

Local testing programmes support sustainable growth for SMEs in South Africa's Automotive Component Manufacturing Sector

THE SOUTH AFRICAN AUTOMOTIVE SECTOR AND ITS CHALLENGE IN DEEPENING VALUE ADDITION

South Africa's Automotive manufacturing sector is arguably the country's most socio-economically important manufacturing division. The automotive industry contributes 4.3% of national GDP, 17.3% of the country's manufacturing output and 12.5% of South Africa's total exports. The industry is the bedrock of many South African households, with the sector employing 110 000 people, from small component workshops to large assembly plants.

Despite facing numerous challenges, the industry has set aspirational goals under the mantle of the South African Automotive Master Plan 2035 (SAAM 2035). Goals include increases to; the percentage of global output, the percentage of local content and employment in the sector, while also prioritising transformation in the sector and deepening of the value addition within the SA value chains.

Capital investment by large component suppliers is promising, with R5.7BN of investments recently committed. Yet the goals of SAAM 2035 are unlikely to be achievable using only the model of foreign direct investment into large manufacturing plants. These investments create opportunities for local companies to supply goods, services and sub-components, but they do little to provide a manufacturing support eco-system needed by the smaller local suppliers who cannot afford to replicate the model of in-house facilities and expertise which the Multi-National Tier 1 suppliers often adopt.

This challenge is the basis for the creation of eNtSa Supplier Development initiatives that support manufacturers in South Africa.

ENTSA SUPPORTS DEVELOPMENT OF MANUFACTURING SECTOR

eNtSa, an engagement institute within the Nelson Mandela University, supports the SAAM 2035 automotive sector goals and is offering opportunities to South African manufacturers, particularly lower level suppliers (SMEs supplying to the Tier 1's) to access engineering and testing support.

eNtSa's **IEC/ISO 17025:2017 SANAS accreditation ensures that local industry receives reliable and unbiased testing services according to international standards.**

The eNtSa Testing Lab is also registered with the International Laboratory Accreditation Corporation (ILAC), as a sign of quality and excellence for those submitting results internationally. A history of supporting OEMs and Tier 1 suppliers across the country provides a sound understanding of automotive specifications, and requirements for suppliers within a Global Value Chain.

WHO WE WORK WITH



eNtSa offers various support programmes where qualifying manufacturers are able to access subsidies on the cost of testing and support, further reducing the barriers to South African manufacturers supplying localised components, creating jobs and deepening the local value addition.



EASTERN CAPE TESTING PROGRAMME SUPPORTING OVER R70M IN SME SUPPLY CONTRACTS

eNtsa's newest support initiative is the Automotive Localisation Testing (ALT) Programme focusing on the key automotive hub of the Eastern Cape, which accounts for more than 50% of the country's automotive production and drives international outputs with over 40% of national exports. The programme is a collaboration with the AIDC Eastern Cape and further supported by SME initiatives of the Technology Innovation Agency (TIA), the Department of Science and Innovation (DSI).

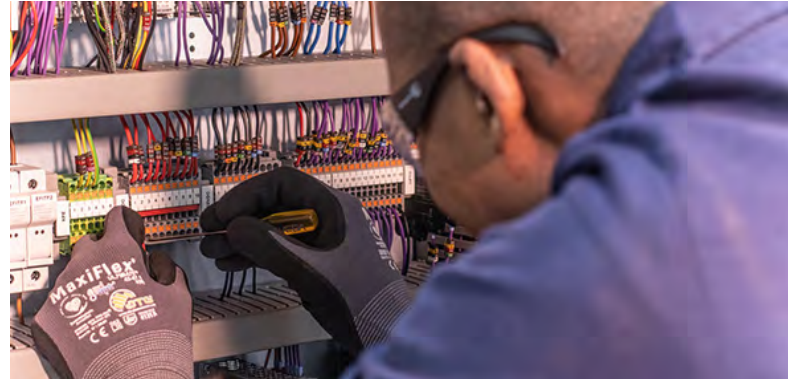
Within its first 6 months, eNtsa's ALT programme is completing testing projects which **support over R70m of potential localisation contracts for SMEs, directly linked to over 90 industry jobs.**



Figure: Factory meetings with some of the ALT Programme participants

Testing support ranges from routine material conformance testing to product validation testing, production quality tracking, weld analysis, dimensional inspections and comparative performance investigations of localised versus import components.

Alongside manufacturer support projects, the programme has provided **technical training to over 30 youths** in the province with an aim of improving employability and industry-wide skills. The ALT programme will open its 2nd call for Eastern Cape focused automotive manufacturers in February 2023, The programme's second year will run from April 2023 to March 2024, and manufacturers can access up to R100 000 in free testing support.



WE NOW OFFER ACCREDITED CORROSION TESTING

An **exciting new update** for the South African Manufacturing Industry. As part of eNtsa's commitment to developing a support eco-system for the local manufacturing industry, the testing lab has successfully expanded its scope of ISO 17025 accredited testing methods to include corrosion testing.



eNtsa is now accredited to offer **Neutral Salt Spray (NSS) Corrosion testing in accordance with international standards** (ASTM B 117 and ISO 9227). In 2023 eNtsa will more than double its existing 1600L of combined corrosion testing capacity to include a new 2500L corrosion chamber which can accommodate large format components (like whole windshields and body panels).

A ROBUST MANUFACTURING SECTOR CREATES OPPORTUNITIES FOR SOUTH AFRICANS

At eNtsa we believe that a robust and growing manufacturing sector in South Africa, will create positive opportunities for the lives of South Africans. Our Supplier Development initiatives aim to make this future your reality.



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