

# Davies urges car makers to bring in black suppliers

By [David Furlonger](#)

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The government's goal of attracting more black suppliers of components to the motor industry is not an attempt to impose "uncompetitive rent-seekers" on the sector, says Trade and Industry Minister Rob Davies.



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Davies said that although manufacturers had worked hard to raise the level of local content in their vehicles, there was still a lack of black involvement in the segment and the industry as a whole had to work harder to solve the problem. The minister was in Uitenhage at an inaugural Volkswagen SA (VWSA) event to identify potential black suppliers.

From more than 500 applicants, 46 companies from around SA were invited to display their products and demonstrate their ability to supply. Davies said the search for black automotive suppliers was part of a broader government initiative to develop black industrialists across the economy. Government departments had set aside more than R20bn to make this happen. However, Davies said, the private sector also had to contribute.

[The VWSA event](#), which was also supported by the Automotive Industry Development Centre, was an example of what could be achieved through industry co-operation. Davies said that companies hoping to take advantage of incentives offered by the Automotive Production and Development Programme had to prove their commitment to supplier- and entrepreneur-development.

VWSA MD Thomas Schaefer said new suppliers needed economies of scale and, therefore, more than one customer for the initiative to work. Some SA motor companies boast more than 70% local content, but the industry average is less than 50%. In a review of automotive policy last year, Davies said that although support strategies had broadly been successful in the past 20 years, the biggest failing had been the inability to attract more black participants.

Vehicle manufacturers based in SA are all foreign-owned, as are most of their direct suppliers. The main opportunity for black suppliers is for sub-components - the parts that go into the main components. Schaefer said there was no shortage of potential black business partners but, as part of global manufacturing chains, South African motor companies had to choose suppliers based on cost, quality and reliability. There was no room for sentiment.

Schaefer said motor-industry support for black industrialists had been mostly uncoordinated until now. "There is a tremendous entrepreneurial spirit out there," he said.

"As an industry, we have to harness it. As VWSA, we want to act as a match-maker, as a dating agency."

*Source: Business Day*

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