

CAR EXPORTS SLUMP 40%

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South Africa exported 40% fewer vehicles in the first six months of this year compared with the first six months of last year, largely because Covid-19 restrictions caused demand for vehicles in the European market to decline.

This is according to Norman Lamprecht of the National Association of Automobile Manufacturers of SA (Naamsa).

Last year, about 74% of the 387 125 vehicles manufactured in South Africa for export were destined for the European market. In the first six months of this year, this market made up 72% of total exports.

Lamprecht said the decline in exports to Europe, amounting to 55 152 vehicles (or 41.3%) between January and June, was therefore largely responsible for the poor performance figures.

He added that, since June, the largest European markets had shown a recovery as Covid-19 restrictions have been gradually lifted.

Michael Mabasa, the CEO of Naamsa, said it was encouraging that governments in that market were also giving consumers financial incentives to trade-in their older vehicles.

However, Lamprecht said new vehicle sales in Europe were expected to be 25% lower than they were last year.

According to data from the International Organisation of Vehicle Manufacturers, the demand for new vehicles in Europe was at its lowest in April. On an annual basis, demand in the UK market was 95.3% lower, 59.5% lower in Germany, 87.2% lower in France and 96.4% lower in Italy.

This puts the decline of 97% in South African vehicle exports during April into perspective.

Last year, South Africa exported 101 401 vehicles to the UK, 37 152 to Germany and an

estimated 256 000 to France, according to figures obtained from Naamsa and Lightstone Auto.

VWSA's Polo model was the top export vehicle last year, with more than 89 000 units exported to Europe. BMW exported 67 516 X3s to Europe.

Lamprecht also said 40% fewer vehicles were exported to Africa in the first six months of this year, compared with the corresponding period last year.

The continent remains a priority for South African vehicle manufacturers - especially those that manufacture bakkies. About 85% of the 6 934 vehicles exported to African countries in the first six months of this year were bakkies. The most important export destinations were Kenya, Zimbabwe, Ghana and Nigeria.

According to Naamsa, new vehicle sales in the domestic market are still under pressure.

In August last year, South African consumers purchased 33 515 units, 26.3% fewer than in August 2018. The 7.7% increase in the sale of medium-sized commercial vehicles, and the 9% increase in the sale of heavy vehicles and buses were encouraging, said Mabasa.

Total vehicle manufacture for the year up to and including July was 38.5% lower than the corresponding period last year.

The vehicle manufacturing industry contributes 6.4% to South Africa's GDP and makes up 27.6% of the country's manufacturing output.

According to Mabasa, Naamsa is concerned about the latest wave of load shedding, which the manufacturing sector and the broader economy can ill afford.

"Eskom's announcement that load shedding will be with us for another year indicates that the economy isn't going to recover quickly," said Mabasa.