

CREATING SUSTAINABLE EXPORTER COMPETITIVENESS

THE TREE FRUIT SECTOR IN KENYA

South Africa's vehicle production sector was ranked 24th in 2010, with a global market share of 0.61%, following a 17-fold increase in automotive-industry exports to 69.5 billion rand from 4.2 billion rand in 1995. Major investments in best practice assets and state-of-the-art equipment, skills upgrading, productivity gains and improvements in the automotive value chain fuelled export growth.

Ten million fewer vehicles were manufactured in 2009 than 2008 as a result of the global financial crisis, which curbed demand for automotive components globally and caused South African auto-components exports to fall 37% to ZAR 27.9 billion in 2009 from ZAR 44.1 billion in 2008. While exports rose slightly in subsequent years, the sector remains vulnerable. Economic reforms initiated by the Government of South Africa call for more local added value and greater integration of the industry into the national and regional economies.

The NTF II project aims at improving export competitiveness of the 2nd tier manufacturers of automotive components to create employment and diversify export markets, reducing the sector's vulnerability. Improving competitiveness in this labour-intensive industry is expected to have positive spill-over effects on the sector and the country's economy, and on reducing poverty. The project started with an inception phase during which ITC, in collaboration with the Durban Automotive Cluster (DAC), created and piloted a Gap Analysis Tool and an Action Plan on how to improve the export readiness of automotive components was developed based on the analysis results. The NTF II Steering group endorsed the Action Plan and agreed to move into the implementation phase, which is designed to achieve the following two outputs.

INCREASED EXPORT FITNESS AND EXPORT READINESS OF SMALL-SCALE AUTOMOTIVE-COMPONENTS MANUFACTURERS

Based on the gap analysis findings, two main groups of companies were identified: "emerging companies" and "mature companies". The analysis covered assessments of strategy, innovation, financial, marketing and sales, safety and environment, risk management, communication, human resources, project management, engineering, social responsibility, quality, production and logistics, purchasing, service and distributions. Based on the analysis results, a select group of businesses will receive coaching covering priority areas which are linked to a company's strategic development and are critical to improving export readiness. The methodological approach to providing coaching services will be jointly developed with DAC. The specific content of the coaching will be adapted and customised according to the needs of each beneficiary company.

CAPACITY OF AUTOMOTIVE TSI TO PROVIDE ASSESSMENT AND MENTORING SERVICES STRENGTHENED

The project will build the capacity of DAC and other selected TSIs to deliver training and coaching services which are in line with the needs of 2nd tier manufacturers.

DAC should be able to conduct the gap analysis and use the results to access the appropriate resources to help auto-components manufacturers become more competitive exporters. The work will involve developing and documenting the business model TSIs will use to provide a sustainable service in the long term. It will also include building a database of people DAC can call on to provide specific training and coaching to companies which request it.

ABOUT THE NTF II SOUTH AFRICA PROJECT

The Netherlands Trust Fund II is based on a four-year partnership agreement between ITC and CBI. The NTF II Programme is funded by the Government of the Netherlands. The NTF II project is carried out in close collaboration with the Durban Automotive Cluster, with the involvement of DTI and the main sector association NAACAM. NTF II South Africa focuses on 'Creating Sustainable Exporter Competitiveness in the Automotive components sector and Rooibos Tea sector'.

FOR FURTHER INFORMATION

Please visit our website: www.intracen.org/projects/ntf-ii



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