

South-Africa

Capital: Pretoria
Population: 43.7 million (2008 estimate)
GDP:* \$467,95 billion (2007 estimate)
Currency: South African rand
Language: Afrikaans, English, Ndebele, Northern Sotho, Sotho, Tsonga, Tswana, Venda, Xhosa, Zulu.



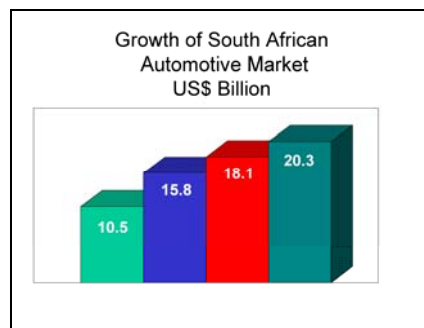
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Summary

The automotive industry remains the leading manufacturing sector in the South African economy, accounting for about 7.53 percent of overall GDP. It incorporates the manufacture, distribution, servicing and maintenance of vehicles. The automotive components sector has been subjected to rapid increases in import penetration, with imports rising from 32.2 percent of domestic demand over the 1994-1998 period, to 47.3 percent over the comparable subsequent time span (1999-2003). These trends are linked directly to the South African Government's incentive policy for the automotive industry: the Motor Industry Development Program (MIDP).

Current Market Trends

The chart below illustrates the rapid growth seen in the automotive parts and service equipment sector over the past few years:



Due to the rapid growth and demand for classic products, there has been an influx of world-renowned brands into the South African auto styling, accessory, sound and performance market. Accessory products such as body styling kits; racing seats; alloy wheels; lowering-suspension kits; graphics; steering wheels; gear and hand-brake pouches; boot spoilers and wings; aluminum pedals; xenon light kits are retailed in most accessory outlets and auto-centers.

Leading sound brands such as Calibra, Star Sound, Sony Mobile, Pioneer, Alpine, Audio Bank, Kenwood, Kicker, Blaster, Xplod, JBL, Clarion, Cerwin Vega and Earthquake are firmly established brands in the South African audio sound market. There are monthly sound competitions in major South African cities, drawing participants from all parts of the country. These competitions are well sponsored and supported by audio sound retailers and installers.

Market Entry

In terms of the trade which supports this industry, there are approximately 4,400 garages and fuel stations (with the majority having repair workshops as well), plus a further 1,800 specialist repairers; 1350 new car dealerships holding specific franchises; an estimated 1,580 used vehicle outlets; about 300 vehicle component manufacturers, together with about 150 others supplying the industry on a nonexclusive basis; 1,700 specialist tire dealers and retreaders; 480 engine reconditioners; 170 vehicle body builders and 2,770 part dealers.

Current Demand

Best Prospects/Services for Automotive Parts and Service Equipment

Top 10 parts and components imported into South Africa include: engine parts, automotive tooling, tires, stitched leather components, gauges/instrument parts, brake parts, catalytic converters, transmission shafts, car radios and lighting equipment. Further opportunities for U.S. exports to South Africa are:

- Airbags and Airbag Packs,
- Air-Conditioning Compressors,
- Engine and Engine Components,
- Center Consoles,
- Chassis Modules and Components,
- New Generation Manifolds,
- Aluminum Forging and Castings,
- Instrument Panels,
- Metal Substrates,
- Electric Power Assisted Steering Wheel,
- Plastic Moldings and Paintings,
- Leather Products,
- Body Parts,
- Electronic Components, and
- Specialty Equipment (Performance and Accessories)



Opportunities

The large number of model derivatives imported has widespread implications for the aftermarket, which represents opportunities for U.S. companies. Further, there is a lack of telematic components that are essential for inflating airbags, the facilitation of security and control of tracking devices, and the control of engine/transmission functions. These functions demand more and more sensors, making repair difficult and expensive. Industry sources predict significant growth in the proportion of new cars that will feature automotive telematics. Electronic systems account for as much as a third of the manufacturing costs of new cars and the proportion is increasing – yet another opportunity for U.S. technology to develop in the South African automotive component market.

Best Prospects/Services for Specialty Equipment

The following performance products are sought after by dragsters in “the race to be the best”:
intercoolers; ball bearing turbos; octane boosters; gauges; racing bolts; performance water injection systems, high flow injectors; racing clutches; metal head-gaskets; racing pistons; calipers and racing disk kits; high pressure fuel kits; gas flow cylinder heads. Many international companies have seen the demand for high-end performance products and have established local representation in the South Africa. These include: Seidl-Tuning; Lumma-Tuning; Weitec suspension; Folia Tec; NOS; Arias Forged Racing Pistons; Turbonetics, Automotive Racing Products (ARP); Clutch Masters; MSD Ignition and many others.

Best Prospects

Personal interviews with local retailers and importers indicated their eagerness to identify and establish exclusive distributor agreements with U.S. suppliers, citing that differential advantage to existing products being of utmost importance

Turbo conversions and aspirated four cylinder conversions are in demand by the street racing enthusiasts. Turbo conversions are very costly in South Africa. Many of the racing enthusiasts are reluctant to spend such huge amounts and are therefore looking for cheaper alternatives. This may offer opportunities to innovative U.S. companies who can enter the market with competitive prices on mostly four cylinder applications. In addition to this, providing financing alternatives for the purchase and installation of turbo conversions is an approach that will be welcomed by this lucrative market.

Trade Events

Castrol Extreme Auto Show

June 13-16, 2008

<http://www.extremeautoshow.co.za/>

Johannesburg International Motor Show

October 30 – November 9, 2008

<http://www.johannesburgmotorshow.co.za/>

Available Market Research

South Africa: Overview of the Trucking Industry (Jun 2007)

Quality, Reliability, and Innovation Buy USA Auto Products (Jul 2007)

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