

Slump puts brakes on SA car exports

Last year the African vehicle market, one of the fast growing destinations for South African car exporters such as Nissan SA, looked as if it would take the global economic slowdown in its stride.

By [Artwell Dlamini](#) 28 Jan 2009

Back then, most African countries benefited from rapid economic growth, fuelled by booming commodities that lifted growth in countries such as Nigeria.

But with the depressed global economy dramatically reducing demand for commodities worldwide, African vehicle sales are fast losing momentum and local car exporters are bracing for a bumpy ride, at least in the short term.

Toyota SA, which exports to 32 African countries, says it expects its African vehicle exports to fall 20%-25% this year.

Toyota spokesman Ferdi de Vos says the effect of the global economic slump will have an effect on African economies. "We believe the full extent of this has not been felt yet," De Vos says.

Denise van Huyssteen, spokeswoman for General Motors SA (GMSA), which exports to countries such as Zambia, Mauritius and Kenya, shares this view.

"In line with the global economic downturn, we expect that sales will decline in 2009," Van Huyssteen says.

Anthony Black, an economics professor at the University of Cape Town, says falling commodity prices are key factor in the slowing African vehicle sales, putting South African car exports under pressure.

Jim Dando, general manager of the African regional office at Nissan SA, says developed countries are in deep financial crisis, which could reduce demand for commodities and this could lower demand for vehicles in Africa.

But Dando says he expects multinational companies, nongovernmental organisations and government bodies to sustain demand for vehicle sales.

He also says African countries have little or no public transport infrastructure, and this will help sustain demand for vehicles.

Black says African vehicle markets are small, but they are growing rapidly off a low base. This provides huge market potential for South African car exporters.

Last year, passenger car exports to the rest of Africa from SA surged to 23,403, compared with 4,986 in 2007, according to the National Association of Automobile Manufacturers of SA and Response Group Trendline. In 2006, the figure was only 1,200.

Dando says growth in local car exports to the rest of Africa was fuelled, among others, by earnings in foreign currency through big industries such as oil and by political stability in countries such as Ghana.

These factors, Dando says, have contributed to steady economic growth in recent years.

The World Bank says in a recent report that economic growth in sub-Saharan Africa, outside of SA, was strong at 6.6% last year and 7% in 2007. This robust growth boosted African car sales, encouraging South African car makers to entrench their presence on the continent.

Van Huyssteen says GMSA exported 2,488 vehicles to the rest of Africa last year, gaining 21% from the previous year. Toyota SA — whose biggest African export markets last year were Nigeria (18,799) and Algeria (14,861) — exported 63,587 vehicles last year, up from 59,378 vehicles in 2007.

Black says prospects for local car exports to other African countries are good in the long term.

Source: Business Day

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