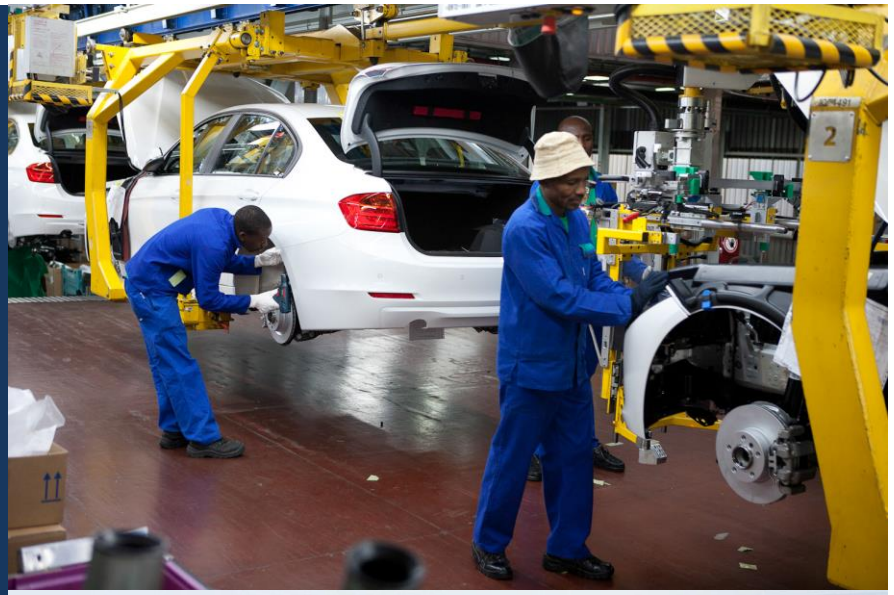
Sustainability in South Africa's Automotive Industry

Development Dialogue

21 August 2025

Industry Overview

- GDP contribution: 2,9% in 2022
- 12,8% of total mfg output
- Total employment: 102 730, 63% employed in component mfg
- Main export destinations: Germany, US, Japan, UK and Australia
- Export component basket: Catalytic converters (50,4%), engine parts and tyres
- Policy debates in autos: Transition to EVs, US tariffs, logistics and infrastructure constraints impacting competitiveness, low economic growth, high import penetration of Chinese vehicles



Transport and Emissions

- In nearly half of countries, transport is the largest source of energy-related emissions
- In most other countries, it ranks 2nd or 3rd
- Transport emissions have grown almost every year since 1990 (excluding 2020 as a result of COVID-19)

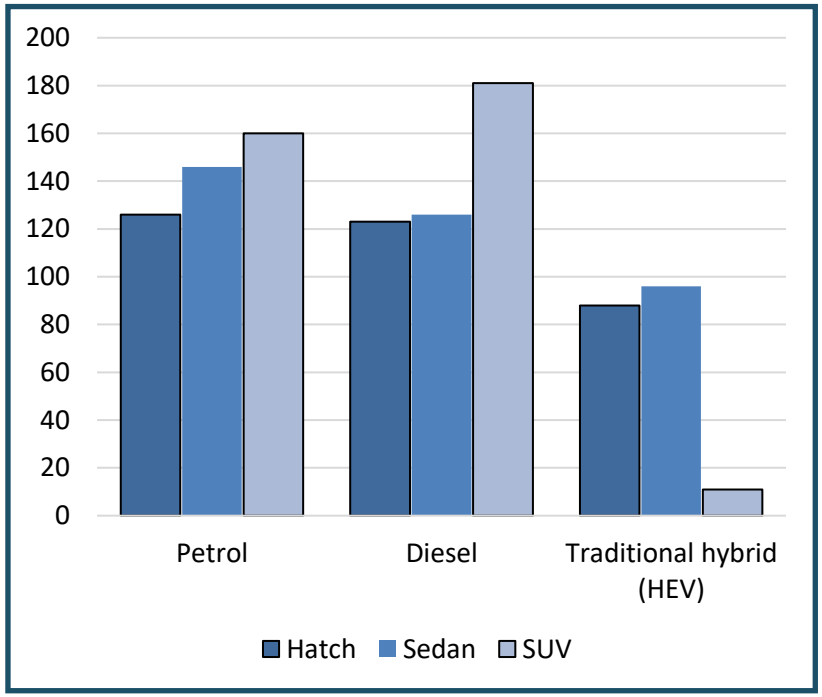
Carbon footprint in the local transport sector

- Contributes 12% of national GHG emissions (55 million tonnes of CO2)
- 90% from road transport
- Cars and trucks make up 90% of fuel use in transport (ICE vehicles)

Vehicle preferences in SA

- ICE vehicles dominate the local market: 99% of new vehicles sales in 2022 (petrol 69%, diesel 30% and EVs only 0,9% despite being the most fuel-efficient)
- SA consumers have a stronger preference for large vehicles, especially SUVs (this is a barrier to reducing road transport emissions)
- Need to promote the adoption of small, lighter vehicles and EVs to reduce emissions
- Adoption of alternative fuels is limited in SA and ethanol, CNG and LPG are minimal

Carbon footprint (a) of different vehicle body types, 2023



Data source: naamsa| The Automotive Business Council, 2023 c. (a) Average grams of CO_2 per kilometre (gCO_2/km) per vehicle body type.

Global push for low carbon transport

- High carbon intensity in transport has led to strict global climate change policies
- Europe, North America and some Asian countries have introduced laws and regulations on reducing emissions
- The transport sector is a direct target, with laws on vehicles and fuel efficiency
- Green Transport Strategy targets 5% emissions reduction by 2050
- South Africa's transition is mainly driven by the need to maintain access to EU/UK markets, and less so by its own climate targets

Policies and taxes to reduce emissions

Vehicle and fuel taxes are used to cut transport emissions (applied at purchase, during ownership or on fuel use)

- Fuel standards (Euro standards), however SA vehicles only required to meet Euro 2 since 2008 (delayed plans for Euro 4/5 limits supply of high fuel efficient vehicles)

Levies and taxes on transport fuels and vehicles.

SECTOR	LEVY	APPLICATION	TAX RATE
Transport fuels	General fuel levy	Petrol, diesel and biodiesel	322 cents per litre for petrol, 161 cents per litre for diesel and 337 cents per litre for biodiesel
	Road accident fund levy	Petrol, diesel and biodiesel	193 cents per litre
	Equalisation fund levy	Petrol, diesel and biodiesel	Zero
	Customs and excise levy	Petrol, diesel and biodiesel	4 cents per litre
Vehicle taxation	Ad valorem customs and excise duty	Light vehicles and commercial vehicles, passenger vehicles	Graduated rate based on vehicle price with an upper ceiling of 20%
	Carbon emissions of new passenger vehicles	All new passenger vehicles	R110/g CO_2/km for emissions exceeding 95g/km
	Carbon emissions of passenger double cabs		R176/g CO_2/km for emissions exceeding 175g CO_2/km
	Road licensing fees	All registered vehicles	Fees vary between different provinces, usually based on weight

Source: South African Revenue Service (SARS) in 2022

Green vehicle manufacturing

- Reducing emissions needs a value chain approach – from production to vehicle use
- Materials and component manufacturing is often resource and carbon-intensive (eg battery production)
- Vehicle manufacturers have become under pressure to reduce emissions during vehicle production and vehicle use
  - Ford, Toyota, Mercedes-Benz SA investing in renewable energy – part of global strategies to promote green manufacturing practices and to reduce reliance on Eskom
- The lower emissions during the use phase of BEVs compensate for the initial carbon footprint associated with battery production, resulting in a reduced overall carbon footprint for EVs over their lifetime.

Policy implications & recommendations

- Catcons vulnerable in EV transition, others, like tyres, leather seats, and tooling, will continue to be essential for both ICE and EVs
- Without deliberate and coordinated local efforts involving key stakeholders in transport, energy, minerals, the sector risks deviating from its climate commitments.
- However, SA's reliance on coal-based power limits green vehicle manufacturing therefore greening the grid is key for sustainable manufacturing and decarbonising the sector
- EU & UK pricing carbon in imports (CBAM) therefore risk for carbon-intensive SA exports (autos not currently included in CBAM, but could be if criteria is expanded)
- Encourage battery recycling & circular economy approach across autos VC
- EV White Paper supports expanding EV production but lacks clear demand-side policies (passenger, freight, public transport)
- Reduce car dependency, shift freight to rail and expand public transport

“South Africa boasts a strong automotive legacy, celebrating 100 years of the industry in 2024. But legacy isn’t a business model, and nostalgia doesn’t pay salaries. We stand at a crossroads, and the road forward is toward zero-emission cars.”