ASCCI
Automotive Supply Chain Competitiveness Initiative

Turkey: The engines driving International Competitiveness in the Automotive Industry

Welcome to this edition of **ASCCI Quarterly.**

Turkey's current sizeable automotive industry dates back fifty years and developed on the basis of a broader strategy of import substitution industrialisation. This strategy focused specifically on the production of light commercial vehicles. Over the past 10 years the industry has experienced strong growth on the back of the establishment of 13 OEMs producing over 1 million vehicles and a component industry comprising more than 500 entities. The focus article in this newsletter explores how the success of Turkey's automotive industry unfolded. The second section of the newsletter outlines vehicle production data for year to date and the current outlook for 2016, while the third section discusses the latest aggregated data for the APDP Administration System (AAS). The AAS data provides an overview and analysis of the value addition that is present in the local OEM supply chain. The last section of the newsletter reviews the ASCCI activities.

ASCCI Quarterly

July - September 2016

TABLE OF CONTENTS

**The views contained in this newsletter are not necessarily those of ASCCI.*

1. TURKEY: THE ENGINE DRIVING ITS INTERNATIONAL COMPETITIVENESS IN THE AUTOMOTIVE INDUSTRY

BACKGROUND

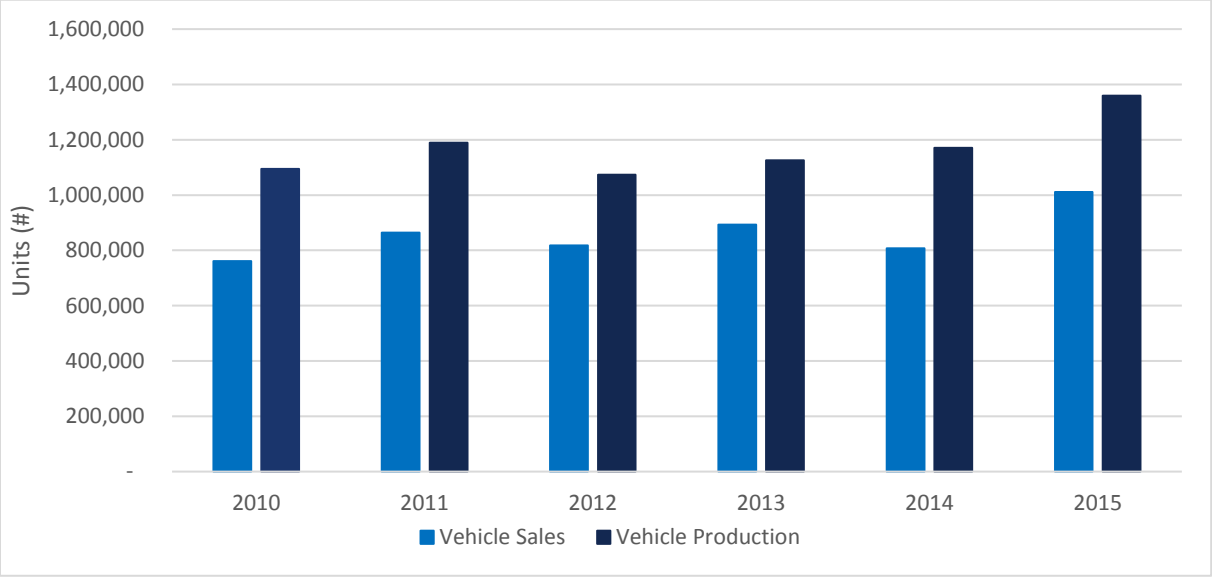
Turkey is a transcontinental country bordering South-eastern Europe and Southwestern Asia with majority of the country located in the latter. It has a population of 79.4 million people. Turkey's economy is the 17th largest economy in the world, with a Gross Domestic Product (GDP) of $799.54 billion. It is viewed as a mixed economy in which there is a growing private sector combined with centralized economic planning and government regulation. Notable industries in Turkey include a sizeable automotive industry, shipbuilding and agriculture. Other key sectors of the Turkish economy are banking, construction, home appliances, electronics, textiles, oil refining, petrochemical products, food, mining, iron and steel, and machine industry.

> **INTERESTING FACT**
>
> Volkswagen is considered to be the single most popular vehicle brand in Turkey, despite the OEM not having any production or assembly facilities in the country

The current sizeable automotive industry dates back fifty years and developed on the basis of a broader strategy of industrialising through import substitution. This strategy focused specifically on the production of LCVs. Over the past ten years the industry has experienced strong growth on the back of the establishment of thirteen OEMs producing over 1 million vehicles and a component industry consisting of more than five hundred entities. The successes of the automotive industry in this country were largely based on major investments and incentives which encouraged the formation of the Customs Union with the European Union, deemed necessary to move an outdated industry in to one that set to be internationally competitive, as well as research and development (R&D) leading to the upgrading of the level of technology in the industry.

Turkey now participates in design and product development related to global model developments. These notable success factors have led to a further expansion of investments by existing multinational manufactures and have resulted in Turkey becoming the 17th largest automotive producer worldwide. In this regard, Turkey accounts for 1.3% of global production (growing at 4% in 2014) and exports between 60% and 70% of vehicles produced. Available production capacity is 1.7 million vehicles; however, this is unlikely to be fully utilised due to socio-political challenges presently impacting on the performance of the Turkish economy.

Figure 1: Turkish vehicle production and sales – 2010 to 2015 (Units)



Source: OICA

MARKET ACCESS

A bilateral customs agreement with the EU means that Turkey provides low levels of tariff protection for domestic producers. Duties vary across the various vehicle types; however, zero duties are applicable on almost all products sourced from the EU (which account for majority of the imports). Based on this a company such as Volkswagen (which has no production facilities in Turkey) can supply into the market on a duty-free-basis provided these vehicles are sourced from its EU facilities. Based on this, it is evident that the domestic market experiences import pressures in both passenger and light commercial vehicle segments. In addition to this, growth in the domestic market is constrained by, high consumption taxes on passenger vehicles purchased. Taxes vary from 45% on engines smaller than 1.6 litres to 90% on displacements between 1.6 and 2.0 litres. This can increase to 145% on vehicles with engines larger than 2.0 litres. On this basis, the tax system is designed to drive a preference for smaller engine, diesel cars in the domestic market. Despite these rates steadily increasing over time, consumers have continued to trade

up too larger, C-segment vehicles modified for smaller engines. In addition to the consumption tax highlighted above, VAT of 18% is also levied resulting in a heavily compounded total tax rate. Based on this one can deduce that Turkey is focused on outer markets such as Europe, but also seeking growth opportunities with the United States, Russia, and North Africa [(B&M Analysts, stakeholder interviews, 2015)].

FREE TRADE ZONES

Notwithstanding the location advantage Turkey has with Europe, the country has signed free trade agreements with the European Union (EU), EFTA and the Gulf Cooperation Council, among others. Based on the Free Trade Agreement between the EU and Turkey, there is a strong drive on production growth and investment. This is further derived on the basis of a Turkish excise system which places high taxes on domestic passenger car sales in order to manage the sector's trade balance, given the high demand for imported vehicles.

Table 1: Turkish Trade Relationships

Agreement type	Partners	Date effective
Multilateral Agreement	WTO	1995
Free Trade Agreement	EFTA	1 April 1992
Free Trade Agreement	Israel	1 May 1997
Free Trade Agreement	Macedonia	1 September 2000
Free Trade Agreement	Croatia	1 July 2003
Free Trade Agreement	Bosnia and Herzegovina	1 July 2003
Free Trade Agreement	Palestine	1 June 2005
Free Trade Agreement	Tunisia	1 July 2005

INVESTMENT INCENTIVES

Turkeys Investment Incentive Scheme is designed to specifically encourage investments, in an effort to reduce the dependency on the importing of specific goods. Some of the primary objectives include; a reduction in current account deficit, increase investment support in regions that are not as developed, increase in the level of support instruments, promote clustering activities and support investments that will create knowledge transfer. A review on the current Investment Incentive System resulted in a focus on four categories that would be supported, these include; The General Investment Scheme, The Regional Investment Scheme, The Larger Scale Investment Scheme, and The Strategic Investment Scheme. Table 1

below provides a high-level summary on the nature of support relevant to the four categories outlined above.

Table 2: Turkish Investment Scheme

Support instrument	General	Regional	Large-scale	Strategic
VAT Exemption	O	O	O	O
Customs exemption	O	O	O	O
Tax reduction		O	O	O
Social Security Support (employer)		O	O	O
Income tax withholding allowance		O	O	O
Social Security Support (employee)		O	O	O
Interest rate support		O		O
Land allocation		O	O	O
VAT refund				O

Source: Invest in Turkey

In the automotive industry, the nature and the level of incentive support is determined in accordance with the regional incentive package, irrespective of their geographic location and as a result of priority investments into "engine, engine parts, drivetrain components and electronics" (Ministry of Economy, KPMG 2014). Policy and investment support in Turkey have resulted in firms benefiting in the following ways; being exempt from VAT (18%) and customs duties for machinery and equipment, as well as decreased corporate tax calculated at 80% and recued until total value reaches the 40% contribution level of total investment. In addition, the Ministry covers employer's social security premium support on additional employees hired as a result of the investment up to a minimum industry wage (for seven to ten years).

The incentive support programme does not have a published termination date and material changes are not foreseen in the economic policy under the current administration. However, it has been noted that the programme was launched too late to attract greenfield investment. This has been noted as a key weakness in the programme in light of investments that have taken place elsewhere in Eastern Europe. Furthermore, government is unlikely to offer incentives in addition to the published programme mentioned above, not even to attract a large OEM greenfield investment.

In addition to the above incentives, other incentives offered to countries operating in special investment zones. Examples of these include; corporate tax exemptions, VAT exemptions and zero percent security

exemption of the employer's share of the social security premium for 5 years and 100% income withholding tax exemption for employees in R&D activities.

RESEARCH AND DEVELOPMENT

Innovation driven Research and Development (R&D) is supported by government incentives aimed at attracting expansion investments in Turkey. This programme is seen as a notable success of Turkey's industry policy due to its accomplishments in attracting research investment and due to the commensurate upgrading that such activities have facilitated in the industry.

R&D is noted as a key driver in Turkey's industrial policy in as it facilitates upgrading the level of technology in the manufacturing sector in order to avoid a "race-to-the-bottom" in terms of price. The country has now been conducting R&D for 20 years and is increasingly competitive in the field. One example of this competitiveness is seen in the engineering costs, which are one-third of those in Europe.

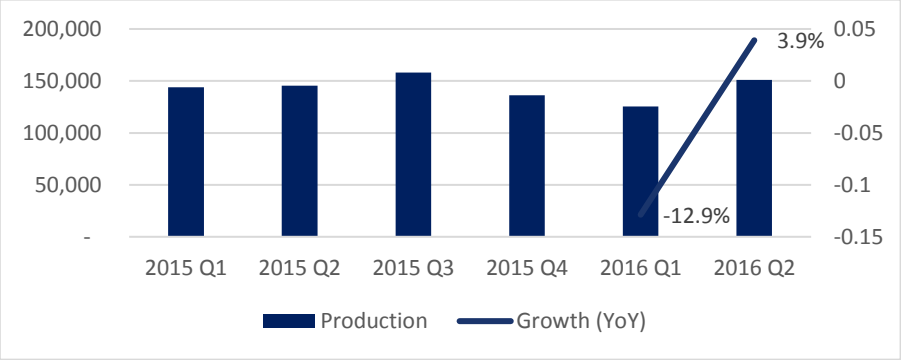
The country currently houses 210 R&D centres in the country, with 66 of these in the automotive industry and 11 owned by OEMs. Requirements associated with accessing the incentives include that the centre employs a minimum of 30 people, 25 of whom must be engineers. These centres are typically staffed by locals and the quality of Turkish graduates is satisfactory.

CENTRAL LESSONS

Turkey has experienced notable successes with the expansion of existing investments and the level of technology being upgraded through the use of R&D investment incentives, this has resulted in the market being large and growing. Despite these successes, the industry remains highly reliant on the European Union vehicle market. This is largely due to the Turkey-EU customs agreement of 1996 whereby Turkey has very limited trade tools at its disposal to protect the local market with related balance of payments pressures, that result from high import penetration levels of light vehicles into Turkish market. Based on this the country has chosen to levy very high consumption taxes on vehicle sales in order to moderate import growth of the domestic market, this has led to a constrained automotive manufacturing industry.

2. VEHICLE PRODUCTION

Figure 2: SA vehicle production and growth (NAAMSA)



The latest statistics on South Africa's vehicle production depicts a growth of 3.9% for Quarter 2, 2016 versus 2015. This shows a dramatic improvement from -12.9% seen in Quarter 1, 2016 versus 2015. This was driven on the back of growth amongst three OEMS (obtaining growth of 15% of more) and driven downward by declining growth amongst two OEMs (of -27.8% and greater). These two firms have relatively low contributions to total vehicle production and contributed of between 6% and 7% in 2015 and more recently have only 5%.

The growth in vehicle production, is largely mirrored by the growth experienced in the South African economy which advanced to an annualised 3.3 percent on quarter in the 3 months to June 2016. These results showed a recovery from the 1.2% shown in the previous period and exceeded market expectations of 2.3%. The largest contributor the GDP growth was the manufacturing sector, which increased by 8.1% and contributed 1% to overall GDP. Subsectors contributing to the high growth in manufacturing include; the production of petroleum products, chemicals, rubber, motor vehicles, parts and accessories and other transport equipment. (Source: http://www.tradingeconomics.com/south-africa/gdp-growth)

The outlook for the balance of 2016 is subdued and GDP Growth is expected to grow between 0.3% and 0.5% based on pressure on economic growth and consumer's disposable income. The pressure is further entrenched on to the consumer and businesses through the current exchange rate volatility, which is likely to result in double digit price increases for new vehicles and the possibility of additional interest rate hikes.

Exchange rate volatility will have mixed impacts on the vehicle production industry. Manufacturers who rely heavily on imports for their inputs are likely to be affected by higher costs and unlikely to complete with local manufacturers. Albeit, manufactures who have a high number of exports would benefit from more revenue in Rands terms for every unit of foreign exchange earned.

Downward pressure on new motor vehicles sales is likely to occur as a result of the above-mentioned constraints as well as above inflation price increases on new vehicles (estimated between 12% and 15%). On the contrary export sales are likely to experience upward momentum over the balance of the year to approximately 375 000 units.

3. LOCAL VALUE ADDITION

INTRODUCTION

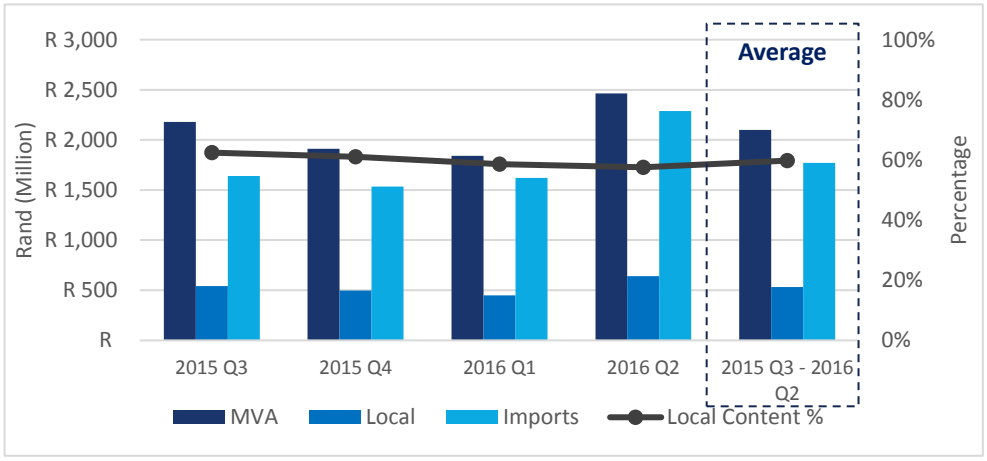
This section of the newsletter uses data from the APDP Administrative System (AAS) to provide context on crucial elements of the South Africa automotive industry. Two critical considerations include, 1) local content (components used in the production of vehicles that are produced locally) and 2) imported material and products (imports are defined as all materials and products utilised by the industry in the manufacturing process that are imported, either directly or indirectly, by an agent or by a lower tiered supplier). Local content is directly related to Manufacturing Value Addition (MVA). This is defined as the amount of direct value that the industry is generating (calculated by considering sales less all materials costs, as well as the total value of locally sourced materials and products, defined as all materials and products utilised by the industry in the manufacturing process that are sourced locally).

The next section provides data points and analyses on the local content of firms expressed as a percentage of sales and considered on the basis of MVA generated by the industry, as well as its locally sourced materials and products.

LOCAL CONTENT OVERVIEW - 2016 Q2

An analysis of the total AAS sales reveals that the level of sales recorded in 2016 Q2 is not only notably higher than the previous quarter, but is in fact the highest sales figure since the APDP was launched at the beginning of 2013. Overall the local content increased by 14% in quarter 2 2016, while imports increased by 39.7%. See Appendix A.

Figure 3: Local Content Overview



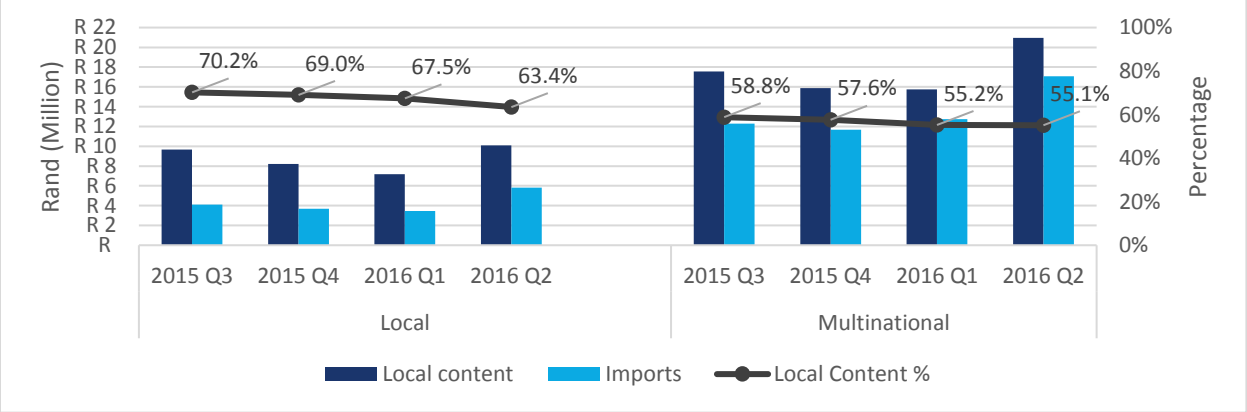
2016 Q2 SUPPLY CHAIN LOCAL CONTENT EVALUATION

LOCAL CONTENT BY MAJOR FIRM CATEGORY

A view on local content will be further explained in this section based on the following key areas of focus; ownership profile, sales, and employment of participating suppliers.

Ownership: This sections provides a breakdown of ownerships types (local versus multinational firms) and their respective contributions to local content. With a view on total local content spend across the industry, local firms account for 32.4% of the spend and multinationals firms account for 67.5%. A more detailed view of this depicts that the total spend by local firms, is made up of 63.4% on local content and 36.5% on imports, while the proportion of spend by multinational is made up of 55.1% on local content and 44.8% on imports. Whilst, the Rand value contribution of spend on local content by multinational firms is approximately double that of local firms, it is evident that there are still further potential opportunities for localisation on the basis of multinational firms still relying strongly on imports (44.8% of their total spend). Further opportunities for localisation are evident with a view on the trajectory of the proportion of local content across multinational and local firms over the past 12 months is noted, as it is evident that both areas have shown a consistent decline.

Figure 4: Local Content Overview by Ownership

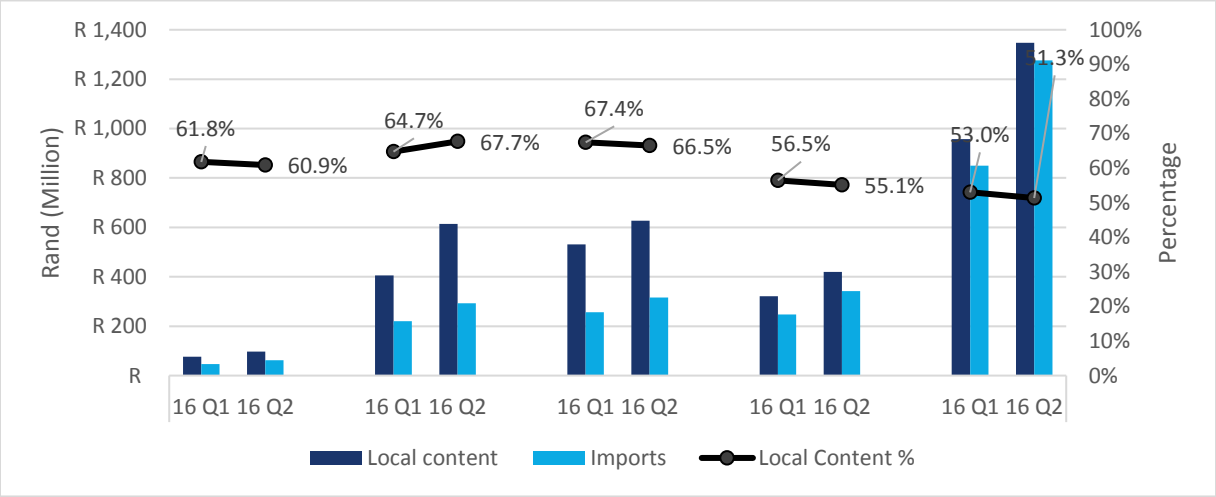


Sales: A view on the overall automotive industry indicates that the amount of local content across the various sized firms has increased from quarter 1 2016 to quarter 2 2016. At an overall industry level, it is evident that firms with a turnover of >R500 million have the highest contribution to total local content of 43.4%, followed by firms with turnover of R100 million to R250 million with a contribution of 20.2%and lastly firms with a turnover of R10 million to R100 million of 19.8%. Firms with turnover between R250 million and R500 million and less that R10 million showed lower contribution of 13.5% and 3.4% respectively. While there are opportunities for improvement for firm's with a turnover of less than R10

million, the opportunities for improvement for firms with a turnover between R250 million and R500 million are increasingly paramount.

For these firms (with turnover of R250 million to R500 million) the opportunities for further localisation becomes even more evident when considering the proportion of local content to their respective mix of components. The split between imports and local content is 44.8% versus 55.1% respectively. Similarly, firms with a turnover of R500 million and greater, import 48.6% of their components and firms with a turnover of R10 million or less import 39% of their components. In contracts, firms with a turnover of greater than R10 million, but not greater than R500 million on average import 33% of their components, thereby further reiterating the opportunities for further localisation for the above mentioned firms sizes.

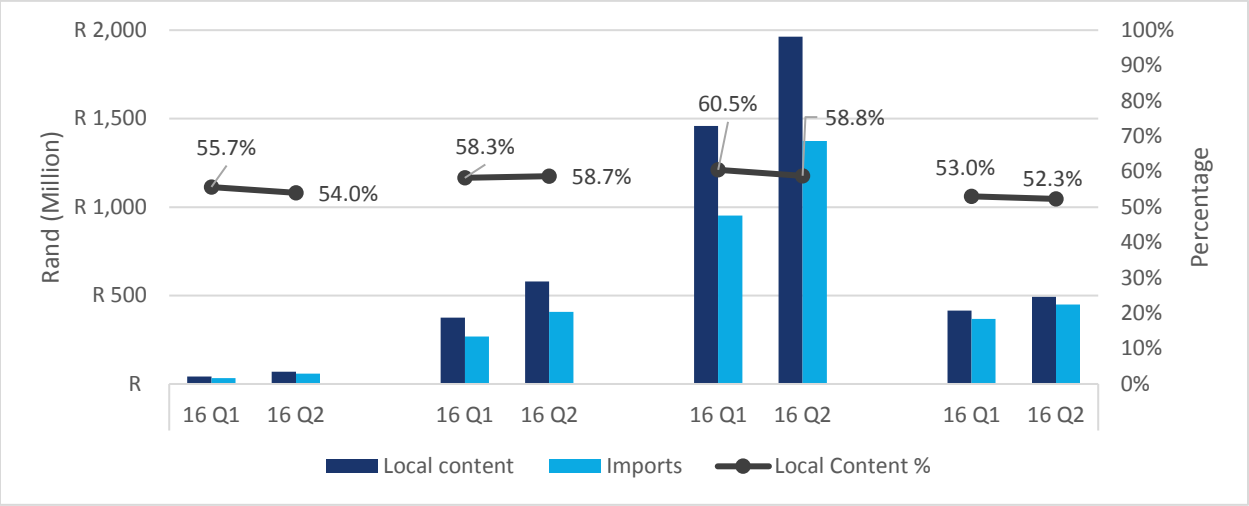
Figure 5: Local Content Overview by Firm Size, based on Sales



Employment: A view of the firms in the automotive industry indicates that firms that employ 201 – 1000 employees represent almost two-thirds (61.9%) of the total industry. In addition, these firms also have the highest contributions to local content within the automotive industry. Further to this, the proportion of turnover accounted for from local content for these firms is 58.9%, which is the highest contribution in comparison to other firms. On the contrary firms that employ 50 employees or less, contribute 2.2% of local content to the industry, while the proportion of their turnover from local content amounts to 54.3%.

Overall, the most notable change apparent over the last quarter when considering the ownership, sales and employment profile of the supplier industry is the continued decline in local content levels. Not only have local content levels worsened over the last quarter but, in several cases, levels have declined from 2015 Q3 to 2016 Q2.

Figure 2 – Local Content Overview by Firm Size, based on

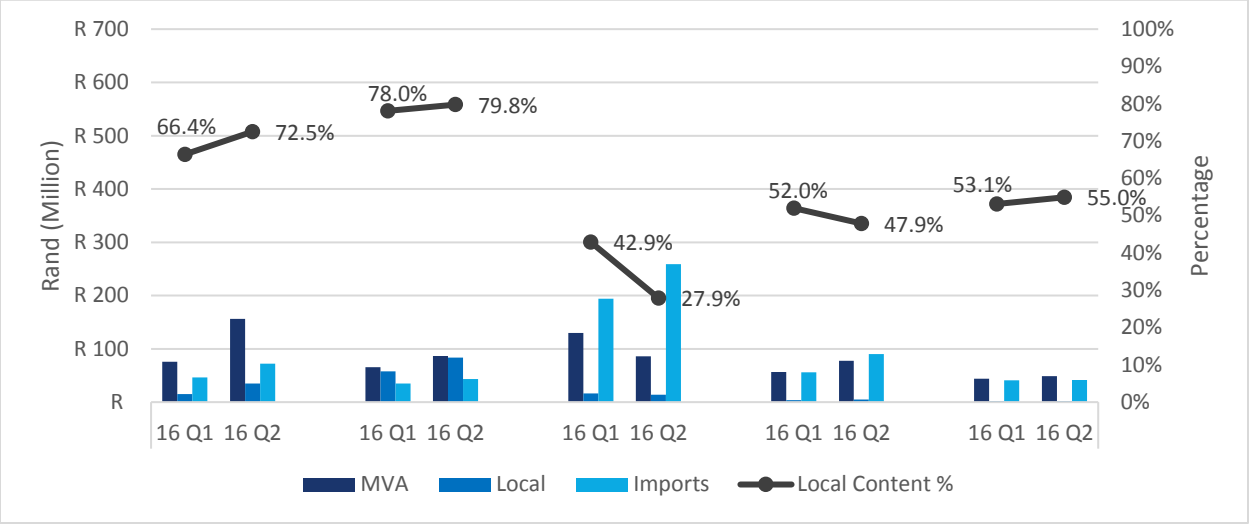


LOCAL CONTENT BY SUB-SECTOR

Across various component within the automotive industry, metal forming/ pressing and automotive trim sub-sector firms account for the largest portion of the total local content with contributions of 22.6% and 21.9% respectively for quarter 2 2016. The other two biggest categories include; components firms with a contribution of 14.1% and plastic moulding firms with 9.4%. The remaining seven sub-sectors including; Plastic Moulding, Harness/Electronics, Foundry/Forge and other make up the remaining 32% of the total.

The exhaust systems sub-sector reports the highest proportion of local content levels relative to their turnover of 79.8% for 2016 Q2, closely followed by the foundry forge firms' level of 77.1%. The firms falling into the other sub-sector have the third highest proportion contribution to local content of 72.5%, with the metal forming/pressing firms having levels of 69.8%, and the plastic moulding firms' having levels of 64.8%. Other components with high local content proportions includes; tyre & rubber (55.0%) and trim firms (55.0%), followed by automotive components with the proportion of turnover attributed to local content amounting to 48.3%.

Figure 3: Local Content Overview by Sub-Sector



Overall the above suggests a general decline in the percentage of local content over the past 12 months, however when considering the information from a value perspective, there has been an increase. The outlook from a component depicts a mixed view on the percentage of local content per the various components. In contrast, from a component value perspective, generally there has been increases in the value of the various components. Overall opportunities for further localisation are still prevalent across the industry and the strategic focus to drive localisation should be a continued focus based on driving activities to increase local content by spanning competitive local material inputs through investment in new supplier process technologies.

In considering the AAS data contained above, the following points must be noted; 1) The data presented and discussed here is for all the suppliers that utilise the AAS and supply the current five participating OEMs, namely, Toyota, VWSA, GMSA, Ford and Nissan 2) All the data presented is obtained from the SMDs and Form C1s that suppliers complete on the system, and is complemented and validated by supporting information received from each of the five participating OEMs 3) All the data presented in this newsletter can be viewed as being a proxy of the general profile of the local OEMs' Tier 1 firms 4) All the data presented here has been adjusted for the quarterly lag. As a result, the quarterly data contained in this article, as well as in Annexure A, relates to the quarter to which it actually applies 5) The annual data presented in this article, as well as that contained in the Appendix at the end of the newsletter, relates to the average data for the previous four quarters, namely, 2015 Q3 to 2016 Q2, and is referenced as 2015 Q3 - 16 Q2.

4. ACTIVITY REVIEW

Our World Class Manufacturing programme

Phase I of the WCM programme was concluded in March 2016 and resulted in nine projects identified being implemented. Measurement of these interventions has shown overwhelmingly positive results with the majority of the actual results surpassing the target set for those interventions. ASCCI has also started engaging with firms that benefitted from this phase of the programme to undertake further tracking of results in an effort to measure the sustainability of the projects, six months' post project completion.

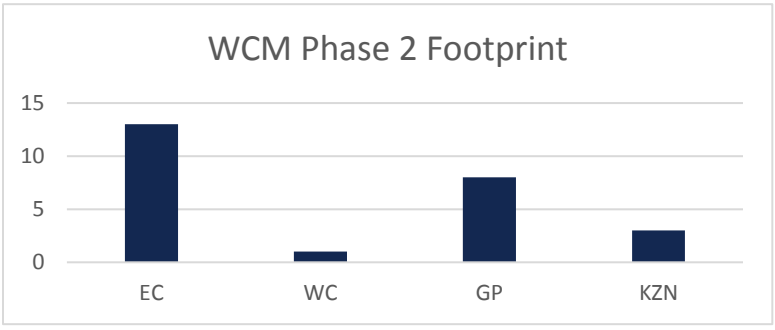
ⓘ THE WORLD CLASS MANUFACTURING PROGRAMME (WCM)

This is a programme by which firms received a detailed company analysis in the form of a benchmark study. The analysis aims to inform strategic and operational decision making. Improvement opportunities identified are then converted into fully implementable projects to ensure productivity alignment to levels of leading cost countries

Table 3: Project Intervention Type undertaken by firms

Currently the programme is in Phase II and there are twenty-five firms that are in the process of benefitting from ASCCI's programme. These suppliers are all based in South Africa and are spread across the major automotive producing provinces, including; Gauteng, KwaZulu-Natal, Western Cape, and Eastern Cape. Figure depicts the spread of the Phase 2 interventions into each of these provinces. The extent to which some provinces have benefitted over others will be corrected in the next phase of the programme. The majority of firms have received a detailed benchmark study. Currently twenty-five projects have been identified and with the assistance of ASCCI, 24 of these projects have been successfully launched and are being implemented by selected service providers. These projects are implemented with the aim of delivering on a predefined set of Key Performance Indicators (KPIs), which are always aligned to the main objective of the WCM. The scope of the projects vary and are classified into the following broad project categories:

Figure 6: WCM Phase 2 projects per province



Project intervention type	Number of firms
Internal reliability and TPM projects	4
Changeover time reduction and flexibility improvement	2
Logistics and inventory holding improvement	3
Quality improvement and scrap reduction	4
Productivity improvement	6
Equipment efficiency improvement	2
Firms whose projects are in the process of being identified	4
TOTAL	**25**

The ASCCI endorsed KAIZEN trainer and supplier development programme, which is an initiative between the Japan International Cooperation Agency (JICA) and the Automotive Industry Development Centre (AIDC), has also successfully launched its second phase with three Gauteng based and two Eastern Cape based firms benefitting from the programme.

Phase III of ASCCI's WCM project is underway with first engagements planned to commence during December 2016 and January 2017. Suppliers for this phase have been identified and the total number of 40 firms are set to benefit from the third WCM intervention.

Localisation – Polymer Raw Material

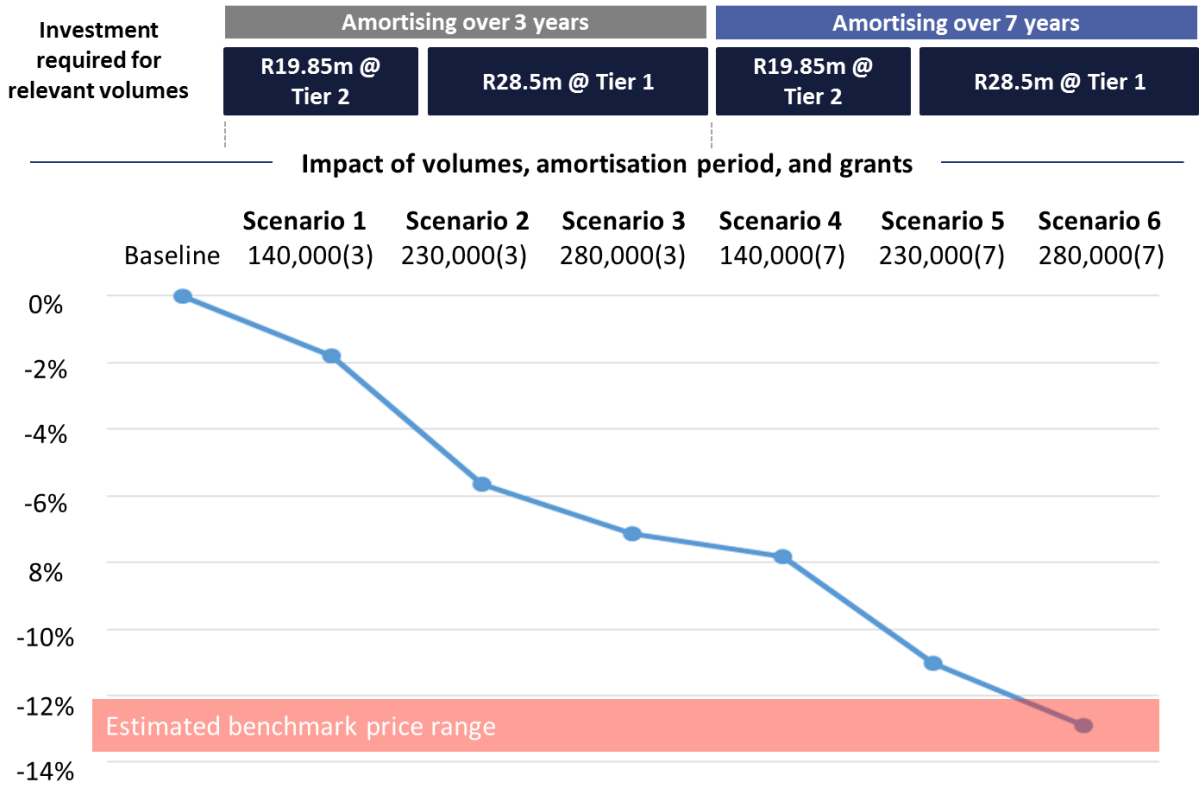
The primary objective of this project is to deliver cost advantage to local automotive producers through the availability and utilisation of local base commodity raw materials. The results of the study identified 4 opportunities for ASCCI to support, these include; (1) exploring the feasibility of establishing local automotive polypropylene compounding capability, (2) advancing HDPE localisation project, (3) determining the feasibility of local polymer testing for common tests and (4) undertaking a strategic industry engagement with Sasol/ Safripol. Each of these projects is being driven in collaboration with industry and outcomes will be reported in future newsletters.

Localisation – Tier 1 and Tier 2

ASCCI's business case on localising shafts has been completed and deduces that significant cost benefits are possible through combined OEM volumes and extended amortisation periods. As per the figure below, prices are likely to reach estimated benchmark prices should the scenario of increased volumes, across 7

OEMs with an investment of R28.5 million at a Tier 1 level amortised over 7 years pan out. The outlook for an amortisation of 3 years, depicts that prices will vary from the benchmark prices by approximately 7%.

Figure 7: WCM Phase 2 projects per province



Previously, local capability for shaft existed and in some cases, still exists in the industry, thereby enabling localisation. On the contrary, there are various factors that inhibit local production, including; technology agreements and technology cannot be produced locally, high costs of tooling and investments already made elsewhere as well as interest displayed by international suppliers looking to enter the South African market.

ABOUT ASCCI

The Automotive Supply Chain Competitiveness Initiative (ASCCI) was established in December 2013 to coordinate supply chain developments in the South African automotive industry. The creation of ASCCI was initiated jointly by the Department of Trade and Industry (dti), OEMs (represented by NAAMSA), suppliers (represented by NAACAM), and labour (represented by NUMSA) in the industry. ASCCI is thus a first in respect of facilitating such breadth and depth of collaboration to develop a successful and sustainable local automotive industry.

For more information about ASCCI please visit www.ascci.co.za.

ABOUT THE DTI

The Department of Trade and Industry (dti) is focused on creating a dynamic industrial and globally competitive South African economy, characterised by inclusive growth and development, and decent employment and equity. In this regard, its mission is four-fold:

- Promote structural transformation towards a dynamic industrial and globally competitive economy;
- Provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development;
- Broaden participation in the economy to strengthen economic development; and
- Continually improve the skills and capabilities of the dti to effectively deliver on its mandate and respond to the needs of South Africa's citizens.

For more information about the dti please visit www.thedti.gov.za.

ABOUT NAAMSA

The National Association of Automobile Manufacturers (NAAMSA) of South Africa is the official body representing new vehicle manufacturers. The organisation is responsible for

compiling new vehicle production and sales statistics, and has specialists committees focused on addressing each of the major issues facing the industry, from local content to vehicle crime and safety and legislation. For more information about NAAMSA please visit www.naamsa.co.za.

ABOUT NAACAM

The National Association of Automotive Component and Allied Manufacturers (NAACAM) was established 34 years ago to represent the interests of South African automotive component manufacturers. NAACAM provides companies with a forum to formulate policies and take actions that benefit the industry as a whole. For more information about NAACAM please visit www.naacam.co.za.

ABOUT NUMSA

The National Union of Metalworkers South Africa (NUMSA) is an employee union offering its members collective bargaining with employers. Additional workplace activities include technical training and adult basic education; and health, safety and environment, and HIV/Aids. For more information about NUMSA please visit www.numsa.org.za.

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Facilitation services are provided by Benchmarking & Manufacturing Analysts SA (Pty) Ltd (B&M Analysts), an organisation that provides specialised services to enhance sustainable industry development. For more information about B&M Analysts please visit www.bmanalysts.com.

ANNEXURES TO AAS ANALYSIS

APPENDIX A – AAS LOCAL CONTENT DATA

			15 Q3	15 Q4	16 Q1	16 Q2	15 Q3 - 16 Q2	15 Q3 - 15 Q4 %*	15 Q4 - 16 Q1 %*	16 Q1 - 16 Q2 %*	15 Q3 - 16 Q2 %*
	Total	Local content (R - Million)	R 2,724.17	R 2,409.37	R 2,290.42	R 3,105.64	**R 2,632.40**	-11.56%	-4.94%	35.59%	**14.00%**
		Imports (R - Million)	R 1,638.96	R 1,535.92	R 1,621.18	R 2,288.89	**R 1,771.24**	6.29%	-5.55%	-41.19%	**-39.66%**
		Local Content %	62.44%	61.07%	58.55%	57.57%	**59.78%**	-1.37%	-2.51%	-0.98%	**-4.87%**
Ownership	Local	Local content (R - Million)	R 966.80	R 821.85	R 716.64	R 1,008.81	**R 879**	-14.99%	-12.80%	40.77%	**4.35%**
		Imports (R - Million)	R 410.04	R 368.65	R 345.58	R 581.36	**R 426**	10.09%	6.26%	-68.23%	**-41.78%**
		Local Content %	70.22%	69.03%	67.47%	63.44%	**67.32%**	-1.18%	-1.57%	-4.03%	**-6.78%**
	Multinational	Local content (R - Million)	R 1,757.37	R 1,587.52	R 1,573.78	R 2,096.82	**R 1,754**	-9.67%	-0.87%	33.23%	**19.32%**
		Imports (R - Million)	R 1,228.91	R 1,167.27	R 1,275.60	R 1,707.53	**R 1,345**	5.02%	-9.28%	-33.86%	**-38.95%**
		Local Content %	58.85%	57.63%	55.23%	55.12%	**56.60%**	-1.22%	-2.40%	-0.12%	**-3.73%**
Firm size, by sales	< 10 million	Local content (R - Million)	R 59.78	R 67.18	R 75.92	R 97.43	**R 75**	12.39%	13.01%	28.33%	**62.99%**
		Imports (R - Million)	R 25.53	R 46.19	R 46.99	R 62.47	**R 45**	-80.93%	-1.72%	-32.94%	**-144.65%**
		Local Content %	70.07%	59.26%	61.77%	60.93%	**62.37%**	-10.82%	2.51%	-0.84%	**-9.14%**
	10 million to 100 million	Local content (R - Million)	R 464.66	R 401.38	R 404.95	R 613.94	**R 471**	-13.62%	0.89%	51.61%	**32.13%**
		Imports (R - Million)	R 202.69	R 188.32	R 220.46	R 292.54	**R 226**	7.09%	-17.06%	-32.70%	**-44.33%**
		Local Content %	69.63%	68.06%	64.75%	67.73%	**67.59%**	-1.56%	-3.32%	2.98%	**-1.90%**
	100 million to 250 million	Local content (R - Million)	R 573.12	R 525.20	R 530.51	R 627.31	**R 564**	-8.36%	1.01%	18.25%	**9.46%**
		Imports (R - Million)	R 245.72	R 218.98	R 256.03	R 315.72	**R 259**	10.88%	-16.92%	-23.31%	**-28.49%**
		Local Content %	69.99%	70.57%	67.45%	66.52%	**68.52%**	0.58%	-3.13%	-0.93%	**-3.47%**
	250 million to 500 million	Local content (R - Million)	R 428.20	R 352.10	R 321.48	R 419.73	**R 380**	-17.77%	-8.70%	30.56%	**-1.98%**
		Imports (R - Million)	R 261.96	R 248.44	R 247.93	R 341.61	**R 275**	5.16%	0.21%	-37.78%	**-30.40%**
		Local Content %	62.04%	58.63%	56.46%	55.13%	**58.04%**	-3.41%	-2.17%	-1.33%	**-6.91%**
	> 500 million	Local content (R - Million)	R 1,198.41	R 1,063.49	R 957.56	R 1,347.23	**R 1,142**	-11.26%	-9.96%	40.69%	**12.42%**
		Imports (R - Million)	R 903.05	R 833.98	R 849.77	R 1,276.55	**R 966**	7.65%	-1.89%	-50.22%	**-41.36%**
		Local Content %	57.03%	56.05%	52.98%	51.35%	**54.17%**	-0.98%	-3.07%	-1.64%	**-5.68%**
Firm size, by employment	< 50	Local content (R - Million)	R 16.71	R 26.13	R 41.79	R 68.96	**R 38**	56.36%	59.94%	65.01%	**312.65%**
		Imports (R - Million)	R 24.17	R 22.49	R 33.25	R 58.68	**R 35**	6.95%	-47.83%	-76.48%	**-142.76%**
		Local Content %	40.88%	53.74%	55.69%	54.03%	**52.57%**	12.87%	1.95%	-1.66%	**13.15%**
	51 to 200	Local content (R - Million)	R 396.39	R 344.11	R 375.53	R 579.50	**R 424**	-13.19%	9.13%	54.32%	**46.19%**
		Imports (R - Million)	R 251.32	R 240.92	R 269.09	R 406.95	**R 292**	4.14%	-11.69%	-51.23%	**-61.92%**
		Local Content %	61.20%	58.82%	58.26%	58.75%	**59.21%**	-2.38%	-0.56%	0.49%	**-2.45%**
	201 to 1000	Local content (R - Million)	R 1,831.47	R 1,625.23	R 1,458.92	R 1,964.12	**R 1,720**	-11.26%	-10.23%	34.63%	**7.24%**
		Imports (R - Million)	R 1,037.70	R 963.81	R 951.77	R 1,373.64	**R 1,082**	7.12%	1.25%	-44.33%	**-32.37%**
		Local Content %	63.83%	62.77%	60.52%	58.85%	**61.39%**	-1.06%	-2.25%	-1.67%	**-4.99%**
	> 1001	Local content (R - Million)	R 479.59	R 413.89	R 414.18	R 493.05	**R 450**	-13.70%	0.07%	19.04%	**2.81%**
		Imports (R - Million)	R 325.75	R 308.69	R 367.07	R 449.61	**R 363**	5.24%	-18.91%	-22.49%	**-38.02%**
		Local Content %	59.55%	57.28%	53.02%	52.30%	**55.38%**	-2.27%	-4.26%	-0.71%	**-7.25%**
Sub-Sector	Metal form/press	Local content (R - Million)	R 654.80	R 552.22	R 571.52	R 701.85	**R 620**	-15.67%	3.49%	22.80%	**7.19%**
		Imports (R - Million)	R 212.56	R 196.59	R 215.16	R 304.33	**R 232**	7.51%	-9.45%	-41.44%	**-43.18%**
		Local Content %	75.49%	73.75%	72.65%	69.75%	**72.76%**	-1.75%	-1.10%	-2.90%	**-5.74%**
	Automotive Trim	Local content (R - Million)	R 520.45	R 451.51	R 453.99	R 658.17	**R 521**	-13.25%	0.55%	44.97%	**26.46%**
		Imports (R - Million)	R 384.66	R 356.90	R 388.10	R 539.58	**R 417**	7.22%	-8.74%	-39.03%	**-40.27%**
		Local Content %	57.50%	55.85%	53.91%	54.95%	**55.53%**	-1.65%	-1.94%	1.04%	**-2.55%**
	Components	Local content (R - Million)	R 443.34	R 368.23	R 297.90	R 436.65	**R 387**	-16.94%	-19.10%	46.58%	**-1.51%**
		Imports (R - Million)	R 361.90	R 328.61	R 311.76	R 467.18	**R 367**	9.20%	5.13%	-49.85%	**-29.09%**
		Local Content %	55.06%	52.84%	48.86%	48.31%	**51.27%**	-2.21%	-3.98%	-0.55%	**-6.75%**
	Plastic Moulding	Local content (R - Million)	R 223.05	R 186.77	R 149.95	R 293.03	**R 213**	-16.27%	-19.71%	95.42%	**31.37%**
		Imports (R - Million)	R 135.29	R 117.64	R 110.07	R 158.96	**R 130**	13.05%	6.43%	-44.42%	**-17.50%**
		Local Content %	62.25%	61.36%	57.67%	64.83%	**62.03%**	-0.89%	-3.69%	7.16%	**2.58%**
	Harnesses/Electronics	Local content (R - Million)	R 229.58	R 216.05	R 166.60	R 211.50	**R 206**	-5.89%	-22.89%	26.95%	**-7.88%**
		Imports (R - Million)	R 153.79	R 161.90	R 172.49	R 250.63	**R 185**	-5.28%	-6.54%	-45.30%	**-62.97%**
		Local Content %	59.88%	57.16%	49.13%	45.77%	**52.72%**	-2.72%	-8.03%	-3.37%	**-14.12%**
	Foundry/Forge	Local content (R - Million)	R 186.80	R 151.89	R 183.38	R 210.08	**R 183**	-18.69%	20.74%	14.56%	**12.46%**
		Imports (R - Million)	R 55.35	R 39.35	R 52.22	R 62.30	**R 52**	28.91%	-32.72%	-19.31%	**-12.56%**
		Local Content %	77.14%	79.43%	77.84%	77.13%	**77.78%**	2.28%	-1.59%	-0.71%	**-0.02%**
	Other	Local content (R - Million)	R 174.12	R 139.43	R 91.32	R 191.04	**R 149**	-19.92%	-34.50%	109.19%	**9.72%**
		Imports (R - Million)	R 97.34	R 88.38	R 46.25	R 72.46	**R 76**	9.20%	47.68%	-56.69%	**25.56%**
		Local Content %	64.14%	61.20%	66.38%	72.50%	**66.19%**	-2.94%	5.18%	6.12%	**8.36%**
	Exhaust Systems	Local content (R - Million)	R 136.10	R 152.63	R 123.29	R 169.89	**R 145**	12.14%	-19.22%	37.80%	**24.82%**
		Imports (R - Million)	R 36.57	R 36.37	R 34.68	R 43.11	**R 38**	0.54%	4.66%	-24.31%	**-17.89%**
		Local Content %	78.82%	80.76%	78.05%	79.76%	**79.43%**	1.93%	-2.71%	1.71%	**0.94%**
	Drive train	Local content (R - Million)	R 68.79	R 122.86	R 145.84	R 100.06	**R 109**	78.60%	18.70%	-31.39%	**45.46%**
		Imports (R - Million)	R 117.39	R 134.92	R 193.84	R 258.74	**R 176**	-14.93%	-43.67%	-33.48%	**-120.41%**
		Local Content %	36.95%	47.66%	42.93%	27.89%	**38.30%**	10.71%	-4.73%	-15.05%	**-9.06%**
	Safety Systems	Local content (R - Million)	R 39.07	R 26.34	R 60.33	R 82.96	**R 52**	-32.57%	129.00%	37.52%	**112.36%**
		Imports (R - Million)	R 51.06	R 43.13	R 55.74	R 90.28	**R 60**	15.53%	-29.22%	-61.97%	**-76.79%**
		Local Content %	43.34%	37.92%	51.98%	47.89%	**46.49%**	-5.43%	14.06%	-4.09%	**4.54%**
	Tyre & Rubber	Local content (R - Million)	R 48.07	R 41.44	R 46.30	R 50.41	**R 47**	-13.79%	11.74%	8.87%	**4.88%**
		Imports (R - Million)	R 33.05	R 32.14	R 40.87	R 41.32	**R 37**	2.74%	-27.16%	-1.08%	**-25.02%**
		Local Content %	59.26%	56.32%	53.12%	54.96%	**55.82%**	-2.94%	-3.20%	1.84%	**-4.30%**

* Percentage change for period considered for local content and imports (i.e. % change from 2016 Q1 to 2016 Q2), and for local content %, change in percentage points (e.g. if change from 50% to 55%, then change is 5% points