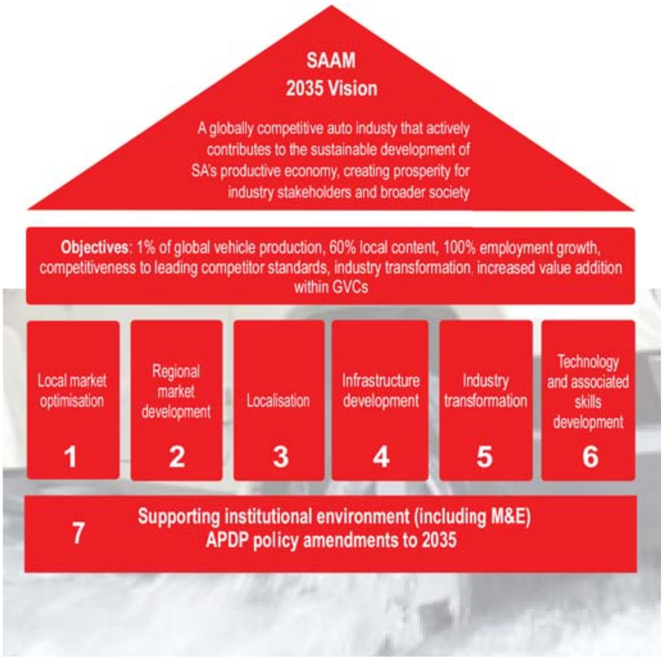
APDP and the SA Automotive Masterplan

The Automotive Production and Development Programme (APDP) replaced the Motor Industry Development Programme (MIDP) on January 1st, 2013, with minor changes implemented in 2016. Similarly, the development of the SA Masterplan 2035 and the policy revision after that gives guidance around how the sector is expected to develop in the medium to long term.



The changes below are intended to correct identified distortions within the APDP framework for the period 2021 to 2035, rather than fundamentally changing a policy that has been largely successful in supporting the development of the South African automotive industry since 2013.

The existing APDP terms and their amendments to be implemented post-2020 are:

APDP to 2020	Amendments 2021 - 2035
Tariffs	
Light Vehicle • Import duties on vehicles of 25% and components 20% • Imported vehicles from the EU pay 18% duty	• No change to CBU and CKD tariffs • Subject to engagement with EU, align CBU duties from EU-SA EPA

APDP to 2020	Amendments 2021 - 2035
Volume Assembly Allowance (VAA)	
Light Vehicle • From 2016 VAA calculated on a sliding scale based on total company production, commencing at 10% for 10,000 units to 18% at 50,000 annually. Vehicle assemblers - allowance multiplied by the component duty rate, so 3.6% at the maximum • VAA based on all compliant local production so that exported vehicles, which pay no duty on imported parts, still get the full VAA	• Volume Assembly Localisation Allowance (VALA) to replace Volume Assembly Allowance (VAA) in 2021: VALA based on local value addition and not manufacturing sales value • VALA set at 35% of local value add for OEM volumes above 10,000 units annually from 2026. Transition set at 40% in 2021 and reducing annually

APDP to 2020	Amendments 2021 - 2035
Production Incentive (PI)	
Light Vehicle • From 2013 starting at 55% reducing by 1% annually to 50% of value added (51% in 2017) • Duty-free import credits • PI on catalytic converters remains frozen at 65% • Incentive calculated through the supply chain and earned by the end producer (vehicle assembler) or the component manufacturer in the case of component exports and aftermarket sales • Equivalent value of the PI is the incentive multiplied by the component duty rate of 20%, so 11% of normal value added in 2013, reducing to 10% by 2018	• No change to CBU and CKD tariffs • Production Incentive benefit to increase 25% for components (from 10% to 12.5% of value addition) • Duty Credits to replace Production Rebate Credit Certificates PRCCs: to ensure components earn one benefit value tied to local value addition • All production segments to have the same benefits
Automotive Investment Scheme (AIS)	
Light Vehicle • A cash grant for qualifying capital investment, starting at 25% for component manufacturers and 20% for OEMs • Ability to increase this by a further 5 or 10% dependent on adherence to certain economic benefit criteria • Separate AIS available to manufacturers of people carriers (P-AIS)	• Maintain cash grant for investment, but reduce by 5% if not South African tooling/ machinery

(see P18 for more information on the AIS)

Other Policy Elements
Introduce new CBU import certification - minimum dealerships and service parts supply

For the full 2018 Automotive Masterplan 2035 Amendments, visit the NAACAM website (www.naacam.co.za). Included in here will be info for Medium & Heavy Vehicle and Motorcycle production