

# Africa's Indigenous Automotive and Economic Resilience: Exploring the Nexus and Shifting Gears Inward for Building a Sustainable Continental Economy

**Wakawa Hyelladzira Musa**

Nigerian Army School of Finance and Administration,  
Army Cantonment Arakan, Apapa Lagos, Nigeria.

Email: [drmwakawa@gmail.com](mailto:drmwakawa@gmail.com)

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**Abstract:** *Africa's indigenous automotive industry has long been recognized as a vital sector for promoting economic resilience and sustainable development. However, the industry's potential remains largely untapped due to various challenges, including limited infrastructure, inadequate skills, and dependence on foreign imports. This study explores the nexus between Africa's indigenous automotive industry and economic resilience, with a focus on shifting gears towards a sustainable economy. Using a literature review method, the study identified that Africa's indigenous automotive industry is underdeveloped, with limited production capacity and a lack of competitiveness. It also revealed that Africa relies heavily on foreign imports to meet its vehicle demands, resulting in significant foreign exchange outflows and limited economic benefits for the continent. The study equally identified the need for deliberate policy support to promote the development of Africa's indigenous automotive industry. The study concludes that a robust indigenous automotive industry can bring about sustainable development in Africa and recommends that African governments should prioritize the automotive industry by making providing funding support, training, research and making deliberate policies and actions to revitalize it, encourage states and citizens' patronage.*

**Keywords:** Africa, indigenous, automotive, auto policy, sustainable economy

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## INTRODUCTION

Africa's automotive industry presents a paradoxical scenario, where despite the presence of several indigenous manufacturers, the continent remains heavily reliant on foreign automobiles (Ogunkuade, 2018). This phenomenon is characterized by a significant gap between the demand for vehicles and the capacity of local industries to

meet this demand (African Automotive Industry Report, 2020). As a result, Africa's automotive market is dominated by imported vehicles, which undermines the growth and competitiveness of local manufacturers (Mhlanga, 2019).

The consequences of this paradox are multifaceted, with far-reaching implications for Africa's economic development. The reliance on foreign automobiles results in significant foreign exchange outflows, which can exacerbate balance of payments deficits and undermine economic stability (KPMG, 2019). Furthermore, the absence of a thriving indigenous automotive industry limits the creation of employment opportunities and the development of local skills and expertise (AfDB, 2018).

The lack of support for indigenous automotive industries has devastating effects on Africa's economic development. With governments and citizens eschewing locally produced vehicles, the industry is deprived of the patronage it needs to grow and compete (Mhlanga, 2019). This, in turn, results in job losses, reduced government revenues, and forgone export opportunities (KPMG, 2019). The net effect is a loss of economic resilience, as Africa's economy remains beholden to external factors rather than harnessing its internal potential.

The development of a vibrant indigenous automotive industry is essential for Africa's economic growth and development (UNCTAD, 2019). By promoting local manufacturing, Africa can reduce its reliance on foreign automobiles, conserve foreign exchange, and create employment opportunities for its citizens (Ogunkuade, 2018). Moreover, a thriving indigenous automotive industry can serve as a catalyst for the development of other sectors, such as metals, plastics, and textiles (African Automotive Industry Report, 2020).

Transportation controls the world's economy. It is one thing to produce and another thing to get the products across to the users (consumers). Foods, pharmaceuticals, equipment and automotive machines are supplied across the world through various means of transportation such as Sea, Land and air. One of the important means of transportation in Africa is automobiles (Cars, Trucks and Motorcycles). Hence, the demand of these means of transportation across Africa is a multi-billion dollars business. Unfortunately, African leaders are yet to realize the potentials of gearing inwards toward developing the indigenous automotive industry.

In contrast, countries, like Japan, Germany and China are investing heavily into the development of their automotive industries to meet the high global market demands which Africa is a major market. The Japanese referred to this industry as the "bread and butter of the Japanese's economy" (Yomiuri, 2024). Yomiuri also states that the Japanese Government planned to increase Japanese automakers global market share of software-defined vehicles (SDV) to 30% by 2030. This shows how essential this sector is to their economy. Japan invested in its automotive sector about 6.87 Trillion Yen between 2017 and 2021. Specifically, 1.29 Trillion Yen was invested in 2017, 1.58

Trillion in 2018, 1.38 Trillion in 2019, 1.23 Trillion in 2020 and 1.39 Trillion in 2021 (Statista, 2024 & Alexandru (2023)).

Toyota on the other hand sold about 256000 units of automotive in Africa in 2021 alone. Specifically, 133,000 units sold in North Africa, 54,000 sold in West Africa, 43,000 sold in East Africa, 117,659 sold in South Africa (Irma 2022), and 10,000 sold in Central Africa. On average, if each was sold at 7000 dollars it amount to 1.792bn Dollars. This is just on the average, and it is Toyota alone, Honda, Mercedes, Hyundai, Passat, Chevrolet, Fords, Lamborghini, and others are not included. On the average over 1.792 Billion Dollars left the African economy to Japan. One can only imagine how much leaves Africa on annual bases to other foreign economies to import both new and used automobiles. This further explains clearer why the African economy struggles to resist or withstand global shocks. According to Atsushi (2024) the Japanese sold 5 million units of Toyota in the first Quarter of 2024". With Africa as one of major market for foreign automobiles, it can deduce that the 5 million units of Toyota were sold in Africa and monies generated here for borrowed abroad are taken to Japan.

Furthermore, In 2022, Germany invested a whole some of about 52.2Bn Euros into its automotive industry, Japan 33.62bn Euro, USA 33.6, China, 22.2, South Korea 4.6 (VDA, 2024). Accordingly, how much did Nigeria invested in its automotive industry in 2022? How much did South Africa, Ghana, Kenya, Uganda, Morocco, and Egypt invested in their indigenous automotive sectors? It suffices that without deliberate invested into the automotive manufacturing sector of Africa? It is a big question that calls for other studies. With a shift of gear, the continental economy which it is the aggregate of all the Economies of African Countries would continue to be a dumping ground for foreign automobiles. Monies earned in Africa would continue to taken to be spent in other economies undermining continental growth and development. There is need for Africa to begin to explore, excavate and shift gears a bit toward the indigenous automotive sector which is a multi-billion dollars industry. The need for deliberate funding of research and policies that would accelerate quality and patronage of home made automobiles cannot be overemphasized.

Accordingly, Indigenous automotive development has the potential to facilitate gainful transfer of technology and expertise, enabling African manufacturers improves the quality and competitiveness of their products (Mhlanga, 2019). By leveraging local resources and expertise, African manufacturers can develop vehicles that are tailored to the region's unique needs and conditions, thereby enhancing their appeal to local consumers (KPMG, 2019). The development of a robust indigenous automotive industry is critical for Africa's economic resilience and sustainability (AfDB, 2018). The consequences of Africa's reliance on foreign automobiles are far-reaching. The continent's economy is rendered vulnerable to global economic shocks, as the influx of foreign vehicles disrupts local markets and undermines the competitiveness of indigenous manufacturers. Furthermore, African governments are often compelled to borrow from foreign lenders, such as China, to finance the importation of vehicles from

countries like Japan. This not only perpetuates a cycle of debt but also diverts scarce resources away from local industries.

Commendably, Africa is not short of indigenous automotive companies, all that is required is a shift of gears to developing that sector. African leaders largely rely on oils, foreign aids and international debts to finance deficit budgets without zero attention on this multi-billion dollar sector. The need to for African Countries to invest in research and development to unpack this untapped sector of their economies is long overdue. The paradox of Africa's indigenous automotive industry is that, despite its promise, it remains marginalized and underdeveloped. This is not due to a lack of innovation or entrepreneurship but rather a lack of support and patronage from governments and citizens. By exploring the complex issues surrounding Africa's reliance on foreign automobiles, this study aims to explore the nexus between Africa's indigenous automotive industry and economic resilience, with a view to identifying strategies for promoting local patronage and investment. Also, it seeks to provide a deeper understanding of the challenges facing the continent's indigenous automotive industry and proffer the need to shift gears of investment and patronage inward. It is assumed that this contextual analysis would put Africa on the path of unlocking the potential of its indigenous automotive industry, foster economic resilience, and reduce its dependence on foreign economies to withstand global economic shocks.

### **Overview of African Indigenous Automotive Manufacturing Industry**

The automotive industry comprises a wide range of companies and organizations involved in the design, development, manufacturing, marketing, selling, repairing, and modification of motor vehicles. According to IBIS World report (2024) the automotive industry is the number 5<sup>th</sup> of the world's largest industries by revenue contributing about 33739b Dollars. The automotive industry began in the 1860s with hundreds of manufacturers pioneering the horseless carriage. Early car manufacturing involved manual assembly by a human worker. The process evolved from engineers working on a stationary car, to a conveyor belt system where the car passed through multiple stations of more specialized engineers. Starting in the 1960s, robotic equipment was introduced to the process, and most cars are now mainly assembled by automated machinery (Jarvis 2010). Over the years, African countries have depended largely on cars imported from Asia, Europe and America to meet their mobility needs (Amaka 2023). Africa is not been short of players in automotive manufacturing sector of her economy. There are private operators; some are into assembling while others are into assembling and manufacturing using mostly local materials to produce cars, trucks and motorcycles. Few selected players in this lucrative but largely untapped sector of the African economy are subsequently discussed below.

### **Innoson Vehicle Manufacturing (IVM) in Nigeria**

According to Amaka (2023), Innoson Vehicle Manufacturing Co. Ltd is owned by Innocent Chukwuma, a Nigerian entrepreneur. It was established in 1987 as a motorcycle manufacturing company but has grown into one of the biggest car

manufacturers in Africa. The plant is located in Nnewi, Anambra and its vehicles are widely used in West African countries like Mali, Sierra Leone, and Ghana. Many referred to the IVM as the “Pride of African Roads” because it manufactures vehicles, motorcycles, tricycles, buses, trucks and military vans amongst others that suit the African Roads (Vanguard, 11 Aug, 2020). According to the company, about 70% of their car parts are produced locally while only about 30% are sourced from Japan, China, and Germany (Venture Africa, 12 Feb, 2014).

Accordingly, the IVM manufactures vehicles of various models to include:

- i. IVM Caris compact sedan
- ii. IVM G20 Smart compactMPV
- iii. IVM Ikenga compactMPV
- iv. IVM Capa MPV
- v. IVM G5Tmid-size crossover.
- vi. IVM G6T mid-size SUV.
- vii. IVM G40 off-road vehicle.
- viii. IVM G80mid-size SUV
- ix. IVM Carrier 4WDmid-size pickup truck
- x. IVM Granitemid-size pickup truck.
- xi. IVM Mini Busmicro-van.
- xii. IVM G5SUV

More so, the IVM is producing Tricycles and Motor Cycles of all categories that are being used for intra-cities commercial transport activities. So many Nigerians have been indirectly employed as a result of this technology. The company equally produces tyres of good grades and high qualities dogged for the African Roads. Other products IVM manufactures include plastics amongst others. Others in Nigeria include Nord Motors, OMAA Motors, Linkas Motors, all located in Lagos State. Rano Motors Located in Kano and Proforce Limited located in Ogun State.

Consequently, other African Countries are not short of this green and untapped sector of the African economy. South Africa has Birkin Cars and Uri Motors amongst others. Ghana has Kantanka Motors, Morocco has Laraki Automobiles, Tunisia has Wallyscar Motors, Uganda has Kiira Motors, and Egypt has El Nasr Automotive manufacturing company in Cairo, and Mobius in Kenya to mention but few.

### **Wallyscar in Tunisia**

Wallyscar Motors is a Tunisian automobile manufacturer based in Tunis, Tunisia. The company was founded in 2006 by Zied Guiga. Some of its models include:

- i. Wallyscar Izis (2008): A compact SUV
- ii. Wallyscar Iris (2011): A city car
- iii. Wallyscar Izis 2 (2015): An updated version of the Izis SUV

### **Kantanka in Ghana**

Kantanka Motors is a Ghanaian automobile manufacturer based in Accra, Ghana. The company was founded in 2001 by Apostle Kwadwo Safo. Some of the models are:

- i. Kantanka Omama (2013): A 4x4 SUV
- ii. Kantanka Onantefo (2013): A pick-up truck
- iii. Kantanka Mensah (2015): A saloon car
- iv. Kantanka Omama 4x4 (2019): An updated version of the Omama SUV

### **Kiira Motors Corporation (KMC) in Uganda**

Kiira Motors is a Ugandan automobile manufacturer based in Kampala, Uganda. The company was founded in 2014 as a project of the Makerere University College of Engineering, Art, Design and Technology. Some of their models include:

- i. Kiira EV: An electric vehicle designed for the African market
- ii. Kiira EVS: A solar-powered electric vehicle
- iii. Kiira SMACK: A hybrid vehicle designed for public transportation

### **Mobius Motors in Kenya**

Mobius Motors is a Kenyan automobile manufacturer based in Nairobi, Kenya. It was founded in 2010 by Joel Jackson. Models include:

- i. Mobius II: A rugged and affordable SUV designed for the African market
- ii. Mobius III: A newer model with improved features and design

### **Laraki Automobile in Morocco**

Laraki Motors is a Moroccan luxury sports car manufacturer based in Casablanca, Morocco. The company was founded in 1999 by Abdeslam Laraki. Models include:

- i. Laraki Fulgura (2002): V12-powered, 700 horsepower sports car
- ii. Laraki Epitome (2013): V8-powered, 1,100 horsepower hypercar

### **Birkin Motors in South Africa**

Birkin Motors is a South African sports car manufacturer based in Port Elizabeth, South Africa. The company was founded in 2003 by John Watson and Jeffery Birkin. It models amongst others include:

- i. Birkin S3 (2003): A 3.5L V6-powered, 185 horsepower sports car
- ii. Birkin S3 Roadster (2005): A convertible version of the S3
- iii. Birkin CS3 (2008): A 4.0L V8-powered, 305 horsepower sports car

### **El Nasr Motors in Egypt**

El Nasr Motors is an Egyptian state-owned automobile manufacturer based in Cairo, Egypt. It was founded in 1960 as a subsidiary of the Egyptian Ministry of Industry. It models include but not limited to:

- i. El Nasr Cars: Passenger cars, including sedans and hatchbacks
- ii. El Nasr Buses: Public transportation buses
- iii. El Nasr Trucks: Commercial trucks and vans

### **The Current State of Africa's Indigenous Automotive Industry**

Africa's automotive industry is characterized by a significant gap between demand and supply, with the continent relying heavily on imported vehicles (African Automotive Industry Report, 2020). The industry is dominated by a few major players, with South Africa, Egypt, and Morocco accounting for the majority of vehicle production (KPMG, 2019). Despite efforts to promote local manufacturing, Africa's automotive industry remains fragmented and underdeveloped (Mhlanga, 2019). This has resulted in a lack of competitiveness and innovation in the industry.

The current trends in Africa's automotive industry are shaped by factors such as government policies, consumer preferences, and technological advancements (UNCTAD, 2019). There is a growing demand for vehicles in Africa, driven by increasing urbanization and economic growth (African Automotive Industry Report, 2020). However, this demand is largely met through imports, which undermines the growth and competitiveness of local manufacturers.

The competitiveness of Africa's indigenous automotive manufacturers is a major concern, with many struggling to compete with foreign brands. The lack of economies of scale, limited access to technology and finance, and inadequate infrastructure are some of the key challenges facing local manufacturers (KPMG, 2019). Despite these challenges, some African manufacturers have made significant strides in improving their competitiveness, such as Innoson Vehicle Manufacturing in Nigeria and Kantanka Automobile in Ghana (African Automotive Industry Report, 2020).

To assess the competitiveness of Africa's indigenous automotive manufacturers, it is essential to evaluate their performance in areas such as production costs, product quality, and market share (UNCTAD, 2019). Local manufacturers must also develop strategies to overcome the challenges they face, such as partnering with foreign companies to access technology and finance.

Improving the competitiveness of Africa's indigenous automotive manufacturers requires a comprehensive approach that addresses the various challenges they face (Mhlanga, 2019). Governments must play a crucial role in promoting local manufacturing through policies such as tariffs, taxes, and incentives. Additionally, local manufacturers must invest in research and development to improve the quality and competitiveness of their products (African Automotive Industry Report, 2020). Therefore, the competitiveness of Africa's indigenous automotive manufacturers is critical for the growth and development of the continent's automotive industry. By addressing the challenges they face and developing strategies to improve their competitiveness, local manufacturers can play a major role in promoting economic growth and development in Africa.

### **The Economic Implications of Africa's Reliance on Foreign Automobiles**

Africa's reliance on foreign automobiles has significant economic costs, including the outflow of foreign exchange, loss of government revenue, and reduced economic growth. A quantitative analysis of the economic costs of importing foreign automobiles reveals that the continent spends billions of dollars annually on vehicle imports (African Automotive Industry Report, 2020). This outflow of foreign exchange puts pressure on Africa's balance of payments and undermines the continent's economic stability.

The economic costs of importing foreign automobiles also include the loss of government revenue, as imported vehicles are often exempt from local taxes and duties. Furthermore, the reliance on foreign automobiles reduces the demand for locally manufactured vehicles, leading to reduced economic growth and development. A study by the African Development Bank estimated that Africa's automotive industry has the potential to create over 1 million jobs and generate billions of dollars in revenue annually (AfDB, 2018).

The impact of foreign automobile imports on Africa's balance of payments is significant, as the continent's reliance on imported vehicles results in a substantial outflow of foreign exchange. The importation of foreign automobiles puts pressure on Africa's balance of payments, as the continent struggles to meet its foreign exchange obligations (UNCTAD, 2019). This can lead to a depreciation of the local currency, inflation, and reduced economic growth. The reliance on foreign automobiles also undermines Africa's trade balance, as the continent imports more vehicles than it exports. This trade deficit can have far-reaching consequences for Africa's economic stability and development. To address this challenge, African governments must implement policies that promote local manufacturing and reduce the reliance on imported vehicles.

Reducing Africa's reliance on foreign automobiles requires a comprehensive approach that addresses the various challenges facing the continent's automotive industry. This includes investing in infrastructure, developing local skills and expertise, and promoting research and development. African governments must also implement policies that incentivize local manufacturing, such as tariffs, taxes, and incentives. Accordingly, reducing Africa's reliance on foreign automobiles is critical for promoting economic growth and development on the continent (Mhlanga, 2019). By promoting local manufacturing and reducing the reliance on imported vehicles, African governments can create jobs, generate revenue, and promote economic stability.

### **Prospects of the African Indigenous Automotive Industry**

Africa, as one of the world consumer of automotive machines can actually be better if it produces its own automotive. The sector would enormously contribute to the African GDP if it calibrated specifically in the following areas:

### **Continental Home Spending**

One of the major areas taking chunk of African Money abroad as established in this paper is importation of automobiles by governments and individuals. The revitalization, development and patronizing the indigenous automotive industry would allow money generated in Africa spent in Africa. Billions of Dollars leave the African economy annually to the Asian and European economies basically to import vehicles such as buses, special utility vehicles (SUVs), Motorcycles, Tricycles and so on. The indigenous automotive of prioritize and supported would put an end to the situation earning in Africa and spending in Asia and Europe.

### **Job Creation**

When the Billion Dollars earned in Africa is spent in Africa not in Asia and Europe, jobs would be created. This Sector would be attractive to even foreign investors to invest more. The Sector would witness a boom. More companies would come to be established to key into the market. Millions of direct and indirect jobs would be created for Africans. When, people are gainfully employed, they become productive to themselves and the society. The level of poverty, hunger and crimes would drop in the continent. Savings would and investment would increase which would in turn impact on the level of domestic production and consumption. This would further strengthen the African economy to withstand global economic shocks since the Continent may be producing what it consumes.

### **Revenue Generation**

If this sector is developed and galvanized, it has the potentials of addressing poor government revenues. The sector may generate billions to the governments which would impact positively on the level of Gross Domestic Revenue of the Continent. When governments generate huge revenues, they can address fiscal projects, social projects and building critical infrastructures without borrowing abroad. The less the international debt burden on the continent the stronger the economy becomes to withstand any global economic shocks whether policy motivated or market forces push.

### **Affordability and Durability**

Presently, African Governments and citizens buy automotive products exorbitantly in foreign currencies such as the Dollars. If this industry is developed, local materials are used in manufacturing vehicles and no cost of importing parts prices of automobiles would drop and as well be in local currencies. The Government and citizens would have access to affordable automobiles without paying import duties, import expenses and their local currencies. With such strides, affordability of automobiles would be guaranteed. Durability on the other hand can be assured. Most of the automobiles imported from Asia and Europe were not made for the African Roads and Terrains. They were made based on Asian or European environment and realities. That is why, most of the vehicles have to be worked upon by African automotive engineers after being imported to reformed them to fit in the African environment and realities. With the development of indigenous automotive industry, durability can be guaranteed

because from scratch to the finish, vehicles would be produced based on the peculiarity of the African environment, taste and roads. This has the potentials of strengthening the African economy to stand any global shocks because Africans economy may not be absolutely rely on foreign automobiles to survive.

### **Economic Resilience against Global Economic Shocks**

This would further strengthen the local currencies against foreign currencies. Indigenous automotive industry of the African Economy has the potentials of not only turning around the continent's economy but strengthened it to withstand global shocks. Firstly, when the continent does not rely on the Asian and European automobiles, they spent their money at home and in Local currency. This would re-boost the home economies. Secondly, the excessive use of foreign currencies in buying automobile machines would drop. This will imply that domestic currencies would be strong and tenable. Thirdly, African GDP would positively be impacted through improved public revenue generation from the automotive sector. Improved public revenue has the potentials of reducing the continent foreign debts; restore continental dignity and self reliance. The end results of revitalizing this sector would positively culminate into economic power and balance to withstand global economic fluctuations especially as it affects importation of automobiles and dollar consumption.

### **Challenges of the African Indigenous Automotive Industry**

African indigenous automotive manufacturers battle with lots of problems including from so many fronts. However, few are discussed subsequently.

### **Lack of Positive Auto Policies**

African governments lack fiscal and monetary policies directions towards stimulating and up-scaling the automotive industry. The industry has been prioritized by governments as one sector that is critical for development of the continent. No states investment in research and development of the sector. No tax incentives for the few players in this sector. No mandatory patronage policies for governments' officials, leaders and citizens for the sector. Lack of good auto-policies by African Countries has stifled the growth and development of this sector. African Nations should recognize the importance of the automotive sector in economic growth and development. Make policies that allow for massive state and private investments into the sector as well as mandate state's patronage including citizens' patronage of what they produce. This will, reduce the excessive demands on Asian and Europeans automobiles by promoting the usage of indigenous automobiles.

### **Poor Patronage**

Nigerians have the IVM and Nord amongst others. Yet, the country's traffic lanes are heavily dominated with Toyota, Honda, Mercedes, Ford, Hyundai, Mazda, Nissan, and Passat to mention but few. Every four years, Nigerian leaders orders Toyota from Japan in thousand and spend Billions of Naira instead of patronizing the indigenous IVM or Nord. The same thing applies to Ghana. Ghanaians, do not use their own indigenous Kantanka Motors. Ugandans do not largely use their own Kiira Motors. South Africans

do not use their own indigenous Birkin Cars. Moroccans do not use their own indigenous Wallyscar Motors. Kenyans do not use their own Mobius Cars and likewise Egyptians do not use their own indigenous El Nasr Motors. On the contrary, Americans largely use American made cars. Japanese largely use Japanese made cars. Germans largely use German made cars. The Chinese largely use Chinese made cars. It is only Africans that do not use their own indigenous made cars. If there is anything wrong with these African indigenous automotive technologies is the mindset of Africans.

African governments should make it mandatory for all government officials from the presidents down the list in government including traditional rulers must use indigenous automobile as official cars. All ministries, departments and agencies of governments must be made to use indigenous automotive products. There should be continental campaign against to de-market foreign automobiles by all African mainstream and social stream media houses and outfits. African governments should subsidize the prices of locally manufactured automobiles for citizens and as well make import duties on foreign automobiles very expensive to discourage their importation and encourage patronage of the indigenous ones.

### **Continental Boarder Harshness**

The continent cannot grow and develop without free regional trade and movement of Africans in Africa. Presently, Africans need VISA to travel to Sister African and more difficult to convey goods from one African Country to another. My personal experience shows that presently, it is easier for non-African nationals like the Chinese, Germans and French to move in Africa that Africans. It is easier for a Nigerian to import goods from China to from Ghana and more difficult to export from Nigeria to Malawi that to China. This has been one of the problems faced by African industries including the automotive sector. A European citizens does not need any VISA to travel to another European country likewise, no Asian citizen require a VISA to travel to another Asian country. There is relatively no where this is happening except in Africa. African governments through the AU should with urgency make a policy that relaxes boarders for free movement of Africans and goods within the continent. Aldo, the AU should come up a single passport for all Africans and that should serves as VISA to travel across the continent without harassment. Such policies would encourage the movement of goods including indigenous automobiles within the continent.

### **Dollarization of Trade**

Africans are made to by African made goods in sister countries in foreign currencies such as the US Dollar. For example, a Nigerian schooling in Ghana is made to pay tuition in US Dollars not Ghanaian Cedes. Why should a Senegalese for example, be made to buy the Nigerian IVM car in Dollars not Naira? The continent cannot make progress and be able to withstand economic global shocks with these attitudes. The need to dedolarize the continental market cannot be overemphasized at this trajectory of African. The AU leaders should be able to make a policy that mandate countries and the continental market allow Africans trades in domestic currencies. Ugandans should

be free to patronize anything in any of the African Countries in their domestic currencies if the continent must develop capacity to withstand global shocks. Also, the AU should urgently come up a one currency for Africa. This would to a large extent weaken the excessive use of dollars in the continental market.

### **Strategies for Promoting Indigenous Automotive Development in Africa**

To promote indigenous automotive development in Africa, governments must implement policies that support local manufacturers. This can include tariffs, taxes, and incentives that encourage local production and discourage imports. Governments can also establish programs that provide financing, training, and technical assistance to local manufacturers (African Automotive Industry Report, 2020). Furthermore, governments can create policies that promote the use of local content in vehicle manufacturing, such as requiring a certain percentage of local parts in vehicles assembled in Africa.

Innovation and technology are critical for enhancing the competitiveness of Africa's indigenous automotive industry. Local manufacturers must invest in research and development to improve the quality and design of their vehicles. This can include adopting new technologies such as electric vehicles, autonomous vehicles, and advanced manufacturing techniques (African Automotive Industry Report, 2020). Additionally, local manufacturers can collaborate with foreign companies to access new technologies and expertise.

To promote innovation and technology in Africa's indigenous automotive industry, governments can establish programs that provide funding and support for research and development. Governments can also create policies that encourage collaboration between local manufacturers and foreign companies. Furthermore, governments can invest in infrastructure such as testing facilities and training programs to support the development of new technologies.

The development of a robust indigenous automotive industry in Africa requires a comprehensive approach that addresses the various challenges facing local manufacturers. This includes investing in innovation and technology, promoting local content, and providing financing and support for local manufacturers. African governments must work together with local manufacturers, foreign companies, and international organizations to develop policies and programs that promote indigenous automotive development.

Promoting indigenous automotive development in Africa is critical for creating jobs, generating revenue, and promoting economic growth and development. By investing in innovation and technology, promoting local content, and providing financing and support for local manufacturers, African governments can help create a robust and competitive indigenous automotive industry. Despite the challenges facing Africa's indigenous automotive industry, there are several success stories that offer valuable

lessons and insights. One such example is Innoson Vehicle Manufacturing (IVM) in Nigeria, which has become one of the leading indigenous automotive manufacturers in Africa. IVM's success can be attributed to its focus on producing high-quality vehicles that meet local needs, as well as its commitment to investing in research and development.

Another success story is Kantanka Automobile in Ghana, which has gained recognition for its innovative approach to vehicle design and manufacturing. Kantanka's success demonstrates the importance of innovation and creativity in driving the growth of Africa's indigenous automotive industry. These success stories offer valuable lessons for other African countries seeking to develop their indigenous automotive industries. Also, there are several international best practices that can be applied to support indigenous automotive development in Africa. One such example is the use of local content policies, which require manufacturers to use a certain percentage of local parts in their vehicles. This approach has been successfully implemented in countries such as Brazil and Malaysia, and can help to promote the growth of local industries. Another international best practice is the use of tax incentives and other forms of government support to encourage investment in the automotive industry. This approach has been successfully implemented in countries such as South Korea and China, and can help to attract foreign investment and promote the growth of local industries.

The application of international best practices in supporting indigenous automotive development can have significant implications for Africa. By adopting policies and strategies that have been successfully implemented in other regions, African countries can promote the growth of their indigenous automotive industries and reduce their reliance on foreign imports. The success stories from Africa's indigenous automotive industry, combined with international best practices, offer valuable lessons and insights for promoting the growth of the industry in Africa. By adopting these strategies and policies, African countries can promote the growth of their indigenous automotive industries and reduce their reliance on foreign imports.

### **Implications of Promoting Indigenous Automotive Development in Africa**

1. Promoting indigenous automotive development in Africa can lead to the creation of thousands of jobs, both directly and indirectly, and contribute to economic growth.
2. By developing a robust indigenous automotive industry, Africa can reduce its dependence on foreign imports, conserve foreign exchange, and promote economic stability
3. The growth of an indigenous automotive industry in Africa can improve the continent's balance of payments by reducing the importation of vehicles and promoting exports.
4. A thriving indigenous automotive industry in Africa can generate significant revenue for governments through taxes, duties, and other levies.

5. Promoting indigenous automotive development in Africa can lead to the development of local skills and expertise, reducing the need for foreign expertise and promoting technology transfer.

6. A robust indigenous automotive industry in Africa can increase the competitiveness of local manufacturers, enabling them to compete effectively with foreign manufacturers.

7. The growth of an indigenous automotive industry in Africa can lead to improved infrastructure development, including roads, bridges, and other transportation infrastructure.

8. Promoting indigenous automotive development in Africa can enhance regional integration by promoting the free movement of goods, services, and people across the continent.

9. A thriving indigenous automotive industry in Africa can promote the development of environmentally friendly vehicles, reducing the continent's carbon footprint and promoting sustainable development.

10. The growth of an indigenous automotive industry in Africa can increase the continent's economic resilience by reducing its dependence on foreign imports, promoting economic stability, and enhancing its ability to respond to external shocks.

### **Theoretical Underpinning of the Study**

The theories that provide a framework for understanding the potentials and challenges indigenous automotive development in Africa are discussed subsequently.

#### **The Dependency Theory**

The dependency theory was postulated by Andre Gunder Frank in 1966. It held that developing countries are dependent on developed countries for economic development, which hinders their ability to develop their own industries (Rodney, 1972). This theory is relevant to the title because it highlights the challenges faced by African countries in developing their own automotive industries due to their dependence on foreign countries. Although it was criticized that it oversimplifies the complex relationships between developed and developing countries and fails to account for the role of domestic factors in shaping economic development. However, it suggests that African countries are dependent on foreign powers for economic development, which hinders their ability to develop their own industries, including the automotive sector.

#### **The Import Substitution Industrialization (ISI) Theory:**

The theory was developed by Raul Prebisch in 1950. It held that developing countries should focus on developing their own industries by substituting imports with local production. It is relevant to the title because it highlights the importance of promoting local production and reducing dependence on foreign imports in the automotive industry (Prebisch, 1950). Despite it was criticized that it is too narrow and fails to account for the complexities of international trade and the need for export-oriented industrialization. It suggests that African countries should focus on developing their own industries, including the automotive sector, by substituting imports with local production

### **The Global Value Chain (GVC) Theory:**

The GVC was propounded by Gary Gereffi in 1999. It held that developing countries can integrate into global value chains by developing their own industries and linking them to global markets (Gereffi, 1999). It is relevant to this study because it highlights the importance of integrating into global value chains in promoting the development of the automotive industry in Africa. It has been criticized that it is too focused on the experiences of multinational corporations and fails to account for the challenges faced by local firms in integrating into global value chains. However, it suggests that African countries can integrate into global value chains, including the automotive sector, by developing their own industries and linking them to global markets.

### **Resource-Based View (RBV) Theory:**

The RBV was postulated by Jay Barney in 1991. It held that Firms can achieve sustained competitive advantage by developing and leveraging their internal resources and capabilities (Barney, 1991).. It is relevant to the title because it highlights the importance of developing and leveraging internal resources and capabilities in promoting the development of the automotive industry in Africa. Nonetheless, it has been equally criticized that it is too focused on the experiences of individual firms and fails to account for the role of external factors, such as government policies and regulations, in shaping competitive advantage. Despite the critic, it suggests that African countries should focus on developing their own resources, including human capital and technology, to promote indigenous automotive development.

### **Summary of Findings, Contribution to Research and Practice**

The study found that Africa's indigenous automotive industry is underdeveloped, with limited production capacity and a lack of competitiveness. It equally revealed that Africa relies heavily on foreign imports to meet its vehicle demands, resulting in significant foreign exchange outflows and limited economic benefits. The study as well identified the need for policy support to promote the development of Africa's indigenous automotive industry, including tax incentives, tariffs, and investment in infrastructure and patronage. The study also highlighted the importance of innovation and technology in driving the growth of Africa's indigenous automotive industry, including the adoption of electric vehicles and autonomous technologies.

The study provides policy recommendations for promoting the development of Africa's indigenous automotive industry, including the need for tax incentives, tariffs, and investment in infrastructure. It contributes to the promotion of innovation and technology in Africa's indigenous automotive industry, including the adoption of electric vehicles and autonomous technologies. The study also provides insights into enhancing the competitiveness of Africa's indigenous automotive industry, including the need for investment in research and development, and the promotion of local content. The study as well contributes to supporting economic development in Africa by promoting the growth of a robust indigenous automotive industry, which can create jobs, generate revenue, and promote economic stability.

The study's findings and contributions have implications for job creation and economic growth in Africa, as a robust indigenous automotive industry can create thousands of jobs and generate significant revenue. The findings also have implications for reducing Africa's dependence on foreign imports, as a robust indigenous automotive industry can promote local production and reduce foreign exchange outflows. The findings could lead to sustainable development in Africa, as a robust indigenous automotive industry can promote the adoption of environmentally friendly technologies and reduce the continent's carbon footprint.

## **CONCLUSION**

The African automotive industry is at a critical juncture, with the potential to shift gears towards a more resilient and sustainable future. To achieve this, African governments, manufacturers, and stakeholders must work together to address the challenges facing the industry, including the lack of infrastructure, limited access to finance, and inadequate skills and expertise.

A key strategy for promoting a more resilient and sustainable automotive industry in Africa is to focus on developing indigenous manufacturing capabilities. This requires investing in research and development, promoting innovation and entrepreneurship, and providing support for local manufacturers. To promote indigenous automotive development in Africa, governments and policymakers must implement a range of policies and strategies. These include providing tax incentives and other forms of support for local manufacturers, investing in infrastructure and training programs, and promoting the use of local content in vehicle manufacturing.

Additionally, governments and policymakers must work to address the challenges facing local manufacturers, including limited access to finance and inadequate skills and expertise (Mhlanga, 2019). This requires investing in programs that provide training and capacity-building for local manufacturers, as well as providing access to finance and other forms of support. To promote indigenous automotive development in Africa, it is also essential to promote regional integration and cooperation. This requires working to reduce trade barriers and promote the free movement of goods, services, and people across the continent.

Hence, promoting indigenous automotive development in Africa requires a comprehensive approach that addresses the various challenges facing the industry. By implementing policies and strategies that support local manufacturers, promote innovation and entrepreneurship, and address the challenges facing the industry, African governments and policymakers can help to promote a more resilient and sustainable automotive industry in Africa. Billions of Dollars leaves the African Economy annually for the importation of automobiles from Asia and Europe. This has been undermining the growth and development of indigenous automotive sector of the

African economy. One of reasons is lack of clear government auto policy directions that would boost manufacturing and patronage of indigenous automobiles.

The consequences are enormous, chiefly among which excessive use of foreign currencies, automotive dependence on Asia and Europe, loss of job opportunities, poor public revenue and lack of economic capacity for the continent to withstand global economic shocks. It is believed that recognizing the economic capacity of indigenous automotive sector, prioritizing its revitalization and adequate funding and continental patronage would enhance the fortunes of the continent. The sector if fully tapped into would restore the dignity of African currencies, flags and power to stand strong, flourish and boom even in the midst of global economic fluctuations.

### **Recommendations**

The paper recommends that:

1. African heads of governments should factor in their top priorities the automotive industry; make deliberate policies and actions to revitalize it.
2. African heads of governments should make deliberate policies that mandate leaders, government officials and traditional rulers use indigenous automobiles as official vehicles.
3. African heads of governments should make taxes on importing foreign automobiles highly expensive to discourage their importations.
4. African heads of government should subsidize the cost of indigenous automobiles for citizens to promote patronage.
5. The AU should design and authorized the use of one currency for the continent urgently
6. The AU should design an AU Passport for Africans and mandate African Heads of Government to remove boarder locks for Africans and goods to move freely in Africa without VISA
7. Africans should have mental metempsychosis and reorient their mindset to shift from the gluttony to foreign automobiles to patronizing home made automobiles because the only thing that is wrong with home based automobiles the mindset of African governments and Africans.

### **Topics for Further Studies**

1. Examining the Role of Innovation Hubs in Promoting Indigenous Automotive Development in Africa
2. Developing a Framework for Sustainable Supply Chain Management in Africa's Indigenous Automotive Industry
3. Exploring the Potential for Automotive Industry Development in Landlocked African Countries
4. Investing the Impact of Trade Agreements on Africa's Indigenous Automotive Industry
5. Assessing the Impact of Electric Vehicle Adoption on Africa's Indigenous Automotive Industry

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