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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2982

Mr T M Langa (IFP) to ask the Minister of Trade, Industry and Competition:

Based on the Automotive Master Plan and examples within the annual report of his department of local component sourcing and retained jobs, what (a) measurable progress has been made on localisation, (b) supplier development outcomes have been achieved, (c) job creation results have been recorded in the automotive sector and (d) remaining bottlenecks exist in supplier finance, procurement and industrial upgrading? NW3096E

REPLY:

- (a) The South African Automotive Masterplan 2035 identifies localisation as one of its key pillars. Associated with this is the identified challenge in deepening local content through the South African automotive value chain. In 2015, the local content in the South African assembled vehicles was at 38.7%. Since then, there has been a negligible and lacklustre performance in terms of realising the set Masterplan target of 60% by 2035. To underscore this, NAAMSA Industry Customs Account Quarter 3 of 2025 reveals that the current local content is at 38.1%. More needs to be done to realise the set local content target by 2035, including localisation broadly. This notwithstanding, the review of the Masterplan itself is currently underway to address some of the challenges.
- (b) Supplier development outcomes achieved can be explained through one of the key multi-stakeholder interventions, which is the Automotive Supply Chain Competitiveness Initiative (ASCCI). Its primary mandate is to coordinate supply chain development activities within the South African automotive industry. The ASCCI is a



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collaborative initiative between the suppliers, OEMs, Government, and labour; with the objectives of increasing supplier manufacturing value-add, enabling local supply chain capabilities, increasing local content, growing employment, and advancing transformation. It also supports localised value chains and empowers enterprises to meet global manufacturing standards. In this regard, during 2019 – 2024, a total of 130 projects were completed under the World Class Manufacturing (WCM) programme, and 11 projects were completed under the Black Supplier Development Programme (BSDP), to enhance shop floor competitiveness of the component suppliers.

- (c) Job creation results recorded in the automotive sector: The South African Automotive Industry employs about 115 000 workers in automotive manufacturing (car assembly and component production). Looking at the totality of the automotive value chain – including retail motor trade, aftermarket services, and distribution – the sector supports over 500, 000 jobs across approximately 23,000 ventures.

In terms of **the dtic** Incentive branch database, from 2021 to 2026 March, the Automotive Investment Scheme (AIS) grant has created 25 889 jobs and retained 59 224 jobs. This happens at the back of R50.5 billion actual investment by the industry during this period. It is also acknowledged that during the same period, there are some companies that have retrenched workers due to demand reduction by their customers and the fierce market competition in the global automotive market space, as well as the impact of geo-political tensions.

- (d) It is obvious that there are remaining bottlenecks in supplier finance, procurement and industrial upgrading. This is largely due to all the domesticated OEMs, including first and second tier suppliers, being foreign-owned and therefore, their decision-making regarding procurement, industrial upgrading, and finance is centralised in their headquarters located in various jurisdictions. However, through the revised legislation and amendments in the Public Procurement Act, which will soon come into effect, we intend to designate certain products in the automotive sector, such as - busses, motor vehicles and yellow equipment for minimum local content thresholds for tenders at all



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spheres of Government, including the state-owned organs. This will result in the deepening of local value addition and local procurement.

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