging from global supply chain disruptions, insufficient model availability, persistent load-shedding, escalating logistics cost, as well as several domestic shocks. Fortunately, the domestic new vehicle market’s resilience continued and the domestic economic disruptions caused by the civil unrest, the cyberattack on Transnet operations, the three-week strike in the steel and engineering sector, the adjusted alert level 4 lockdown restrictions during the second half of the year as well as record fuel prices and a first interest increase in three years did not deter sales too much.

Renewed activity in the vehicle rental industry, which is a major seasonal contributor to the new vehicle market, supported passenger car sales during the second half of the year as the country’s economy started to open up to overseas visitors. Overall, market conditions in the new passenger car and light commercial vehicle market continued to be characterised by a buying down trend, with sales of pre-owned vehicles offering the most enticing option during the year. Sales of medium and heavy commercial vehicles also reflected signs of resilience and the sales performance mirrored the improved macro-economic climate in the country.

The following table summarises annual aggregate industry sales by sector since 2016:

Sector	2016	2017	2018	2019	2020	2021	2021 / 2020 % Change
Cars	361,265	368,114	365,247	355,379	246,541	303,961	+23.3%
Light Commercials	159,316	163,317	159,525	153,221	110,912	133,079	+20.0%
Medium Commercials	8,436	7,890	7,913	8,690	6,735	7,518	+11.6%
Heavy Trucks, Buses	18,535	18,383	19,579	19,322	16,018	19,564	+22.1%
<b>Total Vehicles</b>	<b>547,552</b>	<b>557,704</b>	<b>552,227</b>	<b>536,612</b>	<b>380,206</b>	<b>464,122</b>	<b>+22.1%</b>

Source: **naamsa**, Lightstone Auto

Vehicle exports at 295,268 units in 2021 reflected an increase of 23,980 vehicles or a gain of 8,8% compared to the 271,288 vehicles exported in 2020. For the first half 2021 vehicle exports were still on par with the record pre-COVID-19 vehicle export performance of 2019 but unfortunately the civil unrest in Gauteng and KwaZulu-Natal as well as the Force Majeure declared by Transnet after the cyber-attack during July 2021 left a major scar on the country's economy. Consequently, the upward momentum in vehicle exports grinded to a halt as the knock-on effects of the economic disruptions along with the global shortage of semi-conductors, also impacting on domestic vehicle production, were visible on the industry's export performance, declining for five consecutive months up to November 2021.

The following table reflects the industry's export sales performance since 2017:

	2017	2018	2019	2020	2021	2021 / 2020 % Change
Cars	230,957	221,681	260,843	178,788	170,788	-4.5%
Light Commercial	106,148	128,322	125,422	91,942	123,896	+34.8%
Trucks & Buses	990	1,136	827	558	584	+4.7%
<b>Total Exports</b>	<b>338,095</b>	<b>351,139</b>	<b>387,092</b>	<b>271,288</b>	<b>295,268</b>	<b>+8.8%</b>

Source: naamsa, Lightstone Auto

The performance of vehicle exports remains reliant on the performance and direction of global markets. Over the course of 2022 the domestic automotive industry's vehicle exports are expected to benefit from favourable conditions abroad as well as several new model introductions by major vehicle exporters.

### **3. INDUSTRY PROSPECTS FOR 2022: “ONGOING RECOVERY IN DOMESTIC NEW VEHICLE SALES, VEHICLE EXPORTS AND DOMESTIC PRODUCTION AMIDST LOWER DOMESTIC GDP GROWTH”**

As the world at large experienced further waves and variants of the Coronavirus in 2021, the global pandemic continued to shape economic and social disruption worldwide. The profound impact of the pandemic on several sectors in the domestic economy have had a very direct and detrimental impact on South Africa's economy in general and the automotive industry in particular. These developments have forced businesses to rethink entirely on how they operate and to transition to the newly defined normal. COVID-19 has increased the levels of uncertainty and its effects will be felt for years to come.

The domestic automotive industry is under no illusion that the pandemic will continue to have a significant impact on the economy and automotive industry in 2022 but, at the same time, is geared for any opportunities that may arise as businesses adapt to the changed environment.

Many COVID-19 disruptive elements are expected to remain in play in 2022 and prevailing market conditions will continue to be hampered by escalating cost increases and supply chain disruptions, such as the global semi-conductor shortages impacting on the availability of certain models.

Load-shedding will remain an area of great concern in 2022, limiting the economy's ability to reach full capacity. Furthermore, the realities of rising interest rates and fuel prices are expected to impact vehicle affordability as household budgets remain under pressure, dimming the hopes of a further strong recovery in the economy any time soon.

While the new vehicle market has seen substantial growth since the initial shock, it has not been sufficient to return to pre-COVID-19 levels in 2021. A sustained higher domestic economic growth rate is essential to support higher domestic new vehicle sales volumes. However, with a GDP growth rate forecast of a moderate 1,8% in 2022, the new vehicle market is expected to continue its gradual recovery during the year, but at a slower pace and at this stage a year-on-year improvement of around 8% in aggregate new vehicle sales volumes is projected for 2022. Factoring in the expected year-on-year improvement in vehicle exports of around 15%, an improvement in industry vehicle production of about 17% is projected for 2022. The automotive industry is not only the largest manufacturing sector in the South African economy, but it also invests billions of Rand every year, and represents about 460 000 highly skilled, direct jobs in its formal sector supply chain. With constant economic shifts and global disruptions the order of the day, companies must capitalise on smart business models that will fuel their growth matrix.

Best wishes for 2022 to the media and all automotive industry stakeholders.

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#### **ABOUT THE SA AUTOMOBILE INDUSTRY**

- the automotive industry contributes 4.9% to GDP [2.8% manufacturing and 2.1% retail];
- in 2020, the export of vehicles and automotive components reached a record amount of R175.7 billion, equating to 13.9% of South Africa's total exports;
- the industry accounts for 18.7% of the country's manufacturing output;
- vehicles and components are exported to 147 international markets;
- we are the country's 5th largest exporting sector out of all 104 sectors;
- 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;
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