



South African Government-Industry Symbiosis: The South African Automotive Market, Vehicle Production and Government Incentives

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Presentation Outline

1. South Africa's shifting value chain
2. Automotive industry contribution to the economy
3. Government-industry symbiosis



But 1st, a re-cap on the automotive value chain's estimated contribution to the South African economy

Value chain segment	Value chain activity	Estimated Value Addition (Rm)	Estimated employment
South African market*	New vehicle sales	R 65 914	88 670
	Used vehicle sales	R 51 371	
	Workshop income	R 16 740	42 813
	Parts sales	R 54 863	43 373
	Total South African market	R 188 887	174 856
South African manufacturing**	OEM: All markets	R 68 033	30 000
	Component value addition: SA OEMs	R 51 402	42 548
	Component value addition: Non-SA OEM	R 51 286	42 452
	Total manufacturing value addition	R 170 721	115 000
TOTAL		R 359 608	289 856

* Sources: Calculated from South African Motor Trade Data, Statistics South Africa (2025); Motor Industry Trade Report No. 63-01-02, Statistics South Africa (2022)

** Source: Calculated from OEM quarterly accounts, BMAIS AAS, and NAACAM Quarterly Survey

1. South Africa's shifting value chain

SAAM KPI	What we had	What we have	What we wanted	The gap	
	SAAM base: 2015	Industry actual: 2024	SAAM projection: 2024	Industry actual: 2015-2024	Actual vs SAAM projection: 2015-2024
Vehicles produced (units)	584 718	577 624	862 840	-7 094	-285 216
Local content %	38,7%	39,1%	44,0%	0,3%	- 4,9%
Vehicles produced: Local market (units)	246 582	176 488	345 546	- 70 094	- 169 058
Vehicles produced: Exports (units)	338 136	401 136	517 294	63 000	- 116 158
Avg. value: Vehicles produced (units)	R 369 939	R 529 370	R 371 801	R 159 432	R 157 569
Value of local content	R 83.8 bn	R 119.4 bn	R 141.2 bn	R 35.6bn	-R21.7 bn
Employment (estimated)	112 000	115 000	141 505	3 000	- 26 505

The Reasons?

Poor domestic market performance

Major growth in vehicle imports

Limited export sales into regional markets

Over-dependence on distant developed economy markets

Shift in value of locally assembled vehicles

Lack of volume growth limits local content opportunities

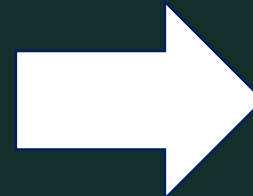
2. Automotive industry contribution to the economy (2024)

Market	Value addition stage	Value addition (Rm)	Contribution	Employment	Contribution
South Africa	OEM local value addition: SA market	R 17 783	10,4%	7 842	6,8%
	Component value addition: SA OEMs SA market	R 13 436	7,9%	11 122	9,7%
	Non-OEM component value addition: SA market	R 15 763	9,2%	13 048	11,3%
	Total value addition: SA market	R 46 983	27,5%	32 012	27,8%
Exports	OEM local value addition: export markets	R 50 249	29,4%	22 158	19,3%
	Component value addition: SA OEM exports	R 37 966	22,2%	31 426	27,3%
	Component value addition: exports	R 35 523	20,8%	29 404	25,6%
	Total value addition: Exports	R 123 738	72,5%	82 988	72,2%
Total	SA OEM local value addition: All markets	R 68 033	39,9%	30 000	26,1%
	SA OEM-Component value addition	R 51 402	30,1%	42 548	37,0%
	SA non-OEM component value addition	R 51 286	30,0%	42 452	36,9%
	Total manufacturing value addition	R 170 721	100,0%	115 000	100%

Note export dependence of OEMs, and automotive component manufacturers (directly and indirectly)

3. Government-industry symbiosis: Per SAAM calculations

APDP elements	Values (Rm)
VALA earned by OEMs	R 8 360
PI earned by OEMs	R 14 929
Minus CKD duties paid by OEMs	-R 8 482
VALA and PI earned by OEMs net of CKD duty	R 14 808
Add independent PI earned by component manufacturers	R 1 726
Total rebate benefits (value chain)	R 16 534*



Key metrics	Value
Total MVA: All markets	R 171.7 bn
Total rebate benefits	R 16.5 bn
MVA ratio to rebate value	10.33
Rebate value as % MVA	9.68%
Employment	115 000
Rebate value per job maintained	R 143 772

* Per ITAC data for the APDP, the total value of PI-derived PRCs R15.6 billion in 2024. This is R1.1 billion less than my estimates. The difference may lie in quarterly timing differences, but it may also be due to local Standard Materials only receiving benefits equivalent to 25% of their value. The R16.5 billion in PRCs earned can therefore be considered at the top of the estimated range of benefits

3. Government-industry symbiosis: A major difference in perspective (Rand billions)

APDP benefits	Calculation per NT		Per SAAM calculations		SAAM vs. NT 2024
	2015	2024	2015	2024	
CKD duty removal: vehicle exports	R 16.9	R 28.8	R -	R -	-R 28.8
VALA	R 7.2	R 8.4	R 7.2	R 8.4	R -
PI – OEM	R 8.4	R 14.9	R 8.4	R 14.9	R -
PI – components	No data	R 1.7	No data	R 1.7	R -
CKD duties paid by OEMs	R -	R -	-R 9.6	-R 8.5	-R 8.5
Total benefit	R 32.5	R 53.8	R 6.0	R 16.5	-R 37.3



Thank You

