

SA's motor industry slashes its trade deficit

After racking up a record trade deficit of R42bn in 2012, SA's motor industry almost halved the gap last year - with a little help from Finance Minister Pravin Gordhan and a new industry policy.



Naamsa's Norman Lamprecht says that imported vehicles continue to out-number exported ones.

Image: [Trade and Export Middle East](#)

Automotive exports accounted for 11.1% of SA's total exports of R927bn last year, and 12.7% of R998bn in imports.

The industry exported R102.7bn of vehicles and components - the first time it has breached R100bn - and imported R126.7bn, for a R24bn deficit. In 2012 it had exported R94.9bn and imported R137.2bn.

However, it is difficult to draw a direct comparison with previous years. The Automotive Production and Development Programme (APDP), introduced last year, has different value definitions from its predecessor, the Motor Industry Development Plan. In the biggest departure, imported vehicle spare parts are no longer included in the industry's trade balance figures.

Export figures, meanwhile, are inflated after Gordhan's November announcement that trade statistics would now include Botswana, Lesotho, Namibia and Swaziland. Vehicle and components exports to the four countries last year exceeded R12bn, with almost nothing coming in the opposite direction.

The figures are included in the 2014 edition of the South African Automotive Export Manual.

Export figures

It shows SA exported 276,368 vehicles last year: 153,524 cars, 121,653 light commercial vehicles (LCVs), mainly bakkies,

and 1,201 trucks and buses. The trucks and buses sector is expected to rise appreciably in coming years as new production incentives encourage more companies to build heavy vehicles in SA. Italian-owned Iveco said it was on target to start production at an R800m truck and bus plant near Pretoria in July.

A separate report by the National Association of Automobile Manufacturers of SA (Naamsa) says vehicle producers are expected to spend a record R7.9bn on capital expenditure projects this year. They spent just over R4.3bn last year.

Naamsa Executive Manager Norman Lamprecht, who compiled the industry export manual, said that the 2014 figure included spending set for last year but carried over after seven weeks of strikes caused shutdowns in the third quarter.

SA's seven major vehicle manufacturers are all at different stages of plans for new vehicle ranges.

Many of them will increase their capacity for exports. The export manual reveals that foreign shipments last year accounted for 57.3% of domestic car production and 48.8% of LCV production.

Imported vehicles, however, continued to out-number exports. Last year, SA imported 379,271 cars and LCVs. Most were brought in by local vehicle manufacturers, using APDP-linked tariff rebates that allowed many to arrive duty-free.

Despite fears that reduced protection for local converter producers under the APDP might cause the sector to shrink, export values grew to R17.6bn last year, from R16.3bn in 2012. But shortages of platinum, caused by the protracted strike at mines, will hurt 2014 figures.

Source: Business Day via I-Net Bridge

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