



naamsa
THE AUTOMOTIVE BUSINESS COUNCIL



**PRESIDENTIAL
CLIMATE COMMISSION**
TOWARDS A JUST TRANSITION

**10TH PRESIDENTIAL CLIMATE
COMMISSION MEETING**

CONSTITUTIONAL HILL | JOHANNESBURG

Friday, June 09, 2023
09:45 - 10:30

Presentation by
naamsa | The Automotive Business Council
Mikel MABASA | **naamsa** CEO

THE AGENDA



About **naamsa**

Auto contribution to the Economy

Our Operating Environment

New Energy Vehicle Roadmap

Our **OUTLOOK** for 2023



In 1896, South Africa imported her first automobile, the Benz Velo.

A YEAR LATER, THE VELO WAS DESTROYED BY FIRE.

Our local historians reaffirm that it was this incident that **sparked the flame of passion** for the automotive industry in South Africa.


















































**WE REPRESENT
AN INDUSTRY ...**

**BUILT BY VISIONARIES |
ENTREPRENEURS |
PHILANTHROPISTS | AND
PEOPLE OF EXTRAORDINARY
CHARACTER**



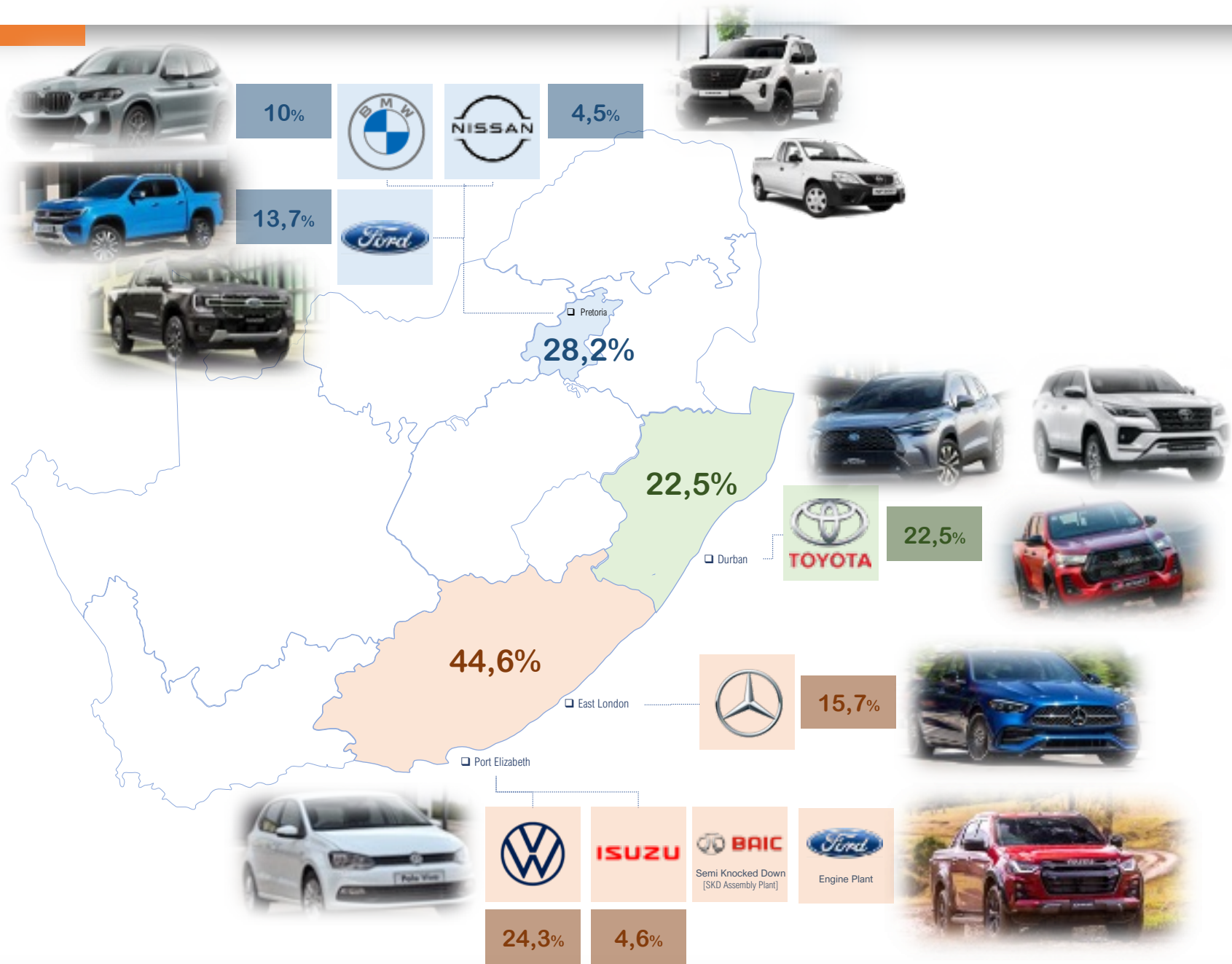


AUTO ICONIC BRANDS

MANUFACTURING Original Equipment Manufacturers [OEMs]	RETAILING Original Equipment Manufacturers [OEMs]					HEAVY COMMERCIAL Original Equipment Manufacturers [OEMs]			
								 <small>TRUCKS & BUSES SOUTHERN AFRICA</small>	
									
	 HONDA	 HYUNDAI	 <small>JAGUAR</small> LAND-ROVER		 Mahindra	 FAW	 FREIGHTLINER	 FUSO	 HINO
	 <small>MAZDA</small>			 MITSUBISHI MOTORS	 LEXUS <small>EXPERIENCE AMAZING</small>	 ISUZU	 IVECO	 MAN	 Marcopolo
	 CHERY	 PEUGEOT	 PORSCHE	 RENAULT	 SUBARU	 POWERSTAR <small>trucks built to last</small>	 SCANIA	 TATA	
 TOYOTA									
	 SUZUKI	 STELLANTIS	 TOYOTA		 VOLVO	 UD TRUCKS	 VOLVO TRUCKS		

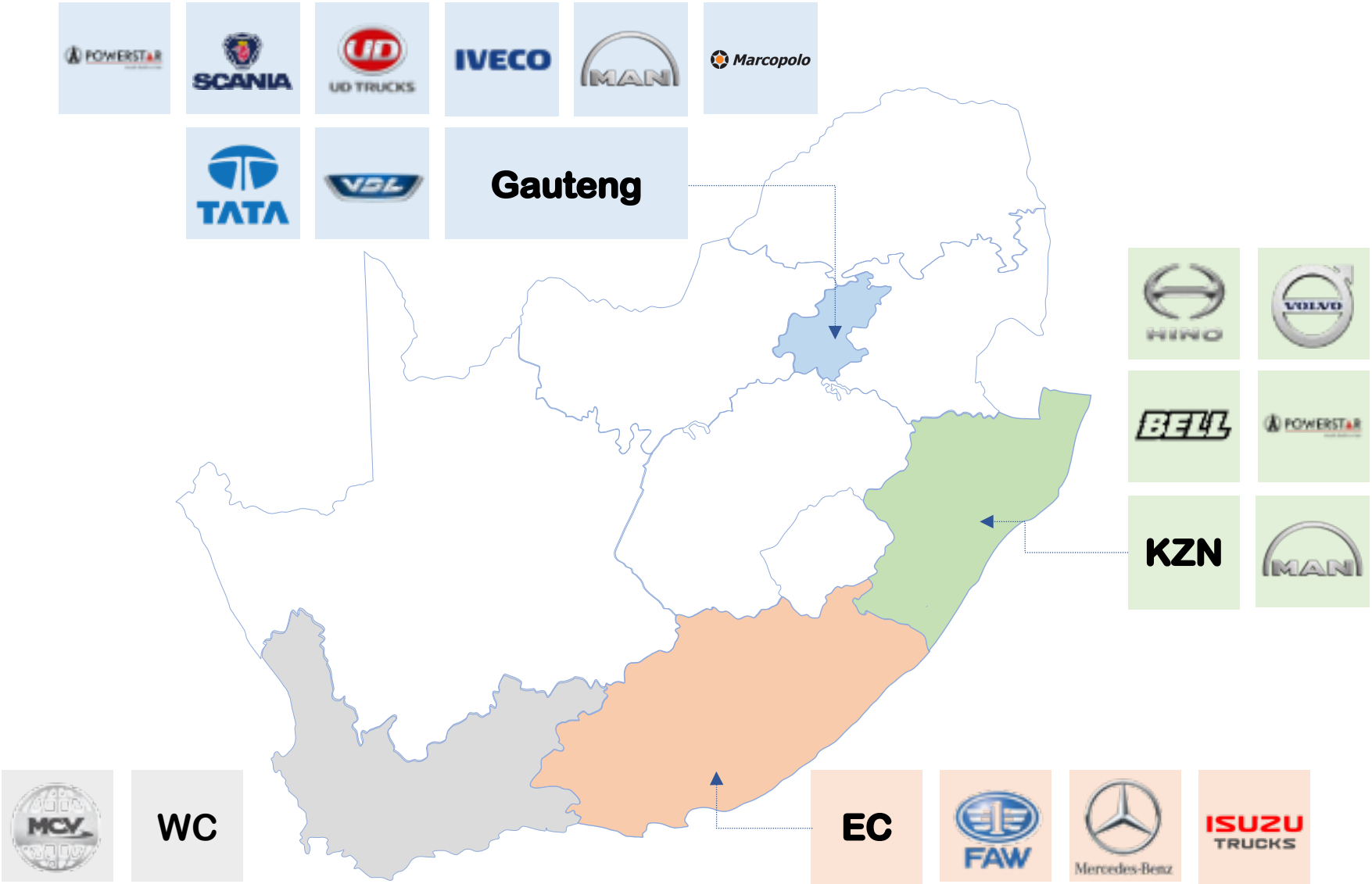


LOCAL ORIGINAL EQUIPMENT MANUFACTURERS | LOCAL VEHICLE PRODUCTION





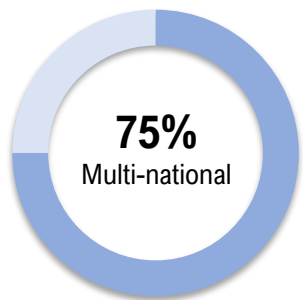
HEAVY COMMERCIAL VEHICLE ASSEMBLERS



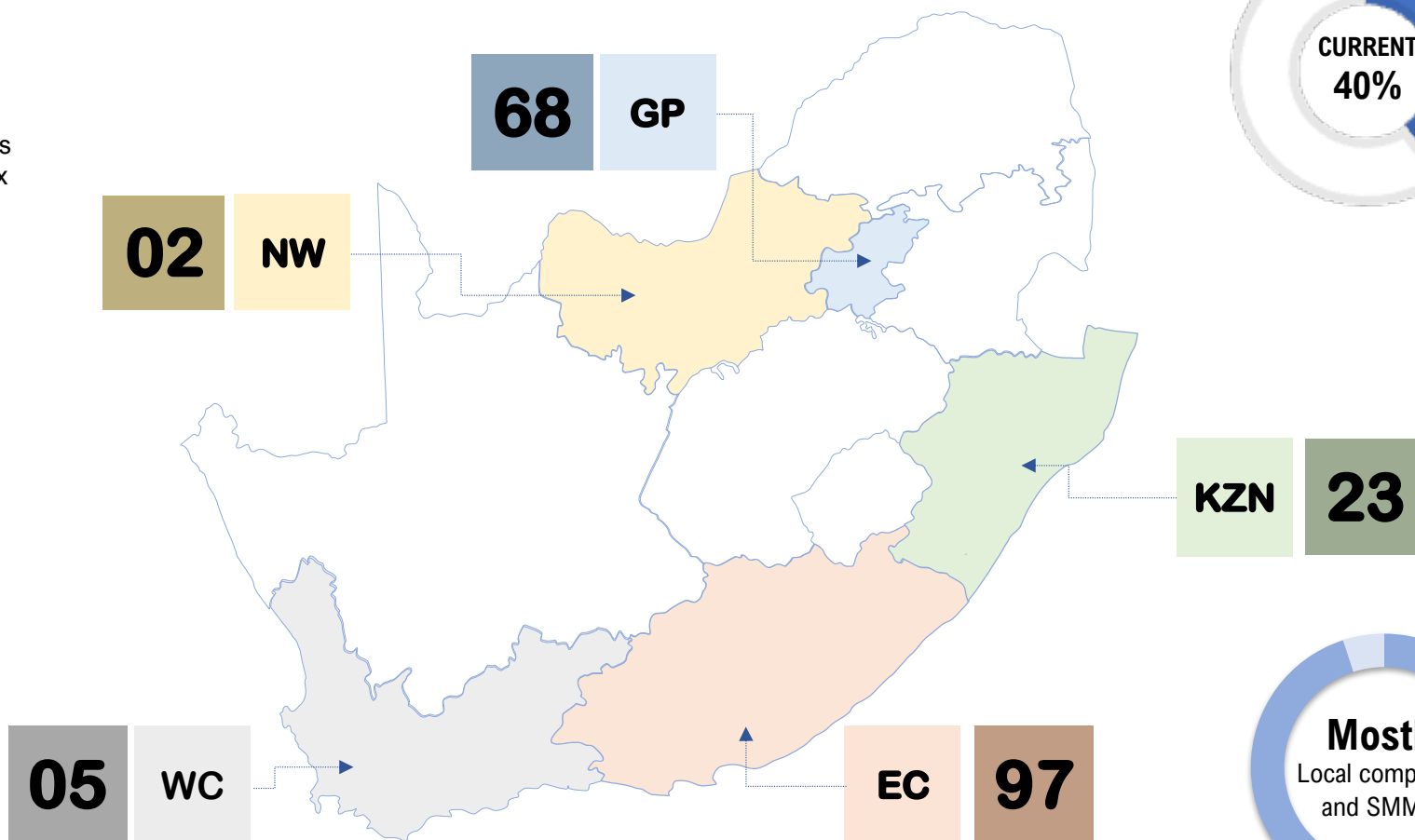


Tier 1: 195 Suppliers

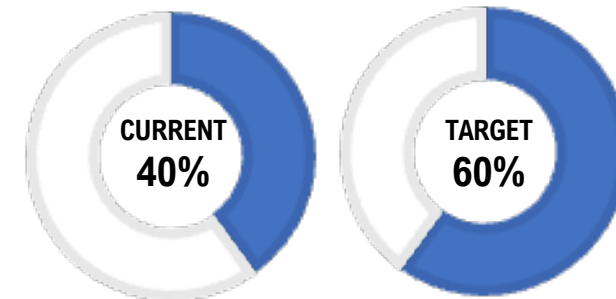
- Deliver directly to final assembly; and
- Closely co-operate with OEMs to design and deliver complex modules.



COMPONENTS LANDSCAPE



LOCAL CONTENT SHARE



Tier 2 and 3: 325 Suppliers

- Produce parts in minor sub-assembly phase [e.g. airbags];
- Deliver to Tier 1 suppliers or to OEMs directly / Supply basic products



VALUE OF COMPONENT EXPORTS | R70,3b

THE naamsa STRATEGY



INDUSTRY STRATEGY

RE-IMAGINING THE FUTURE, TOGETHER

OUR VISION: The most credible thought leader and a respected partner of a globally competitive and transformed automotive industry that contribute to the sustainable development of South Africa.

OUR MISSION: Play a transformative role towards a cleaner, safer and sustainable industry that creates prosperity for the people of South Africa.

STRATEGIC OBJECTIVES

PUBLIC POLICY |

Shape and influence the operating environment

TRANSFORMATION |

Invest in socio-economic progress

DATA MANAGEMENT |

Optimise the stock of knowledge

RESOURCE 4 SUCCESS

Responsive and modernised industry body

KEY FOCUS AREAS 2023

FLAGSHIP PROJECTS

SA Transition to NEVs

Just and Reliable Energy

Logistics and Infrastructure

Transformation Beyond Compliance

ADVOCACY PROJECTS

Intra-Africa Trade

SA Auto Week

Stakeholder Engagement

RESEARCH PROJECTS

Internal Review SAAM35 Assumptions

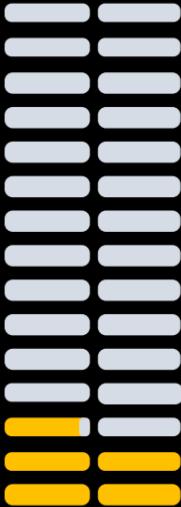
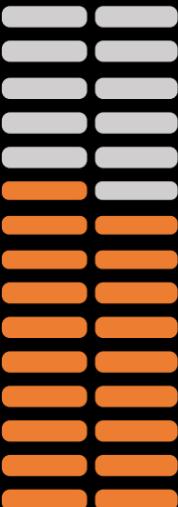
Optimise Research

Governance and Compliance

OUR PURPOSE | Responsibly advocate for just mobility solutions.

OUR VALUES | Partnership | Consistency | Trust

OUR GUIDING PRINCIPLES | Industry-Biased | Consensus-Driven | Member-Focused.

GROSS DOMESTIC PRODUCT	VEHICLE MANUFACTURING	RETAIL OF NEW VEHICLE SALES	AUTO EXPORT VALUE	MANUFACTURING OUTPUT
				
4,9%	2,9%	2,0%	12,4%	21,7%

R255,7b

TOTAL DOMESTIC PRODUCTION

555,889
vs. 2021 [499,087]

11,78%

152
EXPORTS
Vehicles and Components

529,562
vs. 2021 [464,493]

22,17%

351,789
vs. 2021 [298,020]

9,85%

54,4%

268,645
vs. 2021 [209,671]

28,13%

EXPORT EARNINGS

R227,3b

VALUE OF VEHICLE EXPORTS

R157,0b

OEM CAPEX

R7,1b

EXPORTS



EXPORTS | 2022 BY PROVINCE

Exports from the three provinces as % of total 2022 passenger/light vehicle exports of **350,945** units



53.5%
Eastern Cape

33.7%
Gauteng

12.8%
Kwazulu-Natal

SOUTH AFRICA DESPERATELY NEEDS:

- a capable, well-resourced and fully functional State-machinery: at national, provincial and municipal level;
- sound fiscal and economic reforms;
- stimulation of investment and growth opportunities;
- a stronger private-sector led economic growth strategy;
- inclusive economy to reduce unemployment and eradicate poverty;
- better and well-considered market intelligence;
- effective and responsive relationships amongst all social partners;
- policy and regulatory stimulus.

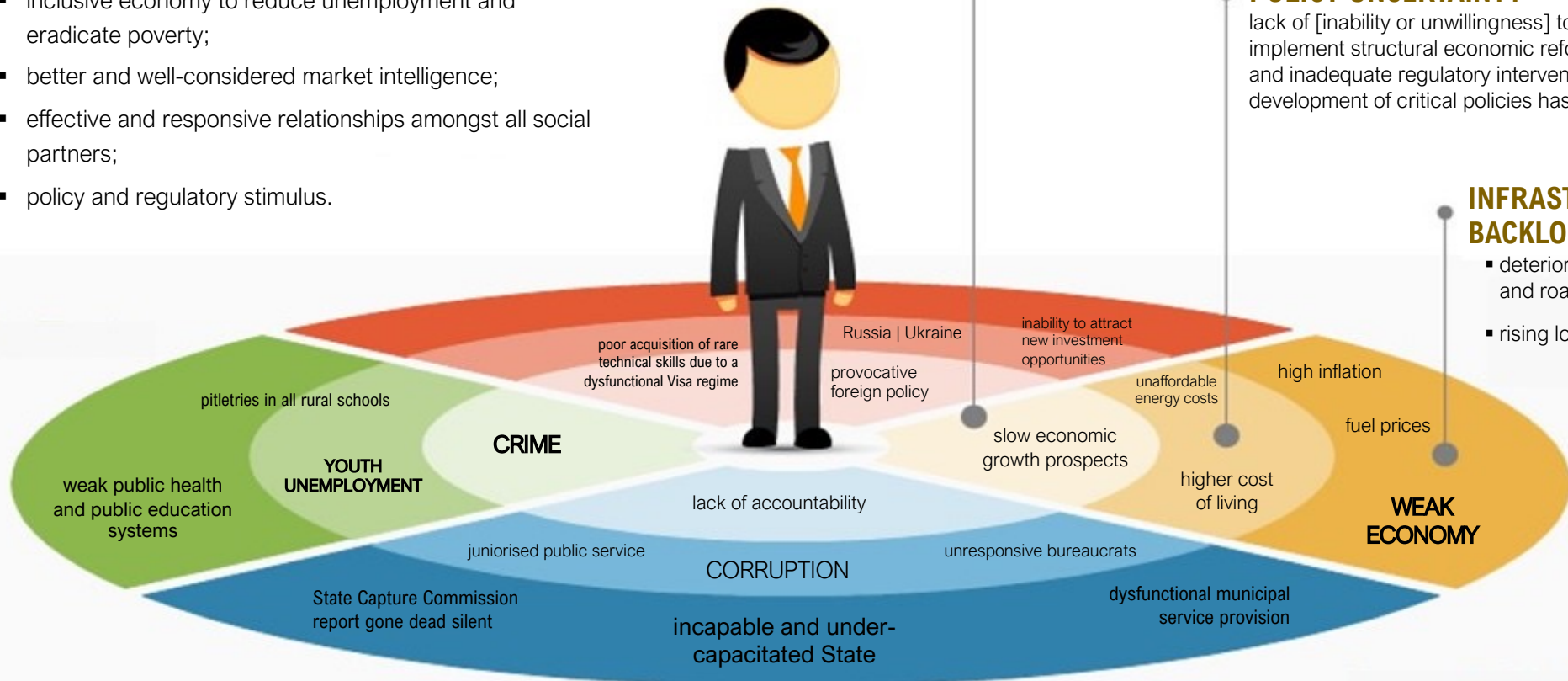
ENERGY CRISIS
unstable; unreliable; and
unpredictable energy supply

POLICY UNCERTAINTY

lack of [inability or unwillingness] to
implement structural economic reforms; slow
and inadequate regulatory interventions;
development of critical policies has stalled.

INFRASTRUCTURE BACKLOG

- deteriorating ports, rail
and road infrastructure;
- rising logistics costs



OUR OPERATING ENVIRONMENT

POLITICAL ECONOMY



UNSTABLE MUNICIPAL COALITION | Nationally



9 MAYORS
since 2018

Loadshedding |
Business Blackouts

**41 Acting City
Managers** since 2009

**COLLAPSE OF
Municipal Services**

WATER CRISIS
Sewerage and leaks

LACK OF HUMAN
CAPITAL CAPACITY

Infra Vandalism
Cable Theft

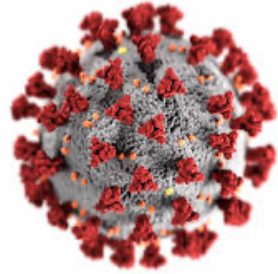
41%
UNEMPLOYMENT



OUR OPERATING ENVIRONMENT POLITICAL ECONOMY



GEO-POLITICS | INDUSTRY CHALLENGES



COP 27 Goals - Time for Action



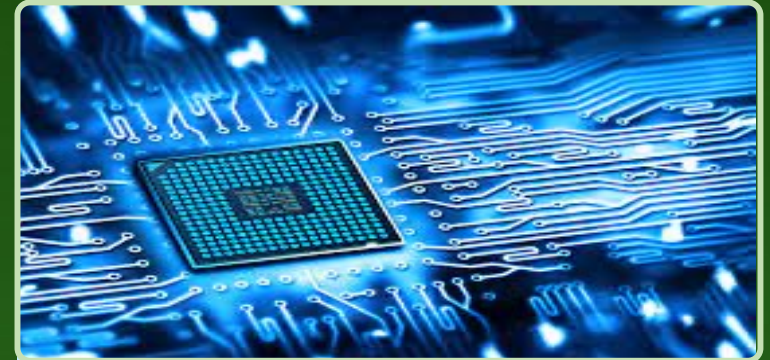
Move beyond pledges and plan real action to limit global warming



Focus on directing climate funding, as committed earlier, which is currently around 20%



Urgent actions to reduce emissions by 45% by 2030 and reach net-zero by 2050 as called for in the Paris Agreement





SA's NEV ORIGINS



Toyota Prius [Hybrid] was the first NEV sold in South Africa in 2005, 106 units



Nissan Leaf was the first Battery Electric Vehicle sold in SA: 2013.

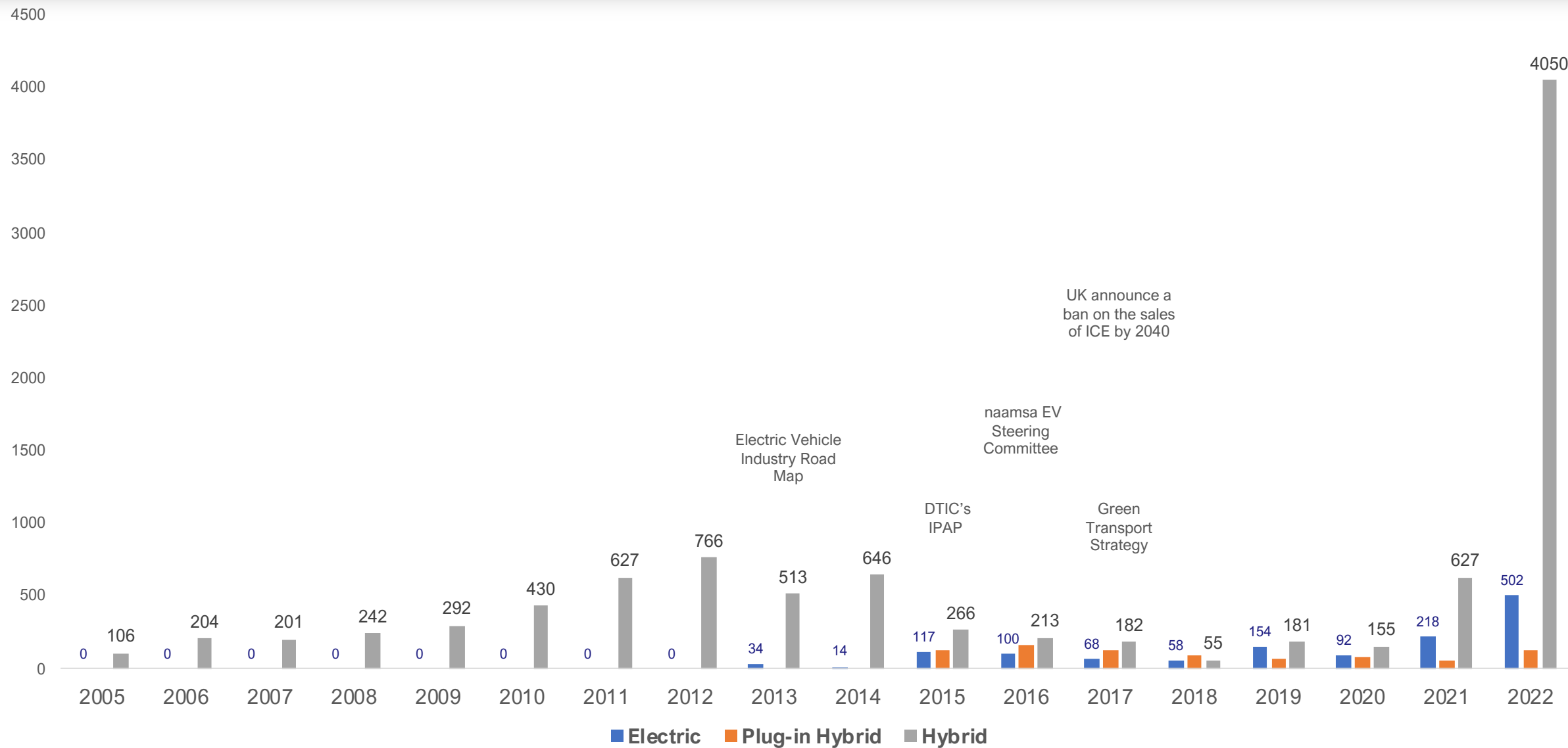


The South African Joule was the first locally developed electric car and made its debut at the Paris Motor Show in 2008. R300 million was invested to develop the vehicle but the plant was shut down in 2012 as an investment of R9 billion+ was required for a fully fledged plant.



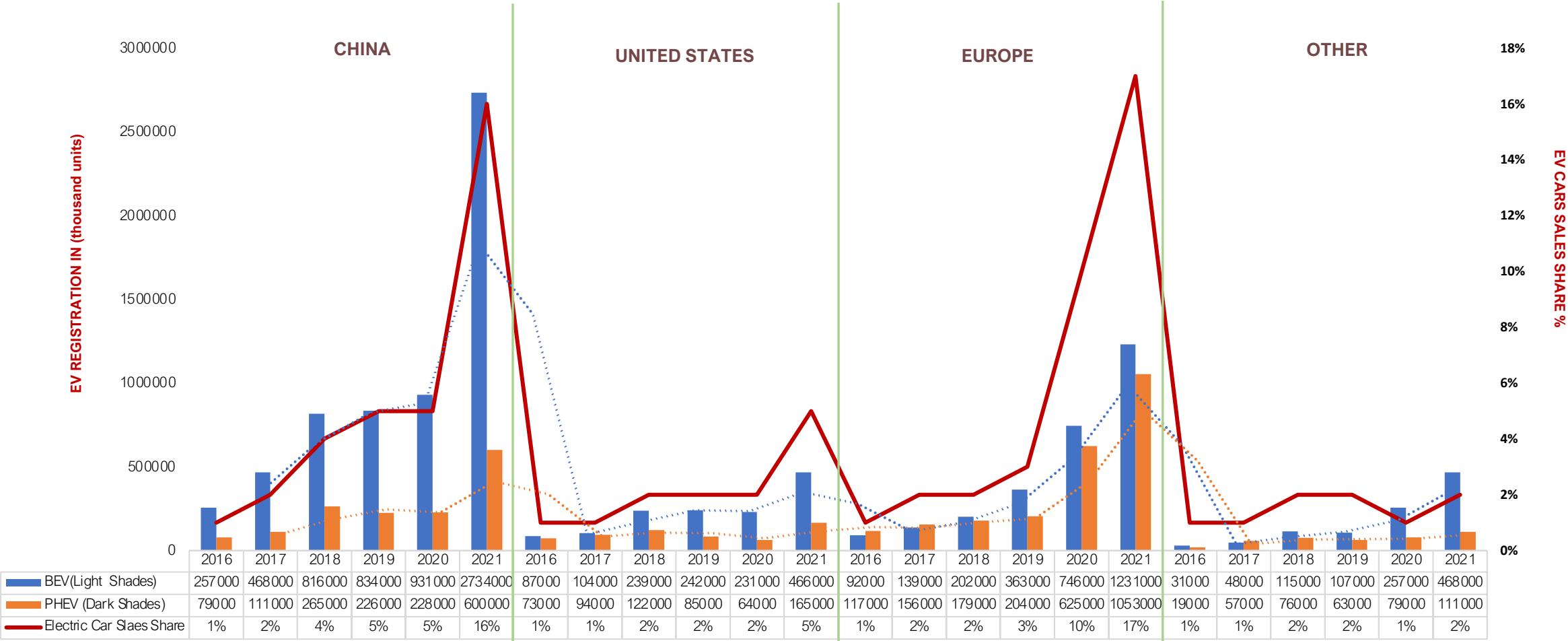


SOUTH AFRICA NEV VEHICLE PARC AND INITIAL DEVELOPMENTS





GLOBAL NEV STATS 2016 - 2021



Source: naamsa illustration using Global EV data explorer and IEA org data, 2023

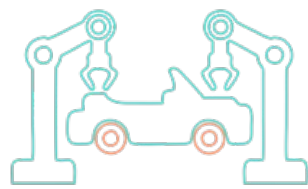


NEV ECOSYSTEM OR PLAYING FIELD



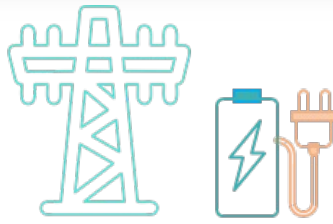
POWER SOURCES

Electric Vehicles will be powered by energy from traditional and renewable sources like solar, wind



LIGHTWEIGHT MATERIALS

Automotive designs have made NEVs more powerful and efficient than ever



SMART GRID

A smarter grid will transmit information between utilities and charging stations, helping to create additional capacity, and enabling consumers to manage vehicle charging costs.



INFRASTRUCTURE

Infrastructure solutions such as transformers, submeters, and load centres, that supports the roll-out of NEVs



HOME CHARGING STATIONS

Most consumers will be able to plug an NEV into any standard household 220V outlet and charge their vehicles at home.



BETTER BATTERIES

Enable longer ranges with decreased charging times



MINING AND MINERAL AVAILABILITY

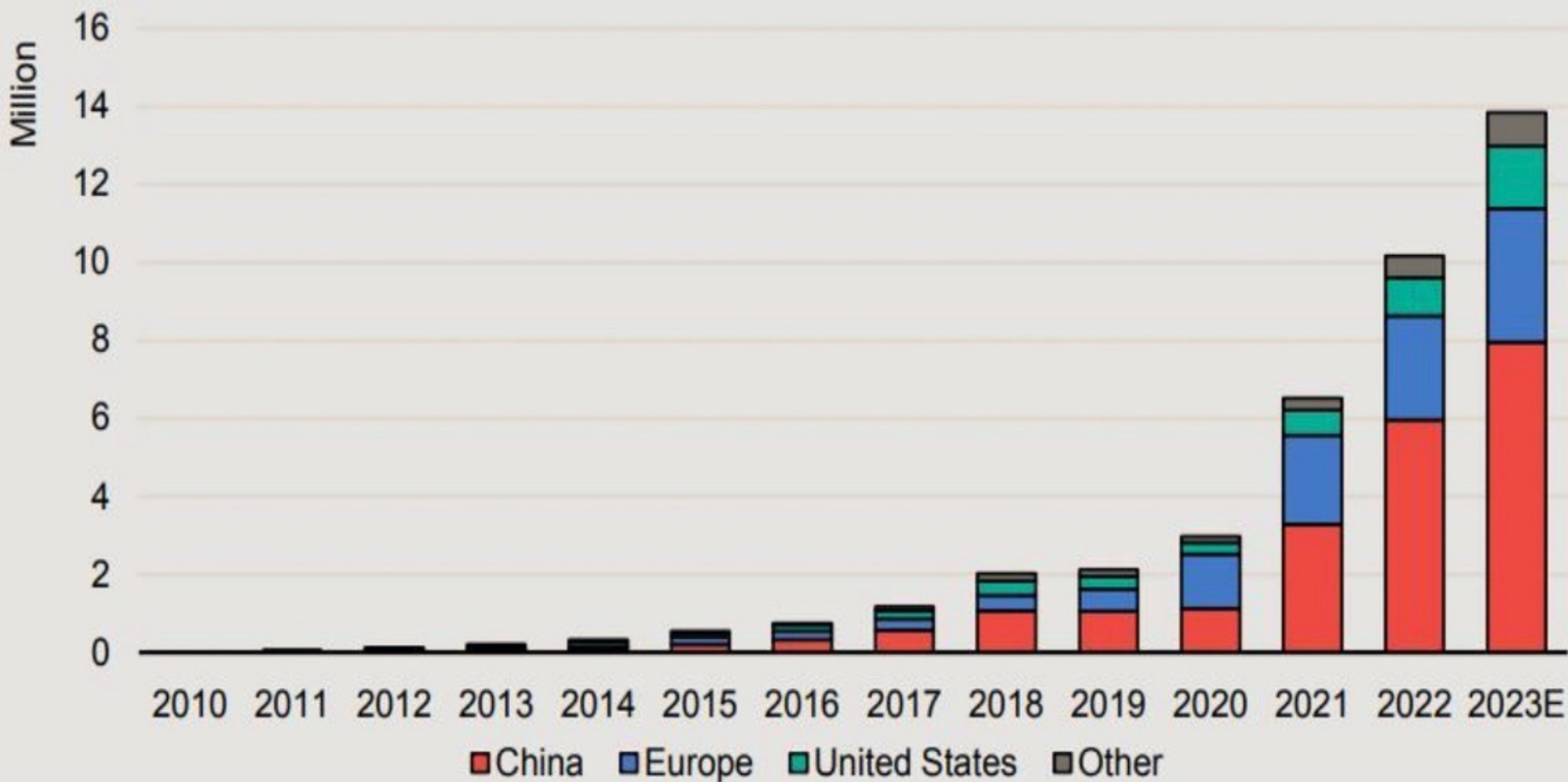
The following reflects on the availability of minerals in South Africa for the production of the cell technologies. South Africa has several reserves of the minerals required to produce cell technology and **naamsa** is ready to coordinate meaningful discussions with the Mineral Council in this regard.

MINERALS	RESERVES	SHARE OF GLOBAL RESERVES	PROD.	SHARE OF GLOBAL PROD.
MANGANESE	230,000kt	30%	5,500kt	31%
TITANIUM MINERAL CONCENTRATE	71,300kt	8%	600kt	5%
NICKEL	3,700,000t	4%	44,000t	2%
IRON ORE [CONTENT]	770,000kt	1%	52,000kt	3%
PHOSPHATE ROCK [Gross Weight]	1,400,00kt	2%	2,078kt	<1%
COBALT	24,000t	0,3%	2,200t	2%
COPPER	N/D	N/D	65kt	<1%



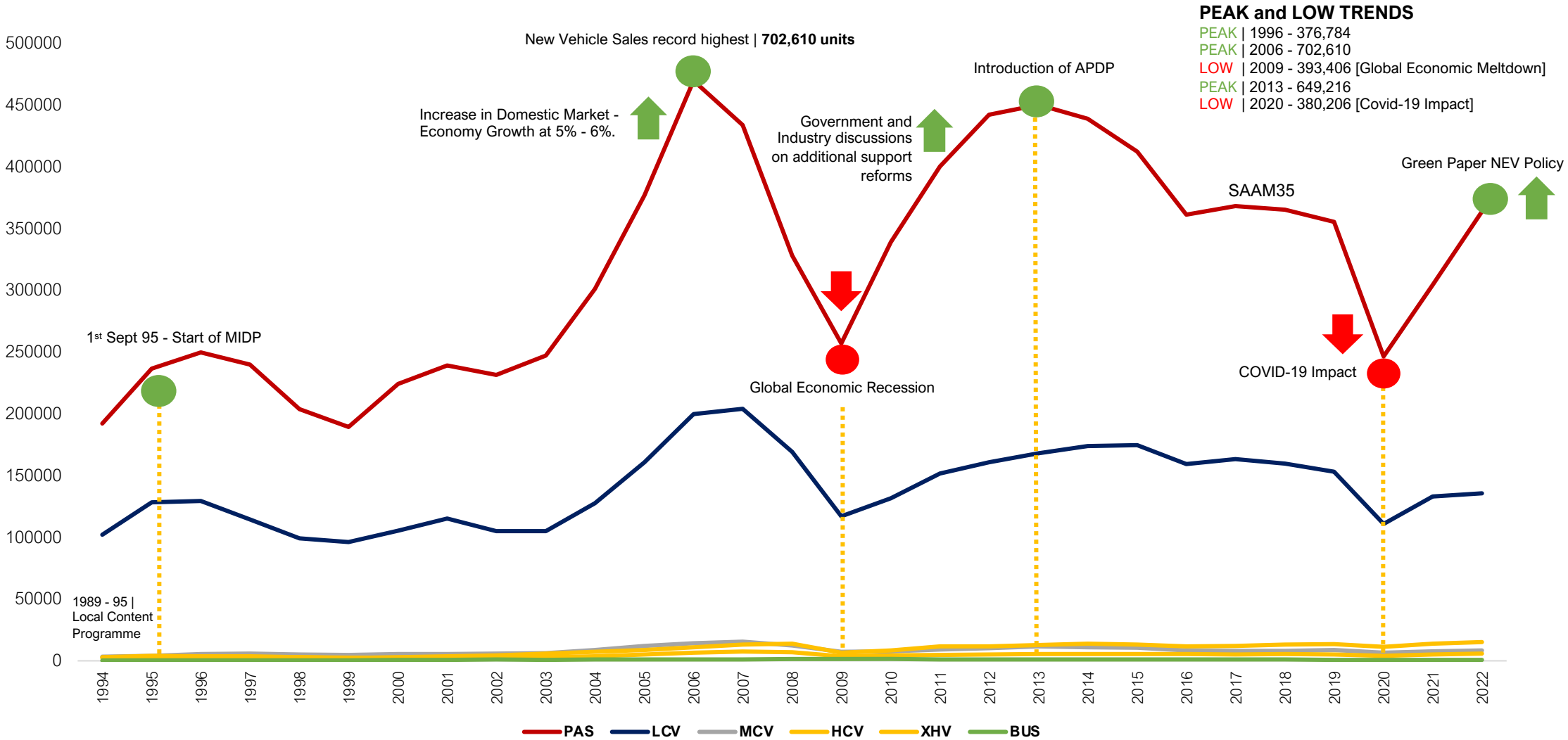


Electric car sales, 2010-2023





Total New Vehicle Sales 1994 - 2022 | 13,976,929



MIDP 1995 - 2012

APDP 2013 - 2020

SAAM 2035





THE SEVEN CARDINAL PILLARS TO ENABLE NEV DEVELOPMENT IN SA



MARKET DEMAND

create and stimulate
local demand for NEVs



WORKFORCE SKILLS AND DEVELOPMENT

upskilling of the workforce to ensure the
right skills are available for the design,
engineering and manufacturing of
electric vehicles and related
components and systems



LOCALISATION

migrating production from
ICE vehicles to NEV's by
expanding existing plants and
developing new facilities for
auto assembly and component
supply chains



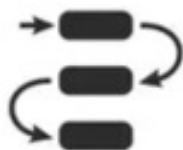
GOVERNANCE AND POLICY TRANSFORMATION

enhancing existing auto policies
to facilitate a high-yielding business
environment, and an attractive
fiscal and regulatory framework,
that makes SA a highly competitive
location for NEV production



RESEARCH AND DEVELOPMENT:

ensuring that National Research and
Development [R&D] investment is
strategically targeted at activities that are
likely to give South Africa a
competitive advantage.



ENERGY SECURITY AND NEV INFRASTRUCTURE DEVELOPMENT

enable corresponding
NEV infrastructure development



DECARBONISATION AND CREATING A POSITIVE ENVIRONMENTAL IMPACT

- continue the transition towards cleaner
fuel technologies [CleanFuels2]; and
- adopt new and sustainable
manufacturing processes to reduce
greenhouse gas emissions and
improve environmental wealth.



naamsa
THE AUTOMOTIVE BUSINESS COUNCIL



**PRESIDENTIAL
CLIMATE COMMISSION**
TOWARDS A JUST TRANSITION

**10TH PRESIDENTIAL CLIMATE
COMMISSION MEETING**

CONSTITUTIONAL HILL | JOHANNESBURG

Friday, June 09, 2023
09:45 - 10:30

THANK YOU