

RADIATORS EXPORTS FROM KWAZULU NATAL

1. Overview

The automotive industry encompasses all companies that manufacture, sell, repair and recycle motor vehicles and motor vehicle parts and accessories.

An automobile part may carry the designation original equipment manufacturer (OEM) if the same manufacturer makes it and is the original part used when building and selling the product. The components industry is divided into three levels.

- Tier One is made up of companies, mostly subsidiaries of, or having joint ventures with multinationals, that deliver parts directly to vehicle assembly lines;
- Tier Two companies provide the subcomponents and materials that go into those components; and
- Tier Three is the next supply level down.

Parts and accessories can be classified into four groups:

- *Engine, transmission and body parts;*
- Brakes, wheels, shock absorbers and other similar parts, including exhausts;
- Electrical, batteries and filters; and
- Interiors, including heating and cooling systems

2. Industry Supply Chain

The suppliers to the industry include:

- Steel companies
- Workshop Equipment Suppliers
- OEM Parts manufacturers
- Generic Parts Suppliers
- Paint suppliers
- Insurance Companies
- Fitment Companies
- Tyre companies
- Manufacturers of shock absorbers, exhausts and other parts
- Recycling companies

3. Exports

South Africa's automotive exports have grown substantially on the back of the MIDP. The country's track record as a reliable manufacturer and supplier of high quality vehicles and

automotive components to world markets is well established with vehicle exports currently destined for 148 international markets.

South Africa has experienced a significant shift in trade patterns in recent years. In 2007, 38% of South African manufactured exports went to Europe, and 25% went to Africa. The impact of the recession in Europe means that by 2012 the picture was reversed, with approximately 25% of vehicles going to Europe and about 38% going to Africa.

Top three African Export Markets for South African Vehicles in 2012.

Country	Units	Units
	2011	2012
Algeria	24 191	24 281
Nigeria	11 671	14 874
Angola	1935	7 781

4. Regulations

Regulations that affect companies active in the automotive field in the sector include:

- ISO 9001:2000 Quality Management Systems
- ISO TS 16949:2002 Automotive Quality Management Systems
- ISO 14001 Environmental Management Systems
- OHSAS 18001 Health and Safety Management Systems
- SABS Mark Scheme Product Certification

5. Competition

The current global economic environment is dominated by intense competition for export markets, investment and technology. According to Justin Barnes, chairman of B&M Analysts, the South African motor industry will have to increase its competitiveness or “risk being a casualty of the rapidly increasing vehicle and component exports from Asia, most notably China

Trade deficits between South Africa and China, Brazil and India are high, but these countries were expected to “step up increasingly competitive exports to markets such as South Africa as their local economies were slowing

6. Barriers to Entry

Barriers to entry include:

- High capital expenditure to establish a manufacturing plant;
- Recruiting skilled labour, which is in short supply; and
- High input costs pressures, which include wages, raw materials, electricity and the cost of training employees.
- For entrants into the components sector, counterfeit parts and cheaper imports pose a challenge while in the Motor Body Repair market new entrants will find that the sector is overtraded as there are no legislated minimum standards for motor body repairers

7. Product

Description as per product code: 8708912000 - Radiators and parts thereof, for the industrial assembly of: pedestrian-controlled tractors, motor cars and vehicles principally designed for the transport of persons, vehicles for the transport of goods with compression-ignition internal combustion piston engine diesel or semi-diesel engine of a cylinder capacity $\leq 2500 \text{ cm}^3$ or with spark-ignition internal piston engine of a cylinder capacity $\leq 2800 \text{ cm}^3$, special purpose motor vehicles of heading 8705, n.e.s

Product & code	Trading partners	Barriers to entry				Trade Agreements	Key Industry Role Players	
		Tariffs	Non-Tariffs					
		Tariff Regime	Applied tariff	Total ad valorem equivalent tariff	Non Tariffs Measures (NTM) Code	Measures applied by importing country	Preferential tariff for SA	
H 870891 Radiators for Motor Vehicles	Germany	MFN duties (Applied)	3% **	3% **	B700	Product quality or performance requirement Certification requirement	Certificate of Origin(EUR 1)	Smiths Manufacturing
		Preferential tariff for SA	0%	0%	B830		BHER SA	
	USA	MFN duties (Applied)	0%	0%	None recorded	None recorded	No official form is required	
		Preferential tariff for SA	None recorded	None recorded				
	Australia	MFN duties (Applied)	5%	5%	None recorded	None recorded	None recorded	
		Preferential tariff for SA	None recorded	None recorded				
	Zambia	MFN duties (Applied)	15%	15%	None recorded	None recorded	Certificate of Origin	
		Preferential tariff for SA	0%	0%			Rules of Origin	
	Singapore	MFN duties (Applied)	0%	0%	None recorded	None recorded	None recorded	
		Preferential tariff for SA	None recorded	None recorded				

** <http://www.macmap.org>

8. Industry Associations

Retail Motor Industry Organisation (RMI)

RMI has a membership of approximately 7300 members. As the employer representative in MIBCO it plays an important role in labour negotiations and other social benefit and dispute issues.

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Website: www.rmi.org.za

RMI also has a number of subsidiary organizations involved in Motor Vehicle Repair and Maintenance:

- National Automobile Dealers Association (NADA): Gary McCraw
(Gary.McCraw@rmi.org.za)
- Tyre Dealers and Fitment Centre Association (TDAFA): Vishal Premlall
(Vishal.Premall@rmi.org.za)
- Motor Industry Workshop Association (MIWA): Paul Britz
(Paul.Britz@rmi.org.za)
- South African Motor and Body Repairers Association (SAMBRA): Aleeshen Kisten
(Aleeshen.Kisten@rmi.org.za)
- Motor Parts and Equipment Association (MPEA):
Twala Boco (Twala.Boco@rmi.org.za)

National Association of Automotive Component and Allied Manufacturers (NAACAM)

NAACAM represents component manufacturers in the formulation of government policies affecting the automotive industry, trade agreements, monetary issues, transport, standards, BBEEE and other legislation. 40% of NAACAM's members are Tier 1 suppliers.

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Automotive Industry Export Council (AIEC)

The Automotive Industry Export Council (AIEC) which was established at the end of 1999 provides a cost effective administered central body to assist companies in the automotive sector that are currently exporting, may be interested in exporting in future, or may become capable of exporting in future

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