



NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SOUTH AFRICA

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PRESS RELEASE

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VEHICLE DEALERS ALLOWED TO DO BUSINESS AGAIN UNDER VERY STRICT CONDITIONS

PRETORIA: Wednesday, May 13, 2020: The Minister of Trade, Industry and Competition, Ebrahim Patel announced last night that certain trading activities on vehicles will be permitted during Alert Level 4. The newly published directives comes at the back of the amended regulations issued on Wednesday, April 29 where the country started to gear for a gradual and phased recovery of economic activity under a “Risk-Adjusted Strategy”. Minister Patel affirmed that it was essential to have robust conversations and all-embracing consultations during the past seven days with all key industry stakeholders in order to deliberately take a cautious approach that will always balance the need to resume economic activity with the imperative to contain the virus and save people’s lives.

“As we have said before, this virus doesn’t move, people do. One of the key enablers of this mobility is through vehicles. We have carefully crafted new directives which would empower our dealership network across the country to cautiously resume with their operations whilst reducing the risk of infection across the entire automotive value chain and save the lives of our employees and those they come into contact with through the dealer shop floor and their maintenance and repair centres”, said Minister Ebrahim Patel.

Tim Abbott, NAAMSA President, speaking on behalf of the entire automotive industry, said while everyone was anxious about when the industry would be allowed to trade, “we all understood that there are no trade-offs. The risk of this virus to spread is real and this is something we have embraced and it is part of all our business planning”, said Abbott. “We are very pleased that the Minister has heard our please and we are also very grateful that our teams across all different brands and channels have

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Elected Office Bearers: President | **Tim ABBOTT**, Chief Executive Officer, BMW Group South Africa and Sub Saharan Africa;
Vice-President: Manufacturers | **Neale HILL**, Managing Director, Ford Motor Company of Southern Africa;
Vice-President: Importers and Distributors | **Gary SCOTT**, Chief Executive Officer, Kia Motors South Africa [Pty] Ltd;
Immediate Past President | **Andrew KIRBY**, Chief Executive Officer, Toyota South Africa [Pty] Ltd.
Executive Director: **Michael M. MABASA**: NAAMSA Chief Executive Officer | PBO No.: 930/023/609 | VAT No.: 4070109972

collaborated seamlessly through NAAMSA and we all support the directives as outlined and announced by Minister Patel”, said Abbott.

The following trading activities on vehicles will be permitted during Alert Level 4:

- trade in new and used cars;
- wholesale trade of new and used cars by OEMs and importers;
- export and import of all category of cars through national ports of entry under strict guidelines;
- trade-in purchases, car lease scheme returns and wholesale trading of used cars.

To allow for and facilitate the sales of cars, and the proper functioning of the supply chain, it is necessary that the various administrative and other functionaries, such as roadworthy assessment and testing centres, and other testing stations are operational.

The new directives allows for a slow gradual phased-in for all car sales across the country. During the **first phase [from 13 May to 23 May 2020]**, the following conditions will be observed:

- all dealerships and used car outlets will operate with up to 30% of employment subject to a maximum of one employee or customer per every nine [9] square metres of floor space [provided that small businesses may operate with a minimum of five employees];
- the majority of car sales will be done remotely via the internet or eCommerce or telephone. Personal contact will be kept to a minimum and only on appointment under very strict hygiene and social distancing conditions in line with the Regulations;
- test drives will be conducted on appointment only;
- home delivery of vehicles with full sanitisation will be mandatory;
- where possible, electronic, or virtual signatures will be used for finance and insurance documentation;
- car auctions for all categories will be conducted online in compliance with the CPA Regulations.

In Phase Two: From 25 May to 06 June 2020, the following conditions will be observed

- all dealerships and used car outlets will operate with up to 60% of employment;
- limited customers will be allowed to enter the dealership under very strict hygiene and social distancing conditions in line with the Regulations;
- remote vehicle sales will continue for those potential customers with access to online services;
- test drives can be arranged on site by appointment only, and under very strict hygiene conditions including fully sanitised cars;
- on site pick-ups and deliveries of fully sanitised cars will be allowed under strict hygiene conditions with an option of home delivery of fully sanitised cars, if possible;
- car auctions for all categories will be conducted online in compliance with the CPA Regulations and limited physical contact will be allowed for viewing prior to the auction under very strict hygiene conditions including fully sanitised cars.

In Phase Three: From 8 June 2020 until Alert Level 4 is Lifted, the following conditions will be observed:

- all dealerships and used car outlets will operate with up to 100% of employment;
- customer on-site contact will be allowed, but kept to a minimum, whilst remote vehicle sales is encouraged;
- test drives can be arranged on site by appointment only, and under very strict hygiene conditions including fully sanitised cars;
- on site pick-ups and deliveries of fully sanitised cars will be allowed under strict hygiene conditions with an option of home delivery of fully sanitised cars if possible
- car auctions for all categories will be conducted online in compliance with the CPA Regulations and limited physical contact will be allowed for viewing prior to the auction under very strict hygiene conditions including fully sanitised cars and limits on the numbers of persons at auctions in order to maintain a distance of at least 1,5m between persons at all times, including when entering or exiting from an auction.

Further Directions in relation to the sale of cars:

All dealerships and used car outlets will ensure limited teams of employees and contractors to access the dealerships to prepare for the start-up in line with COVID-19 risk mitigation measures. They shall implement health and safety measures, including, but not limited to the following:

- [i] sanitisation procedures at all sites will be strictly applied to ensure that all work surfaces, equipment, and cars on the floor are disinfected before the dealership is opened, and regularly cleaned during the working period;
- [ii] maintaining social distancing protocols at all times;
- [iii] ensuring that all staff and customers wear a cloth face mask or a home-made item that covers the nose and mouth and not allowing any customer access to a dealership, used car outlet or auction without a face mask;
- [iv] not allowing an employee who is sick or who has COVID-19 symptoms to work;
- [v] mandatory screening of all employees when they arrive for work on a daily basis;
- [vi] mandatory signing of a register by all visitors and customers to all sites; and
- [vii] not permitting children access to dealerships and used car outlets under Alert Level 4.

Dealer Principals or other persons in charge of dealerships and used car outlets will ensure that ongoing training and guidance on personal hygiene and preventative measures are communicated to all employees on a regular basis. All dealerships and used car outlets shall at all times act in compliance with risk-adjusted measures for occupational health and safety as a prerequisite for operation.

On support and enablement services: In order to improve efficiency and support car sales, the following entities must be allowed to operate under strict risk-adjusted measures, hygiene and physical distancing requirements stipulated in the Regulations -

- car testing centres;
- homologation services from the National Regulator for Compulsory Specifications [NRCS];
- weigh bridges;
- logistics for the wholesale distribution of cars across South Africa, subject to the following:
 - [i] movement of cars under own power to be permitted from Port of arrival to an approved storage facility provided vehicles moved do not exceed batches of 10 at a time;
 - [ii] new cars to be driven between dealerships within the same province where a car is required for sale only; and
 - [iii] movement of cars to be permitted to service outlets required to complete the repair of the car where unable to perform the work at the dealership but excluding the fitment of accessories.

For Emergency Automobile Repairs: Service Operations: All car maintenance and repairs will be confirmed through appointment only. Unsolicited walk-ins will only be allowed under exceptional and emergency circumstances and a full record of each such instance will be kept in writing at the premises of the business for a period of 3 months after the state of disaster has been lifted. Members of the public will not be allowed, under any circumstances, to enter the workshop environment. These workspaces will exclusively be reserved for technical and support staff. Car owners are to maintain or service their cars within their own municipal boundaries unless in case of extraordinary circumstances.

The following categories **are classified as emergency** car repairs for passenger cars [PCs], Light Commercial Vehicles [LCV], Medium Commercial Vehicles [MCV], Heavy Commercial Vehicles [HCV], Extra Heavy Commercial Vehicles [XHCV], inclusive of buses, motorcycles, trailers, caravans, agricultural or any other implement designed or adapted to be drawn by such car:

- repairs on essential services cars, or on the cars of persons performing essential services;
- repairs required to restore a car's safety and roadworthiness to good running condition;
- routine servicing of cars that is due or overdue in terms of the manufacturer's recommended service intervals, whether due as a result of –
 - [i] mileage;
 - [ii] time interval since last service;
 - [iii] recommendation by car on-board computer;
 - [iv] urgent collision repairs; and
 - [v] specific OEM activated recall or warranty campaigns.

The following categories are **not classified as emergency car repairs:**

- [vi] cosmetic repairs, such as minor scratches and dents or cosmetic enhancements;

- [vii] voluntary or routine servicing that is not overdue in terms of manufacturer's service intervals; and
- [viii] warranty campaigns of a cosmetic nature unless warranty is due to expire within 30 days of the intended repair date.

Parts Supply and Logistics: Aftersales car servicing and parts sales should operate to support regular services and maintenance of cars under Alert Level 4 and to avoid or minimise any mechanical breakdown that might result in permanent damage given continued car usage and mileage increases during the extended lockdown by ensuring the provision of the necessary parts. In order to achieve this, the following facilities may be reopened under strict trading risk-adjusted measures, hygiene, and social distancing restrictions:

- auto electricians;
- tyre fitment centres;
- windscreen replacement centres;
- bond stores and parts distribution centres;
- motor body repairers; and
- any other related business that can attend to the mentioned repairs.

Support services should operate at the same staggered workforce levels as set out above, except for bond stores and parts distribution centres which shall operate at 50% from Phase One and ramp up thereafter.

ENDS

FACT AND FIGURES ABOUT THE SA AUTOMOTIVE INDUSTRY

- South Africa is the only country on the African continent that hosts seven major auto manufacturers;
- the automotive industry contributes 6.9% to GDP [4.4% manufacturing and 2.5% retail];
- the automotive industry is the largest manufacturing sector in the country's economy;
- total automotive revenue in South Africa amounted to R503 billion in 2018;
- in 2018, the export of vehicles and automotive components reached a record amount of R201,7 billion, equating to 15,5% of South Africa's total exports;
- the industry accounts for 30.1% of the country's manufacturing output;
- South Africa is an export-oriented industry and has exported 64,1% of light vehicle production in 2019;
- a record 387 125 vehicles worth a record R148,0 billion, along with a record R53,7 billion in automotive components were exported in 2019;
- exports to the European Union comprised 285 599 units or 73,8%;

- vehicles and components are exported to a record 151 international markets;
- we are the country's 5th largest exporting sector out of all 104 sectors and accounts 13.9% of total exports;
- a substantial 27,6% of value addition within the domestic manufacturing output was derived from vehicle and automotive component manufacturing activity;
- the manufacturing segment of the industry presently employs more than 112,250 people across its various tiers of activity [from component manufacturing to vehicle assembly];
- combined with the industry's strong multiplier effect, the industry is responsible for approximately 457,000 jobs across the South African economy's formal sector.

NOTES FOR EDITORS

- NAAMSA is a pre-eminent industry representative that actively and responsibly represents, promote, advance, and protect the interests of local manufacturers and assemblers of passenger, light and heavy commercial vehicles as well as major importers and distributors of new vehicles in South Africa. We represent 43 companies;
- Our vision is to be the most credible and respected thought leader and partner of a globally competitive and transformed automotive industry that actively contribute to the sustainable development of South Africa;
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- More information can be found on www.naamsa.co.za.

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