


South Africa

Global auto group Stellantis plans manufacturing facility in SA

Signs MoU with the IDC and the dtic, and aims to complete the project by 2025.

By Roy Cokayne 9 Mar 2023  00:01



A vehicle transporter leaves the Stellantis NV factory in Cassino, Italy, on Friday, March 11, 2022. Image: Bloomberg

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Multinational automotive group Stellantis – which owns vehicle brands such as Fiat, Alfa Romeo, Citroën, Jeep, Opel, Peugeot and Abarth – plans to develop a manufacturing facility in South Africa.

On Wednesday it signed a Memorandum of Understanding (MoU) with the Industrial Development Corporation (IDC) and the Department of Trade, Industry and Competition (dtic) to develop such a facility.



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Stellantis was established in 2021 through a merger between the French-based PSA Group and Italian-American conglomerate Fiat Chrysler Automobiles.

The manufacturing plant is planned for setup in an unspecified South African special economic zone (SEZ), with the aim to complete the project by 2025.

There have however been suggestions Stellantis could use some of the excess capacity at the vehicle manufacturing plant established by Beijing Automobile International Corporation (BAIC) through an R11 billion investment in the Coega Industrial Development Zone (IDZ) in the Eastern Cape.

The IDC was a co-investor and has a 35% shareholding in the BAIC project.

IDC head of corporate affairs Tshepo Ramodibe said on Wednesday that Stellantis is currently structuring and consolidating its business case, the details of which include the location of the plant.

SEZ incentives

“Incentives offered in SEZs have appeal to this project. Various location options are being reviewed at this time and Stellantis will provide details to stakeholders in due course,” said Ramodibe

Announcing the signing of the MoU, Stellantis noted that the signing ceremony took place at the office of Minister of Trade, Industry and Competition Ebrahim Patel.

Patel said he is pleased Stellantis is looking to South Africa to expand its manufacturing footprint.

“The company is a large global automaker, with a range of well-known brands. South Africa is a great investment destination with significant car-making capacity,” he said.

“We look forward to working closely with Stellantis to enable the company to set up a plant that will expand our manufacturing base and create local jobs.”

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At the Stellantis MoU signing ceremony – (from left): IDC CEO Tshokolo Nchocho, Minister of Trade, Industry and Competition Ebrahim Patel, acting dtic director-general Malebo Mabitje-Thompson, Stellantis SA MD Leslie Ramsoomar and Stellantis Middle East and Africa COO Samir Cherfan. Image: Supplied

Closer to customers

Cherfan said the signing of the MoU is an important step in Stellantis’s ‘Dare Forward 2030’ strategic plan towards strengthening its leadership in the Middle East and Africa region and becoming a major player in South Africa.

“The manufacturing site in South Africa will be a new building block in our industrialisation strategy that includes the plan to sell one million vehicles in the region by 2030, with 70% regional production autonomy, and will bring us closer to our customers’ needs in the region.”

Nchocho said an investment partner like Stellantis is an amazing opportunity for South Africa.

“Their track record in manufacturing plants around the world is impressive and we look forward to a joint venture with Stellantis to build a successful plant in South Africa.

“It is another brick in the foundation towards our target of producing a million cars locally in SA.”

Investment case

Ramodibe said the MoU provides an exploratory framework for Stellantis to provide a business case, which will inform the IDC’s investment case.

He said the outcome of Stellantis’s business case will also largely inform the IDC’s decision in terms of the quantum of the IDC investment and equity consideration.

“It is too early at this stage in the process to pronounce on the nature of the potential investment,” said Ramodibe.

“For now, there isn’t any other partner [other than Stellantis and the IDC]. What we can confirm at this stage is that whatever the outcome, Stellantis will be the majority shareholder.”

Mikel Mabasa, CEO of automotive business council Naamsa, said the council was aware Stellantis was in talks with the South African authorities but was not aware of anything being signed between the parties.

Mabasa said Naamsa welcomes any additions to South Africa’s manufacturing landscape because it creates a very welcome prospect for much needed job creation.

He added that it will also enable South Africa’s vehicle manufacturing industry to increase production in the country.

Ambitious targets

Mabasa said the industry and government developed the South African Automotive Masterplan (SAAM) before the Covid-19 pandemic and it contained very ambitious targets for the industry, including increasing annual vehicle production to 1.4 million vehicles by 2035.

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“One of the key drivers for achieving that target was obviously not only to rely on the existing manufacturers that we have in South Africa but to also bring new players into the market.

“If there is any investor who is prepared to come into South Africa to invest further in the production of vehicles, it is an absolutely welcome prospect for the economy of the country.”

Mabasa said Naamsa got the sense that Stellantis’s investment in manufacturing vehicles in South Africa would be similar to the investment by BAIC, adding that there was talk of Stellantis partnering within the Eastern Cape manufacturing facility that was set up by BAIC.

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