

# VW's expansion in sub-Saharan Africa gathers momentum

Volkswagen has signed a Memorandum of Understanding (MoU) with the Government of Ethiopia to collaborate and deliver a joint vision for the development of an automotive industry in the country.



Thomas Schaefer, head of the Volkswagen Sub-Saharan Africa shakes hands with Abebe Ababayehu, Commissioner of the Ethiopian Investment Commission after the signing of the Memorandum of Understanding (MoU) in Addis Ababa. Looking on are the President of the Federal Republic of Germany, Frank-Walter Steinmeier and Ethiopian Minister for Finance and Economic Cooperation, Ahmed Shide. *Image supplied by [motorpress.co.za](http://motorpress.co.za)*

The MoU was signed by Thomas Schaefer, head of the Volkswagen Sub-Saharan Africa Region and Commissioner of the Ethiopian Investment Commission (EIC), Abebe Ababayehu. The MoU was signed in the presence of the Ethiopian Minister for Finance and Economic Cooperation, Ahmed Shide and Frank-Walter Steinmeier, President of the Federal Republic of Germany, who is on a state visit to Ethiopia.

The signing of the MoU paves way for Volkswagen and the Ethiopian Government to commence high-level and technical collaboration which is integral to the development of an automotive industry and policy framework.

## Key pillars

The MoU identifies four key pillars as important for the development of the Ethiopian automotive industry. These include the establishment of a vehicle assembly facility, localisation of automotive components, introduction of mobility concepts such as app-based car sharing and ride-hailing as well as the opening of local skills development training centre.

Volkswagen and the Government of Ethiopia both undertook to expedite the reassertion of the vision by drawing up timelines and key milestones for the project.

Furthermore, Volkswagen undertook to draw upon its vast global experience in global supply chains in the automotive industry in anticipation that the project will lead to the development of an automotive industry in the country.

In turn, the Ethiopian Government committed to support the establishment of specialised clusters owing to the economies of scale and efficiencies realised through the project.

The Ethiopian Government has acknowledged the pivotal role played by trainable labour force in creating a thriving and competitive automotive industry. As such, Volkswagen will work closely with the Ethiopian higher education and training institutions for skills development and capacity building of local talent.

Schaefer commented, “Our Sub-Sahara Africa strategy is gaining momentum with the signing of the third MoU in the last six months. We are grateful for the support and vision of the Ethiopian Government in identifying the automotive sector as one of the key manufacturing industries that can help the country to realise its Vision 2025 goals. As one of the fastest growing economies, and with the second highest population in the continent, Ethiopia is an ideal country to advance our Sub-Sahara Africa development strategy. Additionally, Volkswagen intends on tapping into existing expertise and strategic resources in Ethiopia to establish a thriving automotive components industry.”

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