

# Durban Automotive Cluster Growth Focus Area Programme

# Accessing the African Automotive Market

**Makaranga Garden Lodge**

**13<sup>th</sup> October 2009**

Workshop kindly sponsored by  
Trade & Investment KwaZulu-Natal

- 08:45**    **Tea and coffee on arrival**
- 09:00**    **Welcome & introduction**
  - Sean Ellis (DAC)
- 09:05**    **Contextualising Growth Opportunities in Africa**
  - Sean Ellis (Durban Automotive Cluster)
- 09:20**    **Introduction to Trade and Investment KwaZulu-Natal**
  - Praline Ross (TIKZN)
- 09:35**    **Africa Programme and Support Opportunities**
  - Nelisiwe Makhaye (TIKZN)
- 10:00**    **DAC Member Firm Presentations:**
  - Federal Mogul Corporation – Chris Hillier
  - GUD Filters – Stuart McMillan
  - Toyota Tsusho Africa – Andrew Velleman
- 11:30**    **Discussion session regarding unpacking and realising growth opportunities in Africa**
- 12:00**    **Workshop closure and networking session plus lunch**

# Overview of the DAC

- The Durban Automotive Cluster (DAC) is a Public-Private Partnership (PPP) between the eThekweni Municipality and the automotive industry in KwaZulu-Natal that is focused on developing the competitiveness of the automotive industry in the region
- The Section 21 Company operates according to a fixed business plan which aligns all activities with a set of goals common to all parties in the Public-Private Partnership
- The DAC is an industry driven initiative, drawing on the leadership and expertise of individuals from a broad range of member firms and using it to identify and address a wide variety of challenges confronting the industry
- The Executive Committee is responsible for determining the strategic direction and oversight of the finances of the Public-Private Partnership, while the core programmes and identified interventions are directed by Technical Steering Committees (TSCs) of industry representatives that meet on a regular basis

## Strategic Priorities for 2020

- The overarching long-term strategic objective for the regional industry is to double its size by 2020
- This is in line with the national government's objective of 1.2 million vehicles being produced in South Africa by 2020
- The DAC partnership is focused on supporting the local automotive industry to achieve its strategic objective. The measurement of this objective will be linked to a basket of indicators, with these including:
  - Local value addition
  - Output levels
  - Employment

## Strategic Priorities for 2020

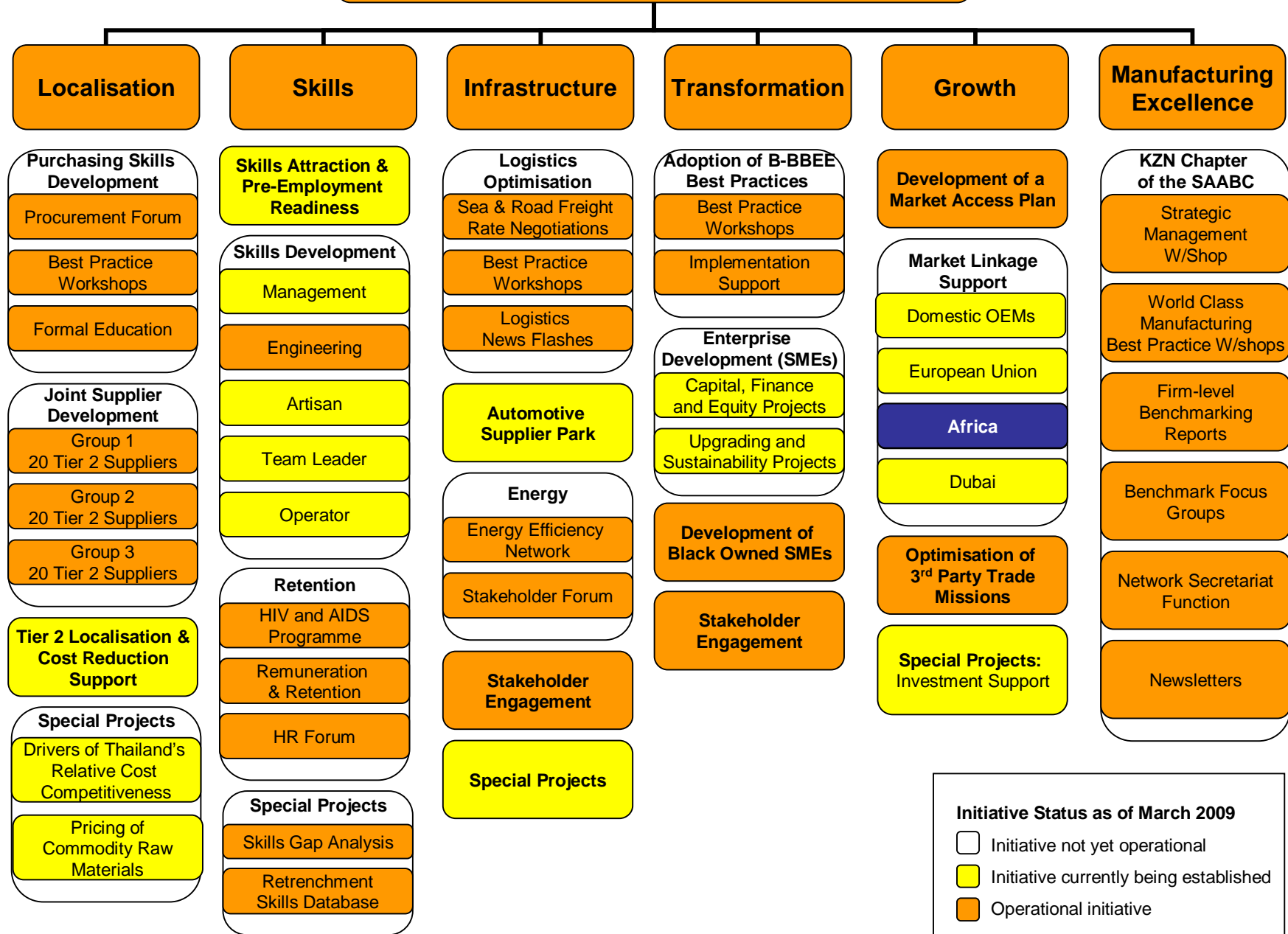
- Five strategic focus areas have been identified as being core to attaining the above objective. Future successive three-year business plans for the DAC will therefore be developed to support progress in each of these five areas:
  - Localisation and supplier competitiveness
  - Skills development and skills retention
  - Infrastructure reliability and competitiveness
  - Transformation
  - Growth through market linkages and investment
  - Manufacturing Excellence (KZN Chapter of the SAABC)

## Key Changes in 2009

- The Executive Committee approved the focus areas and activities of the DAC for 2009 on the basis of a number of inputs, the most significant of which are as follows:
  - The need to adopt a Cluster structure reflective of the 2020 priority focus areas identified as core to achieving growth targets
  - An integration of short term and long term deliverables that will successfully result in the adoption of strategic priorities while not undermining short term value to members
  - The incorporation of existing initiatives that continue to yield success, and expansion of new initiatives that show great potential
  - Anticipated financial resource constraints and opportunities to use available seed funding to leverage further resources
  - The uncertainty around the accessibility, timing and quantity of additional funding available for the implementation of initiatives that are core to achieving both short and long term objectives.

# Durban Automotive Cluster

## Structure and Programme Content for 2009



# Major Successes

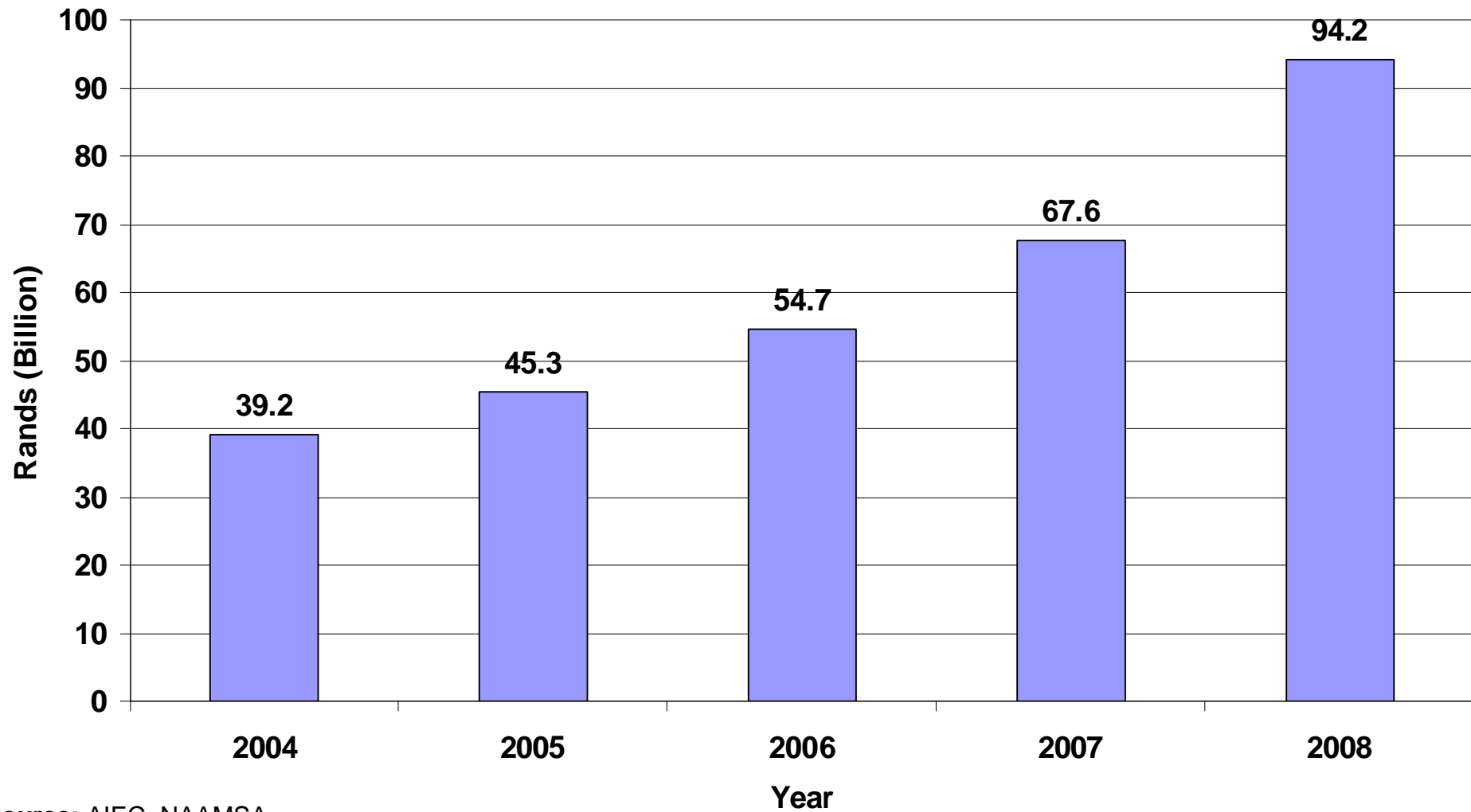
- 8<sup>th</sup> year of existence
- Development of purchasing skills programme
- HIV and AIDS Programme
- Graduate Development Programme
- Joint Supplier Auditing and Development Programme
- Increased logistics awareness
- Favourable freight rate
- Energy Club
- Joint Training
- Increased knowledge of B-BBEE, including scorecard
- Development of PDI owned firms
- APDP strategic knowledge sessions
- AGMs

## Reason for Successes

- Programme is developed:
  - By **industry**
  - For **industry**, and
  - Driven by **industry**
- Therefore supported by **industry** = NB!
- **AND** supported by key strategic stakeholders = NB!

# Contextualising South Africa's Automotive Growth Opportunities in Africa

## South African auto exports to World

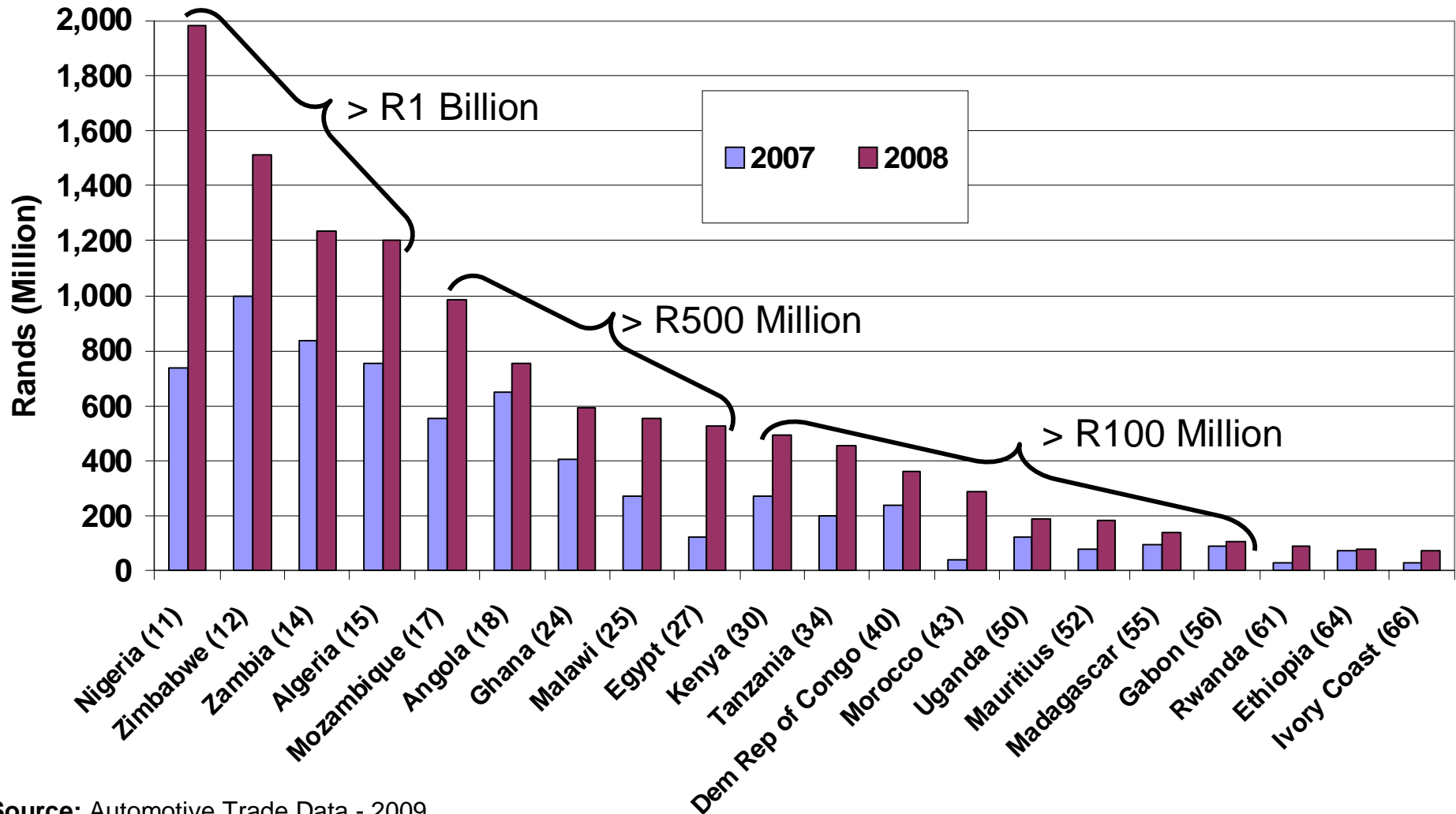


Source: AIEC, NAAMSA

## SA's Africa Auto Export Market

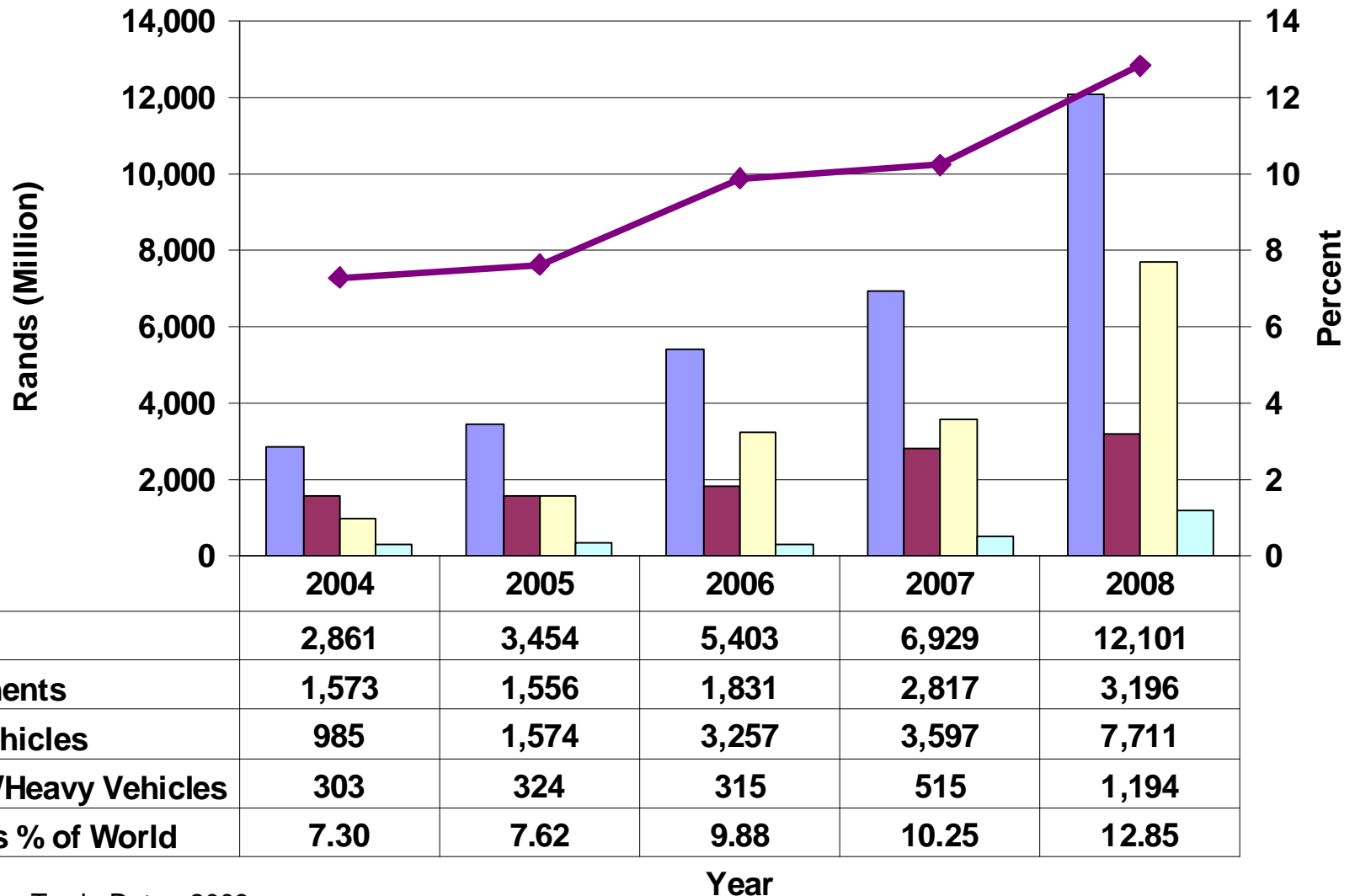
- Exports to African countries:
  - Above R 1 billion = 4
  - Above R 500 million (and < R 1 billion) = 5
  - Above R 100 million (and < R 500 million) = 8
- Exports to Africa = R 12.1 billion (2008)
- Exports to SADC = R 6.1 billion (2008)

## South Africa's Top 20 African Auto Export Destinations (including country ranking for all auto exports)



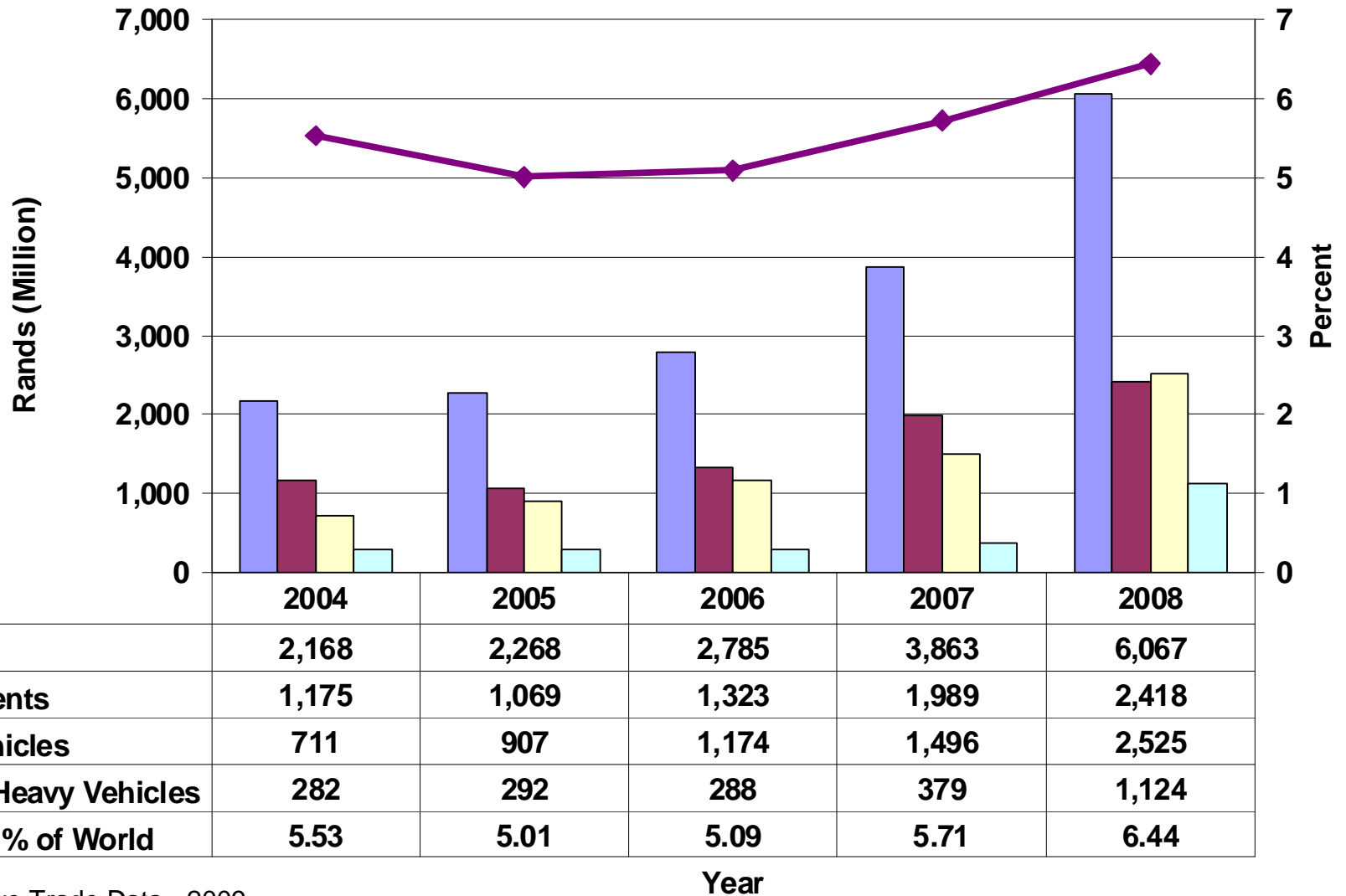
Source: Automotive Trade Data - 2009

## South African auto exports to Africa



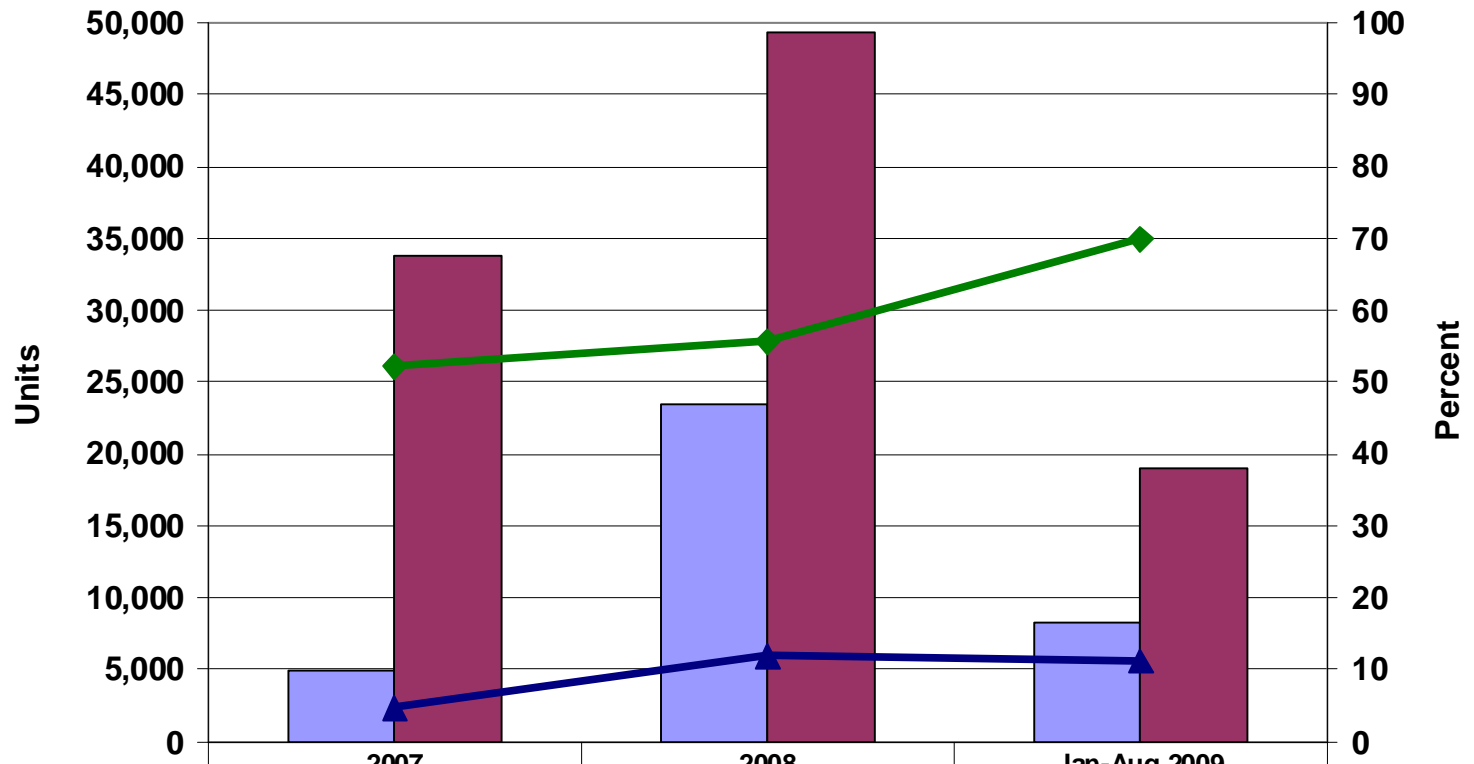
Source: Automotive Trade Data - 2009





## South African auto exports to SADC



Source: Automotive Trade Data - 2009

### South African auto vehicle exports to Africa



 Passenger Exports into Africa	4,986	23,403	8,248
 Commercial Exports into Africa	33,781	49,304	18,998
 Passenger Exports into Africa as % of Total Exports	4.68	11.96	11.18
 Commercial Exports into Africa as % of Total Exports	52.15	55.68	69.89

Source: RGT in association with NAAMSA

Year

## In summary

- Africa (and SADC) auto market is sizeable **ü**
- Notable growth in exports being realised from SA **ü**
- Significant opportunities/potential still exists: **ü**

Product Code	Product Label	SA's imports from world	Africa's imports from world	Africa's imports from world (excluding SA)	
		US\$ (Million)			R (Million)*
'8703	Cars (incl. station wagon)	2,750	13,885	11,136	91,869
'8708	Parts & access of motor vehicles	1,197	4,337	3,140	25,909
<b>Total</b>		<b>3,946</b>	<b>18,222</b>	<b>14,276</b>	<b>117,777</b>

\* Exchange rate of US\$ 1.00 : R 8.25 (SARB)

Source: International Trade Centre (ITC)

**Thank You!**