

SA to start making battery-electric vehicles within three years

But trade, industry and competition minister Ebrahim Patel says it could be another six years before consumers are encouraged to buy them

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Picture: SUPPLIED

Fully-electric cars may be built in SA within three years but it could be another six before local consumers are actively encouraged to buy them, trade, industry & competition minister Ebrahim Patel said on Monday.

Confirming that government electric-vehicle (EV) policy will focus on local manufacture before sales, he said the SA motor industry had to reduce its reliance on petrol and diesel internal combustion engines (ICE) or risk becoming outdated and irrelevant.

Patel was speaking in Pretoria at the launch of the government's EV white paper, laying out policy steps towards a transition from ICE. Toyota and Mercedes-Benz already manufacture some hybrid-electric vehicles, powered by dual EV and ICE technology, in SA and BMW and Ford have announced plans to follow suit.

Long term, though, the white paper makes it clear government policy is aimed at the production of battery-electric vehicles (BEV), which have no ICE component and get their power from home or public recharging points. Based on discussions with motor companies, Patel suggested the first such SA vehicles could be produced as early as 2026.

When local customers will buy them, is another matter. As Patel pointed out, the high cost of battery packs makes BEVs up to 50% more expensive than their ICE equivalents. In many markets around the world, governments have offered tax breaks and various subsidies to get consumers into BEVs. Cash-strapped SA cannot afford to follow suit, so Patel said the two-phase policy would prioritise manufacturing incentives.

It could be 2032 before the government was in a position to offer direct consumer incentives. Such a delay might prove a blessing in disguise. By then, said Patel, load-shedding could be a thing of the past and there would be enough public recharging stations around the country to manage an EV mass migration.

Mikel Mabasa, CEO of industry association Naamsa, said the two-phase policy approach would allow SA to plan its infrastructure needs. Renail Moothilal, director of the National Association of Automotive Component and Allied Manufacturers (Naacam) components organisation, said: "It is right that we look first at production. It allows us to properly consider localisation and the expansion of the components sector."

Patel added that, for the local EV industry to succeed, there had to be a regional battery industry. Many of the raw materials that go into batteries are mined in Southern Africa but beneficiated and processed overseas. This had to change. The government had held talks with potential Chinese, European and US partners to discuss such an industry.

"Moving raw materials and batteries around the world is not the way motor companies want to do business," he said. "It makes sense to do it all at source."

The white paper supports "facilitation and development of an electric battery regional value chain, including raw material refining; battery active materials and component production".

In the short term, it recommends a temporary reduction on import duties for batteries made and sold in SA.

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