

Automotive manufacturers hold growth potential for TDM industry

In the local automotive industry alone, US\$1.5 billion worth of tooling is exported overseas every year. Keeping this tooling, and the jobs and revenue it generates, in South Africa is among the key concerns of the AfriMold trade fair, which takes place from 10-12 October 2012 at the Gallagher Convention Centre in Midrand, Gauteng.

"South Africa's entire manufacturing industry depends on a strong underlying tool, die and mould manufacturing (TDM) industry. Yet this industry is declining locally, while growing rapidly elsewhere in the world. If we take the example of the car-manufacturing sector, it's evident that the demand exists and the opportunities run deep for the local TDM industry. At present South Africa's automotive exports represent 11.8% of the country's total exports, while automotive imports account for 16.7% of total imports," says Ron MacLarty, managing director and organiser of AfriMold and Gauteng chairman of TASA.

"Given the huge volumes of tooling that the automotive industry is shipping overseas, it's worth considering that for every one job created for a toolmaker, 28 jobs are created downstream. Evidently a massive opportunity is being missed here and while the industry has the will, what is needed is the wherewithal to push it to the next level and that's where AfriMold is poised to play an important role at this critical juncture.

Automotive industry is a strategic asset

"South Africa's automotive industry is widely regarded as a strategic South African asset. Without doubt it is one of the manufacturing sectors that holds the most immediate potential for the revitalisation and growth of the local TDM industry. Worldwide, the car-manufacturing industry employs around nine million people directly in producing vehicles and the components that go into them and it is estimated that each direct automotive job supports at minimum another five direct jobs," says MacLarty.

Locally, as is the case elsewhere in the world, the automotive industry is strongly influenced by the strategies of original equipment manufacturers (OEMs) in both domestic and global markets, the increasing focus of which is upon exports. South Africa's Motor Industry Development Programme (MIDP) therefore encourages local OEMs to specialise in one or two high volume models on behalf of parent companies, thus obtaining economies of scale benefits via exports and assisting component suppliers to achieve and benefit from the same higher volumes.

Dr. Norman Lamprecht, executive manager of the National Association of Automobile Manufacturers of South Africa (NAAMSA), comments: "South Africa's participation in the World Trade Organisation, its competitive advantages and special relationships with various trading regions have facilitated the industry's integration in the global sourcing strategies

of the multinational automotive corporations. Key decisions about South Africa's automotive business are made in Europe, the USA and Japan.

Challenge for local manufacturers

"To secure and grow its role in this highly competitive global sector, the challenge for South Africa, from a manufacturing perspective, is to continue to provide a range of products that meets the expectations of a rapidly changing world where operating efficiency, driven by a massive increase in the price of energy and concern for the environment, is impacting to accelerate the adoption of new automotive technologies."

MacLarty concurs and believes that the country's TDM sector has much to offer the automotive industry in meeting this and other challenges. "Competitiveness is key and South Africa's improved ranking in the World Economic Forum's latest Global Competitiveness Index, where it climbed four places to rank 50th out of 142 countries surveyed, will further enhance our competitiveness in attracting foreign direct investment, including from those countries that want to use South Africa as a base for their African operations.

"In effect, the way is paved for South African companies in the TDM industry to pursue joint ventures with foreign partners, in order to help build the local sector, bring it in line with global standards of production and technology and thus enable it to vigorously pursue a role in the local and global automotive and other manufacturing sectors," MacLarty concludes.

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