

Hyundai's delivery vans to be assembled in SA

By [David Furlonger](#)

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South Korean car manufacturer Hyundai is preparing to build vehicles in SA and has confirmed it will assemble light delivery vehicles in Gauteng from next year.



Hyundai will start assembling vans in South Africa at a new plant in Benoni. Image: Hyundai

Despite not officially releasing sales figures, Hyundai is generally considered a strong third in the South African new-car market, behind Volkswagen and Toyota. It also has a growing presence in many African countries, notably Angola, where it is market leader.

The Korean parent company has repeatedly said there is no need to build in Africa and that it is more cost-effective to supply the continent from existing car plants. Besides Korea, Hyundai has operations in North America, India, the Czech Republic, Pakistan, China and Turkey.

Hyundai SA Managing Director Alan Ross confirmed that his company was establishing a Benoni factory to build between 500 and 600 delivery vans each month, mainly from imported kits.

Assembly is due to begin next January. If the venture is a success, the company will progressively increase local content.

East London may see Hyundai making cars for Africa

Ross said Korean officials had visited the East London Industrial Development Zone (IDZ) to discuss the possibility of cars being built at a proposed multi-brand assembly plant.

The IDZ - home to 16 component makers for Mercedes-Benz's East London assembly plant - floated the multi-brand idea four years ago, after the government announced the 2013 to 2020 Automotive Production and Development Programme, under which assembly plants must build at least 50,000 vehicles a year to access production incentives.

IDZ Executive Manager Tembela Zweni said the organisation hoped to attract three or four companies to collectively build about 80,000 vehicles, and wanted assembly to begin within the next year or two.

Although it is not certain Hyundai will sign up to this plan, Ross said: "It's possible. Hyundai has been to see them."

Other companies targeted by the IDZ include French car manufacturer Peugeot Citroen and its local Managing Director Francis Harnie said: "The East London IDZ can be an opportunity for the future."

Davies says IDZ areas are attracting investors

In his budget vote speech to the National Council of Provinces last month, Trade and Industry Minister Rob Davies said the East London IDZ's support for original equipment manufacturers had attracted seven new investors as part of industrial clustering in the automotive sector.

"To date, this IDZ has been able to attract about R1.7bn worth of investment while creating over 1,700 jobs," Davies said.



Hyundai SA's Alan Ross says there might be a chance of having other models made by Hyundai in a new factory outside East London



Trade and Industry Minister Rob Davies says investments worth R1,7bn have flowed into the East London Industrial Development Zone. Image: GCIS

Last month, Chinese company First Automobile Works opened an assembly plant at the Coega IDZ. The estimated R600m investment will initially target the production of 5,000 trucks and light and passenger vehicles.

A report earlier this year by international business consultancies PwC and KPMG said while SA's motor industry was expected to expand, it would be overshadowed in the near future by activities in other emerging countries.

According to the report the balance of power was shifting irrevocably in the global motor industry, with four emerging Brics countries - Brazil, Russia, India and China - set to build 45% of the world's cars by 2020.

Africa has more than a billion consumers desperate to raise their standard of living. But unlike China, with its single government and clear industrialisation goals, Africa continent is fragmented and lacks any economic coherence.

PwC and KPMG said these barriers might be why Chinese and Indian motor companies were downgrading their investment commitment to SA, after initially trumpeting it as the gateway to Africa. According to KPMG's Global Automotive Executive Survey, SA has lost its position as the third-most important (emerging) market for ambitious car manufacturers in the Bric alliance and has been replaced by Russia and Brazil.

Source: Business Day via I-Net Bridge

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