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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2321

Mr M M Mdluli (DA) to ask the Minister of Trade, Industry and Competition:

- (1) What proposed amendments to the Automotive Production Development Plan have been considered by his department in response to pleas by Original Equipment Manufacturers to improve their competitiveness in respect of importers of complete vehicles, using the various instruments available to them, including Production Rebate Certificates, import tariffs and changes to the Semi Knock Down and Complete Knock Down regulations;
- (2) on what date will his department implement the specified amendments? NW2436E

REPLY:

- (1) The Department of Trade, Industry and Competition (**the dtic**) is currently reviewing the automotive policy framework, which includes the South African Automotive Masterplan (SAAM 2035) and the Automotive Production and Development Programme (APDP).

As part of this process, and informed by engagements with industry stakeholders, an APDP modelling study has been undertaken to review the programme and identify possible short-term interventions to enhance the competitiveness of domestic vehicle manufacturers in relation to importers of fully built units.

The proposed interventions include the following:

- A review of the ad valorem tax structure to create clearer differentiation between locally produced and imported vehicles. This may involve adjustments to the tax



base and the local adjustment factor to support domestic production competitiveness.

- Measures to address structural imbalances within the APDP, particularly regarding the operation and accumulation of Production Rebate Certificates (PRCs), to strengthen localisation incentives.
- Consideration of revisions to the Volume Assembly Local Allowance (VALA) parameters to better align incentives with broader industrial policy objectives.
- Regulatory refinements related to Semi Knocked Down (SKD) operations, including the introduction of potential time-bound provisions to encourage a transition towards higher-value Complete Knocked Down (CKD) production.

These proposals are being discussed and refined through consultations with key industry stakeholders, including Original Equipment Manufacturers (OEMs), labour representatives, National Treasury, the South African Revenue Service (SARS), and the International Trade Administration Commission (ITAC). The review of the automotive policy (SAAM 2035 and APDP) is expected to be completed by September 2026.

- (2) Implementation of any approved amendments is anticipated to begin in the fourth quarter of the current financial year, following the conclusion of the review process and once the necessary approvals, including concurrence from National Treasury, have been secured.

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