

IDC invests in establishment of taxi assembly plant

South Africans need affordable and accessible public transport, and, for many people this means access to reliable, safe and cost-effective minibus taxi services. BAW South Africa is a company borne about as a result of the Industrial Development Corporation's (IDC) mandate by government to find an equity partner to manufacture minibus taxis locally.



Geoffrey Qhena, chief executive of the IDC, says this partnership falls under the local bus, truck and minibus programme initiated by the Department of Trade and Industry in 2010. "The programme aims to facilitate and actively develop projects supporting the development of the local medium and heavy commercial vehicle industry in South Africa, with a strong focus on job creation, increased production of local content, well as promoting skills transfer."

Involvement is two-fold

The minibus taxi assembly project is one of the first deals to be struck between the parties under the bus, truck and minibus programme. The total project investment is estimated at R196 million from all shareholders. The IDC will contribute equity in the amount of R22,9 million (as a 24.5% shareholder in CAM), as well as debt facilities of up to R98,6 million.

Qhena says the corporation's involvement in the project is two-fold. "We want to develop and establish a local taxi assembly plant, as well as to create jobs and enhance the production capacity of the industry," he comments. BAW South Africa has been established by the Beijing Automotive Industry Holding Company (BAIC), the IDC, and China Africa Motors (CAM). The BAIC has a 51% shareholding in the company; the other partners share the balance.

Job creation was another key reason for the IDC's decision to invest in BAW South Africa. "The IDC aims to grow the local economy through the development of industrial capacity, with job creation as a critical outcome and, where possible, benefiting communities in far-flung areas," concludes Qhena.