

EC government wants more auto industry opportunities for black companies

The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) called on the automotive industry to shift the gears of its supply chain processes to open up opportunities for the previously disadvantaged companies.

MEC for DEDEAT Sakhumzi Somyo made the call at Volkswagen South Africa's Supply Day last week.

He explained that government was challenging its citizenry to become producers of goods so that "we can export such to countries that do not have the raw materials we are endowed with".

Currently, the bulk of the goods and services that were procured by the provincial government, for example, were not produced in this province. This resulted in unprecedented outflows of fiscus from the Eastern Cape and limited the province's employment creation prospects.

"There is a strong base for industrial revolution in the Eastern Cape with government continuing to ensure that black-owned component manufacturers have the necessary infrastructure to manufacture automotive and other related products," he said.

Chairman and managing director of VWSA Thomas Schaefer explained that the scarcity of black-owned suppliers in the local automotive industry was a real challenge which was compounded by VWSA's high level of local content in the manufacture of Polo and Polo Vivo.

Schaefer explained the supplier day was the start of a new beginning that will "allow us to increase the spread of our own and the industries' supplier base. It will also help grow the number of suppliers that meet the BBBEE criteria for the enterprise and supplier Development element."

Minister of Trade and Industry, Rob Davies who attended the event, said that government appreciated that the more auto components manufacturers it develops within and attract into the country, the better the chances of achieving localisation objectives.

He also encouraged big business that possessed the same influence and global footprint of VWSA "to get involved in skills development because that remains our long-term goal in implementing government's Industrial Policy Action Plan (IPAP)".

Somyo complemented Volkswagen South Africa (VWSA) on its

remarkable record of corporate social responsibility, good corporate citizenry and government's call for accelerated economic transformation.

"VWSA also has the most diversified regional supply chain of any firm in the province. It also has the highest localisation content of OEMs in South Africa and is providing critical supply chain opportunities to small component manufacturers in the province," explained Somyo.

Sakumzi also noted that the Eastern Cape government was currently reviewing the Automotive Production Development Plan 2013-2020 to see if the Eastern Cape government can improve its ability to grow the local component sector.

Davies said that government pronounced the eighth iteration of IPAP this week.

Davies announced that the automotive sector has invested R27,5 billion into the South African economy in the past five-years.