

Strikes cripple vehicle exports

By [Henrie Geyser](#)

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Ongoing strike action at seven major South African vehicle manufacturing plants as well as industrial action in the automotive component industry resulted in a decline of 75.1% in vehicle exports during September.



(Image: Taneli Rajala, via Wikimedia Commons)

The industrial action could have disastrous consequences for the country's manufacturing credibility and losses could run into millions of rands.

The impact on domestic new vehicle sales had been fairly muted with a drop of just 1.5% because two thirds of new cars sold in South Africa were imported, industry sources said. After four years of growth in the domestic market, sales continued to reflect modest growth on a year to date basis. Local sales to date are up 5% compared to the first nine months of last year.

Overall, out of the total reported Industry sales of 54281 vehicles in September, 42408 units or 78.1% represented dealer sales, 15.3% represented sales to the vehicle rental industry, 3.6% to corporate fleets and 3.0% to government.

During September 39792 new cars were sold which represented a marginal improvement of 303 units or small gain of 0.8% compared to the 39489 new cars sold in September last year.

Disputes have devastating effect

Industry spokesman said the labour disputes have had a devastating effect on the industry which accounted for approximately 30% of South Africa's manufacturing output. The impact of the strike would be reflected in third quarter manufacturing output data, GDP growth figures, and South Africa's balance of payments.

There is concern within the industry that strikes might negatively affect future export contracts being awarded to South

African automotive manufacturers. Labour stability was one of the most important considerations in the decisions by multinational corporations to allocate vehicles for production in South Africa.

Despite a less promising outlook for the automotive sector for the balance of the year, the year as a whole would still represent the second or third best year on record in terms of domestic sales. The prevailing low interest rate environment should lend some support to the domestic market together with replacement demand, the highly competitive trading environment, ongoing attractive incentives, and high technology new model introductions.

ABOUT HENRIE GEYSER

Henrie Geyser joined the online publishing industry through iafrica.com where he worked for five years as news editor and editor. He now freelances for a variety of print and online publications, on the subjects of cars, food, and travel, among others; and is a member of the South African Guild of Motoring Journalists. henrieg@iafrica.com

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