

CEPI Review n° 30

Strategic positioning study for the branch

«Mechanical automotive components and accessories»

INTRODUCTION

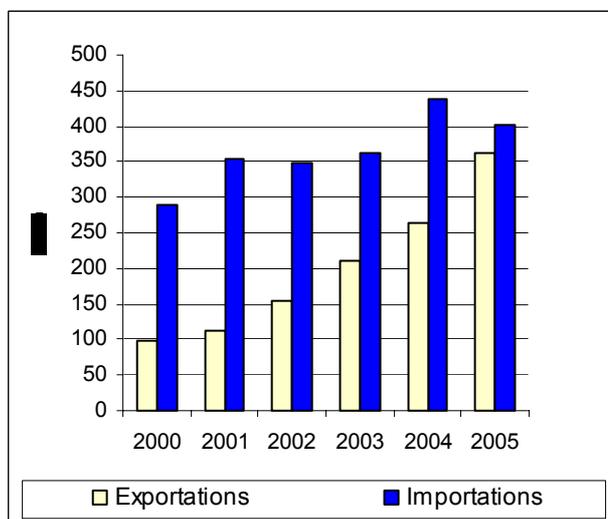
The mechanical automotive components and accessories branch in Tunisia groups the following activities: equipment for motors, exhaust/transmission/steering/suspension/braking components, equipment for bodywork (internal and external) and parts in rubber and plastic.

NATIONAL SITUATION

There are 84 companies in this branch with at least 10 employees, 35% of which export their entire production. These companies provide 10,250 jobs, 59% (6000 jobs) of which are generated by companies that export their entire production. The average manning table by business counts 122 employees. In 2005, production came to 840 million TND, with a growth rate of 20% per year on average over the period 2000-2005.

Imports by the branch posted an average annual growth rate of 7% over the period 2000-2005, coming to 402 million TND in 2005. For the same period, exports grew by some 30% a year, coming to 362 million TND in 2005. 66% of these exports involve the following products: steering wheels, steering shafts and boxes, safety belts, laminated springs, brake cables and starters.

Trends in trade for the period 2000-2005 are as follows:



The rate of coverage of imports by exports went up strikingly, from 34% in 2000 to 90% in 2005. Tunisia's main suppliers and clients over the years have been France, Italy, Germany and Spain, accounting for 76% of imports and 86% of exports in 2005.

Investments over the period 2001-2005 came to 226.7 million TND. Investments for upgrading approved by the COPIL came to 84.9 million TND (71.5 million TND for tangible investments and 13.4 million TND for intangible investments).

At the end of 2005, the mechanical automotive components and accessories branch counted 25 certified companies (ISO 9000, ISO 14001 and ISO TS 16949), barely 30% of all companies in the branch.

INTERNATIONAL SITUATION

In an international context, the automotive equipment sector is one of Tunisia's most important industries, representing some 1300 billion euros in annual turnover. Car manufacturers and sub-contractors each provide half of the added value in a car, with the trend going toward a larger role for sub-contractors. Car manufacturers increasingly tend to deal with a limited number of suppliers, who need to be able to co-develop with those building modules (complete sub-assemblies), giving them full responsibility in terms of development, industrialization and quality. Capacity for innovation is at the heart of change in the chain of suppliers of parts and equipment.

INTERNATIONAL COMPARISON

Benchmarking has been established with seven countries of reference (France, Germany, Turkey, Rumania, Poland, Spain, and Morocco) for 14 products in the branch. For each product, a three country benchmarking table has been established. These various benchmarking tables show that production capacity at Tunisian companies is too weak to compete on international markets. Prices are competitive but technology and services (R&D, design and meeting of deadlines) need to be improved.

OBJECTIVES FOR 2010

Profitability and quality are the two crucial objectives for manufacturers of automotive components in Tunisia. The branch needs to:

- improve its industrial organization,
- deliver better quality parts, and
- target those products that are most profitable, especially for small series.

PROMISING ACTIVITIES AND MARKETS

- **Mechanical equipment:** such as renovating mechanical parts
- **Thermal equipment:** heating radiators, evaporators and condensers (with the latest technologies), sub assemblies such as manifolds, air vents, control boards or panels, small parts in plastic or metal, etc.
- **Internal bodywork:** dashboards, door mechanisms, roof panels, door panels, sound insulation, floor carpeting, ashtrays, etc.
- **External bodywork:** white box components and plastic components such as shields and wings or hatchbacks, rear view mirrors, hub caps, radiator grills, roof grills, and protective trim
- **Motor parts:** butt joints (cylinder head gaskets and units) and products relating to filtering: oil filters, motor air filters, passenger compartment air filters, fuel filters
- **Bodywork parts:** suspension, braking components, exhaust components
- **Industrial services:** calibration, surface treatment, CAD, CAM, etc.

1. Action at the company level

- Strong investment in research and development
- Integration of new information and communication technologies
- Development of strategic partnerships with all other suppliers working in the various professions
- Improvement in the following areas: product standardization, certification of management systems, keeping costs down, and mastery of logistics

2. Institutional measures

The Tunisian state will need to intervene with targeted, aggressive action to encourage research-development, orient demand, and enhance skills through education and training.

3. Promotional activities

Implementation of working groups with industrial partners in the following areas:

- Management of information
- Evaluation of the attractiveness potential of promotional tools
- Participation in national and international fairs
- Promotion oriented to attracting investment
- Facilitating access to technology
- Strengthening sectoral cooperation
- Improving export promotion

4. Setting up new businesses and partnerships

12 ideas have been identified and elaborated in project sheets and need to be promoted: brake linings, renovation of universal joints, radiators made of aluminum, connector hoses and door gaskets, shock absorbers, laminated springs, filters for industrial vehicles, rims made of aluminum, molding of automotive parts using lost wax techniques, cutting of automotive parts, unit for surface treatment by anodization and bi chromium plating, minibus assembly unit.

ACTION TO BE UNDERTAKEN