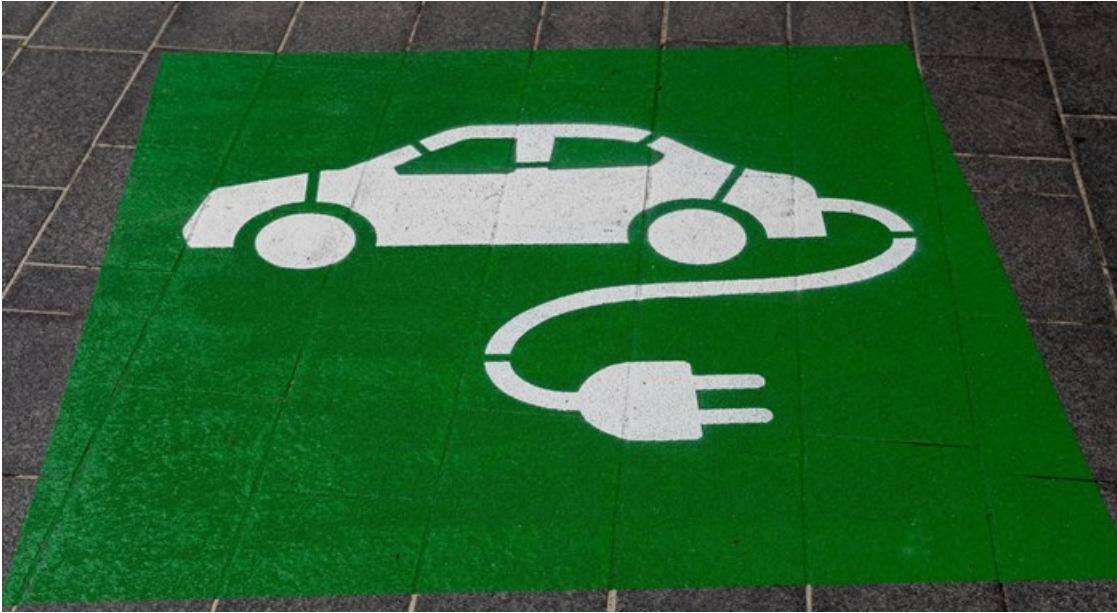


# Government to support energy transition in automotive sector

Government plans to implement tax and expenditure measures to support the automotive sector to transition to a low-carbon economy.



Source: [Unsplash](#)

Delivering the Medium Term Budget Policy Statement in Parliament on Wednesday, Minister of Finance Enoch Godongwana said details will be provided in the 2024 Budget Review.

“Part of the broader strategy includes collaborating with other African countries to develop battery production capacity on the continent, by pooling the critical-mineral resource base that Africa is endowed with,” the minister said.

He explained that the transition to a low-carbon economy should be integrated into a comprehensive green growth strategy and industrialisation plans.

This involves assessing policy conditions, challenges, and opportunities for diversification and investing in new industries.

“South Africa's traditional trading partners are intensifying their decarbonisation plans. Many countries introduce carbon pricing mechanisms to make emissions more expensive and incentivise emissions reductions.

“In automotive, a major export and source of employment, the transition to new energy vehicles (NEVs) poses an existential threat to South African vehicle production.

“This transition will require balancing domestic market demand, establishing renewable energy-based charging infrastructure, and supporting production. The goal is to make sure the sector remains a major contributor to the industrial development of the domestic economy.”

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