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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1436

BAIC SA plant in Coega SEZ

Mr H J Van den Berg (Northern Cape: FF Plus) to ask the Minister of Trade, Industry and Competition:

- (1) Whether he has been informed that the Beijing Automotive Industry Corporation (BAIC) SA plant in Coega Special Economic Zone in Gqeberha with 35% Industrial Development Corporation (IDC) state equity assembles vehicles from semi-knocked down (SKD) kits instead of the committed completely knocked down (CKD) kits; if not, what is the position in this regard; if so, what are the relevant details;
 - (2) (a) what (i) steps and (ii) timelines will he implement to ensure that BAIC SA transitions to CKD assembly, including any IDC shareholder agreement measures and (b) what impact will this have on employment, given the target of 1540 direct and 10 000 indirect jobs;
 - (3) what grants, rebates, tariffs, tax incentives or exemptions have been (a) claimed by the BAIC SA, (b) disbursed and/or (c) approved by his department or the IDC for each (i) type and (ii) financial year since 2016;
 - (4) whether any audits have verified their accuracy and alignment with localisation and job creation goals; if not, why not; if so, what are the relevant details?
- CW1662E

REPLY:

The Industrial Development Corporation (IDC) has advised as follows.

- (1) The construction of the BAIC Automobile SA production facility was completed and fully commissioned on June 2023. The delay in completing the construction phase was primarily due to the impact of the COVID-19 pandemic. Limited production of semi-knocked down (SKD) units, mainly the Beijing X55, commenced in January 2024.

BAIC South Africa has not replaced the promised CKD production with SKD. As the previous sales volume of BAIC South Africa failed to reach the 10,000 units stipulated by the South African APDP industrial policy, it has temporarily adopted the SKD assembly method in a phased manner. The aim is to maintain factory operations, promote local employment and economic development, and at the same time prepare for full CKD production. The phased SKD production in BAIC South Africa not only failed to enjoy any tax benefits, but also significantly increased the cost compared to CBU.

With the introduction of the Foton brand, BAIC Automobile SA gradually expanded into the production of commercial vehicles under the completely knocked down (CKD) process.

By the third quarter of 2025, the company successfully completed the transformation of the CKD production lines for three models: the Foton G7 pick-up, X55, and B30. During the fourth quarter of 2025, BAIC Automobile SA undertook small-scale trial assemblies, equipment calibration, and system debugging in preparation for the commencement of official start of production (SOP) on 2 January 2026.

- (2) (a) Refer to the aforementioned response.

(b) At the time of the project announcement in 2016, the initial target projected the creation of 1,540 direct jobs. To date, BAIC Automobile SA has demonstrated continued commitment toward achieving this objective. With the commencement

of CKD production, an additional 715 new direct jobs are expected to be created by 2027, bringing the total headcount to 817.

- (3) To date, BAIC Automobile SA has not received any form of grants, tariffs, tax incentives, or exemptions from the Department of Trade, Industry and Competition (**the dtic**) or the IDC. The only applicable rebates are those provided under Chapter 98, of the Customs and Excise Act specifically Rebate Items 317.04 and 317.07, for which BAIC Automobile SA is registered and approved by both ITAC (International Trade Administration Commission) and SARS (South African Revenue Service) for the future APDP-2 participation. BAIC will only start earning the APDP benefits once it has commenced manufacturing under CKD operations from 2026.
- (4) The Industrial Development Corporation (IDC) assists in conducting due diligence audits to ensure BAIC Automobile SA remains compliant with its long-term strategic and aspirational goals. Local content targets were agreed per the Coega SEZ lease agreement. BAIC achieved 86% local content for construction of the plant for Phase 1 compared to 60% targeted for the complete project.

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