

GMSA plans to stop producing Chevrolets in SA

Vehicle manufacturer General Motors SA (GMSA) plans to halt local production of all of its Chevrolet products.



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The US-owned company expected to stop building the Spark car and Corsa light pick-up once the current models reached the end of their life cycles, operations vicepresident Ian Nicholls said.

He said GMSA intended to concentrate all of its manufacturing resources at the Struandale assembly plant, in Port Elizabeth, on the Isuzu one-ton pick-up, or bakkie. The company would also continue low-volume assembly of Isuzu heavy trucks at another site.

Nicholls said the decision to concentrate on the Isuzu bakkie was a logical consequence of the government's Automotive Production and Development Programme (APDP), encouraging investment in high-volume production.

The Department of Trade and Industry is putting the finishing touches to a review of the first two years of the APDP. Some amendments are expected but car companies have urged the department to avoid substantive changes.

The industry invested nearly R7bn last year in infrastructure and production facilities and is expected to spend R7,5bn more this year on the understanding that the APDP's core principles will be unchanged. Though the programme runs to 2020, the industry wants the department to provide assurances on industry policy after that. Most vehicle life cycles are for seven years, so investment decisions taken now will be affected beyond 2020.

On the assumption that there will be continuity, Nicholls said there was no question of GMSA halting all local production. The company disinvested in 1986, selling to local management who renamed the company Delta Motor Corporation. The US parent bought back 49% in 1997, then the remaining 51% in 2004. Since then, the South African company has built a variety of Isuzu, Chevrolet, Opel and Hummer vehicles. It is one of the smallest producers among SA's established motor companies. Last year it built 46,000 vehicles, less than half the plant's annual capacity.

The current models were all introduced in a R1bn, three-year investment drive. The Corsa was launched in 2011, the Spark in 2012 and the Isuzu in 2013. In principle, Corsa production will therefore end in 2018 and Spark in 2019 - allowing GMSA to remodel Struandale for exclusive production of the next Isuzu range from 2020.

In doing so, GMSA would be following the successful model of Ford SA, which halted all car production to concentrate on the Ranger bakkie.

Sub-Saharan Africa is a major market for SA-built one-ton bakkies. Nissan SA, Ford SA and Toyota SA sell many thousands of vehicles there. Last year, GMSA sold fewer than 2,000 vehicles to the region.

Nichols said the new Isuzu emphasis would allow GMSA to plug that gap. "We want to grow export volumes in the markets we have but also develop additional markets." He said GMSA had already begun the process with the existing Isuzu range, promoting the brand and regularly opening new Isuzu dealerships. President Mario Spangenberg, who is also head of the US group's Africa activities, spent most of his time travelling through the region.

The sooner GMSA can grow exports, the quicker it will remove a challenge. Last year's combined Struandale production was below the 50,000 minimum required for manufacturers to claim the full range of APDP benefits. However, the programme allows for disruptions such as model changes and strikes and since GMSA lost production through a strike in 2014, it avoided penalties.

Source: Business Day

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