

Growth in the commercial vehicle segment could boost tyre demand

The South African tyre market is the fastest growing tyre market in Africa. The continuous growth in the per capita income has resulted in increasing the domestic sales of automobiles and the introduction of the Automotive Production and Development Programme (APDP) in 2013 by the South African government is expected to augment the domestic automobile production significantly over the next few years.



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South Africa has also many trade agreements with various countries, which have enabled the country to become one of the preferred export destinations, globally. Major automobile manufacturers such as Toyota, Volkswagen, Nissan, Renault, General Motors, Mercedes Benz, BMW, Ford, Fiat, Iveco, Isuzu, MAN, Volvo and Scania have already established their manufacturing or assembly plants in the country.

According to the recently published report by TechSci Research - "South Africa Tyre Market Forecast & Opportunities 2019" - the tyre market in South Africa is projected to grow at a CAGR of around 9%, in revenue terms, during 2014 to 19, due to continuous expansion in production capacity and increasing investments in the automotive sector.

Commercial vehicles to dominate

The report indicates that Goodyear, Apollo, Continental and Bridgestone are the major tyre manufacturers in the South African tyre market, accounting for over 50% cumulative share of the country's overall tyre sales. Michelin, Pirelli, Kumho and Yokohama, etc., are also setting up their businesses and broadening their respective product portfolios to capitalise on the growing tyre demand in the country through imports from their overseas manufacturing units. However, tyre imports from China continue to pose a huge challenge for domestic as well as international players in South Africa due to comparatively low selling price of Chinese tyres.

"The commercial vehicle tyre segment is expected to dominate the tyre market in South Africa during the forecast period, due to the growing mining and construction sectors. Additionally, the South African government's promotional plan for automotive manufacturers is also anticipated to drive automobile production, which would substantially contribute towards increasing the demand for tyres over the next five years," said Karan Chechi, research director of TechSci Research, a research-based global management consulting firm. Chechi further added that sales of passenger cars and commercial vehicles have registered a double-digit growth rate in South Africa during the last four years, which has been driving the demand for tyres, particularly in the replacement tyre market segment.

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