

# TOYOTA

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## TOYOTA MOTOR CORPORATION

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eThekwini Municipality  
Durban City Hall

### **Civil Unrest in eThekwini**

Honourable Mayor, Cllr Mxolisi Kaunda

Toyota Motor Corporation (TMC) and Toyota Tsusho Corporation (TTC) note with great concern the incidents which are developing in eThekwini. We were shocked by the images of looting, destruction of property and lawlessness in the City.

A key priority for Toyota is the safety and welfare of our employees, their families, and the communities within which we operate. The safety and harmony within this eco system is a fundamental value we strive for because it enables us to be a successful business and thereby contribute to the communities & economies within which we operate.

Unfortunately, the incidents in the City have left us feeling very uncertain about the future of our business in KZN. Our manufacturing operations in the south of Durban were forced to close and have remained closed since Monday, 12<sup>th</sup> July 2021. We are uncertain as to when it will be safe enough for us to resume operations.

This closure jeopardises Toyota South Africa's (TSAM) future sustainability as they embark on their recovery, following the COVID pandemic. Export volumes into Europe have started increasing as their economy recovers. The loss of production over the past week means that TSAM will more than likely lose some of this business to one of our other global Toyota affiliates because our European customers will not wait for their orders. Built up vehicles destined for the exports market also cannot be shipped due to the closure of the Port. The closure of the N3 to Gauteng means that TSAM will be unable to deliver vehicles to customers in Gauteng. Thus, we expect TSAM sales to drop by as much as 10% in July.

Also, as you may be aware, TSAM is in the final stretch of preparing for the launch of its first locally produced new energy vehicle later this year. This is a graduation project for TSAM to demonstrate its ability to produce other alternate energy vehicles in Durban. However, given the uncertainty around the current unrest, they risk missing key deadlines and the opportunity to challenge for other new products.

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While the local management team have been working closely with the leadership of the City, they are unable to provide us with any clear direction / plans on how the City intends bringing stability and order back to the City. This is a key decision element for us when deciding on new investments. Currently, we are working with the local management team to plan for a new replacement model for the Hilux. We are still in the planning phase. Thus, the timing of the current unrest is very unfortunate. What would assist us is a clear understanding of the City's countermeasures to firstly bring the current issues under control and then rebuild the economy.

We realise this is a very challenge time for you and the Local Government. However, we would appreciate feedback on the City's plans to address the current challenges so that we may assess our own plans.

We wish you and the Local Government strength and resolve as you work to tackle this complex issue.

Yours sincerely



Toshimitsu Imai

Chief Operating Officer, Africa Region  
Toyota Tsusho Corporation

General Manager, Africa Support Division  
Toyota Motor Corporation