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**NAAMSA MEDIA RELEASE**

**THE SA AUTOMOTIVE INDUSTRY RENEWS CALLS FOR THE INTRODUCTION OF CLEAN FUELS IN SA**

**Background**

In the 2013/2014 budget, the then Minister of Finance announced an allocation of R40 billion for the upgrading of SA oil refineries to produce Euro V fuels in South Africa by 2017. The Department of Energy subsequently decided to re-evaluate the Clean Fuels initiative and there has been little progress since then. Currently, South Africa is about 15 years behind the rest of the world in terms of fuel standards and quality.

The introduction of Clean fuels in South Africa is essential from an environmental/urban air quality and human health perspective. It is also essential to enable OEMs to supply the market with high technology, highly fuel efficient and low emission new motor vehicles with the following important benefits –

- Progressive reduction in CO2 emissions by motor vehicles;
- Progressive reduction in emissions of hazardous gasses harmful to human health and the environment due to high levels of benzene and sulphur in current fuel;
- Enable greater efficiencies in vehicle manufacturing plants due to reduced complexities (uniform technologies built into local and export vehicles);
- Improved efficiencies for domestic vehicle manufacturers because reengineering of vehicles to comply with lower quality fuel will no longer be required to accommodate outdated vehicle technology due to inferior fuel quality standards;
- Gradual reduction in aggregate fuel / oil imports with associated benefits for the country's balance of payments.

Importantly, Clean Fuels would enable improved efficiencies and would avoid the need to adapt vehicles for the lower fuel quality (Euro II) available in South Africa. Inefficiencies arise due to adjustments needed to engine management systems, wiring harnesses, drive trains, computerised management systems and exhaust systems. Moreover, having to produce export vehicles for high technology markets as well as vehicles for low technology markets is inefficient and negatively impacts on the industry's global competitiveness.

CO2 based vehicle taxation was introduced in South Africa in 2010 to encourage vehicle manufacturers to introduce more fuel efficient vehicles. While Industry objected at the time citing restrictions in access to the latest vehicle technology specifically from Europe, assurances were given that this matter was recognised and would be addressed.

## **New vehicle emission control developments**

“With the widespread introduction of new technology including new 4 way catalytic converter equipped vehicles in Europe during 2018 we will now find that for the first time since the 1996 introduction of unleaded petrol in South Africa – that many regular petrol engine motor cars as available to the general public in Europe **will not** be able to be marketed in South Africa” **advises Mr Stuart Rayner chairman of the NAAMSA Fuel & Emissions Working Group** “This will effectively deny the motoring public access to latest low emission vehicle technology”.

## **Average new vehicle CO2 emissions reduction: Good progress to date but unlikely to continue in the absence of clean fuels**

The introduction of CO2 based taxation followed the application of NAAMSA launched vehicle fuel economy labelling and the establishment of a supporting web data base to allow vehicle buyers to compare relative environmental performance of new vehicles.

Since the introduction of the NAAMSA fuel economy/CO2 emissions web site in 2010 it has been possible to track progress in terms of passenger car emission reduction. While steady progress has been made it is now noticeable that a plateau has been reached in terms of average vehicle fuel economy as measured in terms of CO2 emissions – see *attached* graph.

Automotive companies believe that any further progress is now unlikely without the widespread introduction of the latest engine technology which in turn requires new enabling fuels.

## **Conclusions**

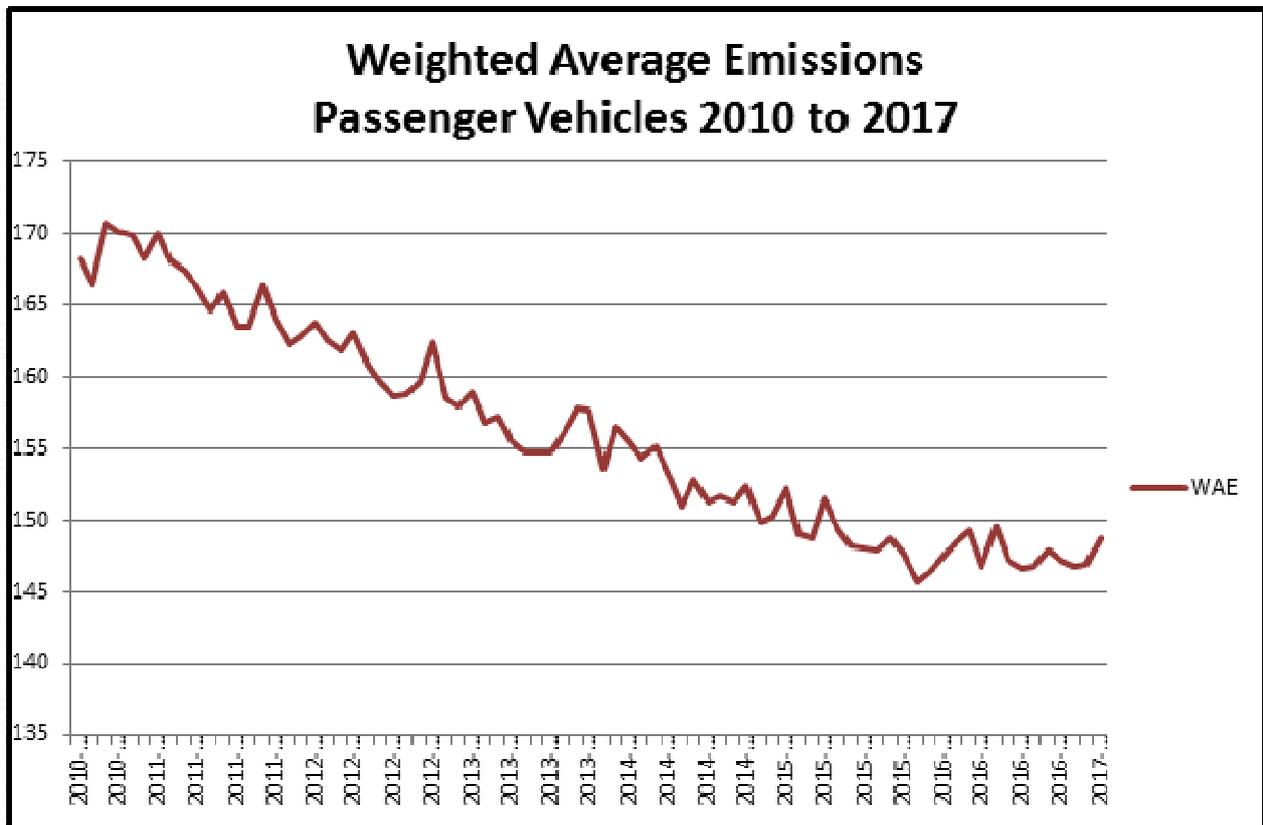
It is illogical that vehicle manufacturers and importers should continue to be penalised for not introducing latest engine technology vehicles when many such vehicles will not be able to operate on South African fuel, and those models that are introduced may require expensive reverse engineering to use older less efficient engines.

Product restrictions are already being applied to local companies by their foreign Principals particularly due to the lack of availability of clean fuels (low sulphur petrol).

This calls into question the rationale for continued application of CO2 taxes on new motor vehicles in South Africa and reinforces the urgent need for the introduction of clean fuels in South Africa.

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**NAAMSA OFFICES: PRETORIA**  
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Source: Lightstone Auto