

# PRESS RELEASE

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## SARB HOLDS INTEREST RATES STEADY STABILITY WELCOMED, BUT STRUCTURAL COMPETITIVENESS REMAINS THE PRIORITY FOR SOUTH AFRICA'S AUTOMOTIVE INDUSTRY

Pretoria, 24 July 2026 – **naamsa | The Automotive Business Council** welcomes the South African Reserve Bank's (SARB) decision to keep the repo rate unchanged at **7.00%**, with the prime lending rate remaining at **10.50%**, following the July 2026 Monetary Policy Committee (MPC) meeting.

The decision provides a measure of certainty for consumers and businesses during a period of heightened global economic uncertainty. However, **naamsa** cautions that monetary policy stability alone will not be sufficient to unlock the growth potential of South Africa's automotive industry or restore the country's international competitiveness.

"Stable interest rates provide breathing space for consumers and businesses, but they are not, on their own, sufficient to unlock South Africa's automotive growth potential. The industry's long-term success depends on improving competitiveness, strengthening logistics, ensuring reliable energy, attracting investment and implementing progressive policy reforms that position South Africa as a globally competitive manufacturing destination," said **Shinny Gobiyeza, Interim Chief Executive Officer and Chief Operations Officer of naamsa**.

### Consumer Relief, but Demand Remains Constrained

Keeping interest rates unchanged prevents additional increases in vehicle finance repayments and offers temporary relief to consumers already facing elevated borrowing costs. While this supports affordability, retail vehicle demand continues to be constrained compared to pre-tightening conditions.

Vehicle purchasing decisions remain highly sensitive to financing costs, while dealers continue to face pressure on inventory financing and replacement demand remains subdued.

### Investment Requires More than Interest Rate Stability

Although the decision reduces uncertainty in financial markets, businesses continue to operate in an environment characterised by relatively high financing costs, infrastructure constraints and global economic volatility.

For automotive manufacturers and suppliers, investment decisions are increasingly influenced by structural competitiveness rather than monetary policy alone. Capital expenditure, supplier expansion and localisation programmes require confidence in South Africa's broader industrial environment.

### **Export Competitiveness Becoming Increasingly Critical**

With domestic demand expected to remain resilient, export markets will continue to play an important role in sustaining production volumes, employment and investment.

To fully capitalise on export opportunities, South Africa must improve logistics efficiency, port performance, energy security and policy certainty. These structural reforms remain fundamental to maintaining the country's position as a preferred global automotive manufacturing and export hub.

### **Inflation Risks Continue to Warrant Caution**

**naamsa** notes the MPC's assessment that inflation remains within the upper end of the target range but continues to face upside risks arising from:

- Geopolitical uncertainty
- Global energy price volatility
- International trade tensions
- Exchange rate movements
- Domestic inflation expectations

These factors justify the Reserve Bank's cautious approach while reinforcing the importance of broader economic reforms to support sustainable growth.

### **Competitiveness Must Now Become the National Priority**

While monetary policy provides macroeconomic stability, South Africa's long-term automotive competitiveness will depend on decisive structural interventions that improve the country's investment climate.

Priority areas include:

- Accelerating logistics reforms across ports and rail.
- Ensuring reliable and affordable electricity supply.
- Strengthening industrial policy certainty, including the implementation of APDP reforms.
- Supporting localisation and supplier development.
- Enhancing investment facilitation and regulatory efficiency.
- Creating a globally competitive environment for advanced automotive manufacturing.

The industry believes these interventions will have a far greater impact on long-term investment decisions than interest rate movements alone.



## Looking Ahead

The South African automotive industry remains resilient despite a challenging global environment. Stable interest rates provide an important foundation, but sustained industry growth will require a coordinated national effort to improve competitiveness, expand exports and attract new investment.

South Africa has a unique opportunity to strengthen its position within global automotive value chains. Realising that opportunity will depend on bold structural reforms that enable manufacturers, suppliers and investors to compete successfully in an increasingly competitive international market.

"The focus must now shift beyond monetary policy towards the reforms that will define South Africa's industrial future. Competitiveness, not simply stability, will determine whether we achieve the growth, investment and job creation ambitions of the South African Automotive Masterplan 2035," concluded Gobiyeza.

## STATEMENT ENDS

### ABOUT THE SA AUTOMOBILE INDUSTRY

- the automotive industry contributes 5.2% to GDP [3.3% manufacturing and 1.9% retail];
- in 2025, the export of vehicles and automotive components reached a record amount of R291.0 billion, equating to 15.6% of South Africa's total exports;
- the industry accounts for 23.8% of the country's manufacturing output;
- vehicles and components are exported to 154 international markets;
- the manufacturing segment employs 113,000 people; and
- combined with multiplier effects, the industry sustains 498,000 jobs across the formal economy.

### NOTES FOR EDITORS

- Since 2021, **naamsa** introduced associate membership with tangible benefits including industry data access and visibility;
- **naamsa** represents 42 companies manufacturing, assembling, distributing and importing new vehicles;
- Our vision is to be the most credible and respected automotive industry thought leader and partner for a globally competitive and transformed South African auto sector;
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