

Mercedes-Benz discusses future of East London plant

Following the unique component supplier initiative which Mercedes-Benz South Africa (MBSA) introduced last year, in collaboration with the Department of Trade and Industry (DTI) and the East London Industrial Development Zone (ELIDZ), MBSA recently held discussions with a large contingent of its component suppliers to discuss the prerequisites for continued and sustainable future operations at its plant in East London.



Mercedes-Benz

The programme aims to encourage further local growth in the component supply chain and to openly debate the various challenges facing the industry. "We wish to achieve a larger measure of localisation and improved competitiveness in this important part of the South African auto industry. The auto manufacturers, in partnership with component suppliers, need sustained growth. Together we are a key contributor in the manufacturing sector and to the economy as a whole," says MBSA president and CEO, Dr Martin Zimmermann.

Attracting international manufacturers

Following the announcement by Daimler AG, MBSA's parent company, in December 2010 to invest R2 billion into the local plant for the production of the next-generation Mercedes-Benz C-Class, the South African group has engaged extensively with various interest groups, including all its suppliers, the DTI and the ELIDZ, to find ways of enhancing the local industry's global competitiveness, and in attracting more international component manufacturers to invest in South Africa, establish large-scale production here and thus contribute to create more jobs and a wider industry infrastructure.

"Production of the next-generation Mercedes-Benz C-Class, to be launched in 2014, provides very interesting opportunities both for MBSA as well as for our suppliers," says Dr Zimmermann. "Last year our plant produced over 54,000 C-Class vehicles. This production was complemented by an expanding manufacture and assembly facility for Mercedes-Benz trucks and bus chassis, and Freightliner and FUSO trucks."

Improving competitive position

Dr Klaus Zehender, responsible for procurement Mercedes-Benz cars and vans at Daimler AG in Germany, says MBSA's commitment to a future business and production plan that is competitive globally was crucial in Daimler AG's decision to extend production activities in South Africa. "Following this it is now vital that all component suppliers based in South Africa seek out every opportunity to further improve their competitive position, either through their own production optimisation, relevant plant and equipment upgrades, investments and expansion and most importantly, employee training."

"This initiative, spearheaded by MBSA, has a two goal approach. One aim is to encourage the expansion of component suppliers already based in South Africa," explains Arno van der Merwe, vice-president at MBSA responsible for manufacturing. "The second aim is to encourage other global component suppliers not yet producing in South Africa to join our industry, either through joint ventures or new establishments here and so bring with them their access to global research and development, and innovative technologies."

Dr Zimmermann concludes, "With the pledged support of the South African Government, MBSA plans to make optimum use of the South African regulatory environment and leverage the advantages presented through the Government's Industrial Policy Action Programme, as well as the Automotive Investment Scheme and the future Automotive Production Development Programme," Dr Zimmermann concludes.

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