Figure 1 below shows the relationship between the investment and employment trends.

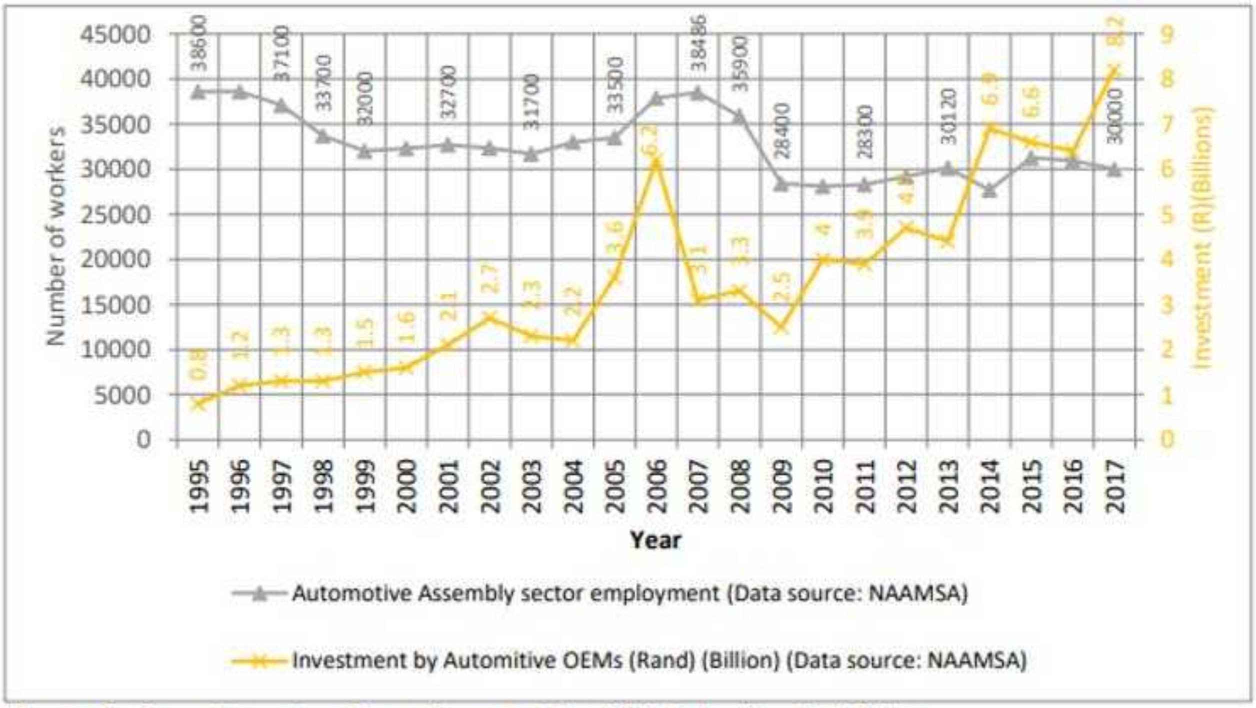

Figure 1: Investment and employment by OEMs in South Africa

Author s own design.

The role of the state s industrial policy through the Motor Industry Development Programme played a key role from September 1995 to December 2012 in attracting increased investment. The plan offered incentives, including import rebate credit certificates. The incentives gave automotive exporting companies reduced import duty, or duty-free imports, on the components that they did not source locally or vehicle models they did not produce in the country.

Increased automation of production, a key part of investment by original equipment manufacturers, wasn t introduced in isolation. With it came global production systems, new methods of work and ways of co-ordinating production, all more effective than the previous ones.

The changes included rationalisation of vehicle model platforms, in certain instances down to single vehicle platform assembly plant operations.

From January 2013 investment in the automotive manufacturing sector was led by the Automotive Production and Development Programme. This was made up of several incentives. These included a cash grant of 25% 30% of the value of qualifying investment for the vehicle assembly segment and 25% 35% for the components manufacturing segment, payable over three years.

The global economic crisis of 2008 badly affected investment, production and employment in original equipment manufacturers. This is reflected in Figure 1 above, and Figure 2 below.

Yet these manufacturers achieved remarkable productivity from 1995, as a result of technological change and the accompanying work reorganisation and restructuring.

During the period 1995 to 2017, they gained double the capacity of output per worker. Figure 2 below shows their total production volumes divided by their total employment.