naamsa
LEADING THE SA AUTOMOTIVE INDUSTRY

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PRESS RELEASE

FOR IMMEDIATE RELEASE | Thursday, October 01, 2020

naamsa is concerned about the impact of Grey Imports as it releases September 2020 new vehicle stats.

PRETORIA: Thursday, October 01, 2020: naamsa is deeply concerned about the impact of grey imports in South Africa because approximately 300,000 of the 12.7m cars on our roads are illegally imported vehicles. The number of grey imports is growing at 30,000 vehicles per annum. Without doubt, grey imports displaces new car sales. Based on the suite of taxes applicable to new car sales locally, naamsa estimate that this is costing the fiscus R3,8bn per annum. Grey imports have a negative impact on the automotive ecosystem because they rob the fiscus of the much needed tax revenue; they hurt job creation; they aid criminal activity; and undermine road safety initiatives. To put into perspective, the monthly average new vehicle market for 2020 is 28,500 units. Grey imports represent an extra months sales per annum, which represents 7.5% of total market and would be the third largest brand in SA by volume.

Reflecting on the new vehicle sales statistics for the month of September 2020 **naamsa** confirmed that aggregate domestic sales at 37 403 units continued to improve in line with lower lockdown levels over recent months but still reflected a decline of 11 737 units, or 23,9% from the 49 140 vehicles sold in September last year. Export sales at 28 704 units also registered a fall of 7 566 units or a decline of 20,9% compared to the 36 270 vehicles exported in September 2019.

Overall, out of the total reported industry sales of 37 403 vehicles, an estimated 33 080 units or 88,4% represented dealer sales, 5,0% sales to government, an estimated 3,7% represented sales to the vehicle rental industry, and 2,9% to industry corporate fleets.

The September 2020 new passenger car market at 22 798 units had registered a decline of 10 322 cars or a fall of 31,2% compared to the 33 120 new cars sold in September last year. The car rental industry accounted for a welcomed contribution comprising 5,7% of car sales in September 2020.

Domestic sales of new light commercial vehicles, bakkies and mini-buses at 12 267 units during September had recorded a decline of 1 202 units or a fall of 8,9% from the 13 469 light commercial vehicles sold during the corresponding month last year.

Sales for medium and heavy truck segments of the industry reflected a weak performance and at 680 units and 1 658 units, respectively, showed a decline of 110 vehicles or a fall of 13,9% in the case of medium commercial vehicles, and, in the case of heavy trucks and buses a decline of 103 vehicles or a fall of 5,8% compared to the corresponding month last year.

The September 2020 the exports sales number at 28 704 units represented a decline of 7 566 vehicles or 20,9% compared to the 36 270 vehicles exported in 2019. The performance for the year to date now reflected a fall of 37,5% compared to the level of the same period last year.

The easing of lockdown restrictions to level 1 during the month contributed to the uptick in business activity and new vehicle demand and drove the further improvement in business conditions in the South African manufacturing sector. However, business conditions remain far from normal and the new vehicle market is expected to remain under pressure in the current economic scenario. For the year to date the new vehicle market has now contracted by 33,4% or 132 878 units compared to the corresponding period last year. An important avenue for government to support this key coronavirus-hit sector of the economy is to reduce taxes on new vehicle purchases to stimulate new vehicle sales. Combined with record low interest rates and low inflation, the automotive industry and the economy in general could hugely benefit should the tax burden on vehicles be reduced during this time.

Vehicle export numbers continue to recover to some extent as the automotive industry's major export destinations are starting to ease their lockdown restrictions. Going forward, South African vehicle exporters will be required to consider various scenarios for the world economy and global trade patterns in the short to medium term

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ABOUT THE SA AUTOMOBILE INDUSTRY

- the automotive industry contributes 6.4% to GDP [4.0% manufacturing and 2.4% retail];
- total automotive revenue in South Africa amounted to R500 billion in 2019;
- `in 2019, the export of vehicles and automotive components reached a record amount of R201.7 billion, equating to 15,5% of South Africa's total exports;
- the industry accounts for 27.6% of the country's manufacturing output;
- vehicles and components are exported to 151 international markets;
- we are the country's 5th largest exporting sector out of all 104 sectors;
- the manufacturing segment of the industry presently employs more than 110,000 people across its various tiers of activity [from component manufacturing to vehicle assembly];
- combined with the industry's strong multiplier effect, the industry is responsible for approximately 457,000 jobs across the South African economy's formal sector.

NOTES FOR EDITORS

- **naamsa** is a pre-eminent industry representative that actively and responsibly represents, promote, advance, and protect the interests of local manufacturers and assemblers of passenger, light and heavy commercial vehicles as well as major importers and distributors of new vehicles in South Africa. We represent 41 companies;
- Our vision is to the most credible and respected thought leader and partner of a globally competitive and transformed automotive industry that actively contribute to the sustainable development of South Africa;
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