

# PRESS RELEASE

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## naamsa RELEASES THE 2024 AUTOMOTIVE TRADE MANUAL

**IMPORTANT NOTICE:** Please note that **naamsa** uses a different naming convention, namely **naamsa** | The Automotive Business Council or **naamsa**. The National Association of Automobile Manufacturers of South Africa is no longer a legal entity, and we wish to advise all reporters to use the new naming conventions as advised above.

**PRETORIA: Tuesday, May 07, 2024: naamsa** | The Automotive Business Council is excited to release the newly branded **naamsa** Automotive Trade Manual 2024 publication, previously published by naamsa under the banner of the Automotive Industry Export Council [AIEC]. This iconic publication is the official source of key trade data and other relevant information to the automotive industry in South Africa.

In 2023, the impact of slowing global growth owing to escalating geo-political tensions, supply chain disruptions, inflationary pressures and multi-year high interest rates has reverberated across all sectors of the economy, including the automotive sector. However, despite a constrained economic environment undermining the domestic new vehicle market's ability to fully recover to pre-pandemic levels in 2023, record high vehicle exports ensured that the automotive industry outperformed the rest of the manufacturing sector.

The export value of vehicles and automotive components increased by R43,5 billion, or 19,1%, from the R227,3 billion in 2022 to a record R270,8 billion in 2023, comprising 14,7% of total South African exports. Vehicle exports increased by 47 809 units to a record 399 594 units in 2023, up from the 351 785 units exported in 2022, while the vehicle export value increased by R46,9 billion from R157,0 billion in 2022 to a record R203,9 billion in 2023. The industry's impressive export performance also includes record exports to all major regions, including the EU, Africa, SADC, and North America while exports to 87 of the 148 country destinations were at an all-time high.

Automotive component exports, however, reflected a decline of R3,4 billion from R70,3 billion in 2022 to R66,9 billion in 2023. The domestic automotive industry exported to 148 countries in 2023, down from the 152 destinations in 2022, with the export value more than doubling in the case of 29 of these countries from 2022 to 2023. South African automotive trade under the APDP2, amounting to a significant R520,5 billion in 2023, comprised 16,7% of South Africa's total trade GDP, up from 16,5% in 2022.

As the largest manufacturing sector in the country's economy, a substantial 21,9% of value addition within the domestic manufacturing output was derived from vehicle and automotive component manufacturing in 2023, while the broader automotive industry's contribution to the GDP comprised 5,3% [3,2% manufacturing and 2,1% retail].

The trading environment in South Africa is extremely competitive compared to global standards. In 2023, there were no less than 46 passenger car brands and 2 172 model derivatives, the greatest selection of market-size ratio found globally. Similarly, in the light commercial vehicle segment, for the same period, there were 23 brands, with 525 model derivatives to choose from. OEMs continue to introduce a growing range of model variations and body shapes for each model to give customers a greater ability to personalise the vehicle that they purchase. New energy vehicle [NEV] sales reflected another substantial increase of 65,7% from 2022 to 2023, following the significant year-on-year increase of 421,7% in 2022. Sales of battery electric vehicles increased to 929 units in 2023, up from 502 units in 2022, 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, breached the 1% mark in 2023, increasing to 1,45%, up from 0,88% in 2022. Total new vehicle revenue, based on the available list price, amounted to R289,3 billion in 2023.

As an export-oriented industry, the major focus on exports is to obtain higher volumes and economies of scale benefits, but exports remain a function of the direction and economic performance of global markets. South Africa has advantageous access to world markets through free trade agreements with major markets such as Europe and the UK, a preferential trade arrangement with the US and is part of the SADC free trade area. Exports to the EU, the domestic automotive industry's top export region, increased to a record R147,1 billion in 2023 while exports to Africa, its second largest export region, increased to a record R42,8 billion. Germany remained the top country export destination with a record export value of R83,1 billion in 2023.

A significant 66,5% of light vehicle production was exported in 2023. Europe and the UK continued to dominate as a region and accounted for a substantial 75,5%, or three out of every four vehicles exported in 2023, with 50,3% of light vehicle production destined for the region. Germany surpassed the UK, which dominated the rankings for nine consecutive years since 2014, to move into top position followed by Japan, Italy, and France. VWSA, with its Polo model, maintained its top position for the fifth consecutive year in 2023. The legislation to ban the sales of new internal combustion engine [ICE] vehicles in the EU and the UK by 2035 in favour of electric vehicles, requires a speedy approach, given the high export exposure of the domestic automotive industry and the required timeframe to respond. In 2023, automotive component exports declined by 4,8% to R66,9 billion, from R70,3 billion in 2022, mainly due to the decline in catalytic converter exports to the EU.

However, catalytic converters remained the top automotive component exported from South Africa, and comprised R25,9 billion, or 44,1% of total automotive component exports, followed by engine parts, tyres and transmission shafts and cranks.

Imports of light vehicles declined by 27 966 units, or 8,6%, from 323 783 units in 2022 to 295 817 units in 2023, in line with a weak domestic new vehicle market. The top country of origin, in volume terms, for passenger cars and LCVs imported into South Africa in 2023 was India, with 157 326 vehicles, accounting for 53,2% of the total light vehicles imported, while China consolidated its second position, accounting for 13,3%. Chinese brands continued to gain traction, as financially strapped consumers gravitated towards the more affordable model options.

Imports of original equipment components by the seven domestic OEMs increased by a substantial R40,8 billion, or 34,1%, to R160,4 billion in 2023, from the R119,6 billion in 2022, in line with the 13,9% year-on-year vehicle production increase in 2023, as well as in accommodating the launches of new domestically manufactured models. In 2023, the import of replacement parts increased by a substantial R10,3 billion, or 13,1%, to R89,5 billion, up from the R79,2 billion in 2022. Replacement parts for a vehicle parc of 13,1 million vehicles remained high, considering that 76,9% of passenger cars sold in the domestic market were imported in 2023. The high level of aftermarket parts imports from China is indicative of the country's dominant influence and cost competitiveness in the global automotive environment.

Global vehicle production increased by 10,3% to reach 93,5 million vehicles in 2023, up from the 84,8 million units produced in 2022, exceeding the pre-pandemic level of 91,9 million vehicles in 2019. Vehicle production reflected double-digit increases in all major regions in 2023, except for the America's region. Eighteen countries exceeded the one million vehicle production mark in 2023, which is regarded as the international benchmark. China, with production of 30,2 million units comprised nearly one third of global vehicle production, and comfortably remained the world's biggest market in 2023, followed by the US with 10,6 million units, and Japan with 9,0 million units.

South African vehicle production increased by 13,9%, from 555 885 units in 2022 to 633 332 units in 2023, exceeding the global year-on-year increase in global vehicle production of 10,3% in 2023. The country's global vehicle production market share thus increased from 0,65% in 2022 to 0,67% in 2023, but its global vehicle production ranking remained at 22nd. In terms of global LCV production, South Africa was ranked 15th with a market share of 1,2%. South Africa remained the dominant market on the African continent and accounted for 54,1% of the total African vehicle production of 1 171 422 vehicles in 2023.

Global new vehicle sales grew by 11,9% and totalled 92,7 million units in 2023, up from the 82,9 million units sold in 2022 and exceeded the pre-pandemic level of 2019 by 0,7%. China remained by far the largest single-country new vehicle market in the world by selling almost as many vehicles as in the European and US markets combined. New vehicle sales in China grew by 12,0% to 30,09 million units in 2023, compared to the 26,86 million units in 2022. Global electric vehicle sales continued to rise sharply by another 35% to 14,2 million units in 2023, up from 10,5 million units in 2022.

This ongoing rapid growth meant that the overall share of electric light vehicles in the market rose from 13% in 2022 to 15,8% in 2023. In 2023, Tesla sold 1,81 million EVs followed by China's BYD with 1,57 million units. The Tesla Model Y has emerged as the best-selling car in the world overall in 2023. Toyota's total vehicle sales increased to a new industry record of 11,23 million units in 2023, allowing the company to retain its position as the leading vehicle manufacturer in the world.

The South African automotive industry experienced some noteworthy developments in 2023 and the pulse of this dynamic sector accelerated with the release of **the dtic's** Electric Vehicle White Paper, November 2023. The White Paper outlines a comprehensive electric vehicle roadmap for South Africa and the structure of a suite of policy interventions tailored to the automotive industry. The primary goal of the White Paper is to set a course to transition the automotive industry from primarily producing Internal Combustion Engine [ICE] vehicles to a dual platform that includes electric vehicles in the production and consumption mix, alongside ICE vehicles in South Africa by 2035.

The development of the automotive industry has been a remarkable story of innovation, entrepreneurship, and economic growth in South Africa. This year [2024] also marks the centenary celebration of vehicle manufacturing in the country since Ford started to assemble the iconic Model T Ford on 19 January 2024. The automotive industry has been and will remain fundamental to South Africa's economy. Government recognises the importance of a growing automotive industry, as its social and economic impact extends well beyond vehicle and automotive component manufacturing.

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