



## **2018 Midyear Reflections: NAACAM President**

**Dear CEO/MD and fellow NAACAM member**

This is probably the final opportunity I get to communicate with all of you before my term as NAACAM President ends at the AGM planned for 4 October in Port Elizabeth. It allows me to reflect on key highlights over the past two and a half years whilst commenting on issues relevant to our sector now.

NAACAM has made progress in positioning itself as the authoritative voice of component manufacturers in SA, it's basic premise of existence. You would have seen some great traction on media coverage not only of NAACAM, but also of the automotive component subsector in general. This PR campaign has been vital to our strategy and feeds into so many other areas of work that NAACAM influences. NAACAM is now a regular feature in both mainstream and social media, and its views are sought on a variety of issues relevant to our subsector. PR work will remain a key feature of the coming executive committee's strategy so the input of content should be something all members play a role in contributing to.

Linked to this, has been the implementation of the first NAACAM owned value chain event, The NAACAM Show, run initially in 2017, and currently being prepared for delivery in 2019. Last year was considered a measured success, but there are many ideas being worked on, to ensure an enhanced and dynamic event in 2019. This event is a showcase of domestic capability and gives our subsector credibility whilst being a platform to engage with industry stakeholders, including major customers, suppliers, Sub Saharan African stakeholders and influential officials. Members are urged to be part of this showcasing objective

My tenure spanned the period of policy engagement, consultation and contestation around the APDP replacement programme post 2020, under the framework of the SA Automotive Masterplan 2035. It would have been ideal to announce the outcome to you now, but we are literally at the last step, and expect the Minister of Trade and Industry to finalise his decision in August 2018. I assure you, no stone was left unturned in ensuring our position was fully ventilated and we supported a balanced package that has the best opportunity of delivering an outcome that ensures viability and a positive business environment for all participants in the SA automotive manufacturing environment. I speak to many companies who tell me of OEM interest peaking in localisation queries, and more recently exploring component export opportunities, e.g. the recent Volvo and Daimler HCV surveys, which both stemmed out of NAACAM interactions. It is no coincidence that the recently published SA Automotive Supplier Industry Benchmark Report 2018, produced for NAACAM by B&M Analysts, has a finding that confirms such interest by OEMs is on the up.

The report mentioned above plus the quarterly NAACAM Local Value Index, which you would have received for the first time in June are two examples of NAACAM's commitment to being a source of knowledge to its members. Together with initiatives such as the transformation workshops delivered over 2016/17, as well as the creation of an economic analyst post at NAACAM, one can see the move towards such value adding services coming to bear. We expect this to continue in the coming year, and linked to this will be a rejuvenated website, which will be used as a mode of delivery.

I do want to raise a concern that has surfaced over the past year. Whilst we are pushing hard for OEMs to localise more, through policy debates, and platforms such as ASCCI and the OEM Purchasing Council, it seems our own members are using the same excuses we hear from OEMs on why their own supply chains cannot show localisation increases. A case in point has been the recent poor response to an ASCCI activity to identify T2 opportunities for localisation. This is not acceptable, and members are urged to rethink their purchasing and investment strategies along the lines of how they expect to gain from changes to OE purchasing strategies. A deep, capable and competitive SA value chain is as much a responsibility of the large T1 companies as it is of the OEMs.

I have regularly advised members that there is no scope to be on the wrong side of a debate around the importance of value chain transformation and companies should prepare accordingly. We have seen a no compromise stance on this from government in return for their various incentives, and this is expected to heighten in a post 2020 period. The OEMs are developing strategies around increased compliance, so members would be mistaken in thinking there would be ways around this. It is important that we actively drive and share successes in transforming our supply chains so that we can all learn.

NAACAM remains operationally sound. Members are thanked for sticking with the association as it transitioned into the new subscriptions model implemented last year. To that extent the NAACAM NEC has decided to only implement a nominal, inflation linked increase of 5% for the 2018/19 period. The generation of other sources of income besides member subscriptions remains a key objective.

The work done by the NAACAM staff, under the leadership of Renai Moothilal is appreciated. Similarly, the contribution of the NAACAM NEC and regional executive leaders is acknowledged and valued. The work they do is voluntary and NAACAM would not be able to deliver on its mandate without their input. Finally, I close, by thanking all members for their support during my time leading NAACAM and wishing the incoming President and NEC everything of the best.

**Regards**

**Dave Coffey**

**President: NAACAM**