

Other African nations have potential to challenge SA's car manufacturing prowess

By [David Furlonger](#)

22 Apr 2016

With the correct policies, Nigeria, Kenya and Ethiopia all have the potential to challenge SA's dominance of vehicle manufacturing in sub-Saharan Africa, a report by business consultancy Deloitte shows.



©Rainer Fendl via [123RF](#)

The report, published on Thursday, says the three countries have either the populations or economic muscle to develop into significant motor industry bases. Nigeria is already attracting foreign investment through its latest investment-driven programme. Kenya has been a low-volume producer for many years while Ethiopia has done little so far to implement automotive industry proposals.

The report, [Navigating The African Automotive Sector](#), says the potential for growth in vehicle sales across the continent, is enormous. It is estimated that there are only 44 vehicles for every 1,000 inhabitants, against a global average of 180. Out of an estimated 90-million new-vehicle sales in 2015, only about 1.55-million were in Africa, including North Africa. Of those sales, 80% were in SA, Egypt, Algeria and Morocco, all countries with established motor industries.

The report says some analysts believe annual African new-vehicle sales could grow to 10-million by 2030. If so, there is considerable scope for other countries to become major producers.

Kickstart industrialisation

Karthi Pillay, head of Deloitte's African automotive practice, said in Johannesburg on Wednesday: "Globally, the strategy for manufacturers is to get closer to their consumers - and Africa has a growing number of consumers entering the middle-income bracket. The value chain of the automotive manufacturing industry is massive, and on its own can kickstart the industrialisation of Africa, provided the continent can harmonise manufacturing and trade policies."

SA is helping Nigeria with its automotive development policy, while Kenya is certain to remain an important regional hub for some global motor companies. Ethiopia, despite having the lowest vehicle-to-population ratio in the world - there are two vehicles to every 1,000 inhabitants - has compelling advantages.

It has Africa's second biggest population, ninth biggest economy and a "highly regarded" economic development strategy. The report says that Ethiopia, arguably, is a relatively untapped investment opportunity... especially in the manufacturing sector.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>