

# BMW not leaving South Africa says Davies

German car manufacturer BMW is not ceasing its production in South Africa, Trade and Industry Minister Rob Davies said in Pretoria on Wednesday (10 October).



Rob Davies (Image: GCIS)

However, the country had lost out on a significant contract for BMW SA to build the new model, as the company had frozen its local expansion plans because of strikes in the automotive sector.

Davies said he was scheduled to meet with BMW SA officials.

"I am seeing them to talk to them this afternoon (Wednesday 10 October). I received a letter from BMW in which they clarified that their concerns were not correctly reported," he said.

"They said there was no question of them discontinuing their operations in South Africa. They did say, however, that their ability to compete for an additional model was jeopardised by the recent strike." Davies said government was communicating with BMW, particularly to improve the investment climate in South Africa.

Earlier this month, BMW said strikes at its South African plant wrecked an opportunity to expand local production. South Africa's car manufacturers were crippled for several weeks when factory workers and then workers in parts manufacturing companies went on strike.

"Unfortunately, due to labour instability, we've lost the opportunity to compete for a new model," BMW SA spokesman Guy Kilfoil told French news agency Agence France-Presse (AFP).

The company's headquarters in Munich would soon decide where in the world to produce the models.

"There's always a healthy competition between plants around the world to see who can produce it most cost-effectively," Kilfoil was quoted as saying.

"The strikes the reputation of South Africa as a reliable partner for export." The company currently has an assembly plant in Rosslyn, north of Pretoria.

The recently ended strike hurt production at Volkswagen, Ford, Mercedes-Benz, Toyota, and General Motors plants. The sector contributes 6% to the economy.

The Retail Motor Industry Organisation said the strikes reduced vehicle exports by 75% last month.

Source: Sapa via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>