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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 158

Ms H S Boshoff (Mpumalanga: DA) to ask the Minister of Trade, Industry and Competition:

1. What was the initial monetary injection that was provided by the Industrial Development Corporation (IDC) of South Africa to the Beijing Automotive International Corporation (BAIC) manufacturing plant at Coega Special Economic Zone;
2. whether any reports have been provided to his department by the IDC on the (a) expenditure, (b) underspending and (c) overspending; if not, why not; if so, what are the relevant details;
3. (a) how many (i) vehicles have been assembled at the plant and (ii) of such vehicles have been transferred to vehicle outlets since the commencements of the assembly line in 2017, (b) how many outlets are available in South Africa and (c) how many (i) direct jobs have been (aa) created and (bb) retained and (ii) more jobs are envisaged to be created;
4. (a) what percentage has the (i) BAIC and (ii) IDC in such a manufacturing plant and (b) what has the return on investment been for (i) BAIC and (ii) IDC with such a venture? CW230E

REPLY:

1. To date, Phase 1 of the project has seen an investment of R1.5 billion from the IDC and R2.7 billion from BAIC Motors. The R1.5 billion was the originally approved amount from the IDC. R48 million of the IDC approved funding remains undisbursed.

2. Reports and updates on the project are shared with the Minister on a regular basis, with no more than three (3) months gap in between. The budgeted construction cost for Phase I was R5 billion rand with the actual cost being R4.2 billion. There were no cost overruns on construction.
3. (a) The plant was completed and fully commissioned on 23rd June 2023. There is currently a limited production of semi knocked down (SKD) units, which began in January 2024. Since January to July, 490 X55s have been produced on an SKD basis at the plant. These units, together with imported fully built up units, get transferred to the dealerships when sold.

(b) The BAIC has an established dealer network of 49 in SA and 2 cross-border (Botswana & Namibia).

(c) 1 500 jobs were created during construction. There are currently just over 115 permanent employees on the plant. More jobs, projected at a minimum of 2 500 jobs, are expected with full operations and during the construction of Phase II.
4. (a)(i),(ii) & (b)(i),(ii)
The IDC has a 35% shareholding in the project and 65% is held by the BAIC Group. The company is currently making a loss due to continuing running expenses (salaries, administrative costs) but with very limited income, as full production is yet to begin. The project is still in its infancy stage and no return on investment is envisaged as yet. It will be a couple of years before any return may be realised.

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