

14 April 2021

**To: The Department of Trade Industry and Competition**

66 Robert Sobukwe Street  
Trevenna  
Pretoria  
Gauteng  
0002

Via Email: AIS-2comments@thedtic.gov.za.

Dear Sir/Madam,

## **COMMENTS BY INDUSTRY STAKEHOLDERS ON THE DRAFT AUTOMOTIVE INVESTMENT SCHEME – 2 PROGRAMME GUIDELINES**

On 31 March 2021, the Department of Trade Industry and Competition (DTIC) issued a call for comment requesting industry stakeholders to provide comments on the draft Automotive Investment Scheme – 2 Programme Guidelines (AIS-2 guidelines). We would like to thank you for the invitation to comment on the AIS-2 guidelines prior to the finalisation thereof. We believe that this welcomed opportunity will aid in successfully fostering meaningful engagement between Government and industry stakeholders.

It is acknowledged that the policy issues contained in the AIS-2 guidelines have been discussed in previous Executive Oversight Committee (EOC) meetings, therefore the comments contained in this document relate solely to the technical language of the guidelines.

As a general matter, we note that in certain instances there are different views and queries raised by members of the SAIT Business Incentives and Grants Tax Technical Work Group regarding the technical language of the AIS-2 guidelines. For the sake of comprehensiveness, we have reflected the differing views presented even in instances where there appears to be some duplication.

For ease of reference, we have included:

- Annexure A: A few specific (non-exhaustive) comments/ queries and recommendations, in tabular format; and
- Annexure B: Additional comments and queries relating to the draft AIS-2 guidelines.

Yours sincerely,

Members of the SAIT Business Incentives and Grants Tax Technical Work Group

## ANNEXURE A

Page No.	Section No.	Comment	Recommendation
5	3.2	The draft guidelines appear to state that the grant is now taxable, whereas the AIS was non-taxable.	<p>We request that the following matters be clarified:</p> <ul style="list-style-type: none"> <li>• Will the grant henceforth be taxable?</li> <li>• Will the AIS-2 Guidelines therefore not be reflected in the Eleventh Schedule of the Income Tax Act (the Act) as a non-taxable grant?</li> <li>• Alternatively, will the Act therefore be amended retrospectively to accommodate the AIS-2 Guidelines in the Eleventh Schedule?</li> </ul>
5	3.2.3	<p>Section 3.2.3 indicates that the maximum incentive amount will be “<i>guided by funds at hand and the investment proposition</i>”.</p> <p>Under the previous guidelines the amount of available funds was clearly outlined and made available. In order to determine if qualify costs are involved, in many instances when compiling and submitting investment propositions, businesses require considerable monies therefore. On the basis that it costs a surmountable sum of funds to compile an investment proposition together with all the necessary applications, greater certainty is required in this regard.</p> <p>Knowledge of available funds will assist business to formulate accurate budgets and projections.</p> <p>Additionally, this section indicates that the value of the incentive proposed in an application could vary based upon the availability of funds and the investment proposition. It is understood that availability of funding is a limitation on the grant being awarded. However, the reference to an investment proposition indicates that there is a separate set of rules, which is not publicly available that governs the adjudication of AIS-2 applications.</p>	<p>For purposes of certainty, we recommend that the DTIC provide regular feedback on the sum of funds that are available for investment propositions at each point in time. If there is a requirement for a limitation or a maximum value of the grant that can be awarded, we recommend that this be clearly stated.</p> <p>The quantification of a maximum grant value that can be awarded will provide applicants with certainty of their benefit when assessing business cases for a proposed investment in South Africa. We would expect that the limitation might only apply to investments above a certain investment value e.g. R 10 billion. This could create certainty for all investments below the identified maximum.</p>

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		The current wording of this clause is not clear regarding the intention. Furthermore, if the value of the grant awarded is impacted by this clause, then it could adversely impact a business case upon which an investment decision is to be made by potential investors in South Africa.	
5	Footnote 2	Presently the footnote reads “ <i>Section 4 of Customs and Excise Act (4.60.17)</i> ” This footnote needs to be corrected to reference the correct schedule in the Customs and Excise Act.	We recommend that this should read “ <i>Schedule 4 of the Customs and Excise Act (460.17)</i> ”.
5	3.3	It is not 100% clear what type of vehicles are included under Alternative Engine Technology (AET) vehicle manufacturers and Energy Efficient (EE) vehicle manufacturers.	<ul style="list-style-type: none"> <li>We would appreciate a definition of AET and EE vehicles, indicating what type of vehicles are included.</li> <li>Alternatively, consideration may be given to confirming exclusions under the two new categories (if any) – AET and EE vehicle manufacturers.</li> </ul>
6	4.1.1	Section 4.1.1 indicates a maximum investment period of twenty-four (24) months for commissioning, where such commissioning is applicable. In our view, the section is not particularly clear in what it seeks to achieve.	<p>For purposes of clarity, could it be confirmed whether the section refers to investment projects where the commissioning period is staggered through a period of 24-months, which constitutes the AIS-2 guidelines incentive period?</p> <p>Alternatively, could it be clarified that the clause refers to projects where the commissioning period is 24-months before reaching a point before commercial production may commence?</p>
6 and 16	5.3.1 – 5.4.2 and 13.4.2.3	The minimum Broad Based Black Economic Empowerment (B-BBEE) requirements to be met at application and claims stages are more stringent than the current AIS guidelines and do not allow applicants a great deal of time to meet the revised targets that change every twelve months based on the draft guidelines.	<ul style="list-style-type: none"> <li>We recommend that consideration be given to providing OEMs and CMs more time to comply with the proposed BEE requirements; and/or</li> </ul>

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		<p>It will be near impossible for some applicants to improve multiple levels from a current level 8 to obtain the minimum level 6 or level 4 requirements between application and claim stages as would be the case per the draft guidelines.</p> <p>Whilst the strengthening of the B-BBEE codes as part of the incentive is appreciated, for a company to achieve level 6 status by March 2022, they need to increase spend in the current financial year.</p> <p>As budgets were set September 2020, most companies would not be able to get additional approved funding for the current financial year in order to be to achieve a Level 6 in 2022.</p>	<ul style="list-style-type: none"> <li>More specifically, depending on the DTIC's planned targeted uptake for the incentive, the DTIC might consider a postponement of the implementation of the level 6 status requirement by one financial year: essentially, by not requiring companies to achieve level 6 status by 2022 but to rather postpone this to 2023. Furthermore, to allow for companies to achieve Level 4 by 2024.</li> </ul> <p>The main reason for this proposed recommendation to delay the implementation of level 6 status is because most automotive manufacturers that are operating within South Africa are part of multinational entities (MNE) with foreign parent companies. Typically, budgets are set by the foreign parent companies and are mandatory on the South African automotive manufacturer. Thus, expecting companies to increase their financial spend in order to achieve level 6 status- whereas such spend is not within their power – will preclude the majority of automotive manufacturers the ability to achieve level 6 status.</p> <p>We recommend consideration of allowing applicants to claim AIS benefits should they maintain the same BEE level achieved at the time of approval.</p>
7	5.8	<p>This section stipulates that applicants “must” maintain base year employment. However, the section does not clearly state what the consequence shall be should the base year employment not be maintained.</p>	<p>If maintaining base year employment is a mandatory requirement, we recommend that the consequence of non-compliance be clearly stated i.e. automatic termination for non-performance, otherwise this indicates there is discretion that the DTIC can apply where there is non-compliance. This removes the certainty of the treatment which needs to be explicit.</p>

Page No.	Section No.	Comment	Recommendation
			The inclusion of the words “ <i>and create</i> ” in the first sentence of this clause appears to be an error. We recommend that this wording be removed.
7	5.8	The term “plant” is not defined. In some instances, applicants have multiple sites/facilities that form part of the manufacturing process, which could be defined as a plant. In other cases, applicants may have multiple plants located on one facility.	We recommend that the term “plant” be defined.
7	5.8	Section 5.8 requires the applicant to <u>create and retain plant base year employment</u> levels during the entire incentive period from application stage and throughout all claim periods for the approved project. For subsequent applications, the applicant must demonstrate that they have <u>maintained or increased</u> plant base year employment.  It is noteworthy that by including this requirement in the draft AIS-2 guidelines, the DTIC appears to be driving its mandate of increasing employment in South Africa. However, it must be noted that general employment trends have changed drastically (particularly in recent times). In order to create efficiencies and maintain synergies, current international employment trends indicate that MNE’s are reducing their headcount - whether this be by means of staff reductions or by natural employee attrition. Notwithstanding this, MNE’s continue to increase their production spend in South Africa.  However, due to the requirement for vehicle manufacturers to <u>create and retain</u> plant base year employment, vehicle manufactures are not being incentivised. As a result, major automotive MNE’s with inbound investment in South Africa are currently not seeing the benefit of their investment in SA.	We request that the following matters be clarified: <ul style="list-style-type: none"> <li>• How does the DTIC propose to deal with plant base year employment going forward?</li> <li>• Will plant base year employment be measured on 1 July 2021 or will it be measured when the first project is submitted under the AIS 2 guidelines?</li> <li>• Does this requirement entail that the DTIC does not intend to allow a drop in employment until 2035?</li> </ul>
8	6.1	Section 6.1 of the “ <u>Transitional Provisions</u> ” stipulates that all projects with a start of production date until 30 June 2021 will be considered under <u>the previous guidelines</u> .	We suggest that the wording be amended to include applications and claims for each specific project.



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		This requirement is unclear as to whether the application of the previous guidelines will be specific to applications or to applications and claims as well. This requirement suggests that a specific project may potentially be dealt with under both the previous guidelines as well as the draft AIS-2 guidelines.	This will assist in ensuring consistency and efficacy of the incentive and will aid in creating certainty for inbound investors who want to do business in South Africa. This will also go a long way in ensuring that investors commit to their inbound investments, as the process will be consistent throughout.
8	8.1.1	This section states that new OEM applicants must achieve a minimum production volume of 50 000 units per annum per plant and that this should be achieved within twenty-four (24) months after the anticipated start of production date and be maintained throughout the claim cycle.	<p>We recommend that the minimum 50 000 units per annum requirement should be achieved from the actual start date of commercial production and not the “<i>anticipated</i>” start of commercial production. Kindly consider an amendment in this respect.</p> <p>There is no mention of the minimum annual production volume for AET vehicles in the body of the guidelines. However, there is mention of the annual production volumes of 1 000 units per annum for EVs in the Glossary of Terms and Conditions in the definition of a Project. We recommend that this be amended to reflect these annual volumes in the body of the guidelines under Clause 8.1.1.</p> <p>It is assumed that the mention of EVs in this definition is reference to AET vehicles in the guidelines. There needs to be consistency in the use of AET and EV, BEV and Hybrid vehicles in the guidelines.</p>
9	8.1.1.1	This section states that a special dispensation on volumes may be considered for new OEMs entering South Africa.	<p>We propose that a sliding scale be published.</p> <p>Additionally, in the Glossary of Terms and Conditions for the definition of a “<i>Project</i>” there is mention of “<i>at least 10 000 units per annum</i>”.</p>

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		The statement of a “ <i>special dispensation for consideration</i> ” indicates a discretionary process for the determination of the grant benefit. This does not provide clarity and certainty with regards to the governing performance requirements. If there is to be an indulgence for non-achievement of the 50 000 units per annum, then there should be a specified minimum that must be achieved, failing which the grant benefit is terminated. The treatment needs to be clarified in advance to create more certainty and transparency in administering deviations and non-compliance.	There is no mention with 10 000 units per annum production volume elsewhere in the guidelines. We request clarity whether this reference to the DTIC discretion as per Clause 8.1.1.1, is an alignment to the APDP2 Regulations or is this an error and should be removed?
9	8.1.2.1	This section indicates that there shall be a reduction of the value of the base grant, if the minimum 50 000 units per annum is not achieved. There needs to be certainty and transparency on how under achievement of the minimum annual production will be treated	We request guidance on how the grant will be reduced and on what basis, and what methodology shall be applied.
9	8.2.1	This section makes mention of the requirement to demonstrate “ <i>commercial viability</i> ”. However, it is not clear what the test to determine “ <i>commercial viability</i> ” will be.	We recommend that the definition and test of commercial viability be clarified, as it is ambiguous and open to interpretation. Furthermore, we request clarity on the methodology to be applied.
9	8.3.2	This section appears to promote and incentivise new component manufacturing entrants at Tier 2 and Tier 3 level in the supply chain, who have benefitted through the Automotive Industry Transformation Fund.	If our interpretation is correct, we recommend that the wording should be more explicit in stipulating that these companies being awarded contracts of R 2 million and above are “majority black-owned” companies.
9	8.2	Section 8.2 confirms that the base grant will be 30% for AET and EE vehicle manufacturers.	It appears that from the current AIS-2 guidelines that the 5% or 10% benefit has been removed from the guidelines and it may be inferred that this incentive is no longer available.

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			<p>In today's automotive climate, the drive to improve efficiencies has gained much momentum in recent years. As such major automotive manufacturers are increasing their drive to produce energy efficient motor vehicles. This includes the production of <i>inter alia</i> electric vehicles and more energy efficient battery systems. The AIS-2 guidelines appear to mainly incentivise automotive manufacturers and not those suppliers that provide these energy efficient components.</p> <p>We request consideration of also providing AET and EE vehicle <u>component manufacturers</u> (for example, battery producers for electric vehicles) a base grant of 30% instead of 25% to incentivise the industry.</p>
10	8.3.3	<p>According to the draft AIS-2 guidelines, in order to qualify for the base grant of 25%, component manufacturers must demonstrate <i>inter alia</i> the following: "A contract has been awarded of above R2 million by an entity with a turnover of at least R50 million for the manufacture of components to supply directly into an automotive investment project locally and/or internationally."</p>	<p>On the basis that not all companies have their Annual Financial Statements (AFS) listed, as a supplier of services/ component manufacturer it is not always possible to determine the turnover of the entity from which a contract has been procured.</p> <p>We request direction on how the DTIC proposes to evidence this requirement.</p>
10	8.3.3.1	<p>Section 8.3.3.1 stipulates that the incentive administration may at time to time publish products that will be supported under 8.3.3.</p> <p>However, we note that the list of published products has not presently been published. Therefore, businesses are not able to determine whether they indeed qualify for the incentive.</p>	<p>On the basis that a list is not currently available, does the DTIC intend for businesses to wait for the list of published products?</p> <p>Furthermore, we request confirmation of whether the list is intended to be an extensive, targeted list and when the list will be made available.</p>



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10	8.4	To encourage technology and new product development in South Africa, it is envisaged that the DTIC will publish relevant guidelines in this regard.	<p>In order to maintain certainty, we recommend that any new product list that is to be published should not be at the exclusion or detriment of benefits/incentives that are currently being granted to businesses.</p> <p>We suggest that when the new guidelines come into effect, that these guidelines should not exclude current beneficiaries on incentives.</p> <p>Additionally, the guidelines referred to in this section appear to imply that there will be a separate research and development incentive. We request clarification as to whether this indicates that the DTIC shall release a set of guidelines that deals specifically with EVs, BEVs and Hybrid powered vehicles?</p>
10	9	<p>This section relates to Qualifying Productive Assets and Investment Costs.</p> <p>The guidelines refer to financial leases for assets capitalised to the balance sheet. Under IFRS 16, leases are recorded on the balance sheet and control over the asset needs to be demonstrated and not ownership. The stipulated requirement in the AIS-2 Guidelines does not comply with IFRS 16 Leases accounting and reporting practices which adds complexity to the demonstration that an asset is a qualifying asset thereby creating uncertainty for the applicant.</p>	We request clarification on whether the impact of IFRS 16 on demonstrating control in the qualifying asset has been taken into consideration to deem the asset as qualifying as opposed to the previously required demonstration of ownership.
14	11.1.1	Amongst the items listed as “Non-Qualifying Assets/Investment Costs”, the guidelines indicate that “ <i>any assets that are not directly utilised in the manufacturing of the product</i> ” would not qualify under the AIS-2 guidelines.	It is questioned why the draft AIS-2 guidelines do not cater for aftermarket supply? After holding discussions with <i>inter alia</i> the tyre production and sale industry, it can be inferred that the aftermarket industry is a big market and large employer. Granting assistance into and incentivising the aftermarket industry market could open many opportunities and boost employment growth.

Page No.	Section No.	Comment	Recommendation
			We question whether there is a specific reason why the draft AIS-2 guidelines do not incentivise aftermarket supply?
14	11.1.12	<p>Amongst the items listed as “Non-Qualifying Assets/Investment Costs”, this section states that connected party costs are excluded.</p> <p>Second-hand or used assets being acquired is addressed in Clause 9.3. However, clause 9.3 does not provide guidance for acquisitions from related overseas parties in terms of a connected party transaction.</p> <p>The definition of “<i>Connected Party</i>” in the Glossary of Terms and Conditions indicates that an “<i>arm’s length transaction</i>” means the opposite thereof – does this intimate that second-hand or used assets acquired from a related or connected party from overseas which is conducted at arm’s length is not subject to this exclusion? This needs to be clarified and the definition of related or connected party transaction needs to be enhanced to provide greater clarity and certainty.</p>	We request clarification on whether the exclusion extends to second-hand and used assets acquired from a connected or related party from overseas.
17	14.1	It is clear from Section 14.1 that claims must be submitted within four (4) months after the end date of the specified “claim period.”	We request that the term “ <i>claim period</i> ” be defined.
17	14.5	<p>This section indicates amongst others that costs such as royalty payments will be deducted from the incentive grant.</p> <p>However, the payment of royalties by an applicant is not related to the awarding of the AIS-2 incentive grant. It appears that this clause may need to be clarified.</p>	<p>We request clarification:</p> <ul style="list-style-type: none"> <li>• How this section shall apply if there are no royalty payments included in the determination of the grant amount.</li> <li>• Whether the DTIC will deduct any royalty payments from the grant amount before disbursement to the applicant.</li> </ul>
22	Annex A - Section A(s)	<p>The “<i>Project</i>” definition includes the term “<i>EVs</i>” which is mentioned for the first time in the document. It states “(1 000 volumes for EVs) per plant per year”.</p> <p>Although it can be assumed that EVs refer to Electric vehicles, please kindly confirm whether AET and EE vehicle manufacturers fall under EVs.</p>	We request confirmation that AET and EE vehicles fall under EVs.

Page No.	Section No.	Comment	Recommendation
			Perhaps include “EVs – <i>electric vehicles include Alternative Engine Technology and Energy Efficient vehicles</i> ” under the Abbreviations and Acronyms table on page 3.

## ANNEXURE B

This annexure contains additional detail regarding the draft Automotive Investment Scheme-2 (AIS-2) guidelines and is intended to be read together with the specific comments provided in Annexure A. We set out below our queries and comments (accompanied by examples, where applicable) of additional commentary to the draft AIS-2 guidelines.

### 1. South African Automotive Masterplan

The South African Automotive Masterplan (SAAM) is prefaced in the preamble and the Programme Description of the AIS-2 guidelines. The objectives of the SAAM are further individually detailed in the Programme Description under Clause 3.1.

The review of the guidelines indicates less focus on certain SAAM individual objectives.

The SAAM objective of Transformation receives the necessary attention with the attention being placed onto the phasing in of enhanced Broad-Based Black Economic Empowerment (B-BBEE) compliance levels over a period of time.

The other individual objectives, which do not have specific mandatory or other criteria specified in the new AIS-2 guidelines are:

- Growing annual volume production to 1% of total global production;
- Increase of local content;
- Double total employment in the automotive value chain; and
- Deepen value addition in the automotive value chain.

We understand that these are policy issues already decided on.

### 2. AIS-2 Benefit Determination

The baseline benefits offered to applicants on the AIS-2 guidelines will receive a flat benefit as follows:

- Original Equipment Manufacturers: 20%
- Component Manufacturers: 25%
- Alternate Engine Technology and Energy Efficient vehicle manufacturers: 30%

This presents a simpler and easier to manage benefit calculation and determination for the DTIC. However, there are several challenges with the benefit levels:

- Who or what are Alternate Engine Technology (AET) and Energy Efficient vehicle manufacturers? Are these Electric Vehicle (EV), Battery Electric Vehicle (BEV) or hybrid vehicle manufacturers? If so, for purposes of simplifying the nomenclature and general industry understanding, can the reference to AETs and Energy Efficient vehicle manufacturers be changed to EV, BEV and Hybrid powered vehicle manufacturers and component manufacturers? If these definitions are not clear, there could be disputes on the benefit levels.
- The ability to earn a higher percentage benefit for AET vehicles does not appear to be extended to component manufacturers, who are manufacturing and supplying components for this category of vehicle. This needs to be clarified whether component manufacturers have this ability to earn a higher benefit for supply into this market segment supply chain.
- The offering of flat rate as presented, removes any incentive for both OEMs and component manufacturers to increase contribution levels to the achievement of the SAAM objectives, as is reflected in the current AIS guidelines through Economic Benefit Criteria Tables A1 and A2.

The proposal is to reward AIS-2 applicants for the level of contribution towards the SAAM objectives by offering increased benefits for the level of contribution i.e. base benefit plus a premium for additional contribution toward individual SAAM objectives.

It is proposed that new entrants to the local automotive supply chain should be provided with a higher benefit as these new entrants will effectively contribute to the achievement of the SAAM individual objectives and therefore should be rewarded as they do not currently form part of the current supply chain manufacturing base and any investment will be deemed as growth.

### 3. Mandatory Criteria

The structure of the phasing-in of the enhanced B-BBEE requirements appears fair and equitable, however, there are practical challenges with the phasing-in process which could be to the detriment of applicants and result in termination of applicant's benefits.

These practical challenges are:

- B-BBEE certificates are valid for a period 12-months and can only be replaced / renewed on the verification of activities based upon a historic financial period. The B-BBEE Codes of Good Practice require verifications to be conducted on audited annual financial statements only.
- The future AIS-2 benefits are based upon the historic initiatives undertaken to improve the B-BBEE compliance levels and fall into separate periods.
- The financial periods on which the B-BBEE certificate verification is based, and the certificate validity periods are not in alignment which should be considered because there is a lag and lead effect.
- This will require applicants to effectively plan 24-months in advance for their B-BBEE score to meet the proposed phase-in enhancement of B-BBEE compliance levels. This may not be practical based upon the timing of the release of the final AIS-2 guidelines.
- A further practical challenge is that an AIS-2 applicant may be in possession of a valid B-BBEE certificate that meet the proposed B-BBEE requirements for the period 1 January 2022 to 31 December 2022 based upon their B-BBEE certificate issued in June 2022, which remains valid until June 2023. The B-BBEE certificate was issued against the audited annual financial statements for the financial period ending 31 December 2021. However, the valid certificate does not meet the B-BBEE requirements from 1 January 2023 and shall only be renewed in June 2023. If an applicant needs to submit claims, will the DTIC automatically repudiate the claim and terminate the applicant's benefits? Or shall the DTIC allow the claims to be submitted? Shall the DTIC then suspend processing, adjudication and payment of the claims until the renewed B-BBEE certificate can be provided which complies with the phased-in B-BBEE requirements from 1 January 2023? This is only applicable for the transitional phase-in period where there is the enhancement of B-BBEE compliance requirements. This impact shall effectively cease from 1 January 2024 onwards.

Our recommendation is to align the effect dates to year ends starting on or after the proposed dates as stipulated in the guidelines.

### 4. Transitional Provisions

The Transitional Provisions appear to be self-explanatory and clear. However, there is an anomaly which is not catered for in the Transitional Provisions as presented, as per the example that follows: -

An application has to be submitted on or before 30 June 2021 in order to comply with the submission requirements under AIS (not AIS-2 guidelines) and is prepared on the AIS guidelines with a Start of Production date on or after 1 July 2021. The application is prepared on the AIS guidelines as these are the only confirmed guidelines in effect at the time.



The question is then, on which set of guidelines will the project be administered, AIS or AIS-2? The Transitional provisions are not clear on the treatment of such an instance and will raise uncertainty for the applicant.

The proposed solution, to remove all and any uncertainty, is to determine the guidelines on which a project will be administered should be based upon the date of submission and not the date for the Start of Production.

## 5. Start of production definition

The definition of Start of Production contained in the Glossary of Terms and Conditions is inadequate.

It is understood for a component manufacturer, that DTIC currently treats the manufacture of samples which are supplied to the OEM under invoice is considered commercial production. The supply of samples cannot be reimbursed by the OEM to the component manufacturer without an invoice being issued.

Further the supply of these samples is used for testing purposes by the OEM whether for testing their production lines or build of test vehicles for safety testing or for any other purpose other than for sales.

The commercial Start of Production for component manufacturers should be linked to the applicable OEM's Start of Production date for volume production which will be for commercial purposes, as the component manufacturer is effectively part of OEM supply chain and production dates are dependent on the OEM.

## 6. General Comments and Questions

Will the proposed changes in the AIS-2 guidelines be extended to the People-Carrying AIS and the Medium Heavy Commercial Vehicle AIS programmes in their current form?

Will there be harmonisation between the Automotive Production and Development Programme 2 (APDP2) Regulations and the AIS-2 guidelines?

This is specific to:

- The phase-in of enhanced B-BBEE compliance requirements? The APDP2 Regulations currently only require B-BBEE compliance which is effectively Level 8.
- The minimum annual production volume of 50 000 units, AIS-2 guidelines, and 10 000 units, APDP2?
- There needs to a single measurement for the automotive industry across all available benefit programmes.

Glossary of Terms and Conditions: The definition of a component manufacturer includes motorcycle component manufacturers. This appears to be an error, as motorcycles are not included in the balance of the AIS-2 guidelines or the APDP2 and should be removed.

End.

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