



**TRADE & INDUSTRIAL POLICY STRATEGIES**

## **MANUFACTURING SUBSECTORS**

### **Transport equipment**

**March 2021**

Industrial policy interventions aim to promote structural transformation and structural change in pursuit of economic growth. The effectiveness of these interventions depends to a crucial extent on the ability of policymakers to tailor interventions to the specific needs of individual manufacturing subsectors.

To support evidence-based policymaking, TIPS has completed a series of notes on the various manufacturing subsectors in South Africa. The aim is to provide synthesised data on the dynamics of the South African manufacturing subsectors, specifically in their contribution to the GDP, employment, profitability and assets, market structure and major companies and international trade. The main data sources are Statistics South Africa, Quantec, Who Owns Whom, and the International Trade Centre.

This note provides an overview of the South African transport equipment subsector as of December 2020.

Contact: [neva@tips.org.za](mailto:neva@tips.org.za)

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## Executive summary

The transport equipment subsector has made a remarkable recovery since the 2008/9 downturn. In constant rand, production grew on average at 3% a year from 2010 and 2015 then subsequently levelled out at about R46 billion, according to Quantec. Notwithstanding the reported growth of production, transport equipment's share of manufacturing value added declined 5% a year in the same period. By the end of 2019, it accounted for 8% of overall manufacturing production, down from a pre-financial-crisis level of 12% in 2007. Its value added share declined despite rapid growth in constant rand due to inherent differences in the implicit depreciation rate for autos and auto components compared to manufacturing as a whole.

Employment figures for the pre-financial-crisis period are generally not reliable; however, between 2010 through 2015, employment fell 5% a year, reaching 110 000 in 2015, down from 160 000 in 2008. It crashed an additional 1.2% a year from 2016 and levelled out at around 100 000 in 2019. The reported decline in employment despite the growth in output reflects, in part, the relative capital intensive nature of transport equipment compared to other manufacturing.

Furthermore, production growth in the transport equipment subsector is contingent on export growth from relatively developed economies, especially European countries. In 2019, Europe accounted for more than two-thirds of South Africa's foreign sales of transport equipment. Germany in particular dominated these sales and accounted for over half of the European total in 2019, with the United Kingdom and Belgium each accounting for a fifth. These exports were likely supported by the SADC-EU Economic Partnership Agreement, of which South Africa is one of the six member countries, as well as other automotive incentives programmes that aim to boost local production of automotives.

Autos and auto components were the only manufacturing subsector – outside the mining value chain – to rank among South Africa's top advanced exports over the past 10 years. In constant rand, they grew a massive 10% a year from 2010 to 2016, then declined 4% through 2017. They picked up somewhat from 2018, and rose by 7% through 2019 to reach about R180 billion in constant rand. As a result of these trends, in 2019 South Africa's foreign sales of transport equipment accounted for 13% of total exports, up from 9% in 2010.

Growth over the entire period, from 2010 to 2019, was driven primarily by autos, mostly commercial and passenger vehicles. In 2019, passenger and commercial vehicles made up about 85% exports for the subsector, up from 75% in 2010. Growth over the period reflected in part the rand's depreciation, after the end cycle of the commodities boom in 2011/12; however, the subsector has benefited substantially from industrial policy interventions and, more recently, the state has encouraged local production of automobiles, components, rail rolling stock and buses.

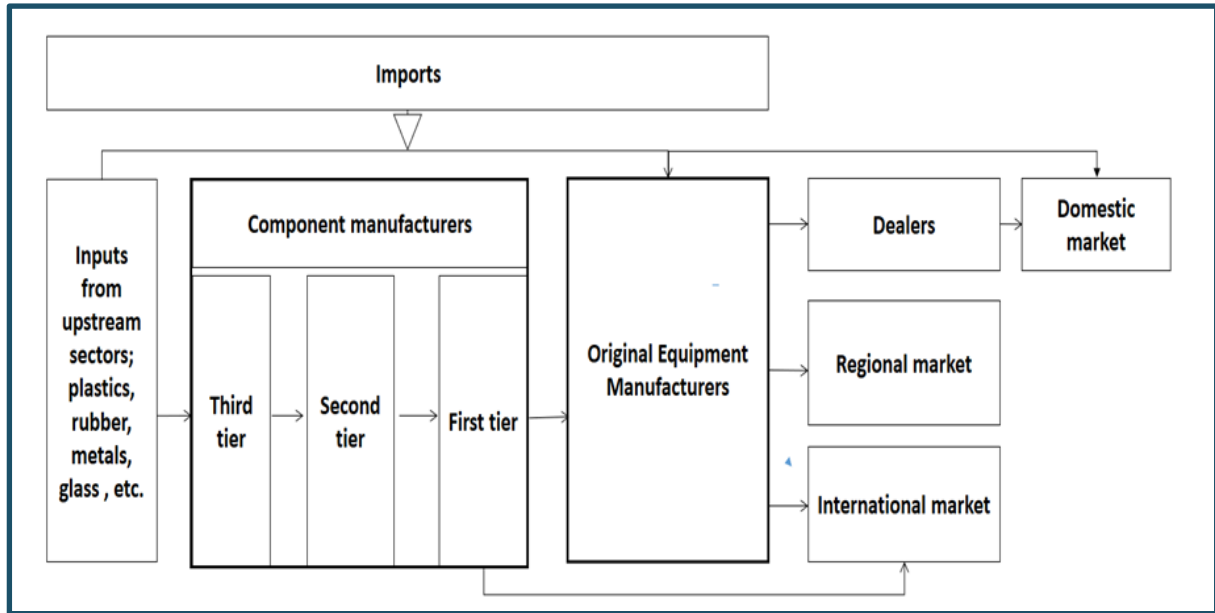
Imports of transport equipment in constant rand were lower than exports in 2019, for the reason that they fell from 2013 while exports climbed. The slowdown in imports reflected in part the economic slowdown and depreciation of the rand, both which followed the end of the commodity boom in 2011/12. Despite the slowdown their share of overall imports remained mainly stable at 9% due to South Africa's reliance on intermediary imports for automotive production.

## Transport equipment value chain

The transport equipment subsector comprises of the manufacture of motor vehicles, bodies for vehicles and tractors, trailers and semi-trailers, parts and accessories for motor vehicles, building and repairing ships and boats, aircraft, railway and tramway locomotives, and motorcycles and bicycles.

The value chain stretches beyond the direct supply chains between large-scale first-tier component manufacturers and original equipment manufacturers (OEMs). It involves related upstream sectors such as plastics, recycling, metals and chemicals, providing inputs for manufacturing components.

The industry is dominated by seven large multinational OEMs, which source inputs from first-tier component manufacturers and more minor-scale inputs from second-tier component manufacturers.

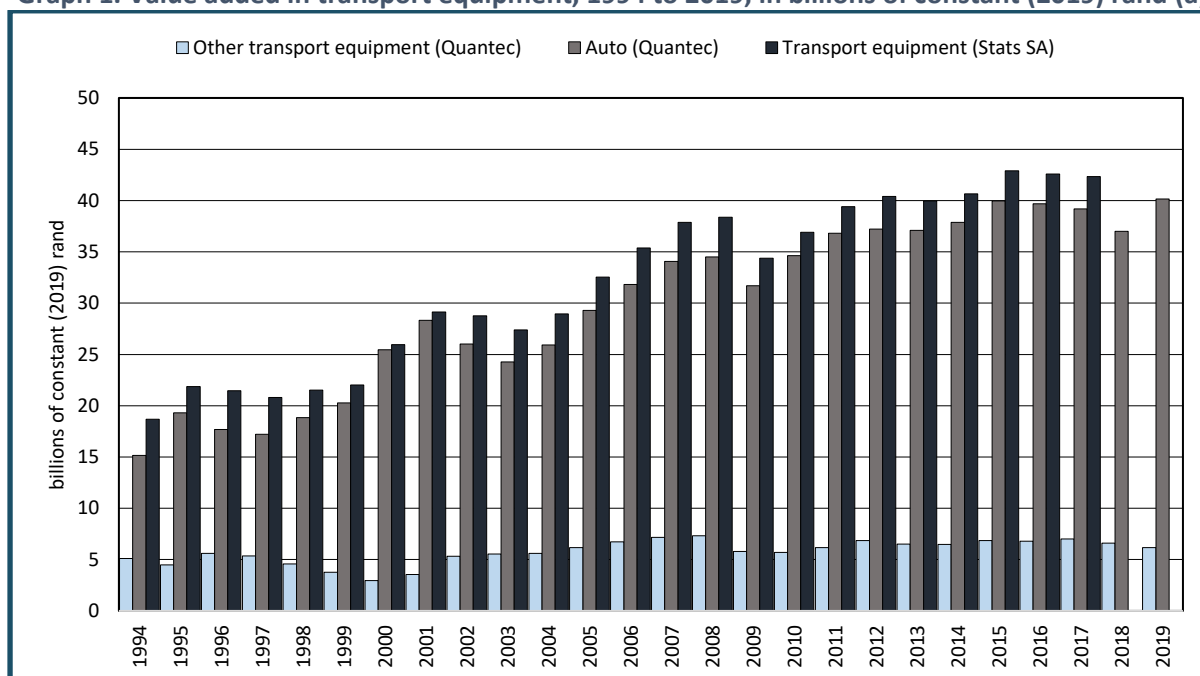


## 1. Contribution to GDP

Data for the contribution of manufacturing subsectors to the GDP (that is, for value added by industry) comes from two sources: the GDP data published by Statistics South Africa, and Quantec, which develops estimates based on the Statistics South Africa figures for sales, production and employment by industry and subindustry. The figures are not identical, although they typically show the same trends. This note provides both.

South Africa's production of transport equipment has recovered considerably since the 2008/9 downturn. In constant rand, production grew on average at 3% a year from 2009 and 2015 then subsequently levelled out at about R46 billion in 2015, according to Quantec. However, production slumped 7% from 2015 to 2018, as the end of the commodity boom saw a decline in public and private investment as well as a weaker rand, which increased the unit cost for component imports and other intermediary imports that are crucial for the domestic automotive value chain. Nonetheless, production picked up somewhat in 2019, due possibly to the reported surge in exports in 2019. However, only the auto production grew from 2009 to 2019, according to Quantec estimates, while other modes of transportation remained stagnant (see Graph 1).

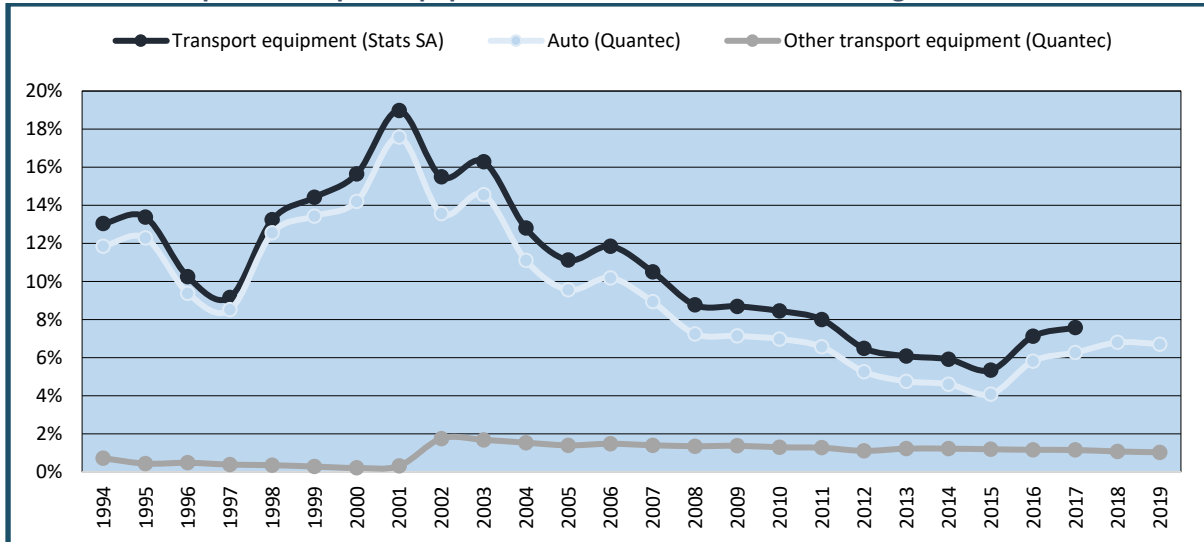
**Graph 1. Value added in transport equipment, 1994 to 2019, in billions of constant (2019) rand (a)**



Note: (a) Deflated by calculating the deflator used in the sources from current and constant rand figures, and then rebasing to 2019. Source: Statistics South Africa, GDP P0441. Annual quarter and regional revisions. Excel spreadsheet. Series on manufacturing subsectors current and constant rand. Downloaded [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021; and Quantec EasyData. Standardised regional data. Database in electronic format. Series on value-added in current and constant rand. Downloaded from [www.quanis1.easydata.co.za](http://www.quanis1.easydata.co.za) in January 2021.

According to Quantec and Statistics South Africa, the value added for transport equipment in manufacturing as a whole declined 5% a year from 2010 to 2015, despite the growth in production. By the end of 2019, transport equipment accounted for 8% of overall manufacturing production, down from a pre-financial crisis peak of 12% in 2007. The share declined despite rapid growth in constant rand because of differences in the implicit depreciation rate for autos and auto components compared to manufacturing as a whole.

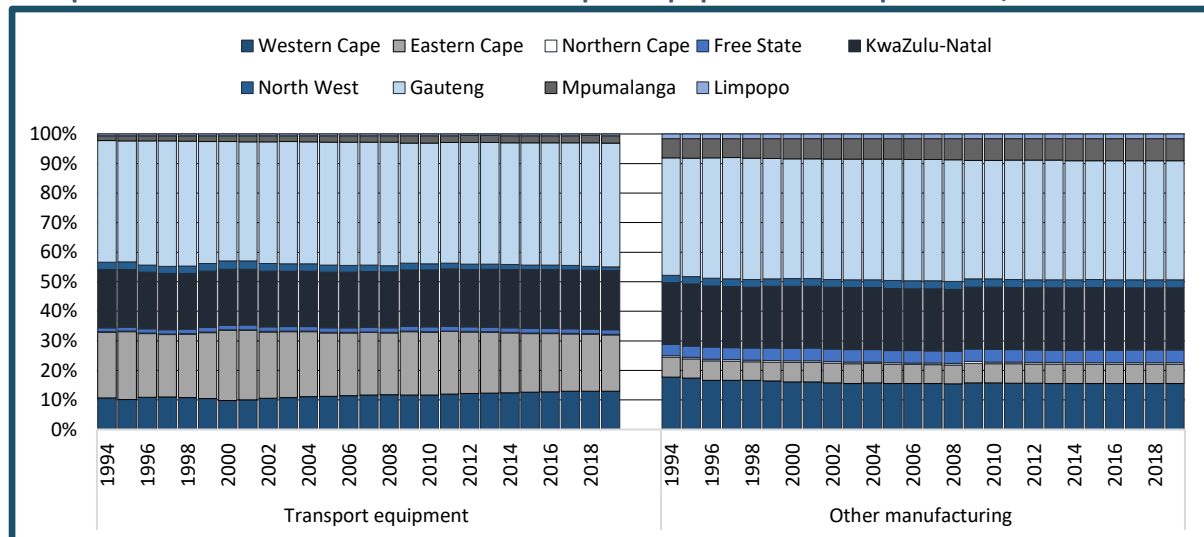
**Graph 2. Transport equipment contribution to manufacturing value added**



Source: Calculated from Statistics South Africa, GDP P0441. Annual quarter and regional revisions. Excel spreadsheet. Series on manufacturing subsectors in current and constant rand. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021; and Quantec EasyData. Standardised regional data. Database in electronic format. Series on value-added in current and constant rand. Downloaded from [www.quantec.co.za](http://www.quantec.co.za) in January 2021.

Gauteng dominated the South African transport equipment manufacturing sector, followed by the Eastern Cape, KwaZulu-Natal, and Western Cape. Gauteng’s R19 billion value added in the transport equipment subsector was over two-fifths of the South African total in 2019. Its employment of 44 000 people was also two-fifths of the South African total. The distribution of value add, and its concentration in Gauteng, Eastern Cape and KwaZulu-Natal can be linked to the location of the seven largest OEMs and component manufacturers in these provinces.

**Graph 3. Distribution of value added in transport equipment across provinces, 1994 to 2019.**

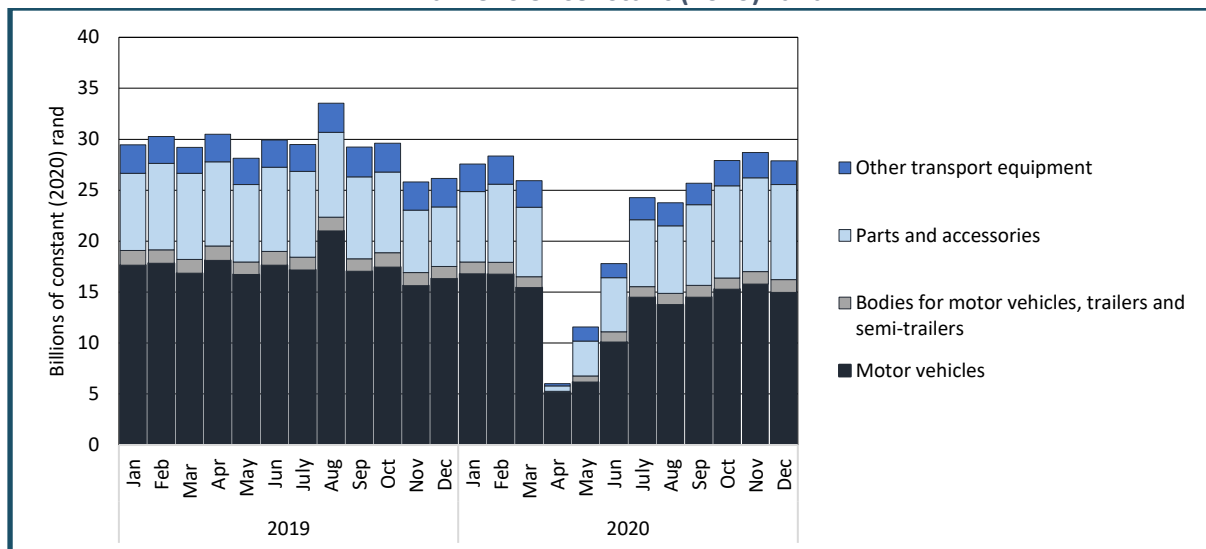


Source: Quantec EasyData. Standardised regional data. Database in electronic format. Series on value added in current and constant rand. Downloaded from <https://www.quantec.co.za/easydata/> in January 2021. The Northern Cape and Limpopo provinces are not clearly visible in the graphs due to their relatively small size.

Transport equipment sales were severely affected by the lockdown restrictions imposed in response to the COVID-19 pandemic. According to Statistics South Africa’s monthly production and sales data, in April 2020, seasonally adjusted monthly sales crashed 77% month-on-month and by 80% year-on-year. This rate was higher than other manufacturing sales, which crashed

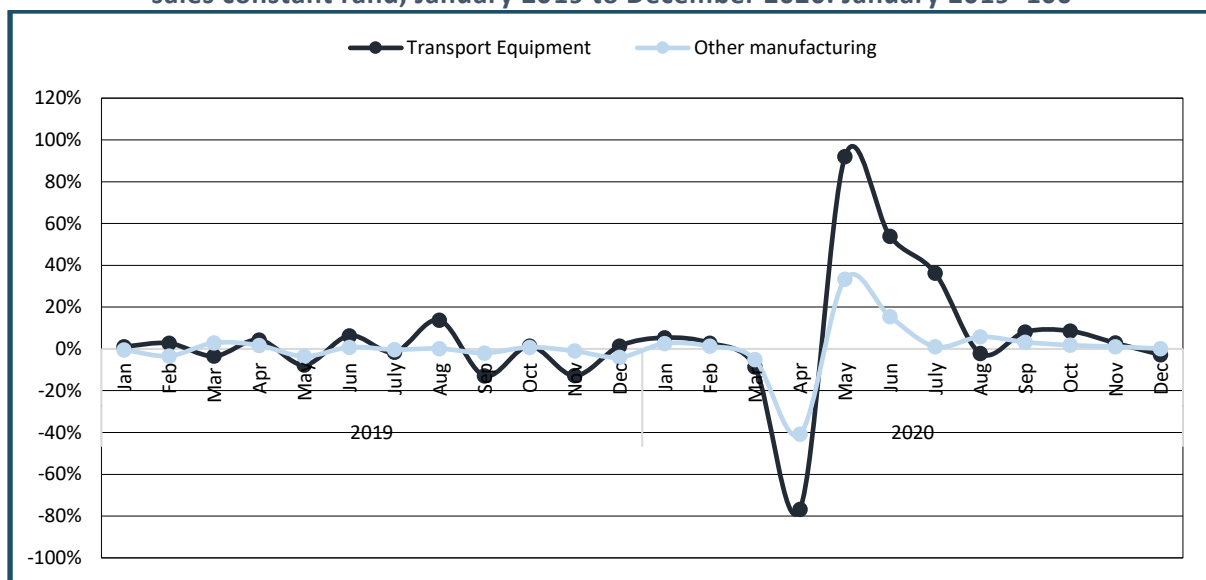
41% month-on-month and by 47% year-on-year. The biggest slump was recorded in parts and components whose sales crashed 92% month-on-month. However, sales almost fully recovered in May 2020 due to the gradual easing of trading restrictions and the general revival of economic activity. Between May and December 2020, seasonally adjusted sales grew 25% a month, surpassing pre-pandemic levels of R26 billion by October 2020. (See Graph 4).

**Graph 4. Seasonally adjusted transport equipment sales (value) in billions of constant (2020) rand**



Source: Calculated from Statistics South Africa, P3041.2. Excel spreadsheet. Downloaded in January 2021 from [www.statssa.gov.za](http://www.statssa.gov.za).

**Graph 5. Month-on-month percentage change in seasonally adjusted transport equipment sales constant rand, January 2019 to December 2020. January 2019=100**



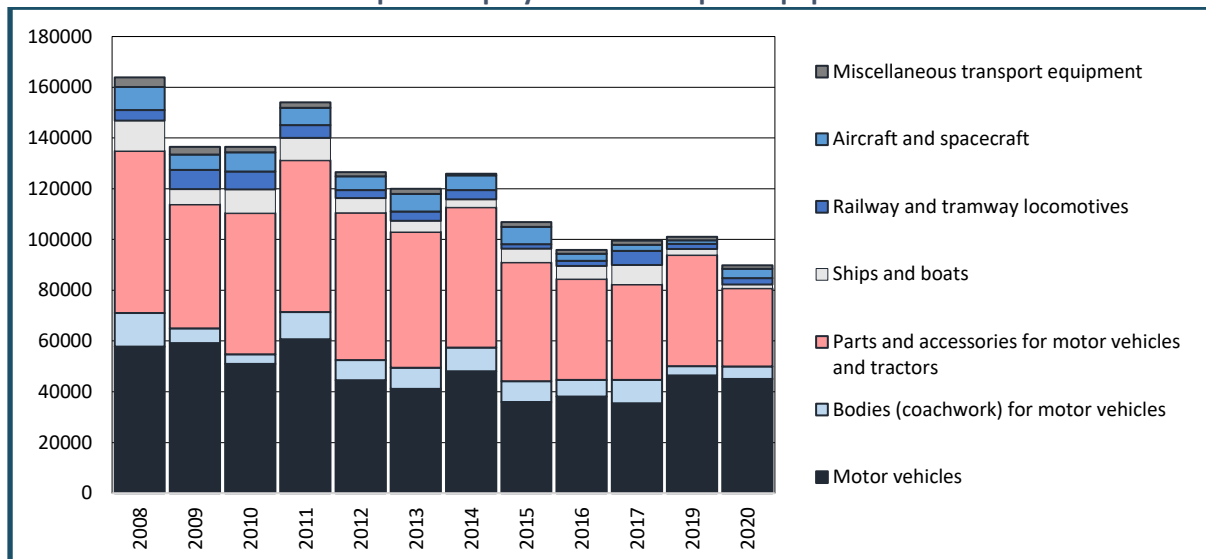
Source: Calculated from Statistics South Africa, P3041.2. Excel spreadsheet. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021

## 2. Employment

The South African transport equipment subsector consists of just over 20 motor vehicle production companies and more than 500 component manufacturers, which employed around 100 000 people in 2019, down from 160 000 people in 2008. Formal sector employment dominated this subsector, which accounted for 97% of the total transport equipment labour force. This proportion was above the

non-manufacturing average of 63% and the manufacturing average of 79%, which suggests lower levels of informality compared to the rest of manufacturing. Employment was driven by motor vehicles and components manufacturers, which jointly accounted for more than two-thirds of the transportation equipment labour force. Motor vehicle body parts, ships and boats, railway and locomotives, aircraft and spacecraft, and miscellaneous transport equipment accounted for the rest.

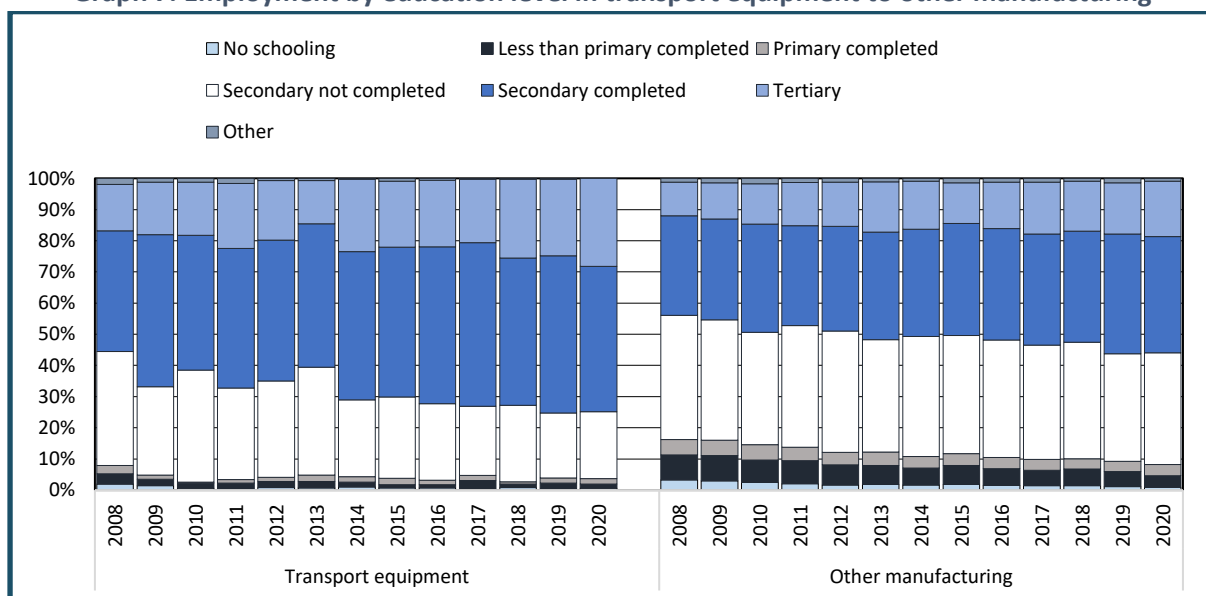
**Graph 6. Employment in transport equipment**



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021.

Transport equipment has a relatively skilled labour force compared to other manufacturing. Seven out of 10 workers in transport equipment had either completed a secondary education or higher, compared to one five out of 10 in other manufacturing (see Graph 7).

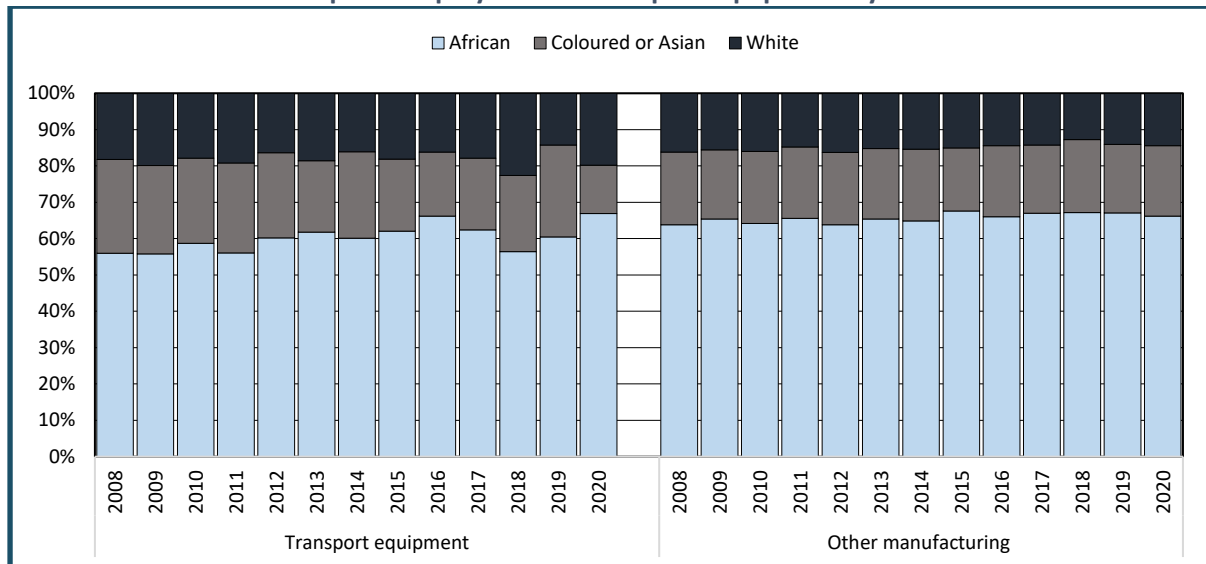
**Graph 7. Employment by education level in transport equipment to other manufacturing**



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021.

Africans accounted for 60% of the transport equipment labour force in 2019, compared with 66% in other manufacturing. Coloured/Asian and Whites each accounted for a fifth of the total transport equipment labour force. However, the proportion of the white labour force was higher in transport equipment than other manufacturing (see Graph 8).

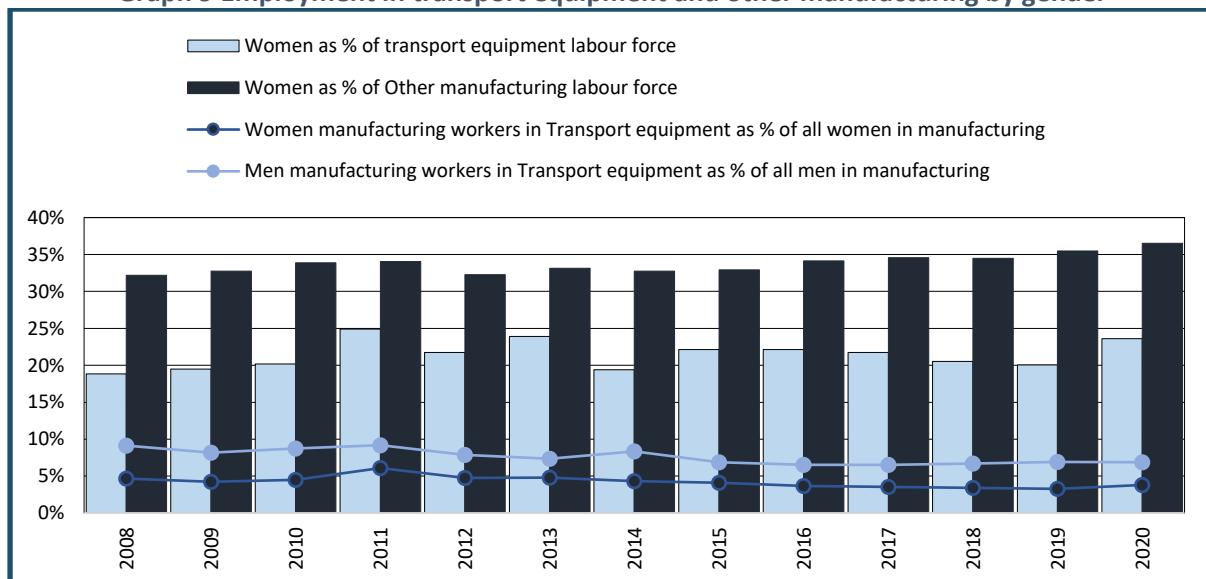
**Graph 8. Employment in transport equipment by race**



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021.

Graph 9 compares the gender structure of the transport equipment and other manufacturing labour force from 2008 to 2020. The most notable difference is the proportion of the labour force accounted for by women in both sectors. In 2019, women accounted for 20% of the transport equipment labour force, compared with a manufacturing average of 35%. In the same year, only 3% of women manufacturing workers were employed in transport equipment compared to 7% for men.

**Graph 9 Employment in transport equipment and other manufacturing by gender**



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021.

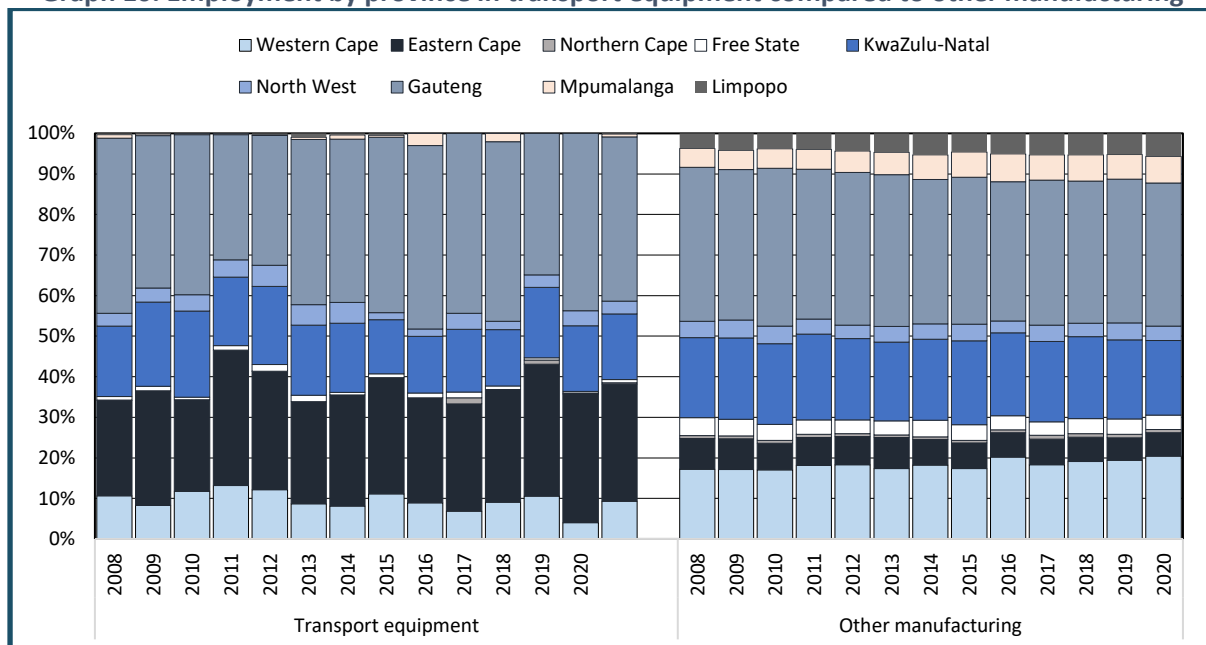


Gauteng dominated South Africa’s transport equipment subsector and accounted for more than 40% of total production and employment in 2019. This proportion was lower than the other manufacturing average of 36%. Eastern Cape Province was the second largest employer in the transport equipment subsector, followed by KwaZulu-Natal.

The Eastern Cape’s workforce of 31 000 people was around three-tenths of the transport equipment’s labour force, compared to less than a tenth of the labour force in other manufacturing, reflecting the importance of transport equipment in the Eastern Cape.

The concentration of value added and employment in Gauteng, Eastern Cape and KwaZulu-Natal can be linked to the concentration of OEMs and component manufacturers in these regions. Gauteng and the Eastern Cape Province accounted for just over two thirds, with KwaZulu-Natal accounting for the rest of the seven largest OEMs in South Africa. Out of the 500 component manufacturing companies in South Africa, Gauteng accounted for two fifths, Eastern Cape accounted for a third, and KwaZulu-Natal accounted for just under a fifth.

**Graph 10. Employment by province in transport equipment compared to other manufacturing**



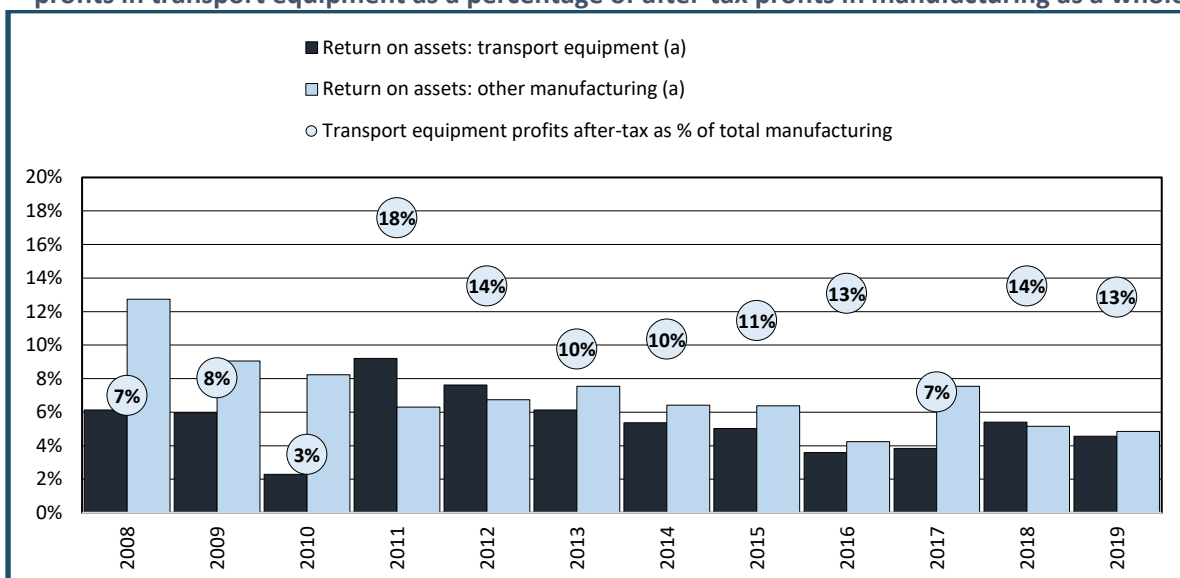
Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021.

### 3. Profitability and assets

The after-tax rate of return on assets in transport equipment declined 6% a year from 2011 and 2019.

As a result, the share of transport equipment in total manufacturing after-tax profits declined from a high of almost 18% in 2011 to 13% in 2019 (Graph 11).

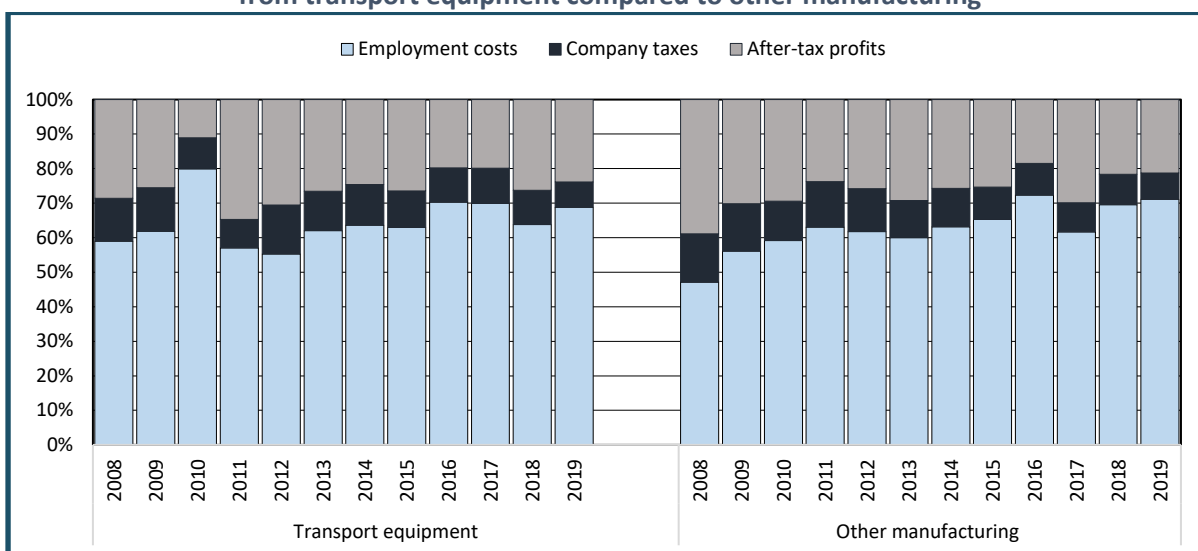
**Graph 11. Return on assets (a) in transport equipment and other manufacturing, and after-tax profits in transport equipment as a percentage of after-tax profits in manufacturing as a whole**



Note: (a) Profits before taxes and dividends less Company tax as a percentage of total assets. Source: Calculated from Statistics South Africa. Annual Financial Statistics. Disaggregated Industry Statistics for the relevant year. Excel spreadsheet. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021.

Employment costs in transportation equipment contributed to an average of 65% of value added between 2012 and 2019, up from 57% in 2011. Profit after tax fell to an average of 25% from 2012 to 2019, down from more than 35% in 2011. Taxes climbed from 8% before 2011 to an average of 11% from 2012 to 2019.

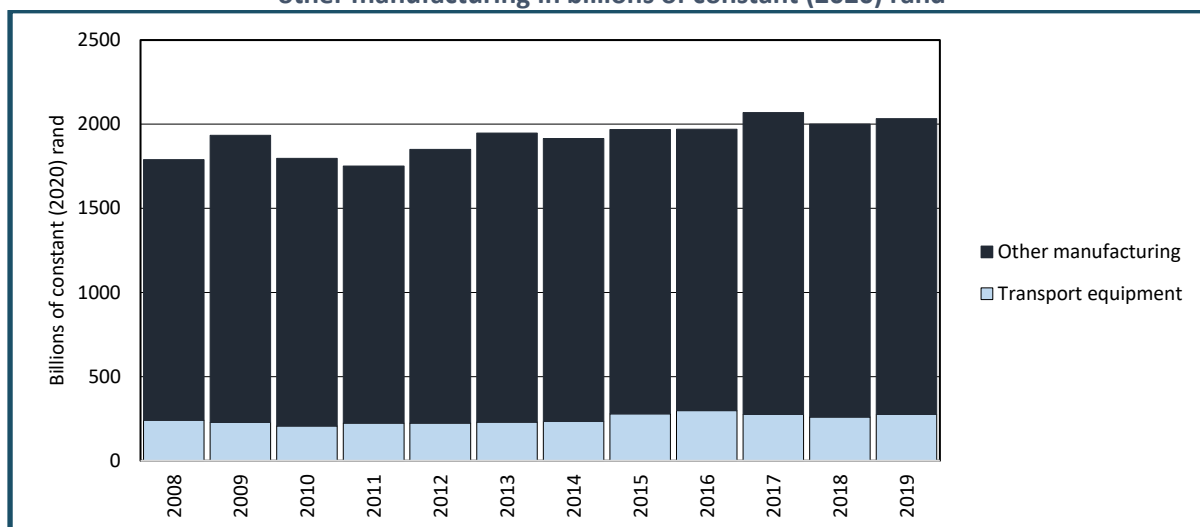
**Graph 12. Share of remuneration, profits and taxation in income from transport equipment compared to other manufacturing**



Source: Calculated from Statistics South Africa. Annual Financial Statistics. Disaggregated Industry Statistics for the relevant year. Excel spreadsheet. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021.

The value of assets in transport equipment rose 87% between 2011 and 2019, lower than the other manufacturing rate of 74%. As a result, the share of transport equipment to total manufacturing assets rose from 13% to 14% in the period.

**Graph 13. Value of total assets in transport equipment compared to other manufacturing in billions of constant (2020) rand**

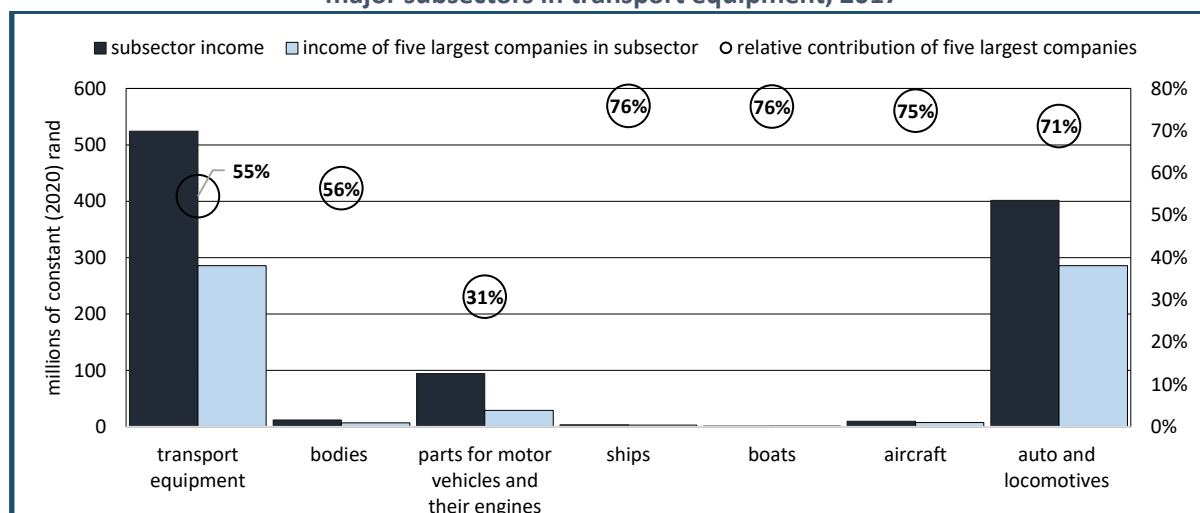


Source: Calculated from Statistics South Africa. Annual Financial Statistics. Disaggregated Industry Statistics for the relevant year. Excel spreadsheet. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021.

#### 4. Market structure and major companies

According to Statistics South Africa’s Manufacturing Financial Statistics for 2017, the share in the total income of the largest five companies in transport equipment as a whole was 55%. That was higher than in virtually any other major manufacturing subsector. Virtually all subcategories of transport equipment had concentration scores higher than 70% except for auto body parts and components.

**Graph 14. Share of top five companies in the income of major subsectors in transport equipment, 2017**



Source: Calculated from Statistics South Africa. Manufacturing Industry: Financial, 2019. Pretoria. Table 9, p33,ff.

The auto industry is dominated by OEMs, almost all subsidiaries of multinational corporations from the United States, Europe and Asia. The OEMs, which include Toyota, Volkswagen, Ford and similar companies, have well-defined brands and proprietary technologies that enable them to produce and market cars globally on a considerable scale – generally more than two million units apiece, and in the case of Toyota and VW, more than 10 million. In contrast, suppliers of inputs and components are also often foreign-owned but typically far smaller than the OEMs. They effectively depend on the OEMs for both their sales and their technology to a large extent. The leading companies producing transport equipment, including the local subsidiaries of OEMs, are described in Table 1.

**Table 1. The market for major transport equipment products**

**A. OEMs (wholly-owned subsidiaries unless otherwise noted)**

<b>Company</b>	<b>Employees</b>	<b>Activities</b>
Toyota South Africa Motors	8 539 (estimate)	Manufactures assembles, and imports autos for South Africa and export markets.
Volkswagen Group South Africa	4 030	Manufactures, assembles and imports motor vehicles and buses.
Mercedes-Benz South Africa	3 668	Manufactures, assembles, and imports Mercedes-Benz C-Class cars, commercial vehicles, trucks and buses, for sale in South Africa and the United States.
Ford South Africa	3 700	Manufactures, assembles, imports and retails motor vehicles.
BMW South Africa	3 734	Manufactures, assembles, imports and exports motor vehicles and motorcycles, components and accessories; 85% of 3 series production at Rosslyn plant exported to the US and Canada, Asia, Australia, New Zealand, and other parts of Africa.
Nissan South Africa	2 501	Manufactures assembles, and imports motor vehicles from a plant in Rosslyn.
General Motors South Africa	1 500	Manufactures assembles, and distributes motor vehicles and components at the manufacturing plant in Port Elizabeth; exports worldwide.
Bell Equipment Company SA.	2 853	Manufactures distributes and exports material handling machines (tractors, backhoes), both locally and internationally, supplying to the sugar, forestry, mining and construction industries.
Busmark 2000	680	Manufactures and repairs buses, including taxis and luxury buses and produces its design on various chassis. Direct sales plus supply to manufacturing companies such as Toyota, Nissan, Volvo and Isuzu on an order basis. South African owned.
Volvo SA	900	Imports manufacture, assembles and distributes medium and heavy commercial vehicles and parts under Volvo Trucks, Renault Trucks and UD Trucks.
MAN Automotive South Africa	533	Manufactures medium, heavy and extra-heavy trucks, commuter buses and luxury coaches. The company has an assembly plant in Pinetown and a bus manufacturing facility in Olifantsfontein.
Scania South Africa	600	Assembles and markets Scania trucks, buses, coaches and engines at the Aero-ton facility in South Africa and neighbouring countries.
Marcopolo S.A.	290	Imports, manufactures and assembles luxury buses and mini-buses.
Denel	283 (Group)	LMT Holdings (51% owned by Denel) designs, develops, manufactures and provides after-sales support for complete systems, subsystems and components of armoured vehicles.
FAW Vehicle Manufacturers SA	280	Imports and assembles commercial vehicles at its manufacturing plant in Isando. It also has a truck and passenger car production plant in the Coega Industrial Development Zone. It is 60% owned by Automobile Import and Export Corp and 40% by Mr R Leiter.
Tata Motors South Africa	65 (Head Office)	Manufactures and sells 2-tonne to 23-tonne trucks and 27 seats to 65 seat buses. Chassis are imported from Tata in India and Korea.

**B. Auto components (producers whose main products are batteries and exhaust systems)**

<b>Company</b>	<b>Employees</b>	<b>Activities</b>
Metair Investments	9 321 (7 267 – South Africa; 794 – Romania;	Subsidiaries (Smiths Manufacturing, Smiths Plastics, Automould, Supreme Spring, ATE, Lumotech, Unitrade and Hesto) manufacture and distribute batteries and other components for OEMs and retail. Smiths Manufacturing manufactures air-conditioning and climate control systems, air cleaners, radiators, wiper systems, engine control

	1 249 – Turkey; 11 – UK)	units, washer systems, charge air coolers and reserve tanks for OEMs in South Africa and exports some products to the UK. It has four manufacturing and assembly plants. Other automotive components include coil and leaf springs, headlights, wiring harnesses and cable, shock absorbers, plastic injection mouldings and brake pads.
PG Group	4 000	Manufactures and distributes automotive and building glass for the domestic and international markets, including Shatterprufe and Armourplate.
KAP Automotive	3 500	Manufactures components for autos, among other products. A subsidiary, Feltex Automotive Trim, supplies automotive acoustic and trim components.
Hesto Harnesses	2 300	Manufactures automotive wiring harness for OEM vehicle manufacturers in South Africa.
G.U.D Holdings	1 800	Manufactures oil, fuel, air, and pollen filters, brake pads and lubricants for the automotive industry and assembly plants under the G.U.D and Fram brand names and private brands for contract and export customers.
MA Automotive Tool & Die	1 329	Manufactures and exports metal stampings, press dies, welding and measuring jigs, fixtures and assemblies, and offers allied engineering services for the local and international automotive industry. Clients include all significant OEMs in South Africa.
Federal-Mogul South Africa	578	Manufactures bearings, valves, powertrains, brakes and sealing systems at three manufacturing plants and one distribution plant.
MAHLE Behr South Africa	1 064	Manufactures air-conditioning and engine cooling products for both passenger and commercial vehicles.
Atlantis Foundries	800	Manufactures, exports, and distributes automotive iron castings for commercial vehicle industries; machines cylinder blocks for automotive applications; and designs and manufactures its jigs, fixtures and other tooling equipment for use in the plant.
Auto Industrial Group	677	Manufactures motor car components such as brake drums, brake discs, wheel hubs, and chassis, supplying Toyota, Ford, Dena, Mercedes Benz, Renault-Nissan, BMW, Volkswagen and LUK.
Robert Bosch	650	Manufactures sells, distributes and services fuel-injection technology for petrol and diesel vehicles, systems for active and passive motor vehicle safety, electrical components and mobile communication products.
Alfred Teves Brake Systems	110	Manufactures and distributes brake systems and components as vehicle spares. The company also designs, manufactures, markets and supplies heat-treated steel components to the local and international automotive market, including hot-formed coil springs.
Pasdec Automotive Technologies	550	Produces cable harnesses for the local and international automotive OEM industry.
PFK Electronics Holdings	550	Designs and manufactures automotive security products, including embedded microcontroller and radio frequency-based automotive security systems, keyless entry systems, GSM/GPS-based tracking systems, CAN Bus-based vehicle security systems, and alcohol breathalyser immobilisers.
Schaeffler South Africa	550	Develops, manufactures, and imports products for engine, transmission, and chassis applications based on internal combustion engines and hybrid and electric vehicles.

Torre Parts and Components	507	Manufactures automotive components such as air brake systems, auto electrical parts, and shock absorbers; designs and supplies lifting and pulling equipment and parts for earthmoving equipment.
Lumotech	541	Designs, manufactures and supplies lighting systems, vehicle signalling and warning equipment, primarily for OEMs.
Autocast South Africa	500	Manufactures and supplies engine blocks, manifolds and other automotive parts to local and international OEMs. It focuses on grey iron but also manufactures aluminium cylinder heads.
Dana Spicer Axle South Africa	420	Manufactures automotive components, rear driving axles and corresponding gear sets for light and commercial vehicles, and prop shafts for light delivery vehicles.
Tenneco Ride Control South Africa	395	Manufactures shock absorbers for passenger and commercial vehicles.
Borbet South Africa	363	Manufactures and supplies OEMs with aluminium wheels.
PFK Electronics	250	Develops and manufactures electronics for global automotive, transportation and defence markets. Products range from vehicle security systems to instrument clusters, body and drive train controllers and telematics. The company also manufactures electronic assemblies under licences from Siemens VDO, Lear, Temic and Valeo.
RG Brose Automotive Components	300	Imports and manufactures motor components, including window regulators and door systems for OEMs, including VW, Mercedes Benz and Toyota.
Maxion Wheels South Africa	342	Manufactures aluminium alloy wheels for passenger vehicles and light trucks. It also manufactures aluminium die castings and tool and die designs.
ZF Lemforder SA	214	Assembles axle systems for the BMW 3 Series for the local market and export to right-hand drive markets worldwide.
Valeo Systems South Africa	79	Manufactures and assembles, and also imports automotive components for VW and Mercedes Benz.
SA Heavy Rim Importers	55	Manufactures off-road wheel and rim assemblies, specialising in haul trucks and loaders.

### C. Seats and leather

Company	Employees	Activities
Adient South Africa	1400	Develops and produces internal systems and components for light vehicles, including passenger cars and light trucks for various car manufacturers countrywide and abroad. Seats are constructed on metal frames, using imported textile fabrics and leather supplied locally.
Bader SA	920	Manufactures leather cut kits for the automotive leather industry. Its covers are made from leather and vinyl for Toyota, BMW and Daimler Chrysler.
Lear Sewing	1 000	Manufactures and supplies leather seat covers and seat assemblies for the automotive industry for Ford at three plants in the Eastern Cape.
Faurecia Interior Systems Pretoria	330	Manufactures automotive interiors, including Daimler Chrysler South Africa, BMW, Nissan and Ford.

### D. Batteries

Company	Employees	Activities
Metindustrial	1459	Subsidiaries manufacture industrial batteries for fork-truck OEMs (BT, Clarke, Crown, Daewoo, Jungheinrich, Komatsu, Linde, TCM, Toyota and Yale), with four batteries manufacturing plants.
AutoX	500	Manufactures automotive batteries on a licence to Sabat, Willard and HiFase.

## E. Catalytic converters and exhaust systems

Company	Employees	Activities
Eberspacher South Africa	8 385 (Group)	Assembles catalytic converters and silencers for OEMs and retail, including Volkswagen, Nissan, Audi, Daimler Chrysler, Ford, Renault, Alfa, Isuzu, Landrover, and Skoda. The company also assembles and exports entire exhaust systems, including catalytic converters, for various companies in Europe, India, and the US.
Benteler SA	650	Manufactures automotive components, including sub-frames, axles, catalytic converters and exhaust pipes for the motor industry.
Faurecia Emissions Control Techs	598	Manufactures catalytic converters and exhaust systems for OEMs for light and commercial vehicles. Its significant clients include Daimler Chrysler, Volvo, GM, Ford, Jaguar and Renault. The company is 57% owned by Peugeot.
Formex Industries	488	Develops, manufactures and supplies pressed, tubular, and exhaust-related components, such as exhaust manifolds, catalytic converters cones and silencers.
Bosal Afrika	300	Develops and manufactures automotive components, including sub-assemblies, exhaust systems, catalytic converters and towbars, and industrial products such as irrigation equipment and tubing.
Tenneco Emission Control	510	Assembles exhaust systems, including catalytic converters for OEMs.
Johnson Matthey	580	Manufactures automotive parts including autocatalysts, diesel catalysts and pollution control systems, catalysts and components for fuel cells, catalysts and technologies for chemical processes, fine chemicals and chemical catalysts.
Umicore Catalyst SA	260	Manufactures catalytic converters. It is 35% owned by the Industrial Development Corporation and 65% by Umicore Finance.
Faurecia Exhaust Systems South Africa	243	Manufactures exhaust systems. One of its subsidiaries manufactures and supplies motor trim components for car interiors. The company is majority-owned by Peugeot.

## F. Canopies, tankers, trailers, etc.

Company	Employees	Activities
Route Holdings	3 000 (Group)	Its subsidiaries (SA Truck Bodies, Fruehauf, Road Tankers and others) manufacture and repair trailers, axles, suspensions and trailer parts. Group has three trailer manufacturing operations in Wadeville, Bloemfontein and Cape Town. It also manufactures tanks and components, including trailers, axles and suspensions.
Welfit Oddy	630	Designs, manufactures and supplies tank containers and bulk liquid shipping containers.
Afrit	1 000	Manufactures and repairs trailers, semi-trailers and trucks.
Top Trailers	800	Designs and manufactures specialised tippers, trailers and carriers for the South African market.
Jurgens Ci	680	Manufactures caravans and motorhomes. It also fabricates fibre tech parts for caravans in Rosslyn.
GRW Engineering	800	Manufactures and refurbishes road tankers on chassis; manufactures stainless steel tank containers for export.
Beekman Super Canopies	490	Manufactures fibreglass canopies for bakkies.
F & R Catai Transport Solutions	147	In addition to the core business of fleet support, manufactures trailers and security vehicles for Fidelity and Armscor and railroad vehicles for Transnet.



TFM Industries	330	Designs, manufactures, assembles, converts and imports specialist truck bodies and armoured vehicles and components for the automotive and engineering industries and trailers.
Serco Industries	127	Designs and manufactures insulated and dry freight fibreglass truck bodies and trailers.

### G. Rail and earthmoving

Company	Employees	Activities
ABB South Africa	1472	Products include systems and services for rolling stock, including traction transformers, converters, motors and many other components for different rail applications: freight, high-speed, suburban railways, metros and tramways.
Siemens	1410	Through one of its subsidiaries, the company supplies and services rail vehicles, rail automation systems, rail electrification systems, road traffic technology and information technology solutions.
DCD Group	1 000	Supplies locomotive wagons, bogies and related goods to national railways, mining and industrial users; manufactures seamless forged and other products for the rail and other industries; designs, develops and manufactures railway brake blocks. A subsidiary in Cape Town undertakes ship repairs.
Ikusasa Rail	550	Owens Grindrod Rail Construction Company, a contract provider of rail, rail electrification and manufacturing engineering services throughout Africa. Construction of gantries and cranes for ports and rail as well as electrical overhead track equipment. Ikusasa Rail is owned by WBHO.
Alstom Ubunye	615	Designs and manufactures railway rolling stock and spare parts for Metro Rail, Transnet and the Passenger Rail Agency of South Africa (PRASA).
Gibela Rail Transport Consortium	400	Manufactures and imports rolling stock on contract to PRASA. Alstom (France) owns 61%.
SA Freight Logistics	800	Repairs, upgrades, and refurbishes various makes and types of locomotives and rail wagons at its main workshop in Modderfontein. It also provides rail logistics and repair services across Southern Africa.
Wictra Holdings	270	Repairs and refurbishes train coaches, including for Metro Rail and PRASA.
Mehleketo Resourcing	267	Turnkey railway construction company and undertakes maintenance. It also provides signalling, information and communication technology.
Ansys	243	Designs and develops engineering solutions including complex rail solutions, on-board train cab control, monitoring and communication systems, trackside measurement and integrated train conditioning monitoring systems.
African Rail and Traction Services	201	Services train locomotives, for among others, Transnet, Iscor and Rustenburg Platinum.

### H. Boatbuilders

Company	Employees	Activities
Dormac Marine and Engineering	3 000 (Southey Group)	Contracted repairs in drydock and afloat in any facility on the Southern African coastline and deploys repair parties worldwide as required.
Southern African Shipyards	420	Commercial and naval shipbuilder and undertakes ship repairs.
Southern Wind Shipyards	249	Manufacturers yachts.
Robertson and Caine	1 800	Manufacturers catamarans from imported parts.



Nautic Africa	195	Designs and manufactures customised ships for oil and gas, harbour, working boats and passenger's vessels.
Vee Craft Marine	60	Manufactures, repairs, and provides maintenance for workboats, harbour vessels, patrol boats and ferries, crew and supply vessels. Contract work for National Ports Authority and the South African Navy, as well as international clients.
Damen Shipyards Cape Town	227	Ship manufacturer, undertaking work for government institutions, as well as for private clients. It also has an international network of lifecycle support services, including maintenance and repair and conversion facilities.

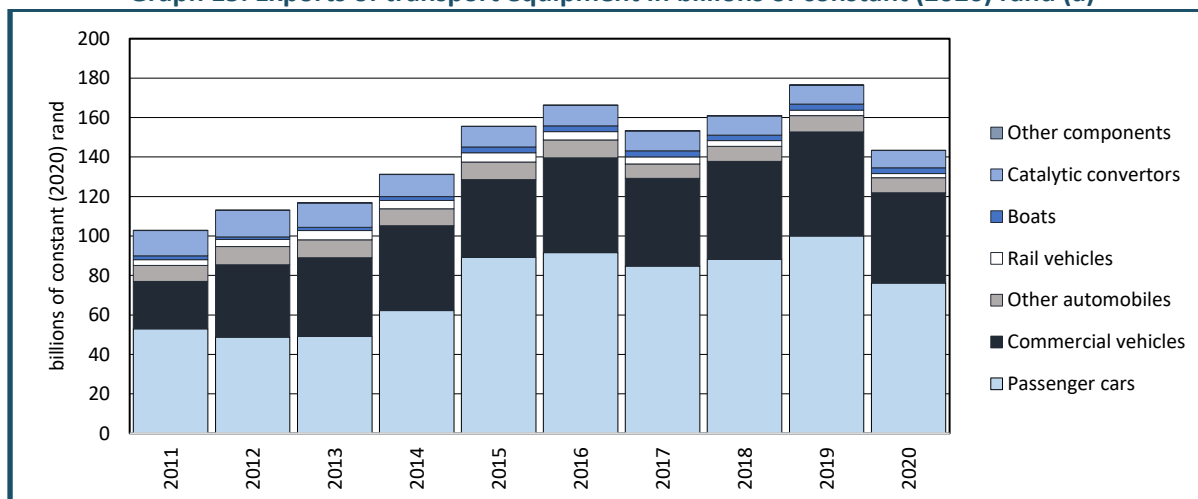
Source: Who Owns Whom. Report Generator. Electronic database. Downloaded www.wow.co.za January 2021.

## 5. International trade

Autos and their components represent South Africa's only large-scale advanced export outside of the mining value chain. In 2019, they were the most significant export good, accounting for around 13% of total foreign sales, up from 8% in 2011. South Africa's foreign sales of transport equipment grew a massive 10% a year from 2010 to 2016, then declined 4% through 2017. Growth over the period from 2010 to 2016 reflected in part the rand's depreciation, with significantly smaller growth in dollar terms. They picked up from 2018, recording an annual average rate of growth of 7% through 2019. Growth over the entire period, from 2017 to 2019, was driven almost exclusively by the vehicle segment, primarily passenger and commercial vehicles.

In 2019, 55% of South Africa's transport export revenue came from passenger cars, while a further 30% was commercial vehicles and 7% was catalytic converters. Other automotive products accounted for most of the rest. South Africa's exports of railroad consisted mainly of containers; exports of boats mainly were yachts.

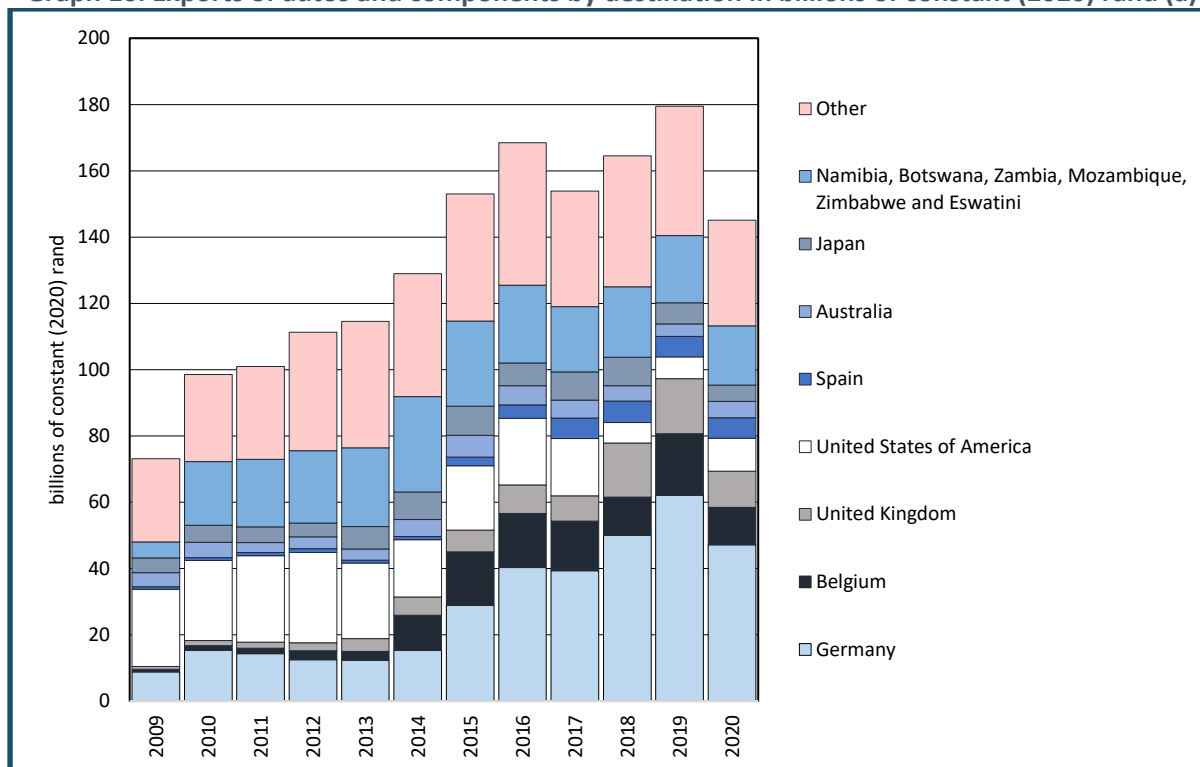
**Graph 15. Exports of transport equipment in billions of constant (2020) rand (a)**



Note: (a) Deflated with CPI. Source: Calculated from ITC Trade Map. Electronic database. Series on exports of autos and components in rand. Downloaded from www.trademap.org in January 2020.

Europe and African countries dominated South Africa's exports of autos and components in 2019. Germany was by far the most significant European market for South Africa's exports of autos and components. It accounted for more than half of Europe's total while accounting for just over a third of South Africa's exports. Europe's growing share of South Africa's exports of autos and components was also driven by the growth of Belgium and the UK from 2013. Just over a fifth of South Africa's exports of autos and components in 2019 was accounted for by Africa. Seventy per cent of the African total was accounted for by Namibia, Botswana, Zambia, Mozambique, Zimbabwe and Eswatini.

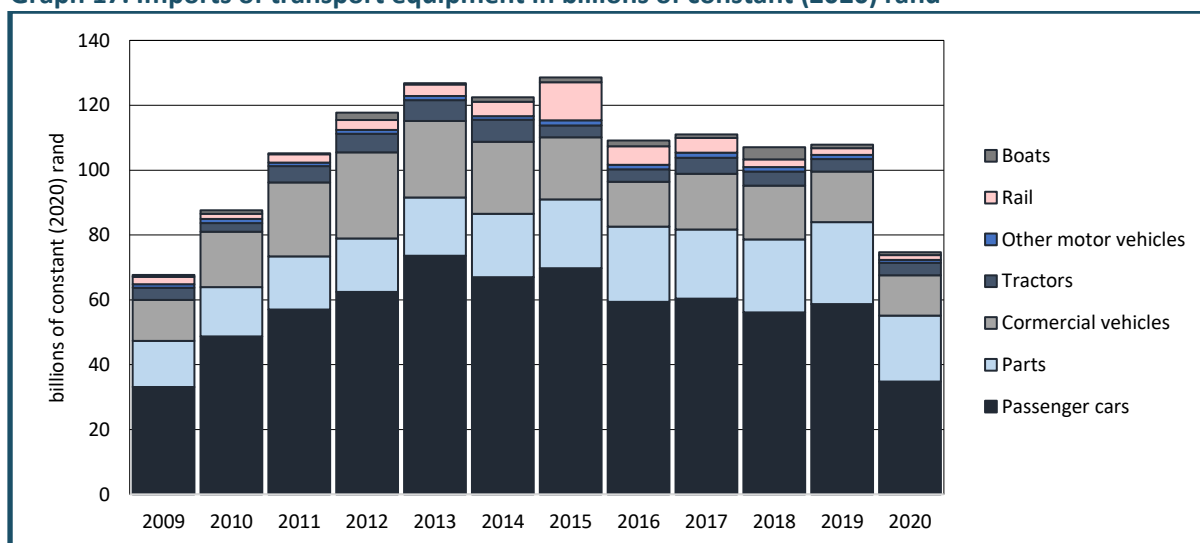
**Graph 16. Exports of autos and components by destination in billions of constant (2020) rand (a)**



Note: (a) Deflated with CPI Source: Calculated from ITC Trade Map. Electronic database. Series on exports of autos and components in rand. Downloaded from [www.trademap.org](http://www.trademap.org) in January 2020.

South Africa's imports of transport equipment contracted 5% a year from 2015, while exports grew 4% a year. The decline was driven almost exclusively by rail and passenger vehicles which contracted 33% and 5% a year, respectively. South Africa's imports of transport equipment declined 30% in 2020 year-on-year due to global COVID-19 trading restrictions and subsequent disturbances in global supply chains. The most significant decline was recorded in aircraft, passenger vehicles and rail, which crashed 53%, 41% and 36%, respectively (see Graph 17).

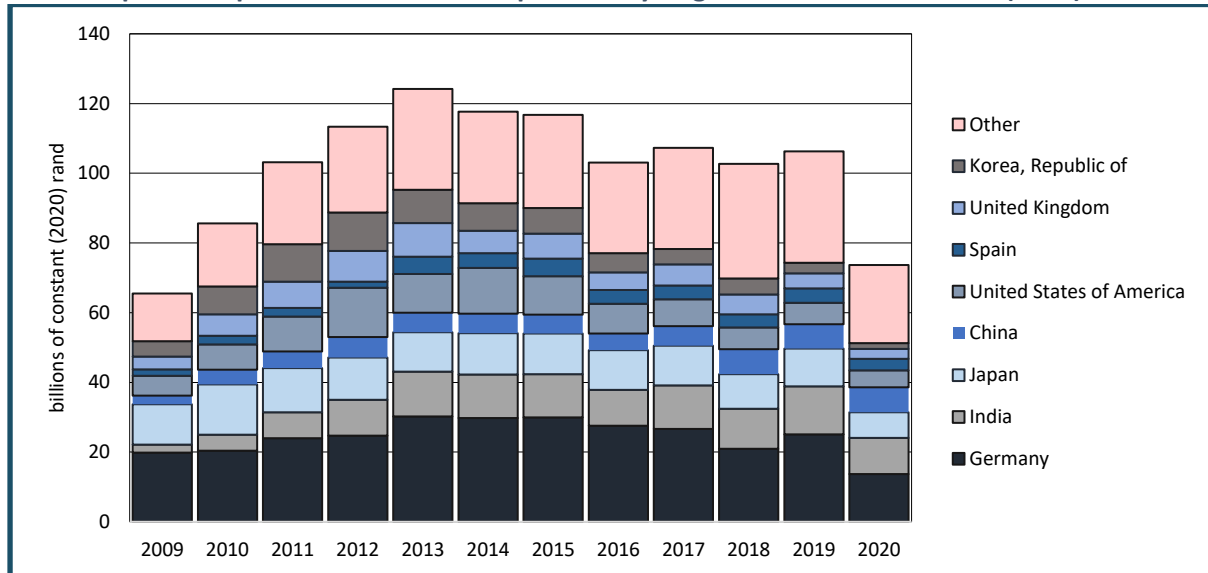
**Graph 17. Imports of transport equipment in billions of constant (2020) rand**



Note: (a) Deflated with CPI Source: Calculated from ITC Trade Map. Electronic database. Series on imports of Transport equipment in rand. Downloaded from [www.trademap.org](http://www.trademap.org) in January 2020.

South Africa's auto imports were linked to the location of the leading OEM. Germany accounted for just over a fifth of total auto exports and components, followed by India, which accounted for just over a tenth. Japan accounted for a tenth of the total exports of autos and components in 2019. India and Japan's total imports increased from 2009, while the US and the UK declined. The growth of India's share was primarily driven by chassis fitted and auto body and parts, whose growth averaged 812% a year and 583%, respectively. Japan's growth was driven by trailers, whose growth averaged 3000% between 2009 and 2019 (see Graph 18).

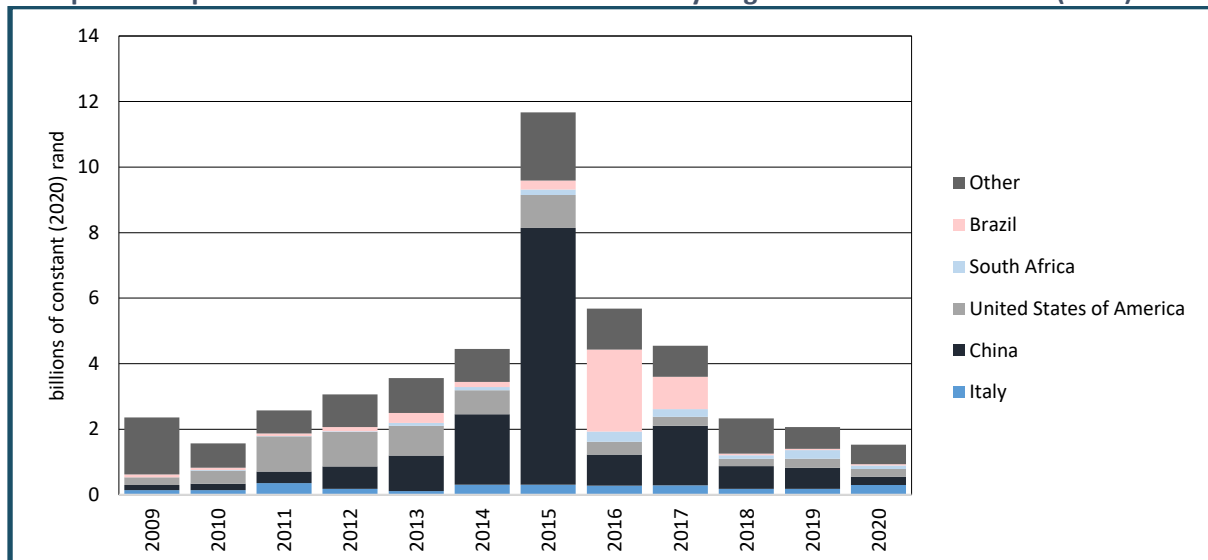
**Graph 18. Imports of autos and components by origin in billions of constant (2020) rand**



Note: (a) Deflated with CPI Source: Calculated from ITC Trade Map. Electronic database. Series on imports of autos and components in rand. Downloaded from [www.trademap.org](http://www.trademap.org) in January 2020.

South Africa's imports of rail stock and locomotives surged in 2015 due to large-scale diesel locomotives by Prasa and Transnet.

**Graph 19. Imports of railroad stock and locomotives by origin in billions of constant (2020) rand**



Note: (a) Deflated with CPI Source: Calculated from ITC Trade Map. Electronic database. Series on imports of railroad stock in rand. Downloaded from [www.trademap.org](http://www.trademap.org) in January 2020.

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