



SOUTH AFRICA: THE ECONOMY, TRANSFORMATION & THE AUTOMOTIVE INDUSTRY



INVESTMENT & INFORMATION SEMINAR



14h00-16h30
12 September 2006
Spektrum 1 & 2, Congress Centre, Messe
Frankfurt
Ludwig-Erhard-Anlage 1
Frankfurt am Main
Germany

Headlined by His Excellency Dr. Rob Davies MP, Deputy Minister in the Department of Trade and Industry, the seminar will focus on the key issues affecting economic growth and the automotive industry. The speakers will provide insights into the Accelerated & Shared Growth Initiative of South Africa (ASGISA), the Broad Based Black Economic Empowerment (BBBEE) programme, the revamped Motor Industry Developed Programme (MIDP), developments and opportunities related to 2010 and beyond.

The audience will have an opportunity to engage with senior government officials and industry players on the issues above and others.

Speakers:

- HE Moses Chikane, South African Ambassador to Germany
- HE Dr. Rob Davies, Deputy Minister, Dept of Trade & Industry
- Mr. Sadiq Jaffer, Chief Director-Investments, Dept of Trade & Industry
- Mr. Jeffery Ndumo, Director-BEE, Dept of Trade & Industry
- Mr. Nico Vermeulen, National Association of Automotive Manufacturers of SA

Also visit the South African National Pavilion, at Automechanika 12-17 September 2006, in Hall 1.2 Stand No: E 02.





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Economic Overview

After 30 consecutive quarters of economic growth averaging 2.8% per annum, the South African economy is poised for an upswing in the growth rate to above 4.5% for the next 4 years. The growth will largely be driven by increased capital investment from government and private sector and a strong consumer demand. Manufacturing, the largest sector in the economy, is also showing signs of recovery largely driven by increased production in the automotive sector. The construction boom from major infrastructure projects is expected to sustain the target growth to reach a level of over 6% by 2012.

Economic Indicators:

| Indicator | Figure (2005) | Growth (yoy) |
|----------------|------------------|--------------|
| GDP | USD 250 billion | 4.9% |
| GDP per capita | USD 5000 | |
| Exports | USD 54.6 billion | 13.2% |
| Imports | USD 56.5 | 16.4% |
| Inflation | 3.6 % | |
| FDI (net) | USD 6.8 billion | |
| Fiscal balance | -0.6 % of GDP | |

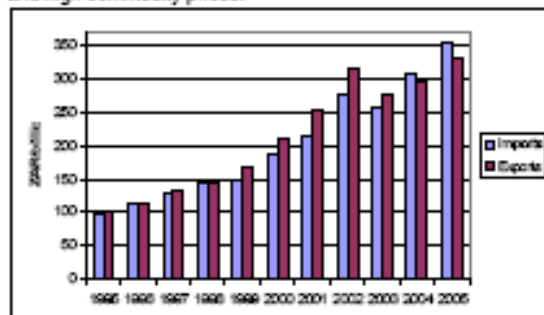
International Trade

The country has embarked on increasing market access for South African products through some of the following measures:

- Free trade agreement with the EU since 2001
- Free trade agreement of the Southern Africa Development Community (SADC)
- Free trade negotiations with the US
- Free trade negotiations with Mercusor
- Various bilateral trade arrangement with large markets

Exports

The most significant change in exports has been the increase in manufactured and high value products and the overall decrease in the composition of minerals. This has happened with an environment of increasing mining output and high commodity prices.



The composition of mining products in exports has decrease from 44% in 1995 to 31% in 2005, while manufacturing & services have grown from 51% to 61% over the same period.

Export Destination



Broad Based Black Economic Empowerment

It has become undeniable that the South African economy is still performing below its potential. One of the major reasons is due to the low levels of income earned and generated by the majority of the country's population due to historical marginalization. The Broad Based Black Economic Empowerment policy aims to address this historical imbalance to ensure equal opportunity for all South Africans.

In promoting the participation of the majority in the economy, the BBBEE policy aims to focus on the following broad issues (among others):

- Company ownership by black people
- Employment Equity
- Skills and human resource development
- Enterprise development
- Preferential procurement

Since the start of the Black Economic Empowerment Initiative (BEE), industry has adopted the issue of transformation and this has led to the formulation of the following BEE Charters that set about the industry plans to transform:

- Liquid Fuels Charter (for the petroleum refining, trading and retail industries)
- Mining Charter
- Financial Services Charter
- ICT Charter (for the Information & Communications Technologies Industries)
- Maritime Transport & Services Charter
- Forwarding & Clearing Charter

The Automotive Industry

Key Facts:

- Total domestic sales: 617 450
- Top performer Internationally in 2005 in new vehicle sales
- Growth in sales: 28.2 % (from 2004)
- 6 OEMs: BMW, DaimlerChrysler, General Motors, Ford, Nissan, Toyota, VW, MAN
- Export growth of 28% compounded (since 1995)
- 14% of global catalytic converter production
- Exports of vehicles and components to over 125 countries
- Support through the Motor Industry Development Programme (MIDP)
- Opportunities for component manufacturers (eg. lighting systems, interior components)



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PROGRAMME

| | |
|---------------|---|
| 14:00 – 14:30 | REGISTRATION |
| 14:30 – 14:35 | OPENING AND INTRODUCTION |
| 14:35 – 14:45 | WELCOMING OF PARTICIPANTS HE Moses Chikane South African Ambassador to Germany |
| 14:45 – 15:05 | INVESTMENT ENVIRONMENT & OPPORTUNITIES Sadiq Jaffer Chief Director Department of Trade & Industry |
| 15:05 – 15:25 | AUTOMOTIVE INDUSTRY: PROSPECTS Nico Vermeulen Executive Director National Association of Automotive Components and Accessories Manufacturers |
| 15:25 – 15:45 | BROAD-BASED BLACK ECONOMIC EMPOWERMENT Jeffrey Ndumo Director Department of Trade & Industry |
| 15:45 – 16:15 | KEY NOTE ADDRESS HE Dr. Rob Davis MP Deputy Minister Department of Trade and Industry |
| 16:15 – 16:30 | Discussions (Q&A) |
| 16:30 | Cocktail Reception |
| 18:00 | Closure |