

FOREIGN FIRMS IN SA — GERMAN
~~1987~~

1987 — 1989

The downside of commitment

Look at the Mercedes strikes, and you can't help wondering — is political militancy replacing shopfloor sense? Mercedes' offer of a 37% wage increase, which would give its lowest grade workers R4,04 an hour (R752 a month), seems eminently reasonable. The package as a whole, says the company, "provides an effective living wage which, compared to the rest of the industry in the East London area, is most probably by far the best."

However, the National Union of Metalworkers (Numsa) is holding out for increases of between 50%-65%, even though it last week tempered its R5 an hour demand to R4.50. Numsa is an affiliate of the Congress of SA Trade Unions (Cosatu); is it on a "political" course that has as its strange objective the company's effective local destruction?

"This is difficult to judge," says Mercedes. "The basic demand deals with wages, but it is believed that the trade union... is probing whether the general demand of R5, set by Cosatu, is achievable or not." The company adds that the involvement of overseas organisations (specifically, the German trade union federation I G Metall) in the dispute can also be seen in a political light, since a "clear wage dispute would have been limited to the two South African parties." The company adds that, considering the

After eight weeks of stalemate in its wage dispute with the metal workers' union Numsa, Mercedes-Benz of SA, having lost production worth some R300m, this week began hiring replacements for the 2 800 dismissed workers at its East London plant.

union's membership of Cosatu, and Cosatu's recent call for all foreign companies to actively withdraw from SA, "one can only surmise that the union has disinvestment in mind."

Not at all, asserts Numsa's Wellington Nonyunkela, a senior shop steward at the East London plant. According to him: "The union's wage demand does not mean Mercedes-Benz will not be able to continue operating. Our demand is based on Mercedes' profitability — not on the intention of getting the company to disinvest."

If Mercedes does decide to disinvest, he adds, then it means their stated commitment to stay here and improve the standard of living of black people is hollow. "We are testing the company's commitment to its claim, and (the wage demand) is based on what the company can afford," he asserts. "As a shop steward, and on behalf of the workers at Mercedes, I can say we do not

want the company to go. Our intention is the improvement of our social condition. And it is based on what we understand the company's position to be as referred to in its anti-apartheid statements."

Clearly, the union is using Mercedes' high international profile as a lever against it. Moreover, observes a labour academic engaged in research at the Volkswagen plant in Uitenhage, there's "tremendous tension" in the region, which gives the strong impression that "the union is on the attack." This is curious, as Numsa has the reputation of being "quite a conservative union."

The rank and file membership of Numsa appear to have dug their heels in. A senior Cosatu official says the Numsa and Cosatu leadership, who have seen that management can dismiss "quite ruthlessly," have been urging a settlement. "But the workers are sticking to their demands."

They also seem confident that Mercedes-Benz SA won't be able to recruit skilled workers all that easily. Indeed, there was no rush to take up the offer to be re-hired. "The workers are saying it is useless to go back for R4,04. The increase is only for inflation, it leaves nothing for themselves and their families," says Nonyunkela.

He claims the company's offer is in reality R3,96 an hour plus 8c (R4,04) for the 44th hour. (The union wants a 43-hour week.)

Can-Ton 24/10/7
VW wait
for move
on strike
arbitration
63

Own Correspondent

PORT ELIZABETH. — Volkswagen workers are undecided on an offer of arbitration to settle a strike of 4 000 workers at the company's Uitenhage plant.

Production at the plant was shut down for the third day yesterday.

The strike is costing Volkswagen 200 vehicles a day and comes when the company is pulling out all stops to meet a full order book.

The majority of the black labour force is involved.

A spokesman for the National Union of Metalworkers of South Africa, Mr Les Kettledas, last night said workers would meet on Monday to decide on management's offer to call in an independent arbitrator.

Union representatives are scheduled to meet management the same morning.

VW Stocks to Run Low Over Xmas

APR 63
APR T-10 B 16/11/87

Own Correspondent

PORT ELIZABETH. — Volkswagen stocks are expected to run low, but not be wiped out, when the factory closes for three weeks over Christmas.

Ronnie Kruger, VW SA public affairs manager, predicted yesterday a hand-to-mouth situation when the factory opened in January.

His prediction comes in the face of expanding demand — up to 13% a month — and a backlog stretching to three months in some ranges. Every vehicle currently com-

ing off the production lines at the Uitenhage plant has been purchased.

Kruger said that VW had no stocks, but dealers had small buffer stocks.

These would, however, be depleted when the factory closed down from December 11 to January 5.

The company had stepped up production from 200 to 300 units a day and was manufacturing an average of 6 000 vehicles a month. This was in excess of the demand, which averaged between 4 000 and 5 000 a month.

Potential on the mini-bus line had also been increased in August, from 40 to 50 units a day.

Sufficient vehicles would be constructed to tide dealers over during December, but the industry would be operating from hand-to-mouth when production started in the new year, he said.

A market of 240 000 has been predicted for next year.

Kruger said that although VW had expected the the upturn in the market and employed over 1 000 additional employees since June, a delay

had been caused in the amount of time taken to train staff.

Strikes had also brought production to a halt. A labour dispute last month cost the company 1 000 units in lost production, he said.

He attributed the demand to an increase in consumer confidence and the fact that car prices were, in relative terms, down on those of last year. Prices were up 10% with the inflation rate measuring around 17%.

Last year car prices increased by 30% with inflation at 20%.

CAP. TIME 20/11/87

Poison was tested in one area'

By SHAUNA WESTCOTT
Supreme Court Reporter

A POISON called Bayleton — which is at the centre of a R2,2-million row between Hex River Valley farmers and multinational chemical and pharmaceutical company Bayer — is not registered for use on table grapes anywhere else in the world, the Supreme Court heard yesterday.

This was the evidence of Bayer development officer Mr Malcolm Gordon, who admitted in cross-examination that the only field tests conducted before Bayleton was registered for use on table grapes were done on 44 vines of one cultivar in one area in one season.

Mr Gordon was testifying in a test case brought against Bayer by Mr Jacobus Viljoen of the farm Millhurst near De Doorns.

Mr Viljoen is claiming damages of R111 589 from Bayer, the amount he claims he lost when Bayleton he sprayed on his grapes failed to control powdery mildew, which ravaged his 1983-84 harvest.

Another 13 suits, with claims totalling over R2 million, are pending.

The hearing continues.

Mr Justice A P Burger presided. Mr J van der Berg and Mr W R Duminy, instructed by N E Visagie, appeared for Mr Viljoen. Mr W H R Schreiner SC, with Mr L Bowman and instructed by C K Friedlander Kleinman and Sandling, appeared for Bayer. Mr R van Riet and Mr W J Louw, instructed by Van der Spuy and Partners, appeared for the Western Province Co-op.

BMW's top man calls for a 'Marshall Plan'

By DEREK TOMMEY
Finance Editor

IF THE West were serious in wanting to uplift and improve the conditions of black South Africans it should think about starting some kind of Marshall Plan which would generate the growth rates this country badly needed, said BMW's top man in South Africa, Dr Walter Hasselkus.

This was what BMW told foreign politicians, media representatives, trade unionists and others who were continually confronting the German company on sanctions and disinvestment.

A huge economic aid programme coupled with some form of political reform would be a far more innovative way of creating long-term prosperity than the "crude technique" of sanctions, he told the Press in Pretoria recently.

If South Africa was to provide jobs in the formal sector for its growing labour force the economy would have to grow

by 5,5 percent a year.

But South Africa would not achieve that objective as long as the West imposed some form of sanctions, as long as no new capital was invested and as long as Western banks refused this country credit.

Dr Hasselkus said he had seen some improvement in the political situation.

There had been a subtle, almost unnoticed but important change in perceptions here and overseas about South Africa. This was evident in black and white politics, in business circles and even among key politicians and business people in the United States and Europe.

REALISM

Dr Hasselkus said there was a "new realism" abroad and it was hard to believe that even as recently as 1985 people considered that a major change, perhaps even a classic revolution, was imminent.

Business was also being confronted by increasing realism. People were realising that business could no longer avoid political involvement.

Dr Hasselkus cited the Government's plan to force companies to deduct rent from the wages of their black employees who were in turn being forced not to pay rent by roving bands of township "comrades".

"This is clearly a purely political issue in which companies do not want to become involved. But already many of us have been drawn into it."

Another example of companies being involved in politics arose from recently amended labour legislation.

"The most important labour lesson we have learnt is that labour laws do not provide solutions to management/labour problems," he said.

"We do not believe that we at BMW need yet another law as a backstop to our agreement with the union."

Dr Hasselkus said BMW's experience suggested that South Africa should develop relatively small plants at which fewer than 5 000 people were employed and where morally-binding relationships could be established and upheld.

17/6/85 2/10/87 63 (100) (15) (12)

Mercedes-Benz settles wage dispute with union

PRETORIA. — Mercedes-Benz has reached a settlement with the National Automobile and Allied Workers' Union (NAAWU) in the wage dispute at its East London plant.

"A wage agreement has been concluded to run until December 31, 1988," Mr Sepp van Hulst, chief executive of Mercedes-Benz of South Africa, said in a statement in Pretoria last night. "An effective wage of R4,50 an hour will be paid to Grade 1 employees. The company has also committed itself to further in-

creases in wages during 1988."

The agreement provides for re-employment with restoration of service-related benefits provided that industrial peace is maintained until the end of 1987. Production will resume on Monday. — Sapa.

CAPE TIMES

v, October 2, 1987 3

Mercedes
labour
dispute ends

EAST LONDON. — The Mercedes Benz labour dispute is over, the National Union of Metal Workers of South Africa reported last night.

The union said the workers had accepted conditions for an agreement on wages.

Mr Viwe Gxarisa, the East London Numsa local secretary, said the settlement of the dispute brought to an end a nine-week-long strike, which cost the company over R300m in lost production and the workers R5m in lost wages.

Mr Gxarisa said the agreement provided for a wage structure as from yesterday ranging from R4,50 an hour for grade 1 workers to R5,27 for grade 6 workers. — Sapa

The Germans show no sign of budging

GERMAN companies operating in South Africa show little sign of pulling out.

They have experienced less disinvestment pressure and the motor companies, for example, have done better financially than their American or European counterparts.

But like the American "Sullivan" companies which have remained in South Africa, German companies are keen to justify their continuing presence, making public their adherence to the European Community Code of Conduct.

An assessment of the progress of German companies in complying with the Code has recently been published in *Report*, the journal of the SA-German Chamber of Commerce and Industry.

Compiled by the German Federal government, the assessment summarises the activities of 68 firms with 37 100 employees, 18 300 of which are blacks.

The document is dated, reflecting the position as at June 1985: an English translation of the 1986 report is apparently not yet available.

The companies which submitted reports to the German government for 1985 employed more than three quarters of the total workforce of 45 700 in all South African subsidiaries of German companies in that year.

Compliance with the Code is voluntary for European companies, whereas US companies have to be signatories to either the Statement of Principles (Sullivan Code) or the US State Department Code. But the number of German companies who reported to their government in 1985 was higher than in 1984.

The European Code focuses primarily on relations in the workplace. Companies are encouraged to recognise trade unions, neutralise the mi-

A report on German companies in South Africa reveals scant sign of any American-style exodus.

grant labour system, desegregate workplaces, ensure decent wages and equal pay for equal work, provide training and opportunities for black employees, and improve living standards by granting fringe benefits.

The majority (44) of the companies who reported recognised trade unions, 22 of them through written agreements. Three quarters of the employees of German companies were represented by trade unions in 1985. Most of the non-unionised firms were very small.

The companies' performance on minimum wages was more uneven. The EC Code is vague on minimum wages but recommends companies should pay at least 50 percent above the University of Port Elizabeth or Unisa minimums. Most of the companies were meeting this criterion — but based on the household subsistence level for a family of four. Only 27 of the companies (57 percent) were paying more than 50 percent above the subsistence level for a family of five.

Most of the companies had desegregated workplaces and did not discriminate on the basis of race in pay or conditions. Many of them ran training programmes for black workers.

The reporting companies employed very few migrant labourers — a total of only 650, most of them in only two firms.

The EC Code does not place as much emphasis as does the most recent version of the Sullivan Code on corporate social responsibility outside the workplace. But it does encourage

them to improve the quality of life of communities in which workers live, and to encourage black business.

It is in this area of broader social responsibility that the German government appears to think the companies should be making more effort.

In its assessment of the firms' activities in 1985 the government acknowledges "the progress made by German firms in the application of the Code as well as further measures taken by the enterprises for the benefit of the black and coloured population". But, it says, much remains to be done.

It calls on firms to increase their efforts to fulfil their social and political responsibility, stating that "consensus and the rule of law are the prerequisites of a long-term secure and just economic and social order and, consequently, of successful activity".

Interestingly, it also noted the need for social responsibility in relation to unemployment, calling on companies to redouble their efforts in "the maintenance and creation of job opportunities for black Africans".

And it called on companies to increase their efforts regarding minimum wages, training and education and promotion of black employees.

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63

22-28/1/88

w/Meil

'New realism' is significantly altering the SA scene

A year after the imposition of sanctions by the United States and the EC and six months after a general election which saw the National Party returned to Parliament with a commanding majority, I discern a new wave of realism permeating all manner of thinking about the South African political scene.

This new realism is evident within the hot debate that characterises white politics in South Africa; it is evident within black politics; it is evident among business leaders; and one sees telltale signs in the attitudes of some politicians and business people in the US and Europe.

This "new realism" is manifesting itself in several fields of action and thought. I would like to highlight six of these areas, the first being revolution.

The new realism I discern is that no radical believes anymore that the revolution is imminent; but neither do the Nationalists believe that "all's right with the world". And from the realistic, new assumptions that both sides are making right now, new perspectives are emerging, such as, for

'Business cannot avoid political involvement'

instance, the popular conception about the power and clout of business leaders.

Perspectives have changed somewhat concerning the extent of political change that business can and should bring about in South Africa. First of all, through the years — and more particularly during the recent years of turmoil — those business leaders in South Africa who had thought that they had better "stick to their knitting" and steer clear of political involvement, were drawn — albeit reluctantly — into the political process, if only because they had to deal with increasingly politicised trade unions. Business can no longer avoid political involvement.

The "new realism" that I'm talking about seems to be favouring those business leaders who decided against political rhetoric, and who chose political action, in a practical and meaningful way, instead.

A third area in which the new realism is manifesting itself is that of constitutional politics. More than ever before, the "South African issue" has become a political/ideological one, rather than an emotional one.

As far as the man in the street, whether white or black, is concerned, much of the emotion has been taken out of the apartheid debate with the removal of apartheid's more emotional pillars. Legislation on mixed marriages, sexual liaison between black and white, influx control, the carrying of "passbooks" and the ownership of property by blacks in "white" South Africa, has been either abolished or

If we could help South Africa regain its economic momentum and make its political peace with Africa, I believe we will have found the key to solving the African dilemma, writes Dr Walter Hasselkus, managing director of BMW (SA).

substantially modified.

The results are remarkable. A representative of one of the country's largest home building construction firms has told me of an unprecedented boom in the construction of houses in the urban black townships. No less a figure than Foreign Minister Pik Botha himself has declared that an estimated 40 000 blacks now live in Hillbrow.

These were issues for which people took to the streets not so long ago. They are issues no longer. The central political issue now is the question of power. Who will control South Africa eventually: black or white? Or will some form of power-sharing come into being? This is the central and curiously also the least emotional, of the apartheid issues still remaining.

A fourth new realism I discern concerns the attitude of whites towards Africa, and vice versa. There was a time when white South Africans — and here I mean Afrikaners and those English-speakers who had been here for several generations — thought of themselves first and foremost as people with European roots.

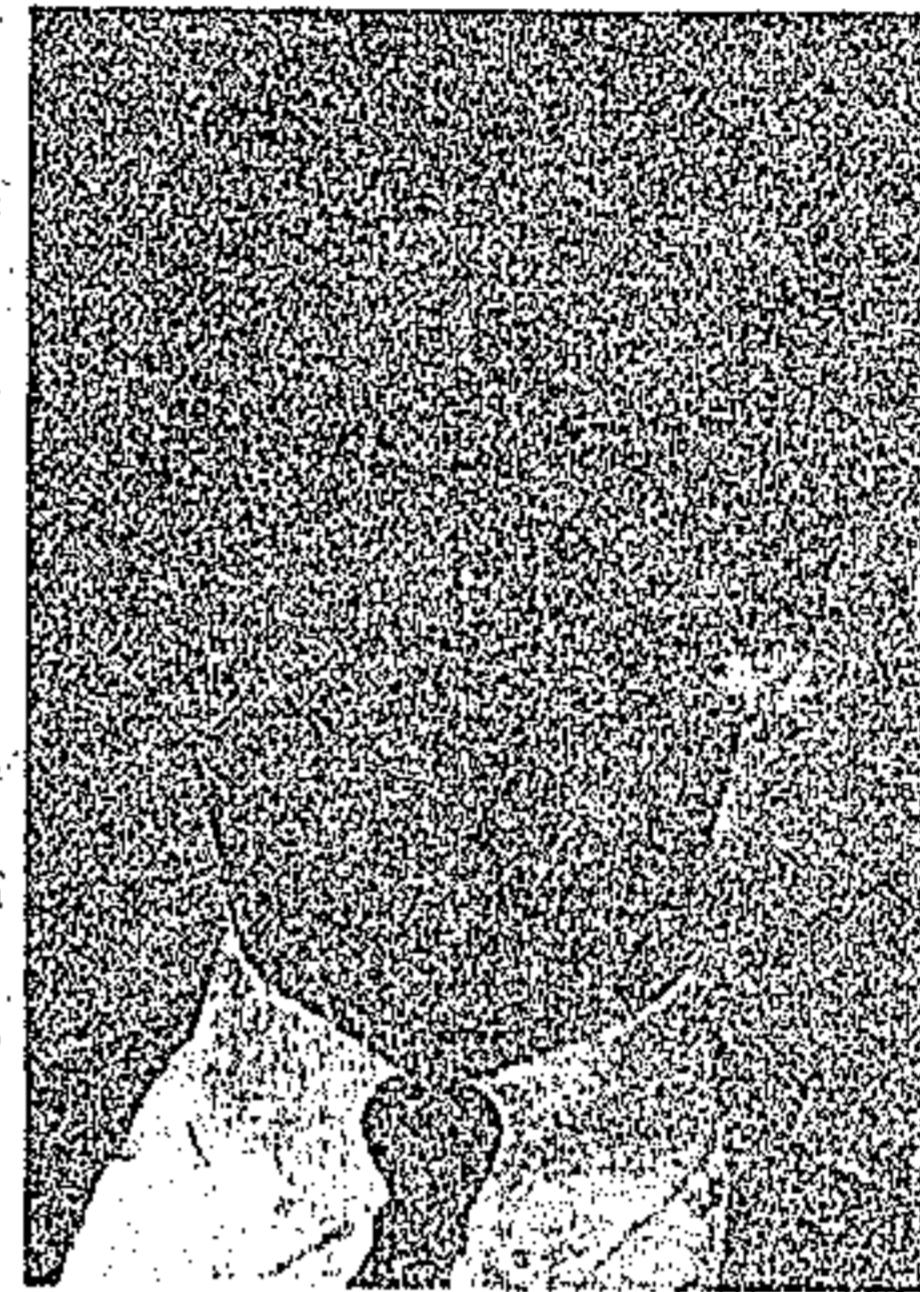
Ironically, it was discernible even in the way apartheid used to be administered in the petty sense of the word, separation signs at stations, bus stops or post office entrances used to read "Europeans" and "Non-whites". No more. Admittedly, the signs are disappearing anyway, but so have

'Whites will not be driven out'

the sentiments. With the exception of those whites who are relative newcomers to South Africa, I have come across none who comfortably or confidently contemplate living in Europe or America should whites be forced out of South Africa.

But significantly, neither do blacks anymore contemplate the idea of driving out the "white colonialists". In fact, some of the most voluble opponents of South Africa among the black leaders of Africa have described the presence of white South Africans as permanent.

In the fifth place I would like to highlight stability. The new realism recognises that although Government's security forces and services were severely tried and tested in recent years by ANC bombings and civil unrest, all of these forces are



Dr Hasselkus

unscathed and intact. Government is in complete control, even though it has had to effect unpopular and morally questionable emergency measures to stay in control.

I believe that the question of political power — or power-sharing — will not be pursued by politicised blacks in future via attempts at a public uprising, but that the black trades unions will be used increasingly as a vehicle for political expression. The mining strike and the eastern Cape labour strikes in recent months, are ominous forerunners of political action via labour which we may see increasingly in South Africa in the near future.

As a businessman, I would like to conclude by returning to a field of exceptional importance to me: the economy. One of the idealistic views of recent years was that the combination of internal and external political and economic pressures being exerted on South Africa would bring the economy to its knees, thus paving the way for political collapse.

As it turned out, the recession was the worst ever in South Africa's history, causing enormous damage to companies large and small, and creating massive unemployment. But the South African Government stands stronger than ever! Also from this exercise derives a new realism, a new insight: the South African economy is more resilient than many crit-

ics had hoped. As so often in the past, gold has come to the rescue.

With political stability has come increased business and consumer confidence. Everyone concerned is recognising the reality of the current level of political and economic stability. This is a good basis on which to plan a new future. I would suggest that the role multinational business can play in bringing about this new future should move in two directions: locally and abroad.

In South Africa, we can integrate blacks into the industrial society by extensive and intensive training, and thus prepare the environment in which the political and economic emancipation of blacks becomes practical and realistic. This, more than anything, is our social responsibility towards South Africa.

But the upliftment of the black community per se would be meaningless unless we give that community a worthwhile future to aspire to. This makes it imperative that we in business should also appeal to Gov-

'An exciting challenge for the multinationals'

ernment to finalise the dismantling of apartheid with renewed vigour.

In Europe and elsewhere, we ought to use our influence abroad not merely to minimise the effects of sanctions and disinvestment, but in fact to reverse the trend.

The economic rescue of Africa poses an exciting challenge to the multinationals. We are South Africa's links to the technological know-how of the First World. We are in a position to increase the level of sophistication that exists in research and development, and in manufacturing in this country. We, along with our overseas parent companies and their associates in Europe and America, could help to reverse the boycott trend, and become the initiators of a new industrial revolution that will bring about the tempo of economic growth which South Africa — and Africa as a whole — needs.

If we could help South Africa regain its economic momentum, and make its political peace with Africa, I believe we will have found the key to solving the African dilemma.

© This is a condensed version of an article written for Leadership magazine.

(63)

Germans fund social projects

JOHANNESBURG — German companies doing business in South Africa were pumping in millions of rands for social responsibility programmes, the president of the South African/German Chamber of Commerce and Industry, Dr Roland Kreher, said yesterday.

Dr Kreher was addressing the West German fact-finding mission, headed by the Bavarian Prime Minister, Dr Frans Josef Strauss, at his official breakfast party in Johannesburg.

Dr Kreher said 60 German companies had made available more than R100 million for social programmes in 1986.

The figure for similar programmes in 1987 would be even higher.

The Chamber had also initiated educational projects.

Giving Dr Strauss an account of "the present preoccupation" of the German business community in South Africa, Dr Kreher said that, after years of recession, there were now perceptible improvements.

However, the economic situation in South Africa could not be viewed apart from its socio-political environment.

The "risk I see is that business is being increasingly drawn into the conflict which is taking place between the political forces".

He referred to government plans to compel companies to deduct outstanding rent from the wages and salaries of members of their staff who lived in the townships.

He noted that this was without the requirement

of a court judgement.

"If such a law were enacted, compliance with it would, without any question, gravely prejudice relations between employers and employees."

The Chamber had stated its vigorous opposition to the proposed legislation.

Dr Kreher told Dr Strauss that they were also perturbed by proposed curbs on the rights of trade unions.

For German commerce and industry, free unions were an indispensable component of a free economic order, and strong unions were the best guarantee of viable compromises.

He asked Dr Strauss to hear their concern in this regard, and to reflect it in the discussions presently being conducted.

This, he said, would be a great service to German commerce and industry in South Africa.

He said he saw opportunities for the business community to contribute to peaceful, non-violent change, by providing education and training schemes in South Africa.

He said the Chamber was committed to initiating such projects "always in consultation and close communication with those for whom the programmes are intended".

Dr Strauss was guest of honour at a state function hosted by the Minister of Foreign Affairs, Mr Pik Botha, in Pretoria last night.

● Dr Strauss and his party were due to visit the Funda educational centre, but the meeting was cancelled without explanation.

Bonn's ban

Any optimism that the homelands or SA could receive an injection of private sector German funds — following Franz Josef Strauss's southern African whirl — is premature. This is the view of SA-German Chamber of Commerce and industry CE Lie-

43

FIM 5/2/88

FIM 63 5/2/88

sel Quambusch.

"German companies have been asked by the minister of economic affairs to refrain from further investment, as part of the ECC sanctions package against SA," she says.

A ban on new investment in SA was part of the ECC sanctions package agreed on at The Hague in late 1986. However, the implementation of this decision was left to member countries, according to the political councillor at the German Embassy, Peter Schmidt.

The form chosen by Bonn was a voluntary ban. There was a delay in coming to a decision, says Schmidt, but "sometime in the middle of last year" letters were sent to the German Federation of Industry, the head of the Associations of Chambers of Industry and Commerce, and the Federal Association of Banks.

In essence, the letter requested no new investment in SA, and expressed the hope that legal steps would not be needed.

Disinvestment remains a controversial issue in Germany and legislation would not necessarily have an easy passage. As leader of one of the coalition parties in Germany, Strauss would be influential.

Because the ban is not yet mandatory, individual companies may still choose to invest. Schmidt, however, does not believe that much new investment will be forthcoming.

The FM brings its readers the most news, comment and interpretation possible under the new regulations restricting publication of certain matters.

It does not believe that the restrictions are necessary or in the public interest, but will obey the law.

There is a reluctance because of a lack of political and economic confidence, he says.

Strauss's controversial suggestion that private companies should increase their investments, particularly in Bophuthatswana, flouts official policy. Germany does not recognise the "homelands."

Bophuthatswana's Lucas Mangope was clutching at straws with his claim that Strauss's visit was *de facto* political recognition. Strauss's visit to the homeland was not at the behest of Chancellor Helmut Kohl, nor was his meeting with Mangosuthu Buthelezi, or his visit to Namibia.

Funding of individual projects remains an option. But this would amount to limited funding for non-governmental organisations such as churches and schools, "as long as no recognition is afforded to the homelands." ■

□ See *People and Business*

VW to launch luxury Audi Turbo in SA

Chic-trucks 20/5/88

63

Own Correspondent

JOHANNESBURG. — After months of speculation, Volkswagen SA yesterday announced it is to launch the luxury Audi Turbo on the local market within the next two months.

Industry sources said the Turbo would have a similar body styling to the Audi 500 SE but would be even more luxurious.

The price of the new vehicle is expected to be about R60 000 compared with the Audi 500's R45 000.

VW MD Peter Searle confirmed that plans were underway to introduce the luxury model. The vehicle is considered VW's flagship model in Europe.

Searle said: "More and more South Africans motorists are realizing that

the Audi range is a worthy competitor in the luxury car market. Long waiting lists at our dealer showrooms bear testimony to this new awakening.

"That is why we decided to extend the Audi range in SA with the inclusion of the Turbo."

Audi's share of the luxury car market for the first quarter of 1988 was 13% — 2% up on the same period last year. Sales went from 486 for the first quarter of 1987, to 795 for the same period this year — a jump of 61% compared with a total luxury market increase of 40%.

The Audi 500 range held third place in the large luxury car sector for the first quarter, behind the Mercedes Benz W123 series and the BMW 3-series.

killed in a separate accident on
West road yesterday. *GP 7MP 28/05/63*

Restraint order granted *NUM*

GRAHAMSTOWN. — Mercedes-Benz of South Africa was granted an interdict in the Grahamstown Supreme Court yesterday morning restraining the National Union of Metalworkers (NUM) of South Africa from organizing or holding unauthorized meetings at the company's East London factory.

Plant 'almost unmanageable'

Mercedes may pull out over strikes

STUTTGART — Daimler-Benz, West Germany's largest company, may pull out of SA if violence among black workers escalated at its East London plant, management board member Manfred Gentz said.

Sapa-Reuter reports Gentz said yesterday Daimler would try to avoid such action in the interests of its 3 000 black and coloured employees, but strikes had made the plant "almost unmanageable".

On May 27 nine people were injured in clashes generated by a sympathy strike by black workers.

Strikes at East London had also crippled Daimler's car and lorry production in the whole country, and 300 to 400 black paintshop workers had refused to work since last week, Gentz said.

Labour relations have frequently been troubled at Mercedes Benz of SA

(MBSA), which was closed for nine weeks until the end of September last year during a bitter pay dispute.

Gentz said MBSA would issue an ultimatum that it would no longer be able to avoid immediate sackings unless the strikers returned to work by Friday.

ALAN FINE reports a representative of MBSA said Gentz's statement did not mean a withdrawal was imminent.

However, the situation — arising from efforts by the National Union of Metalworkers of SA (Numsa) to mobilise support for action in sympathy with dismissed colleagues at another company's plant — was affecting production from a quality and safety point of view and could not continue, she said.

Numsa had previously asked Mercedes to intervene, but it had refused

● To Page 2 →

German car firm may leave over strikes

because it did not believe it should interfere in the affairs of other companies.

She said it was not possible to quantify production losses, and stressed disruptions to production were occurring in only certain parts of the plant.

Numsa motor section head Fred Sauls said the problem, as well as several other disruptions at Mercedes over the past year, was largely due to management ineptitude, and the union had expressed this view to Daimler-Benz.

He strongly denied Numsa members had initiated violence. The violence had erupted last month when shop stewards were attacked by a group of employees while attempting to report to members the dismissal of colleagues at a firm that supplies Mercedes components.

He declined to comment on reports that the assailants were members of

another union operating at the plant.

He said management had then stepped in and applied for an interdict in the Grahamstown Supreme Court barring Numsa from holding any meetings without express permission. Later, when a shop steward attempted to calm a rowdy group of workers, the company had laid contempt of court charges.

Sauls said the company had then dismissed every shop steward at the plant, alleging they had been responsible for the violence. Many workers now refused to work unless the action against the shop stewards was reconsidered.

Our East London Correspondent reports the Mercedes representative declined to comment, saying the issue was an internal matter.

← ● From Page 1

Mercedes threatens to quit SA

Cap. Times 16/6/88

63

STUTTGART. — Daimler-Benz AG, West Germany's largest company, might pull out of South Africa if violence among workers escalated at its East London plant, management board member Mr Manfred Gentz said yesterday.

Mr Gentz said Daimler would try to avoid such action, but added that strikes had made the plant "almost unmanageable".

Mercedes-Benz of South Africa (MBSA) would not add to Mr Gentz's statement. But the MBSA public relations manager, Mrs Delene MacFarlane, said this did not mean that a withdrawal was imminent.

Daimler-Benz — the largest company in West Germany — is the mother company to MBSA.

The crisis at the plant, which had arisen from efforts by the National Union of Metalworkers of South Africa (Numsa) to mobilize support for action in sympathy with colleagues dismissed from another company, was affecting production from a quality and safety point of view, and could not be allowed to continue.

Between 300 and 400 paintshop workers had refused to work since last week and MBSA had been closed for nine weeks until the end of September last year during a pay dispute. On May 27, nine people were hurt in clashes generated by a sympathy strike.

Mr Gentz said MBSA would issue an ultimatum that it would no longer be able to avoid immediate sackings unless the strikers returned to work by Friday.

Local Numsa officials could not be reached for comment. — Own Correspondent and Sapa

Mercedes threatens to pull out of SA

~~152~~ ~~1527~~ By Sven Lünsche

Stv
16/16/85
63

Daimler-Benz of West Germany has threatened to pull out of South Africa if violence among workers escalates at its Mercedes plant in East London.

Responding to a four-week-old strike at the plant, management board member Mr Manfred Gentz yes-

terday announced at company headquarters in Stuttgart, West Germany, that Mercedes-Benz of South Africa (MBSA) would also no longer be able to avoid sackings unless striking workers returned by tomorrow.

The company's public relations manager, Miss Delene MacFarlane, said last night that a possible withdrawal was still a long way down the road, but workers have been warned to resume work by Friday.

Mr Gentz said Daimler would try to avoid a pull-out in the interests of its 3 000 black and coloured employees, but he said strikes had made the plant "almost unmanageable".

There was no response from the unions yesterday.

Mercedes SA chairman backs stand on disruption

ALAN FINE 17/1/85

MERCEDES Benz SA (MBSA) chairman Sepp van Hüllen yesterday backed up the statement made by Daimler Benz board member Manfred Gentz in Stuttgart on Wednesday about the disruption of production at the company's East London plant.

However, he stressed Gentz's statement reconfirmed the parent company's commitment to SA.

In response to allegations on Wednesday by the National Union of Metalworkers of SA (Numsa) that "inept" management was responsible for the problems at the plant, Van Hüllen said management had been forced to take certain steps to ensure peace.

These included court intervention and disciplinary action in the form of dismissals and suspensions.

Van Hüllen was not prepared to comment further on the matter, saying it had to be treated as *sub judice*.

He said MBSA and its principals had always regarded co-operation with unions as essential and in spite of pressure from third parties, the company had persistently striven to maintain operations in SA.

He said MBSA stood by its view that the SA government and society had to strive for equal rights for all in a peaceful and evolutionary process, and was committed to this process.

REPORTER

CAP TOWNS 17/6/68

Mercedes-Benz to stay in South Africa

(63) ~~1968~~ ~~1968~~ Staff Reporter

MERCEDES-BENZ of South Africa (MBSA) will continue its operation in the country to maintain its commitment to the process of "peaceful and evolutionary" change, the company said yesterday.

Commenting on press reports referring to the possible withdrawal of the company, MBSA chairman Mr Sepp van Hüllen said: "Mercedes-Benz is fully committed to this process and to meet this commitment, it has to maintain its industrial operations in South Africa."

By withdrawing, the "positive contributions already made" by MBSA would "have been in vain and future contributions entirely lost", he said.

The company declined to answer questions arising from management board member Dr Manfred Gentz's statement earlier this week that the company may be forced to withdraw from SA if industrial unrest at its plants persisted, but confirmed that production at MBSA's East London manufacturing plant had been "recurringly" disrupted by industrial disputes since May 25.

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CAP TOWNS 17/6/68

'Unmanageable'

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Mercedes may withdraw



17-23/6/88

By LOUISE FLANAGAN,
East London



THE future of Mercedes-Benz South Africa is uncertain after the parent company claimed the situation at the East London plant was "almost unmanageable" and threatened to pull out of the country.



MBSA has said only that the comments by Daimler-Benz AG's Manfred Gentz didn't mean a withdrawal was imminent and gave strikers an ultimatum to return to work today or be dismissed.

The threatened withdrawal comes during one of the worst periods of strife at the plant.

Last month the company obtained a temporary supreme court interdict preventing the National Union of Metalworkers of South Africa (Numsa) from organising at the factory after bloody clashes between Numsa and rival South African Allied Workers' Union (Saawu) supporters.

The union had until yesterday to respond and four workers were ordered to show reason why they should not be jailed for violating the interdict. The tensions have resulted in work at the factory grinding to a halt.

Daimler-Benz has been under continual pressure from its German workers to support the South African workforce and comply with their demands. Gentz, a member of the management board, told a press conference they would try to avoid a withdrawal, but strikes had made the operation "almost unmanageable". - El-news.

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Strike ends at Mercedes plant

At 16 Times 18/6/83
63 1400-112
EAST LONDON. An agreement between Mercedes-Benz SA (MBSA) and the National Union of Metal Workers of South Africa (Numsa) yesterday brought an end to the strike at the plant here.

A joint statement was released detailing the terms of the agreement.

MBSA has agreed to withdraw its application against the union at present before the Eastern Cape division of the Supreme Court.

The dispute concerning dismissals and suspensions, as well as the allegations made by MBSA in two Supreme Court applications, are to be referred to arbitration.

The arbitration panel is to consist of an umpire and two others, with the company and the union each nominating one arbiter.

The company and the union are to share the costs of the arbitration equally, and both will be allowed legal representation during the arbitration hearings.

Until the arbiters' award is made, MBSA has agreed to withdraw all disciplinary action against union members except in the case of two employees who have been suspended on full pay.

The parties have also agreed to "use their best endeavours to ensure that no acts of violence, intimidation or breaches of the Labour Relations Act occur".

The parties have agreed that the arbiters' award is binding, and will not affect any other issues not covered by the agreement, specifically existing grievance procedures. — Sapa

By Don Robertson

MERCEDES-BENZ SA has no intention of withdrawing from SA and has all but resolved the differences with the unions at its East London plant.

In a statement this week, managing director of the Mercedes-Benz SA, Sepp van Hullen confirmed that the company will not abandon its R300-million investment.

He says that if Mercedes were to withdraw, the positive contributions already made to offer equal rights to all people in a peaceful and evolutionary process, would have been in vain and future contributions entirely lost.

To meet these objectives, Mercedes has to maintain its operations in SA.

Comments by Manfred Gentz, board member of parent company Daimler-Benz in Germany on Tuesday, represent no change to this philosophy, says Mr Van Hullen.

And the dispute between management and the unions appears to have calmed.

Resolved

Gavin Hartford, a secretary for the National Union of Metal Workers (Numsa) told Business Times that the major problems had been largely resolved on Thursday.

In an out of court settlement, it was agreed that the two sides would go to arbitration and that three workers and one shop steward, who were to be held in contempt for organising meetings in contravention of an interdict granted to Mercedes, would be allowed to return to work. Two other workers are under suspension on full pay until the matter is resolved by the arbiters.

The principle arbiter has been agreed to and each side will appoint one representa-

19/6/88 *Times* 1000
**Mercedes puts
the brakes on 63
a withdrawal**

tive. It is not known when the hearings will begin.

Mercedes, with a turnover last year of R1,2-billion, has had continuous disruption of operations at its East London plant. In contrast, Delta, Volkswagen and Samcor's engine plant at Struandale, which are also part of the wage-negotiating Industrial Council have been relatively free of work stoppages.

In July last year, Mercedes experienced a four-day stoppage.

However, on August 6, the entire workforce of 2 600 walked out and stayed out. The problem this time was wage-related.

During the nine week stoppage, Mercedes made considerable concessions in an effort to get workers back on the floor.

In terms of the Industrial Council agreement, minimum wages in July were to be lifted from R3,50 an hour to R3,70 an hour. Numsa asked for R5 an hour.

After considerable dispute, Mercedes agreed to increase its offer to R4 an hour and eventually to R4,04 an hour, equivalent to a minimum of R752 a month. This compared with the minimum of R572 in January.

The company also agreed to compensate workers for a

reduction in the working week from 44 hours to 43 hours, offered a one-month wage bonus and raised leave to 21 days. It was to reconsider wages again in January and July this year.

When workers finally returned to work on October 2, it was estimated that the company had lost production of 4 600 vehicles worth about R300-million and that the workers had lost R5-million in wages.

Dispute

However, the dispute broke out again on October 6 and most of the work force was dismissed. The company began re-employing soon after.

Trouble erupted again on March 26 following the dismissal of a worker at a component supplier and, in clashes between Numsa and the SA Allied Workers Union (Saawu), nine people were injured.

Mercedes obtained an interdict to restrain the workers from holding meetings on the property and dismissed or suspended a number of workers.

Since the three-day work stoppage which started on June 6, the plant has not returned to full production.

Church Square sites offered

THE Reserve Bank is selling three valuable sites in Pretoria's historic Church Square area for redevelopment.



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Mercedes and Numsa act to end conflict

MERCEDES BENZ and the National Union of Metalworkers of SA (Numsa) have hammered out an agreement aimed at ending labour conflict at the company's East London plant.

The disruptions — which Mercedes said were precipitated by union activity, while the union has cited inept management as the cause — prompted Daimler Benz to threaten the possible closure of its SA operations.

20/6/88
ALAN FINE B/day

In terms of the agreement, Mercedes is to withdraw all disciplinary actions (including the dismissal of several shop stewards) — apart from the suspension on full pay of two employees — pending arbitration. In addition, the company is to withdraw an interdict application now before the Eastern Cape Division of the Supreme Court.

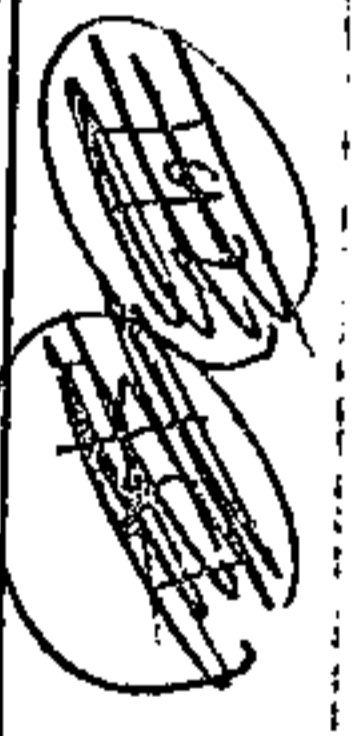
The two parties agreed to use their "best endeavours" to ensure that no violence, intimidation and breaches of the Labour Relations Act and agreements between them occur.

Numsa is to notify its members of the agreement and call on those on strike to return to work immediately. The union's two senior officials in the eastern Cape are to be available at all times to intervene should any stoppage or dispute arise.

KEY MARKET



SOUTH LABOUR



63

Benz dispute heads for arbitration

PRODUCTION returned to normal at the Mercedes-Benz plant in East London this week after a last-minute agreement staved off further Supreme Court action.

In an out-of-court settlement hammered out last Friday, the company agreed to drop its court action aimed at preventing the National Union of Metalworkers of South Africa (Numsa) from holding unauthorised meetings in the factory.

In turn the union agreed to call on its members to return to work. The dispute was referred to arbitration.

The agreement ends a month of conflict which included bloody clashes between workers and

threats of the company to pull out of the country.

The dispute started last month when Numsa called on workers to strike in sympathy with strikers at two other local companies.

When Numsa pickets called workers to a meeting at the plant to discuss the issue, a bloody clash between them and supporters of the South African Allied Workers' Union (Saawu) left nine workers injured.

Numsa accused company officials of orchestrating the clash, and of inciting the Saawu members to ambush them.

Mercedes-Benz South Africa (MBSA) denied the allegations and in turn accused Numsa of forcing

workers to strike.

The company obtained an urgent interdict against Numsa, preventing the union from holding meetings at the factory.

In terms of the settlement this action now falls away.

In a joint press statement MBSA and Numsa announced that the matter would be referred to arbitration, which would include referees from both parties.

MBSA agreed to drop disciplinary actions against workers, including all 20 shop stewards, with the exception of two unnamed employees who were suspended on full pay pending the outcome of the arbitration.

Last year a nine-week strike over minimum wage levels cost the company an estimated R300-million

The company refused to comment on the cost of the latest dispute.

However, additional pressure to end the conflict came late this week when a member of the management board of the West German parent company Daimler Benz AG called the situation "almost unmanageable" and said they were considering withdrawing from South Africa.

The German Metalworkers Union is believed to have pressured local management into an agreement. — **ELNEWS**

German union chief urges common SA labour code ^{STW 11/7/88} 63

The Star's Foreign
News Service

MUNICH — The chairman of the giant West German trade union, IG Metall, Mr Franz Steinkuehler, is to press German firms operating in South Africa to adopt a new labour-management code during talks next week.

The code, worked out jointly by IG Metall and the South African Metalworkers' Union, com-

mits German affiliates in South Africa to apply to their employees the same conditions of employment as at home.

Mr Steinkuehler said the code aimed to protect basic labour rights and would exclude the dismissal of striking workers.

"We are demanding only that which is taken for granted in West Germany," he said.

"No firm should be allowed to derive additional benefits from apartheid laws."



63 6/24/78

West German subsidiaries seem set to accept code of labour

practices

ABOUT 40 subsidiaries of West German multinational companies in the metal industry appear about to accept a 14-point code of labour practices drafted by German union I G Metall and the SA Council of the International Metalworkers' Federation (IMF).

The code, which includes blanket protection for workers from dismissal for striking, is designed to ensure that SA employees have the same collective bargaining rights as their counterparts in the West German parent companies.

An SA-German Chamber of Trade and

Industry spokesman said yesterday the organisation's metal-sector members had been addressed last week by I G Metall president Franz Steinkuehler and "it looked as if all were in agreement with the terms of the code". Details are to be published in the next edition of the chamber's newsletter.

National Union of Metalworkers of SA leader Des East said the IMF had not yet received official confirmation from employers of acceptance of the code. He said it also aimed at restoring or expanding rights restricted by the Labour

RELATIONS AMENDMENT BILL

The code contains an obligation to not take advantage of "apartheid laws", including adherence to these and other generally accepted standards in homelands where labour law is repressive or non-existent.

It calls for renunciation of security and emergency laws, and states workers detained or convicted in terms of them should continue to receive wages and remain in employment.

Relations Amendment Bill.

In terms of the code, companies must be prepared to bargain on all workplace matters at company level; union representatives have a right of access to company premises; facilities for meetings on company premises must be provided; shop steward rights are guaranteed; and union officials may represent members at grievance or disciplinary hearings.

The code grants the right for peaceful picketing on company premises and any labour dispute may be referred to arbitration. It also calls for a renunciation of "the undemocratic industrial council

system to illegalise strikes" and an obligation not to jeopardise residential rights in company accommodation except after fair termination of the employment contract.

The code applies to franchisees of German companies as well as affiliated companies, and provides for annual reports from each company as to compliance with its principles.

East said the code represented a practical example of a foreign union using its muscle to improve conditions for SA workers.

practices

THE APPARENTLY impending acceptance of a code of labour practices by West German metal sector companies in SA — which could, in time, be extended to other sectors and even companies of other nationalities — again raises union dilemmas over disinvestment.

The code would ensure that affected SA workers enjoy the same bargaining rights as the West German employees of these multinationals.

Two predominantly black unions with a presence in German companies and affiliated to the International Metalworkers' Federation — Numsa and the Electrical and Allied Trade Union of SA — both belong to federations which, with varying degrees of ambiguity, have expressed support for disinvestment.

(Emergency restrictions imposed on Cosatu last February prevent the organisation from doing so any long-

New code raises new dilemmas

er. The restrictions would also seem potentially to prevent, some day, any reconsideration.)

NEITHER of these unions, like others who deal extensively with multinationals, have gone out of their way to demand disinvestment of the companies in which they are organised.

Numsa, when faced with withdrawal, has chosen rather to emphasise that aspect of Cosatu policy which demands full consultation and compensation.

It may be that, in accepting the code, companies hope it may deflect

LABOUR LETTER

Alan Fine

25/7/88 (A/1004)

some of the disinvestment pressures they face — much as the far less comprehensive Sullivan and EEC Codes did for a time 10 years ago.

But the pressures remain. And disinvestment by these companies could then mean the loss to the unions of, for example, the right to strike without fear of dismissal.

Numsa's response to questions about this issue was to reiterate, without elaborating, that the union

supports Cosatu policy. Eatusa could not be reached for comment.

ON THE question of the dismissal of strikers, Advocate Martin Brassey made an interesting observation at the Durban Labour Law conference last weekend.

He argued that such a practice rarely occurred in reality, and need not be a controversial issue.

Rather, when employees were dismissed for striking this invariably ended in the reinstatement of some or most of them.

In such cases, the real reason for

dismissal could not be simply the strike. Either it was victimisation of certain people — which was unfair — or it was retrenchment, in which case it should be handled through the normal retrenchment procedures, he said.

AT THE beginning of his talk at the conference, Anglo American's Bobby Godsell took his life in his hands by informing the predominantly legal audience of a recent decision by the American Medical Association to cease experimentation on rats and to use lawyers instead.

The reasons for this decision were that, in the US, lawyers were more plentiful than rats, one was less likely to begin feeling affectionate towards the lawyers and there were some things rats just wouldn't do.

REVIEW

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REVIEW

Court.

CONF TRIPS 11/18/63

IMF in wage rise deal

JOHANNESBURG. — The International Metalworkers' Federation (IMF) yesterday concluded a wage deal with the giant Siemens group for wage increases ranging from 56 to 80 cents an hour. The IMF said striking employees at their plants returned to work yesterday.

CAPE TOWN 7/9/88 (63) 142 (507)

Merc strike in 12th day
EAST LONDON. — There were no meetings between the union and management of Mercedes-Benz of South Africa as the strike at the company's car plant here entered its 12th day yesterday. The strike started over a National Union of Metal Workers of South Africa demand to have a suspended worker reinstated.



Hopes for end to Mercedes strike

M645 28/10/88 (63) (KSA) (KSA) (KSA)

EAST LONDON. — Almost the entire workforce of 3 000 at the Mercedes Benz of South Africa (MBSA) plant in East London has been on strike for the past two days.

A spokesman for MBSA said yesterday production at the plant had been seriously affected.

However, settlement in the dispute which caused the strike was reached late yesterday.

In a statement the company said production was expected to resume today, but a National Union of Metalworkers of South Africa (Numsa) spokesman in Port Elizabeth, Mr Les Kettleidas, said a report-back meeting would be held with workers and it was difficult to predict whether or not workers would then return to work.

Disciplinary

Numsa's regional secretary, Mr Viwe Gxarisa, said the work stoppage was over two separate disciplinary matters.

The first was a case of mutual accusations of drunkenness between an assembly-line worker and a foreman.

The worker refused to take a breathalyser test unless the foreman

did the same and he was dismissed.

In the second case, a worker was dismissed after only a few hours in a new job because he was said to be performing inadequately.

Mr Gxarisa said management had failed to follow the strict procedures applicable to such circumstances.

In a meeting between management and Numsa yesterday afternoon, it was agreed to reinstate the latter worker and hold an internal disciplinary inquiry for the former, he said.

Poor performance

The statement issued by MBSA said the layoff procedure had been clarified. It said there had been a dispute over an alleged incident of misconduct and the interpretation of a lay-off agreement.

Later, however, the MBSA spokesman, Mrs Wendy Hoffman, said the strike followed the dismissal of a worker last week for "poor performance".

Mrs Hoffman said the strike was an illegal one and had taken place before an appeal lodged against the dismissal of the employee could be heard.

She said the appeal was to have been arranged as soon as possible. — Sapa.

Chissano visits Cuba again

Man molested seven schoolboys

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Cape to make

colg akcu's skills

63

189

By TOM HOOD
Business Editor

TELEVISION and other electronic goods with the label of Grundig, the West German market leader, are to be manufactured in Cape Town next year.

Plans for local manufacture are almost finalised, according to Mr Sean Day, managing director of the import agency Videocam, which has been awarded distribution rights for Grundig products, including high-fi and audio equipment, television, video recorders, cameras shavers, carsound and accessories and spares.

He aims to raise R5-million by a private placing of shares in Video Holdings for the import of components to manufacture while a local manufacturing company plans a big

investment to enlarge its factory and employ more people.

Mr Day said the company sees a big gap in the market because Japan, which suddenly emerged as South Africa's best trading partner, has been forced to keep exports to South Africa at 1987 levels.

The August 15 surcharges imposed by the Government also made imports prohibitive — adding at least 30 percent to prices — and opened the way to making local manufacture feasible.

The company plans to open a retail outlet at Tyger Valley shopping centre in Parow by the end of next year and another in the Southern Suburbs.

"We will sell the entire Grundig range from these shops. However, we will only get locally manufactured products by next June."

Vision Holdings, the wholesale company will also supply the trade, including chain stores.

Rights

A local company has been given manufacturing rights by Grundig, but the managing director asked not to be identified at this stage.

Products include a combined TV set and video recorder with a retail price around R5 000.

However, Mr Day sees a big market in the black population for colour portables costing between R1 600 and R1 700.

Besides aiming at the top end of the hifi and TV market, Grundig has many products tailored for the young market, including brightly coloured portable radios to ghetto blaster.

The West German company was built up by Max Grundig from scratch in 1948 and now has a substantial shareholding in the Dutch electronics giant Philips.

Recession

The entry of Grundig will raise the number of local manufacturers to five. There were seven when the South African television industry started in 1976.

The local TV market is estimated to be worth about R500-million and any reduction in sales from a recession could be offset by replacement of older models.

A growing segment is the sale of small portable 31cm models due to black demand.

These models are estimated to form 55 percent of sales this year against only 33 percent in 1986.

SPONGE GRUNDIG

End to strike (63)

Opp. Times 11/11/68
EAST LONDON. — Production at the Mercedes-Benz plant here resumed yesterday after a three-day virtual standstill at the plant last week, the company said.

Almost the entire workforce of 3 000 went on strike on Wednesday last week after two employees were dismissed.

One was dismissed for poor performance after only a few hours in a new job and the other for refusing to take a breathalyser test. — Sapa



INDUSTRY

AM645 19/12/88 (63) ~~63~~

'BMW SA here to stay'

Business Staff

BMW South Africa intends to remain an important player in this country and "we have a long-term plan and strategy that we are working our way through," says Dr Walter Hassekus, management board chairman of BMW SA.

He told *Leadership* magazine that whatever the political outcome in South Africa might be, a skilled labour force would be necessary to maintain and develop the economy.

He said a recent independent survey among the company's workforce showed that more than 70 percent were against disinvestment.

BMW head office in Munich had accepted in principle the local company's recommendation that it keep with whatever new models were being introduced there and that BMW make the necessary investment in South Africa.

Leadership says the problem for BMW SA arguably, is that it has to live with basic engineering and marketing decisions that are made in Munich.

The perception there was that following a clear trend in the US, "Yuppies" in Europe will continue to spurn tradi-

tional life-styles involving children and large mortgages and spend increasing amounts of their incomes on other expensive pleasures.

But what is right for Europe is not necessarily so for South Africa. In this instance it was probably not, for declining prosperity among whites had forced them to buy down in recent years.

What had been true for individuals might become true, too, for companies providing cars for their executives.

An indication of BMW SA's confidence in the local components industry was that it had formed a project team to investigate the feasibility of having about 10 of the components in the electronic engine management system made locally.

Mr Kurt Wunderow director of logistics and supply said the basis of the local content programme introduced in the 1960s to help advance the country's industrialisation was likely to be radically altered within the foreseeable future.

The programme had been successful, but the circumstances within which the programme operated were no

longer what they once were.

The present programme gave a rebate on excise duty provided that 66 percent of the vehicle's total weight was made locally.

Basing local content on value rather than weight was rejected when the programme was devised.

But today sophisticated lightweight components comprised a steadily rising proportion of total cost.

The local content programme provided little incentive to manufacture these types of components locally and the import bill of the motor industry had risen from R1-billion to R3,5-billion in recent years, syphoning off valuable foreign exchange.

BMW SA had contacts with close to 150 local suppliers who together supplied the company with well over 3 000 different items.

Mr Dieter Wache, head of development engineering at the Rosslyn plant said each year the department received about 100 000 items of technical information from Munich.

Of these some 6 000 were to do with existing models, and

most of those required new parts to be made.

He noted that South African buyers demanded unusually powerful engines in their cars; the BMW745i and 333i models were unique to this country.

BMW SA is represented by 120 retail outlets or dealerships and there number had remained static throughout the Eighties. The 10 biggest dealers accounted for about 70 percent of all parts and accessories business.

Head of marketing Mr John Jessup said at the company's present size each dealer should be safely viable.

Mr Jessup said an efficient dealer selling about 15 cars a month could pay himself a salary of R100 000 or more and still make perhaps 25 percent before tax on the R500 000 to R1-million he had invested in his business.

He said, however, when the market turned down the picture changed quite dramatically and costs against income could become very severe.

Dealers had to be efficient in summer, storing fat for the winter. But this would not be possible were BMW to expand its dealership network when the market was booming.

SA-German trade soars

DIANNA GAMES

WEST Germany is set to take over from Japan as SA's largest trading partner following a successful policy of restraint by many Japanese companies doing business with SA, according to recent reports in Japanese newspapers.

The Japan Times quoted International Trade and Industry minister Jajime Tamura as saying West Germany had been doing more trade with SA than Japan in recent months.

It reported that Japanese PM Noboru Takeshita had said he would urge businesses to exercise more self-restraint in trade with SA. He said trade with SA had been decreasing since April but Japan had failed to convince the international community of its efforts.

But, according to Claas Knoop, economic councillor with the German Embassy in SA, it would not be possible to make the politically loaded assumption that Germany would take over as the largest trading partner until the whole year's trade figures were available.

The latest figures released in West Germany for the period from January to July show German imports from SA had risen by 31.6% while exports to SA rose by 36.6% in the same period.

In this period imports from SA rose from DM1.36bn in 1987 and DM1.7bn in

1988. To Page 2

German trade with SA in sharp rise

1988, while exports to SA rose from DM2.4bn in 1987 to DM3.2bn this year.

But, said Knoop, there were differing trends. For instance, in 1987 imports from SA compared with 1986 fell by 22.2%.

A recent report in a leading Japanese financial daily said Japanese industry planned to strengthen its curbs on trade with SA in 1989 in response to the UN resolution earlier this month which condemned Japan for being SA's leading trading partner.

In the the period January to October this year Japan's trade with SA rose 1.6% in dollar terms from the same period the previous year.

Japan became SA's biggest trading partner in 1987 with bilateral trade totalling \$4.1bn, up 15% from the preced-

ing year, a Japanese newspaper said. It said West Germany was second with \$3.8bn in trade.

Many firms in Japan said they were trying to ensure the dollar value of their trade with SA at least did not exceed this year's, the report said.

The automobile industry is the largest exporter to SA, a Japanese financial daily reported, saying that sales last year from this sector were up 20%. It said Toyota was the largest contributor to the increase, responsible for about 40% of last year's exports to SA.

But industry officials said they were keeping a close watch on their shipments to SA so that the total number would not exceed the level of last year.

From Page 1

19/12/88

19/12/88

BMW's long-term commitment

Star 19/12/88

Finance Staff

63

CAPE TOWN — BMW South Africa intends to remain an important player in this country and "we have a long-term plan and strategy that we are working our way through," says Dr Walter Hasselkus, management board chairman of BMWSA.

He told *Leadership* magazine that whatever the political outcome in South Africa might be, a skilled labour force would be necessary to maintain and develop the economy.

He said a recent independent survey among the company's workforce showed that more than 70 percent were against disinvestment.

BMW head office in Munich had accepted in principle the local company's recommendation that it keep with whatever new models were being introduced there and that BMW make the necessary investment in South Africa.

Leadership says the problem for BMWSA arguably, is that it has to live with basic engineering and marketing decisions that are made in Munich.

The perception there was that following a clear trend in the US, "Yuppies" in Europe will continue to spurn traditional life-styles involving children and large mortgages and spend increasing amounts of their incomes on other expensive pleasures.



BMW's MD Dr Walter Hasselkus.

But what is right for Europe is not necessarily so for South Africa. In this instance it was probably not, for declining prosperity among whites had forced them to buy down in recent years.

What had been true for individuals might become true, too, of companies providing cars for their executives.

An indication of BMWSA's confidence in the local components industry was that it had formed a project team to investigate the feasibility of having about 10 of

the components in the electronic engine management system made locally.

Mr Kurt Wunderow director of logistics and supply said the basis of the local content programme introduced in the Sixties to help advance the country's industrialisation was likely to be radically altered.

The programme had been successful, but the circumstances within which the programme operated were no longer what they once were.

The present programme gave a rebate on excise duty provided that 66 percent of the vehicle's total weight was made locally.

Basing local content on value rather than weight was rejected when the programme was devised.

But today sophisticated light weight components comprised a steadily rising proportion of total cost.

The local content programme provided little incentive to manufacture these types of components locally and the import bill of the motor industry had risen from one billion rand to R3,5 billion in recent years, syphoning off valuable foreign exchange.

BMWSA had contracts with close to 150 local suppliers who together supplied the company with well over 3 000 different

items.

Mr Dieter Wache, head of development engineering at the Rosslyn plant said each year the department received about 100 000 items of technical information from Munich.

Of these some 6 000 were to do with existing models, and most of those required new parts to be made.

He noted that South African buyers demanded unusually powerful engines in their cars; the BMW745i and 333i models were unique to this country.

BMWSA is represented by 120 retail outlets or dealerships and their number had remained static throughout the Eighties. The 10 biggest dealers accounted for about 70 percent of all parts and accessories business.

Head of marketing Mr John Jessup said that at the company's present size each dealer should be safely viable.

Mr Jessup said an efficient dealer selling about 15 cars a month could pay himself a salary of R100 000 or more and still make perhaps 25 percent before tax on the R500 000 to R1 million he had invested in his business.

He said, however, when the market turned down the picture changed quite dramatically and costs against income could become very severe.

Agreement signed with union B/Dav

German firms won't move to the homelands

SIX major German manufacturers in SA and the largest free world trade union, IG Metall, have signed an agreement which includes a clause forbidding the companies from making use of homeland structures and decentralisation benefits.

Homeland governments offer little employment protection or labour union activity.

The 14-point agreement demands that all transfers of businesses to homelands be stopped.

The code could be adopted by all European Economic Community countries and be applied to EC companies operating in SA, the labour attaché at the German Embassy, Peter Ruthmann, told Business Day.

The German government was involved in discussions with other EC countries with the aim of getting the code adopted, but Britain was resisting the move, Ruthmann said.

The principal agreement, signed by the manufacturers in December, is now being implemented in negotiations between by the SA Council of the International Metalworkers' Federation (IMF) and each manufacturer.

The six companies are Siemens,

HELOISE HENNING

BMW SA, Mercedes Benz SA, Volkswagen SA, Bosch and Hella.

There is a deadlock in the talks with Siemens over one of the 14 points, involving picketing on factory premises. However, Ruthmann said there did not appear to be any other disagreements.

Business Day questioned MBSA MD Sep van Huellen on rumours that the Mercedes Benz car assembly plant in East London could be vacated, with the company moving its plant closer to Pretoria, possibly in Bophutatswana. It had been suggested that the East London plant could go to a Port Elizabeth-based car maker.

MBSA has suffered extensive industrial action in East London over the past two years. The German parent company Daimler-Benz last year threatened to leave SA if the problems were not sorted out.

Van Huellen categorically denied the plant had been sold, and said the company was bound to the IG Metall agreement.

MBSA had 3 200 employees in the city and had an obligation to them, he said.

GERMANS, FIRMS AT ODDS OVER SA

HARARE — Most West Germans oppose trading with SA, but most large firm managements in the country oppose sanctions.

Bremen science and culture minister H W Franke said this at a Zimbabwe-West German symposium on Education Against Apartheid here yesterday.

"Public opinion is one thing and doings of management another," he said. German Federal parliament president Rita Suessmith told delegates there was no doubt in her country of the need

to abolish apartheid in SA. There was controversy about whether sanctions were efficient or correct to achieve this.

SA's education system used schools as "instruments of domestication" for blacks, who were trained to provide a supply of "ordinary artisans and domestic servants", said West German parliamentarian H G Toetemeyer.

Attending the symposium were members of the Zimbabwe and West German parliaments, the ANC, PAC, Swapo and church organisations. — Sapa.

63

13/Dec/81/3/57

63

Steinmuller takes 51% in Mannesmann

STEINMULLER (Africa) Group has boosted its stake in Mannesmann Anlagenbau (ANLGB) to 51% to consolidate West German interests in SA.

Steinmuller, a subsidiary of German-based construction company Philippe Holfman, which owned 24,9% of ANLGB, bought the additional 26% from ANLGB's German holding company, Mannesmann.

Steinmuller MD Colin Ferreira

BRENT MELVILLE

said the move was in line with both company's production aims.

ANLGB, with an annual turnover of over R300m, is one of five companies owned solely by German holding company Mannesmann.

ANLGB financial manager Ingo Kloepfer said the latest share deal would not affect company policy and

ANLGB would continue to operate autonomously.

A Mannesmann spokesman said this was true for the short-term but the long-term situation could necessitate a name-change.

"The main idea was to integrate the two companies' activities, particularly in the construction of power stations, where Steinmuller traditionally supplied the boilers and ANLGB the piping," he added.

ALAN FINE

BMW SA this week became the first company to sign a code that ensures SA unions enjoy the same rights as their West German counterparts.

The agreement is based on the 14 principles devised by the German union IG Metall and the SA Council of the International Metalworkers' Federation (IMF) for German metal-sector companies in SA.

The most important aspects of the agreement, appended to BMW's recognition agreement with the National Union of Metalworkers of SA (Numsa), concern the right to strike and picket, and home

BMW signs bold new labour code

land and security legislation.

BMW industrial relations management board member Dave Kirby said most of the code's requirements were already met by the company. However, the most controversial area of negotiation had been the right to strike.

He said the company had conceded that employees involved in a strike where all dispute-resolving procedures

63 To Page 2 →

BMW signs bold new labour agreement

had been followed could not be dismissed.

A previous agreement had guaranteed this right during the first four weeks of a strike. It had now been accepted that employees involved in an "authorised" strike should not be dismissed at any stage for this action.

It was also agreed that workers should not be prejudiced by apartheid laws. Kirby said employees at BMW's Bophuthatswana operation enjoyed

identical conditions of employment as those elsewhere in SA.

It had been further agreed that wages of employees detained without trial would continue to be paid.

Finally, the right to picket on company premises had been written into the agreement.

IMF local secretary Brian Frederiks confirmed the agreement.

63 From Page 1
b/Dam 10/3/89

63

Bonn's still pushing EC companies to by-pass labour laws

By EDDIE KOCH

THE West German government plans to mount an international campaign to ensure that European companies with subsidiaries in South Africa do not make use of Pretoria's controversial labour laws, say diplomatic sources.

Bonn's minister of foreign affairs, Hans Dietrich Genscher, this month spearheaded an attempt to have the European Community adopt as policy a 14-point charter which by-passes the Labour Relations Amendment Act and ensures that multinationals do not make use of other "apartheid laws".

At a top-level meeting of the European Community's foreign ministers in Granada on April 15, Genscher asked that the 14-point programme be included in the European code of conduct for companies operating in South Africa. But the German initiative failed, the sources say, because of objections from Britain's Sir Geoffrey Howe as well as from the representatives of Portugal, Greece and Belgium.

Bonn will continue its European drive but plans to rally wider support for its campaign when the United Nations General Assembly convenes in New York in September. The Organisation for African Unity has also agreed to take up the issue.

The 14-point document, devised by the German metalworkers' union, IG Metall, gives trade unions in South Africa the right to strike without fear of their members being dismissed and to stage peaceful pickets on company premises during strike action.

It allows for private arbitration during disputes, enabling employers and unions to shun collective bargaining procedures laid down in South African law, and prevents companies from taking advantage of "apartheid laws" in order to avoid dealing with unions.

"The United Kingdom is the country which has fundamental reservations to the issue of incorporating the 14 points into the code of conduct," said a representative of the German Embassy in Pretoria. "This is because they see these standards as giving workers here rights which, in some respects, they would not enjoy in Great Britain."

John Sawers, first secretary at the British Embassy, confirmed his foreign minister had raised reservations at the Granada meeting about incorporating the programme into the EC code of conduct.

His government was not opposed to the IG Metall principles being adopted by British multinationals, especially as it would help companies here to resist disinvestment, he said. "However inserting them into the code would mean British companies operating in South Africa would be measured against requirements which are part of German law."

Labour negotiations

Special Correspondent

AN agreement between West German companies with subsidiaries in South Africa and trade unions in the metal and allied industries about a code for minimum standards in labour relations was drawn into a dispute at Siemens Ltd in South Africa recently.

About 900 workers, most employed at Siemens' cable factories near Pretoria, downed tools for three days after the company allegedly refused to negotiate a reduction of staff, causing 130 workers to lose their jobs.

The trade union alleged that Siemens had acted contrary to the code.

The dispute was settled after mediation and draw-out discussions. The workers have since resumed their duties.

Siemens agreed to pay workers with less than 10 years' service with two weeks' wages for every year of service.

The code for minimum standards in labour relations is the result of discussions held in December last year between the International Metal Workers' Federation (IMF) and the West German trade union, IG Metal.

IG Metal, with a membership of more than a million, is the largest member of the West German trade union federation, DGB.

In June last year, a Co-satu deputation visited West Germany at the invitation of the DGB. This delegation also met the West German Minister of Foreign Affairs and visited

German firms adopt worker standards code in SA

the International Labour Organisation.

The West German multi-national companies in South Africa that will be affected by the code, include BMW, Siemens, Volkswagen, Mercedes-Benz, Hella and Robert Bosch. These companies have already approved the 14-point-plan in principle.

According to Brian Frederick, president of the South African Council of the IMF, the affiliated trade unions of the IMF in SA are still negotiating with these companies to settle conditions in respect of the individuals of the various parties on company level.

This code is an addition to other codes drawn up to assist in regulating conduct, social upliftment and fair labour practices by both employers and employees.

Since the Rev Leon Sulihyan abolished the signing of his code for American subsidiary companies in South Africa, these companies on the one hand made more money avail-



able for social upliftment on their own initiative and on the other hand showed a greater preparedness to discuss social-political issues at the negotiating table.

The West German code consists of the following 14 points:

- Apartheid - the abolition of the exploitation of advantages caused by apartheid legislation, especially in the homelands.
- Security legislation and legislation pertaining to the state of emergency - the abolition of the exploitation or advantages, delayed payment of wages and the termination of employment of employees in detention and those who have been sentenced in accordance with security legislation.
- Labour relations - preparedness to negotiate on company level with representative trade unions about all internal company matters.
- The right of access to all company premises.
- Facilities for voting and facilities to hold meetings
- Without the interference of the management concerned must be made available.
- Guaranteed rights for shop stewards, including the provision of facilities and granting of time for absence from work.
- The right of trade unions to represent members during procedures of discipline and the discussion of grievances.
- Acknowledgement of the right to strike - the waiving of possible dismissals for participating in a strike.
- The right for peaceful protest on company premises.
- Preparedness not to rely on the industrial council system - including the "undemocratic" manner in which strikes are being classified as unlawful.
- An agreement to refer any labour dispute which could land in any SA court, to a mutually acceptable arbiter.
- The commitment not to hamper the right of employees to stay in hostels or other forms of company accommodation, except when an employment agreement has been reasonably terminated.
- The commitment to monitor the maintenance of standards, also in the case of companies dependent on West German subsidiaries.
- The commitment to hand a copy of the report sent the holding company to shop stewards at SA subsidiaries each year.

Succeeded

Sanctions are no threat to Jagsports division

DISINVESTMENT poses no threat to Amshoe and its Jagsports division, which has the local franchise to manufacture, import and distribute the internationally renowned Puma range of sports and casual apparel and footwear.

Jagsports MD Meyer Greenspan says this franchise has been held for the past nine years and Puma head office in Germany has signed a long-term contract with Amshoe.

Securing future bonds with a parent producer is an important achievement amid growing pressure abroad to disinvest.

"This achievement is vital for continuity of supply and growth, particularly as Jagsports is now expanding Puma products into exciting new segments in the local market," he says.

Many of the large chains and companies not only seek the assurance that continuity of supply is guaranteed, but that the latest technology used to improve products is freely available, he adds.

Energy

"Being able to meet these needs in the future has injected confidence into Puma's local marketing strategy with big organisations," says Greenspan.

In the past nine years, tremendous energy has gone into the Puma footwear ranges, but this has been at the expense of the opportunity which has existed in the apparel market.

While the rest of the world has a split of about 50% Puma footwear and 50% Puma apparel, in SA it is about 90% to 10%.

Puma aims to remedy this and has developed a new apparel division.

This complements the existing sports and casual footwear ranges and will design and develop the Puma lines of sport and multi-sex casual apparel on a CMT (cut, make and trim) basis.

Banners, AKs brandished at VW demos

Own Correspondent

PORT ELIZABETH. — Volkswagen workers displaying banners propagating the ANC, the SA Communist Party (SACP) and the National Union of Metalworkers of SA (Numsa) have staged lunchtime demonstrations at the Uitenhage factory at least 10 times in the past month.

During the demonstrations, many workers, all believed to be Numsa members, have wielded replica AK-47 rifles, rubber mallets, pieces of wood, pieces of iron, and posters — one showing the corpse of President P W Botha in a coffin.

A company memo expressed concern that these items were manufactured in the VW plant in company time and with company materials.

White workers at the plant contacted the police about the matter, Captain Bill Dennis, police liaison officer for the Eastern Cape, confirmed.

Volkswagen management feels it would be an over-reaction to call in the police and that this would only worsen the situation. No violence had occurred and none of the demonstrators had interfered with anyone else, a spokesman said.

Posters with the words "Viva ANC", "Viva SACP", "Viva Numsa", "Botha is a dog", "Searle and Rautenbach are dogs", "Boere se moere" and "Kill the capitalists" have been displayed by more than a thousand singing, dancing workers.

Mr Peter Searle is the company's managing director and Mr Johan Rautenbach its employee relations manager.

The Volkswagen spokesman said the Numsa members were demonstrating for wage increases and national bargaining power.

Meeting with union

Asked what the ANC and SACP banners had to do with wage demands, the spokesman said politics had unfortunately entered the matter and that the company had expressed its concern to Numsa.

"We met the union on Monday and informed them that we are unhappy with the situation.

"The union, in turn, said they were also concerned with the developments and undertook to discuss the issue with its members."

In a memo addressed to company shop stewards, among others, Volkswagen management said there were people with various political convictions working at the plant and requested that the unionists ensured that nothing took place during the marches that could provoke anyone.

Numsa representatives and senior shop stewards at the plant could not be contacted yesterday.

officer's patrol car which was damaged in the multiple smash.

News in Brief

63

Mercedes-Benz agreement

City 7/17/85

JOHANNESBURG. Mercedes Benz of South Africa has agreed to a recognition agreement with the National Union of Metal Workers. A company statement said the agreement would incorporate minimum West German standards for labour relations, but exclude recourse to the provisions of the Labour Relations Act by either parties unless otherwise agreed to.

Austria asks to join EC

BRUSSELS. — Austria yesterday formally applied to join the European Community, saying its neutrality was no obstacle to political and economic union.

Britain reacts to Numsa deal

Blom 21/7/84
LONDON — A senior British government source said yesterday there was little chance SA-based companies from other EC countries would emulate the West German company Mercedes-Benz's bold deal with the metalworkers union Numsa.

He was reacting to a new recognition agreement signed earlier this week between the two parties. *(63)*

It incorporates a 14-point code supported by the West German union IG Metall and entitles Numsa members to the same collective bargaining rights enjoyed by their West German counterparts.

It also enables them, under specific conditions, to bypass certain elements of SA labour legislation like the Labour Relations Act.

The spokesman said the union proposals, which earlier this year were strongly endorsed by West Germany at an EC Foreign Ministers' meeting in Spain, had run up

ROBERT GENTLE

against resistance from other member countries. *(SA)* *(SA)*

"This is not a case of Britain being against everyone else," he said. "Those agreements are based on West German law which is not applicable elsewhere in the EC." *(SA)*

He repeated statements made by the Department of Trade and Industry (DTI) earlier this year that if the proposals were adopted in SA, workers at the companies in question would have more rights than their counterparts in Europe.

"I think I can safely say this matter will not be brought up again," he concluded.

Despite the reservations expressed here about the agreement, it has been welcomed by Mercedes-Benz, which called it "progressive" by SA labour standards.

Sapa reports the West German Foreign

To Page 2

Numsa

Blom 21/7/84
Affairs Minister Hans-Dietrich Genscher, said in a statement from the German Embassy in Pretoria that the application of the minimum standards in labour relations formulated by Ig-Metall, aimed at preventing apartheid-related disadvantages to SA workers, was an important contribution towards strengthening the position of SA workers, regardless of their skin colour.

(SA) *(SA)* *(63)* From Page 1

This corresponded with the principles of a relationship between labour and management based on social partnership.

Genscher said he had advocated EC-wide acceptance of the Ig-Metall minimum standards as an extension of the provisions of the EC Code of Conduct for European subsidiaries in SA.

11 th demonstration at VW

The Argus Bureau

Argus 30/6/89 (63) (12) (13)

PORT ELIZABETH. — There has been another lunchtime demonstration at the Volkswagen factory in Uitenhage — the 11th at the plant since May 26.

But this time the demonstration was peaceful and without wooden imitations of AK 47s, South African Communist Party or ANC banners which featured in earlier protests.

The demonstrations coincided with demands by the members of the National Union of Metalworkers for a "living wage".

6 000 Volkswagen staffers back to work

CAPL Times 7/18/87
Own Correspondent

PORT ELIZABETH — More than 6 000 workers at the Volkswagen plant in Uitenhage return to work today after the factory was closed for a week.

Strikes and factory closures last week affected three manufacturers and resulted in more than 13 000 workers at Volkswagen, Toyota and Samcor being out of work for at least four days.

And, coupled to this, is further strike action by Numsa (the National Union of Metalworkers), planned to start today, which involves workers at 50 Dorbyl factories throughout the country.

A spokesman for Volkswagen said production was stopped last week due to "high absenteeism and unprocedural industrial actions".

However, Mr Phumzile Gomomo, a spokesman for Numsa and Cosatu vice-president, attributed the closure to strike action by workers in allied motor industries.

New car deliveries delayed by strikes

CNA Times 3/8/84

Own Correspondent

JOHANNESBURG. — The supply of new cars to customers could be delayed after wildcat strikes at four motor plants this week.

The strikes by more than 10 000 workers at Volkswagen in Uitenhage, Toyota's Prospec-

ton factory and Samcor's Pretoria and Port Elizabeth plants has caused the shutdown of production lines this week.

A VW spokesman said after talks with worker representatives that it had been agreed normal production would restart today.

VW pulls out of talks, shuts plant

CML Trif 10/8/87
63

PORT ELIZABETH. — Volkswagen (SA) has withdrawn from wage negotiations and has closed its Uitenhage plant indefinitely.

In a statement released yesterday, Human Resources Director Mr Brian Smith said the company had withdrawn from negotiations with the National Union of Metalworkers' Association (Numsa) as it considered the strike by its members at its plant in Uitenhage to be a breach of the good faith required in wage negotiations.

Mr Smith said the strike was totally unacceptable and that the plant would remain closed till the company received an undertaking from Numsa that employees would resume their duties in accordance with their contracts of employment.

At Samcor's Port Elizabeth and Pretoria plants the situation remained unchanged with 8 000

workers still on strike.

A spokesman for the company said the Port Elizabeth and Pretoria plants were still closed.

At Goodyear, everything was quiet with the gates still locked and only those workers not on strike being allowed in.

Goodyear has fired more than 1 000 workers but told them they would be reinstated if they reported for work no later than 9am tomorrow and signed an acceptance form binding them to certain conditions of employment.

The incident at the company follows the action at Eveready on Monday when management locked out about 800 workers over a wage dispute.

Only a trickle of workers arrived at the Toyota plant at Amanzimtoti, north of Durban, yesterday to reapply for work, SABC radio news reports.

Management has given the 3 600 workers who were dismissed on Monday till 4.30pm to-

day to reapply.

Recruitment tables outside the Toyota manufacturing plant in Prospecton remained vitually unused when workers who had been fired failed to reapply for their jobs.

"As far as we are concerned, we have not been dismissed but are still on strike," said a Numsa shop steward.

"We are quite prepared to go back if management re-enters national negotiations with Numsa, withdraws the Industrial Court interdict obtained against us and retracts its termination of employment circular."

Motor components manufacturers will have to begin cutting back on production if the industrial action at four assembly plants does not end soon, according to the National Association of Automative Components and Allied Manufacturers (Naacam). — Sapa, Own Correspondent

63 102 102 102

VW plant closed over 'absenteeism'

Own Correspondent

PORT ELIZABETH. — Volkswagen closed all production lines in Uitenhage plant because of "high absenteeism and uprocedural industrial actions", a company spokesman said yesterday.

But this was disputed by a trade union official, who attributed the closure to strike actions by workers in other allied motor trade industries.

Samcor in Pretoria also closed down after about 3 000 workers went on strike yesterday

to back demands for higher pay.

A VW spokesman said that in the interest of productivity and effective and economic functioning of the plant, there was no alternative but to close the plant.

Mr Phumzile Gomomo, a spokesman for National Union of Metalworkers (Numsa) and Cosatu vice-president, denied that VW workers had gone on unprocedural industrial action.

He said VW management

had felt it would be uneconomic to continue production since the company had been affected by strikes in Good-year, now entering the fifth week, Bosal Afrika and at Hella plant also in Uitenhage.

Mr Gomomo said workers had demanded a report-back meeting on the ongoing wage negotiations, but found production lines already closed when they went back to resume duties on Monday.

The union felt strongly about this, he said, adding

that Numsa had challenged management about the closure of the production lines.

Mr Gomomo said workers were committed to resume duties any time the production lines were opened.

A spokesman for the workers at Samcor said the stoppage began because workers demanded an increase of about R1,50 an hour while the company offered 45c.

National wage negotiations are currently taking place in Port Elizabeth.





13 000 strike for pay at three motor companies

AR 645 3/8/89 63

The Argus Correspondent
JOHANNESBURG. — The motor industry has been hit by strikes involving nearly 13 000 workers.

The wage strikes already affecting Volkswagen and South African Motor Corporation (Samcor) spread yesterday to Toyota plants in the Transvaal and Natal.

Confirming the closure of the company's Uitenhage plant, a Volkswagen spokesman said that "as a result of high absenteeism and unprocedural industrial action" it had become "impossible to continue production".

Production lines would remain closed "until such time as shop stewards confirm that the affected employees are prepared to resume normal work, follow agreed-to rules and procedures and maintain acceptable production standards".

Discussions with the trade unions were continuing. The spokesman said about 5 500 workers were affected by the closure.

In Pretoria a two-day strike by about 3 000 workers at Samcor's assembly plant led to a lock-out and plant closure yesterday, said Samcor's managing director, Mr Spencer Sterling.

Mr Sterling said the decision to close the plant and lock

workers out followed the failure of the National Union of Metalworkers to give assurances that workers would not stage further stoppages if they were allowed to return to work.

He said the main issue was the union's demand for immediate national negotiations with all the motor manufacturers. There was no direct dispute between the union and the company yet.

A worker spokesman at Toyota said 3 000 workers were on strike at the company's Prospecton, Durban, assembly plant. A further 1 000 had withdrawn their labour at Toyota's subsidiary, Rowen SA, also in Natal. About 400 had downed tools at Toyota's marketing division, near Sandton, Transvaal.

A Toyota spokesman confirmed that workers had been on an "illegal work stoppage" at Prospecton since Tuesday. He said similar work stoppages took place at other Toyota facilities in Durban and Sandton, but would not elaborate.

Although union spokesmen could not be reached for comment, worker spokesmen said the strikers were demanding, among other things, a 40-hour working week, individual increases of R2 an hour and a minimum rate of R6,58 an hour.

Daimler looks at sales to SA

LONDON — Daimler Benz, which has reached an agreement to take over the West German aerospace firm MBB, said yesterday sales to SA of that company's military-related equipment were being examined.

MBB (Messerschmitt-Bolkow-Blohm), which has supplied SA with multi-sensor platforms, as well as police helicopters, is expected to pass into the hands of the West German car and industrial giant within a few months.

This follows a decision last Friday by the West German government to allow Daimler Benz to purchase a 51% stake in MBB, whose military interests include tanks, aerospace, electronics and naval vessels. *Blom 13/11/84*

ROBERT GENTLE

A Daimler Benz spokesman said that sales of sensitive equipment by the newly enlarged group to SA and other non-NATO countries were likely to become "more restrictive". The new policy would be known within six to eight weeks.

Heinz Schulte, the West German correspondent of the authoritative arms publication Jane's Defence Weekly, said he was no doubt that MEB sales to SA would be stopped altogether.

Schulte attributed this to anti-apartheid pressure that would now also face Deutschebank, the main shareholder in Daimler Benz.

BMW parent may lift SA spending

By Don Robertson

AFTER only two weeks as managing director of BMW, Reinhard Kunstler is contemplating additional investment in SA by the German parent.

The spending will follow the recent R8-million purchase of computer systems from Information Services Management (ISM).

BMW has also identified 50 components which it and its suppliers could develop for use in SA and for export.

Immaculate

Taking over from predecessor Walter Hasselkus cannot have been an easy task, but the immaculately dressed Mr Kunstler appears relaxed and on top of the task.

However, like the chief executives of other manufacturers, he faces difficulties.

He is concerned that the Phase Six local content programme will be speeded up to the detriment of high-tech manufacturers such as BMW.

He fears that the duties the Department of Customs and Excise will receive on the import of components will fall well below the rebates offered on exports with a resultant drain on the Treasury.

The requirement that manufacturers achieve 75% local content by 1997 could be brought forward.

Mr Kunstler says: "The Government has taken a reasonable approach to force the industry to become more competitive. But the scheme has been designed in an industry which has no experience of these changes.

"If the programme runs its full course, we will be able to cope, but if it is speeded up, manufacturers of high-tech cars will suffer."

Mr Kunstler intends to follow the Mr Hasselkus's labour policies.

"We have good relations with our labour force and treat all people as human beings. We try to enter into a partnership understanding with them and build up trust."

The National Union of Metal Workers has concluded the first nationwide agreement with manufacturers. Workers received higher wages, paid holidays on sensitive days and, in some cases, shorter working weeks.

Mr Kunstler says BMW in Germany is happy with the return it receives from the SA company, which has the highest market share of any BMW operation in the world. BMW SA has been operating profitably for some years and is earning a reasonable return on investments.

The 520i model will be launched at the end of May next year.

"Introduction of the 520i was delayed to avoid overloading the Rosslyn assembly plant after the launch of the 525i and 535i in April this year. The company was also awaiting the development of the four-valve cylinder technology which will be incorporated in the new 520i."

Gearbox

Production of the Three Series will continue at present levels in SA, although a new model will soon be introduced in Europe.

The ultra-quick M5 will probably be imported by the end of next year as well as the new coupe, the 850i. Unveiled at the Frankfurt Motor Show last week, the 850i produces 220kW, accelerates to 100km/h in under seven seconds and has an electronically controlled top speed of 250km/h through a six-speed manual gearbox or automatic with electronic-hydraulic control and three driving programmes.

The price in SA is expected to be about R500 000.



REINHARD KUNSTLER ... worries about Phase Six

Those wanting to buy a 525i or 535i face a one-year waiting list. Mr Kunstler is comfortable about the queue because it helps to maintain resale values and the exclusivity of the car.

"Should demand rise much further, production could be increased because with a longer waiting list we would lose sales to other luxury-car manufacturers."

But with a smile, he claims that the new Five Series has grabbed sales from competitors.

He is confident that import limits placed on manufacturers of Japanese vehicles will not be emulated by the current German Government.

Mr Kunstler says inflation means prices will have to be increased to enable the company to remain profitable to meet future demand. He forecasts that the rand will decline against the mark by between 5% and 6% next year.

Mr Kunstler will adopt a marketing strategy which gives all heads of departments full responsibility for their operations and allows them to make their own decisions.

"I will try to build up a team spirit and will not initially hold them responsible for mistakes. But if these are made too often it will be out the door for the offender."

He insists that he will not make promises he cannot keep.

CAPE TOWN
sday, September 26, 1989

63

VW closed for indefinite time

PORT ELIZABETH. — Volkswagen production operations in Uitenhage will remain closed indefinitely following a Port Elizabeth Supreme Court order against the National Union of Metalworkers.

The company had applied for an urgent interdict and on Saturday was granted an order which declared illegal the "unprocedural strike" action by some employees, with the return date reserved for October 4.

Employees would be restrained from entering the company premises till the matter was resolved.

Today, several militant workers converged around the locked gates of the VW plant, but later dispersed.

A spokesman for VW's public affairs department confirmed that the situation remained unchanged and that the plant would remain locked for an indefinite period, while negotiations be-

tween Numsa and management continued.

Captain Bill Dennis, SA Police liaison officer for the Eastern Cape, said there was no march procession by VW employees yesterday. He said they had gathered at the company gates but soon dispersed.

There had been rumours in Uitenhage that workers were going to march to the town centre, Capt Dennis said.

Earlier, a VW spokesman had said some workers in the press shop had gone on strike on Thursday, following the dismissal and subsequent conditional reinstatement of a Numsa shop steward.

He said management had no option but to take action, after a group of employees had refused to follow agreed procedures or to adhere to an agreement between the company and Numsa shop stewards regarding the conditional reinstatement of the dismissed worker. — Sapa

Long delays as VW tries to catch up

Argus Bureau *M663 9/10/89 (63)*
PORT ELIZABETH. — Customers are having to wait several months for certain vehicles made by Volkswagen in Uitenhage.

But the plant is going full steam to catch up with the backlog after industrial unrest at its factory.

Mr Ronnie Kruger, the company's general manager for public affairs, said on average 300 vehicles were being produced daily. He said delays of up to four months and longer for vehicle deliveries were being experienced because of the huge demand.

Volkswagen's 1989 income soars beyond expectations

8/10/89 17/11/89

1989

63

FRANKFURT — Volkswagen said yesterday its group net income in the first nine months of 1989 soared 45.3%, considerably higher than estimates made by the company's chairman after the second quarter.

Group sales jumped 12% to DM48.3bn from DM43.1bn during the first nine months of 1988.

Profit to end-September jumped to DM609m from DM419m a year earlier.

Although Volkswagen does not release official third-quarter earnings, available data show profit for the quarter nearly doubled to DM206m from DM109m in 1988.

Volkswagen was expected to release the nine-month results officially today. On Wednesday, chairman Carl Hahn indicated the company's profit in the nine-month period climbed about 40%.

In a September interview, Hahn said he expected the full-year net profit to rise 30% to more than DM1bn from DM780m in 1988. First-half net was 30% above the year-earlier figures.

Speaking in Hamburg on Wednesday, Volkswagen chief financial officer Dieter Ullsperger said parent company earnings climbed 24.9% to DM467m from DM374m on sales that rose 10.2% to DM35.4bn.

Dividend

He indicated the profit trend for the period could follow through for the full year. He was quoted as saying 1989 "could be the best result in the company's history".

The finance chief said he could not make any predictions about the company raising its

dividend, as that decision was left for the supervisory board's April meeting.

While Volkswagen has been criticised by many of its shareholders for holding its dividend at DM10.00 a share since 1985, observers are not optimistic the company will raise its dividend in light of the fact of its imposed rationalisation and other cost-cutting measures on the work force.

Ullsperger said the cost reduction programme had resulted in a potential annual savings of DM2bn. He noted a reduction of investment for non-productive branches, general reduction of costs as well as adjustments in indirect activities.

The company said worldwide sales had climbed 4.3% to about 2.2-million units, led by foreign sales, which rose 5.9%. Domestic sales edged 1% higher. — AP-DJ.



COMPANY RESULTS W

		Pretax pft (Rm)
Afcom	12,7 52,9
Afpac	7,3 8,0
Amprop	22,5 16,7
.....	12,3 13,5

FOREIGN FIRMS IN SA - GERMAN

1990

F/M 19/1/90

stood to have slipped into the red last year. Though local MD Tinus Bosch is confident the company will be profitable in 1990, it would be considerably strengthened by merging with the data division of Siemens SA. Nixdorf SA's turnover for the year ending December is estimated at about R40m.

The data division of Siemens SA has long been overshadowed by the company's power engineering, telecommunications and commercial electronics businesses. Though it has access to a wide portfolio of computer products from Siemens in West Germany, the data division contributed less than 5% of the local group's R1,15bn turnover last year. A reorganisation in 1988 to place greater emphasis on fewer markets is beginning to show results but director Geoff Hainebach maintains the division is still making little profit.

The merging of the data processing and communications interests of Siemens and Nixdorf would create Europe's largest indigenous computer company with annual sales of more than DM12bn. Siemens, which turned over DM62bn last year, is a major supplier of computer equipment in Europe. It distributes a wide range of products, including large mainframes, Unix minicomputers, PCs and communications equipment, and runs a lucrative software development business. (63)

Nixdorf began to run into financial difficulties in 1988, two years after the death of founder and chairman Heinz Nixdorf. The company reported a pre-tax loss of DM465m for the first nine months of last year and is expected to post a year-end deficit of between DM600m and DM1bn. It has struggled to adapt to the changing requirements of the computer industry and move from being solely a turnkey supplier — responsible for every aspect of a customer's computer installation — to a company that can supply specialised applications software on standard hardware.

Under the terms of the proposed takeover Siemens will acquire an effective 80% of Nixdorf and merge its computer operations with its new partner to form Siemens-Nixdorf Information Systems. The deal is subject to approval of the German Federal Cartel office.

In SA there is little overlap in the products marketed by Nixdorf and Siemens. Nixdorf

SA, a wholly owned subsidiary of its German parent, employs about 150 people and has a base of more than 300 customers. Though the company has recently concentrated on marketing Unix systems, most of its customers still use the firm's proprietary minicomputers. Unlike its parent company, Nixdorf SA did not venture into the PABX

market — a major stronghold of Siemens in Germany and SA. Siemens has a 52% interest in Siemens SA — the other shareholders are the Industrial Development Corporation, Gencor and San-korp which each hold 16%. The local company's data division, which has a staff of 120 people, has also begun to attack the Unix

market. Other areas of focus are specialised mainframe applications — there are 45 Siemens mainframes installed in SA — networks and geographical information systems. The division could well benefit by being moved out of the shadow of Siemens's other larger and currently more lucrative businesses.

F/M

19/1/90

(63)

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COMPUTERS

(63)

German marriage

The decision by West German electrical and electronics giant Siemens to acquire control of compatriot Nixdorf Computer could hardly have come at a better time for local subsidiaries of the two companies.

In SA, both Nixdorf and Siemens have struggled to establish themselves as major players in the computer industry. The merging of their computer interests in this country — which appears likely if the acquisition goes ahead — would create a R100m-a-year company with a wide range of hardware and software products. F/M 19/1/90

Hampered by many of the problems that have beset its parent, Nixdorf SA is under-

CAPE TOWN 20/11/70
63

W German group calls for sanctions

JOHANNESBURG. — An 11-strong delegation of West Germans, partly sponsored by their government on a fact-finding mission to South Africa, left for home yesterday with the message that economic sanctions should be instituted.

Mr Harald Groschel, a church deacon and leader of the delegation, said at Jan Smuts Airport that conditions for black people in South Africa were "awful".

The much-publicised change heralded by President F W de Klerk's new government did not amount to much when one visited black townships, Mr Groschel said.

The only way to force change was for foreign investment to pull out of South Africa.

The delegation's four-week tour of South Africa included talks with various black trade unions. — Sapa



In the driving seat ... VW world chief Carl Hahn and Peter Searle (at window)

VW SA the pride of German parent

VOLKSWAGEN SA is its German parent's favourite child.

Carl Hahn, chairman of the International Volkswagen group, praises Volkswagen SA (VW SA) to the heavens.

Dr Hahn says: "Quality control is good, dealer motivation excellent, management extremely good and there is a lot of creative thought coming from the team."

"We rate VW SA highly and so do all the other members of the group."

Many of the measures used by VW SA in quality control, communication, dealer motivation and customer satisfaction have been adopted in plants all around the world.

Three South African's hold senior positions abroad.

Dr Hahn presented VW SA

S. Times 4/2/90

By Don Robertson

and its dealer network with the "International Customer Service Award" this week.

In 1985, VW SA won an award for the greatest improvement in quality. This was only the second time the award had been offered to a Volkswagen subsidiary outside Germany.

The international group has also announced record results for the year to December as a result of the fine performance by all its subsidiaries.

Turnover increased by 10% or Dm6-billion (R9,2-billion) to Dm65-billion (R100-billion) after a 3% rise in sales of VW, Audi and Seat vehicles to about 3-million units. This made it the largest car manufacturer in Europe.

Although VW SA is small compared with other subsidiaries, it has great potential. Profits last year were about R85-million on sales of R2-billion and Dr Hahn is happy with the return on the investment.

Peter Searle, managing director of VW SA says the company has the potential to increase profits by 30% or 40% this year.

Education

Dr Hahn says there is good growth potential for VW SA provided political problems are resolved. There could also be opportunities in Eastern Europe, but SA will have to become more integrated in its manufacturing process.

"SA still has an abundance of raw materials and relatively cheap labour."

Dr Hahn says education will have to be rapidly improved if SA is to follow the "tiger nations", such as South Korea and Taiwan, in competing in world markets.

"After having fought a war for 15 years, SA surely has the resources to educate its people."

Mr Searle says the company will have to spend about R200-million a year until 1997 to meet the Phase Six local content programme.

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Call Links 15/2/90

Benz yes on Mandela car

(63) Own Correspondent

EAST LONDON. — The National Union of Metalworkers of South Africa (Numsa) has asked Mercedes-Benz South Africa (MBSA) here to build a luxury car to give as a gift to Mr Nelson Mandela.

The Numsa organiser here, Mr Msiteli Nonyukela, said the company had agreed to build the car for Mr Mandela.

An MBSA spokesman in Pretoria, Mrs Wendy Hoffmann, said she would issue a press statement when the company was ready to, because it was "still busy talking about the implications of Mr Mandela's release on the employees and other things".

to reach a settlement within that time.

They themselves, I think, are keen that a settlement should be reached before the end of their term."

The 71-year-old leader was also asked by AP if the ANC was willing to ease its demand for a one-person-one-vote system which would lead to black majority rule.

"Compromises must be made in respect to every issue, as long as that compromise is in the interest not only of one population group but for the country as whole.

"That is the nature of compromises."

The ANC has repeatedly rejected any system falling short of one-person-one-vote.

"We are aware of the fears of the whites in the country, of being dominated by blacks and we are addressing that very seriously and very earnestly," he said.

"I am convinced that in discussions between the ANC and the government, we will be able to find a

To page 2

From page 1

Call Links 15/2/90

solution which will be accepted by everybody.

Asked if he was aware that whites were alarmed by his call for an intensified armed struggle, and if this meant the ANC would "go back to putting bombs in white shopping centres", Mr Mandela replied: "If the whites want us to move away from the atmosphere of confrontation and conflict then they must support the government in its effort to reach a peaceful settlement."

Asked if the ANC would include targets like shopping centres in the ANC campaign against white rule, he said: "We are concerned with government installations ..."

Asked about the deaths of white civilians in ANC attacks, Mr Mandela countered "just as many whites have killed many blacks".

"You can't avoid people being caught up in cross-fire when two groups are shooting at each other," he said.

In the months preceding his release, Mr Mandela frequently met senior government officials, including President De Klerk, to discuss prospects for negotiations between them and the ANC.

On these discussions, Mr Mandela said yesterday: "My optimism has been strengthened."

Argus 16/2/90 (63) ~~63~~ ~~63~~ 1'0-21

Luxury German car for Mandela

The Argus Correspondent
JOHANNESBURG. — Mercedes-Benz SA is to build a luxury car as a gift for Mr Nelson Mandela, a company spokesman has confirmed.

Speculation is that it will be a 500SE — the biggest available four-door, air-conditioned model — which retails for just over R200 000, excluding GST.

This followed a request by National Union of Metalworkers' members at the firm's East London plant, said PRO Mrs Wendy Hoffman.

"The company recognises the high esteem in which employees hold Mr Mandela, and has agreed to build him a vehicle," she said.

The company was reported as saying it firmly believed that a fair and just society had to be established in South Afri-

ca, "based on fundamental principles of human rights and individual dignity".

Mrs Hoffman said details about payment and the specifications of the vehicle had not been finalised, but a Numsa statement said union members at the plant had opted for a red car.

The union added: "This is a gift from the workers to show their admiration and respect for their leader. The workers have also indicated that they would like Comrade Mandela to come and get the car himself at the plant.

"Numsa believes that this gift from the workers is significant and shows that they look to Comrade Mandela to initiate a process of political settlement which will incorporate the needs and aspirations of the workers."

BMW to invest R500m in 5⁶³ years

BMW SA plans R500m capital expenditure over the next five years, R120m of which would be spent in 1990, financial director Peter Barbe said yesterday at the annual BMW Press breakfast at the Sandton Sun.

He said around R150m of the R500m total (which with inflation would amount to R240m) would be spent on developing the 3-series.

A further R200m would be spent on the local content programme and the remainder would be used to develop the leather interests and extend Auto Bavaria in Rosebank and Midrand.

Marketing director John Jessup said BMW intended to gain around 8,5% to 9% of the new vehicle market in 1990 compared to 7,6% in 1989.

"In 1990 we foresee a total new car market of around 205 000 to 210 000 units and we believe we can maintain 1989 volumes, resulting in a further gain in market share.

"In January this year we had 10% of the total market and from February sales so far this seems to have held up. Of course, we are faced with the problem of maintaining this share for the remainder of the year."

BMW was forecasting sales worth R1,283bn in 1990 compared to R1,154bn in 1989.

Jessup said the total new car market had dropped by 4% in 1989 but BMW had

CHARLOTTE MATHEWS

actually increased sales.

BMW sales rose to 18 700 units in 1989 from 13 000 units in 1985 as a result of market growth and market share growth.

Barbe said SA would go through a deflationary period in the short term.

"Our cost inputs are going up at around 18% to 20% because of wage increases, rising building costs, etc.

"There is pressure on car selling prices. In the German car industry we see selling prices going up by no more than 10% or 12% and in the Japanese cars by 8% or 10%. This will lead to a marginal loss, but it is positive for the inflationary trend in SA."

He said exports would fare even worse in 1990 because of international competition between the Germans and Japanese. BMW MD Reinhard Künstler said BMW exports, now R140m a year, formed around one-third of all motor industry exports from SA. BMW expected to double this figure over the next two years.

Künstler welcomed the release of Nelson Mandela. This could result in sanctions being lifted, more sympathy from foreign creditors on SA's debt repayments, inflow of foreign investment, reduced security spending and trade and co-operation with SA's neighbours.



Picture: REUTERS

AUTOGRAPH HUNTERS . . . Mr Nelson Mandela signs his autograph for three Johannesburg schoolboys yesterday. *CARL FRANKS 2/12/90*

'Workers requested Mercedes for Mandela'

PRETORIA. — The request to build Mr Nelson Mandela a Mercedes-Benz had come from the workers who had indicated this would show their admiration and respect for him, the management of Mercedes-Benz said in a statement here yesterday.

Reacting to conflicting reports about the vehicle, management said the workers also wanted Mr

Mandela personally to receive the car at the Mercedes-Benz plant in East London.

"Management responded to this request by acknowledging the pride and esteem in which the majority of its workers hold Mr Mandela and was accordingly prepared to agree to a Mercedes-Benz motor vehicle being built for him to mark the important

occasion of his release."

It said the questions of whether Mr Mandela would accept a Mercedes-Benz, the type, the model and how the vehicle was to be paid for were matters under consideration.

The Numsa shop stewards, representing the workers, had undertaken to revert to management in this regard. — Sapa

Against-the-tide Claas backs

Morkel

By Ian Smith

THE man behind the R30-million buy-out of Federale Volksbeleggings's 74,9% stake in listed furniture and appliance retailer Morkels is West German entrepreneur Claas Daun.

Mr Daun, who has always chosen to swim against the tide, has invested steadily in SA since 1986.

He says: "When other foreigners were disinvesting and even local businessmen were pessimistic, I saw the opportunities that this country offers."

Resources

Morkels management team under managing director Carl Jansen will remain in place.

Mr Daun says he will throw his resources behind the group when suitable acquisitions and development opportunities occur.

Although Mr Daun's West German holding company, Daun et Cie AG, will hold nearly 75% of Morkels, executive directors have an option to acquire a 25% stake. Other managers will also be able to take shares.

Institutions and individual investors hold the remaining 25,1% of the equity.

Mr Jansen says: "The course we have taken paves the way for the group's sta-

bility and its continued presence in the market.

"We will not delist — it remains a public company. The change secures management control for the Morkels executive team."

Mr Daun, a 47-year-old chartered accountant and tax lawyer, says he is content to remain an investor in Morkels and to leave the running of the group to management.

He built his Daun et Cie from grassroots into one of the 20 largest textile groups in West Germany in only 10 years. Last year sales were 300-million marks — about R195-million. The group employs about 1 000 people.

Mr Daun and his wife have total control.

Brother

He has a brother who has farmed in Namibia for 20 years, and he was attracted by opportunities in SA in the dark days of 1985 and 1986.

"Everyone was pessimistic, but I saw opportunities," he says.

Mr Daun made his first cash investment in SA in 1986, and today he owns a Paarl textile factory and sizeable commercial and office property portfolios in Cape Town and Johannesburg.

He has spent most of the past year living at the Cape,

consolidating his textile acquisition.

His introduction to Morkels came when he bought a building in which the group had a branch. He liked the look of the company, studied the balance sheet and watched the share price closely after the listing in 1987.

Debt

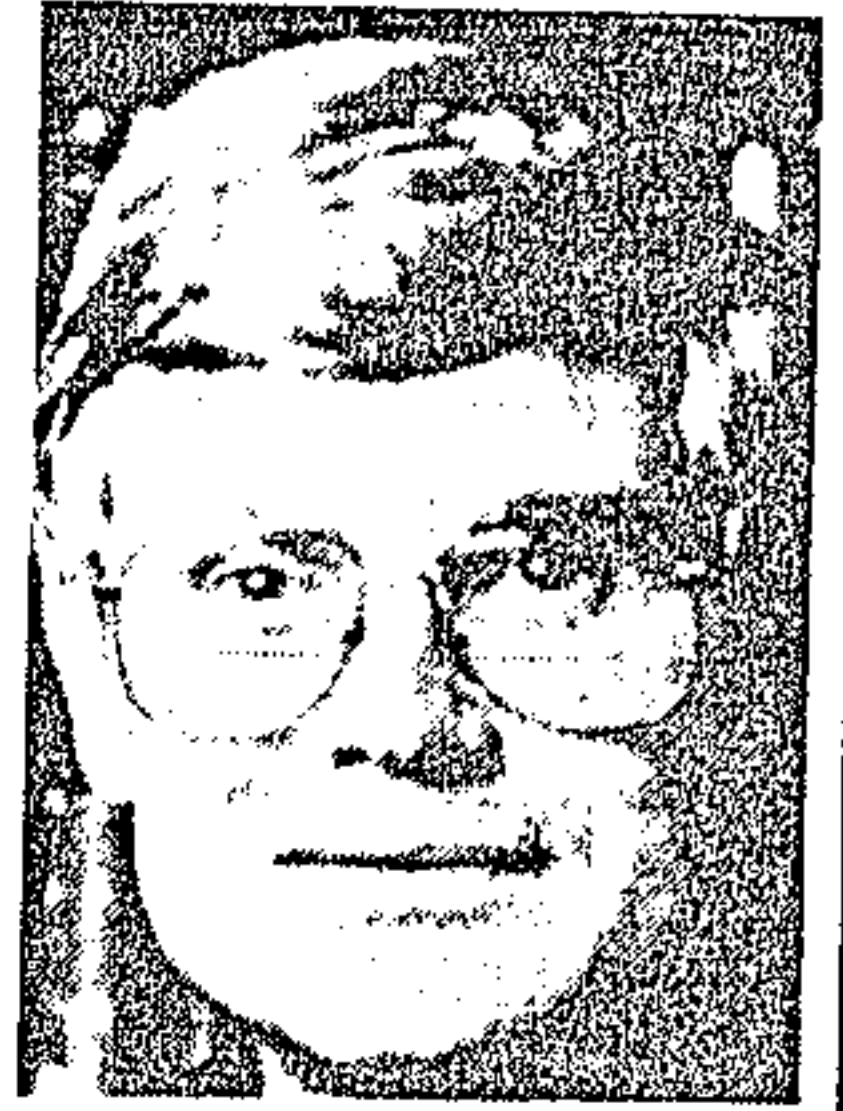
Meanwhile, Morkels management had sounded out FVB about the sale of its holding.

Mr Jansen says: "We have had and, I believe, will continue to have a good relationship with FVB, but the feeling had grown that we might do more by spreading our wings."

"We considered a management buy-out, but we could have been left with a ruinous debt burden which might have restricted growth and curtailed our business flexibility."

Mr Daun had met Morkels managers and felt at home with them. The change-in-control deal gave him an opportunity to invest in a company he admired and it solved the management's problem.

The decision to invest in Morkels was made in 24 hours — shortly before Nel-



CLAAS DAUN ... building a portfolio in South Africa

son Mandela's release from jail.

"My friends said I was mad to invest heavily in South Africa a few years ago. But I attended political meetings of all the parties in the last general election and learned a lot about the country's problems.

"Political developments have been favourable since then, but I know there are still many problems to be solved."

The change in control becomes effective on April 1.

The 83-store Morkels network can comfortably be expanded to between 110 and 120 and the TotalSports chain will grow from 18 outlets to about 40 in the next three years.

"But our strategic horizon extends beyond the reach of these operations," says Mr Jansen.

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near the Hurungwe Communal Area.

CA/T-TH/13/4/90 (63) (1/12)
M-B factory still closed

EAST LONDON. — Production has still not been resumed at the Mercedes-Benz assembly plant here, two weeks after the factory closed because of "high absenteeism and unprocedural industrial action".

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Times
18/4/90
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VW dispute settled

UITENHAGE. — Production was resumed at the Volkswagen plant here yesterday morning after 6 000 workers had been on a week-long strike. The labour dispute was settled after talks between the management of Volkswagen and representatives of the Numsa trade union.

411-708 18/4/90
63

Mercedes back to work

JOHANNESBURG. Management of the Mercedes-Benz of South Africa plant in East London and National Union of Metal Workers of South Africa (Numsa) representatives agreed yesterday that normal production would resume today.

Mandela's Merc is made

EAST LONDON. —
Workers at the Mercedes-Benz plant here have completed the car they were building for ANC deputy president Mr Nelson Mandela.

Company spokeswoman Mrs Wendy Hoffman confirmed yesterday that the car had been completed, but said no date had been set for when it would be given to Mr Mandela.

A majority of hourly-paid workers, as well as some salaried staff, worked four hours overtime for no pay to foot the bill for the red 500SE Mercedes-Benz.

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President de Klerk (centre) and Foreign Minister Pik Botha (right) visited Brookwood Memorial Cemetery at the weekend to honour South African soldiers killed in two world wars. ● Picture by Reuter.

FW meets West German firms

By Peter Fabricius, Political Correspondent
BONN — President de Klerk today takes his message of reform to political and business leaders of South Africa's biggest trading partner — West Germany.

One of his most important appointments is with the giant Deutsche Bank and about 20 major German companies to try to break the freeze on investment in South Africa.

His meeting with West German Chancellor Helmut Kohl also takes place today.

Diplomatic sources said they expected Mr Kohl to give Mr de Klerk a warm reception and an assurance of support in trying to persuade the European Community to begin lifting sanctions.

But German diplomats point out that Mr Kohl will not make a move until ANC deputy president Nelson Mandela has also visited Germany next month.

● In a television interview with BBC television, screened on the SABC's "Network" programme last night, Mr de Klerk said that across Europe there was an understanding of a new reality in South Africa and an acceptance that the country's new goals were for a just South Africa.

The interviewer said many critics felt it necessary, for the world to be convinced of South Africa's sincerity in dismantling apartheid, for Mr de Klerk to make some sweeping statement condemning apartheid.

"If people say I haven't done that, then they haven't listened," he replied.

● See Page 13.

EC ready to reassess policy on sanctions

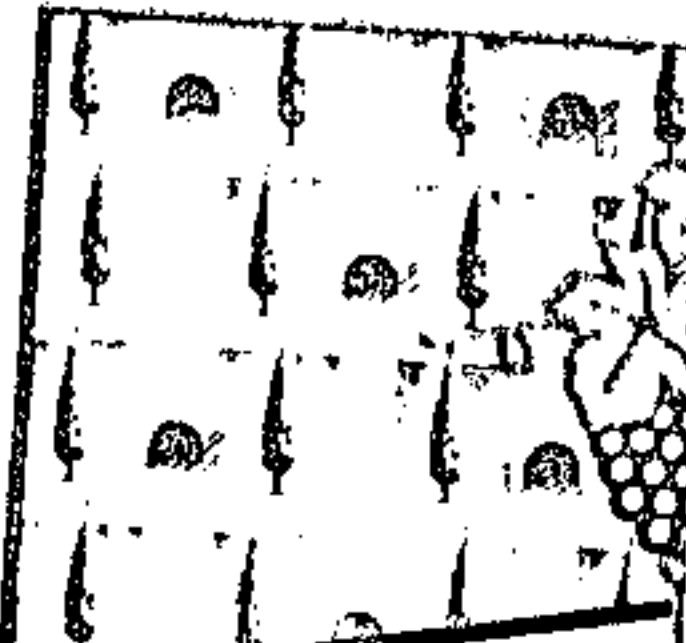
SNEEM (Republic of Ireland) — Foreign Ministers of the European Community (EC) confirmed yesterday that they were ready to reassess their policy of limited sanctions against South Africa in recognition of reforms initiated by President de Klerk.

The Ministers, many of whom have met Mr de Klerk on his present tour of Western Europe, gave a clear indication that they may offer some softening of the EC's stance to Pretoria when they next meet in Luxembourg on June 19. Any decision taken there would probably be endorsed by the EC summit a week later in Dublin.

The apparent change of mood is a clear boost for British Foreign Secretary Douglas Hurd, who in January stood alone in recommending a relaxation.

Dutch Foreign Minister Hans van den Broek indicated he might support some easing of sanctions, but only if they were linked specifically to new reform measures.

The apparent shift from full sanctions came in spite of the Ministers receiving a letter from the Commonwealth urging maintenance of sanctions. — The Independent News Service.



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Will 'WaBenzi be no more?

25/5-31/5/90
MERCEDES Benz continues to brush off rumours that it is to pull out of the country by the end of the year because of continuing labour problems.

Fears that the company would disinvest were fuelled by a recent staff meeting, where it is believed the company has warned it may pull out because of ongoing labour difficulties. Employees were reportedly told if there were still problems by the end of the year, "drastic action" would be taken.

MBSA representative Wendy Hoffman said the meeting was addressed on "current business practices". The question of disinvestment had "at no stage" come up, she said.

But the firm's denials were far from convincing.

East London's *Daily Dispatch* took the unusual step of casting doubt on the company's denials in an editorial comment. The claims by the firm's public relations staff were "almost unbelievable in the light of many reports", the paper said.

The MBSA plant is one of the larg-

est employers in the city, with a workforce of some 4 000.

A senior unionist said there was speculation that MBSA's parent company, West German Daimler Benz, is unhappy with the local company's inability to reach production targets.

Workers have said management has only itself to blame for its labour troubles, and have spoken about an "old style of management", where even a small dispute results in the closure of the entire plant.

In the face of all this speculation, company representatives have remained serene in their denials. Hoffman agreed the company had experienced problems caused by industrial disputes but was still determined to stay in South Africa.

Hoffman said the company had a "very constructive spirit to deal with such problems". She simply dismissed the rumours as having "no foundation" and "mischievous".—
Elnews

**R5m injection
from parent**

By *John 7/6/70*
Business Editor

A WEST GERMAN firm has invested R5m on expanding its SA subsidiary, Flender Power Transmission. Some of the funds will be spent on setting up an assembly centre in Cape Town.

In an announcement yesterday parent company Flender said the expansion programme was "a direct response to the recent positive political developments in SA, and the climate of reconciliation which in Flender's assessment will provide considerable new growth potential in Southern Africa."

No 1 at Steinmuller

LOTHAR FREITAG, head of the SA operations of Steinmuller, has been named to head the group worldwide. *St Times 24/6/90*

His move to the top as chairman of Steinmuller Gmbh in West Germany will put him in overall command of a multibillion-mark group involved in power and process engineering and environmental protection projects around the world.

Mr Freitag's appointment is the latest in a series in which SA men have moved skywards in multinational organisations.

Born in Dortmund, Mr Freitag came to SA more than 20 years ago to join a competitor company. He joined Steinmuller shortly after as contracts engineer and joined the board in 1974. (63)

Belt to stretch 21km

Business Times Reporter

ONE of the longest conveyor belt systems in the world is to be built by Krupp South Africa for Sasol.

The covered belt will stretch for 21,3km from a new opencast mine at Syferfontein, about 8km from Trichardt, to a coal stockyard at Secunda. It will cost more than R80m.

Coal will be carried at a rate of 2 000 tons an hour, or 7m tons a year. The system is expected to be completed by the middle of next year.

Krupp SA is a member of the multinational Fried Krupp group of Germany which last year had a turnover of R22bn.

Managing director of the SA company Uwe Geilert says local content of the project is 97% and only specialised basic engineering services and a few technical components have been imported.

More than 40% of the orders for the project have been placed and all other supplies have been secured.

The track will run for 9km in a straight line, then turn almost 90 degrees and curve for another 12,3km. It will cross farmland, three roads, a future highway and a railway line.

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At last Mandela meets his Merc

CPPT Times 17/7/90

JOHANNESBURG. — Four days after Mr Nelson Mandela celebrates his 72nd birthday, workers plan to honour him in the most extraordinary fashion.

On Sunday, in Mdantsane's Sisa Dukashe Stadium, workers will present him with keys for the fire engine-red 500 SE Mercedes Benz specially built for him in March.

"It will be a very important occasion for the workers but also for the long-struggling, peace-loving oppressed and exploited masses at large," a National Union of Metalworkers statement said.

And in Maputo Mr Mandela got an unlikely souvenir from the past yesterday — a framed copy of a 1962 arrest warrant issued for the then underground leader by the Portuguese colonial rulers.

Mozambican President Joaquim Chissano presented the memento at a rally yesterday. The warrant described Mr Mandela as a "black agitator" in South Africa last seen "wearing a long beard and a chauffeur's uniform, with a peaked cap". — Sapa-AP

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● Vow to stop Mozambique war — Page 2

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Impala in deal with Degussa

By Sven Lünsche

Genmin's Impala Platinum has signed a long-term agreement with the German mining group Degussa and its local subsidiary to supply platinum group metals for the manufacture of catalytic converters at Degussa's Algorax plant, near Port Elizabeth.

Algorax recently announced plans to produce one million converters a year and analysts estimate that this production rate will require about 50 000 ounces of platinum.

A limited amount of rhodium will also be supplied.

The deal comes two months after UK-based Johnson Matthey announced plans to build a R35 million plant in Germiston, which will produce up to two mil-

Stc- 17/7/90
lion converters a year.

The Johnson Matthey plant will use up to 100 000 ounces of platinum, all of which will be supplied by Rustenburg Platinum.

Neither Impala nor Degussa SA would indicate whether Impala will be the sole supplier to Algorax, but an agreement to that extent would hold significant advantages for both groups.

Exhaust systems

The platinum will be sold to local car manufacturers, who will produce exhaust systems incorporating the autocatalysts and sell the systems to their parent company or suppliers overseas.

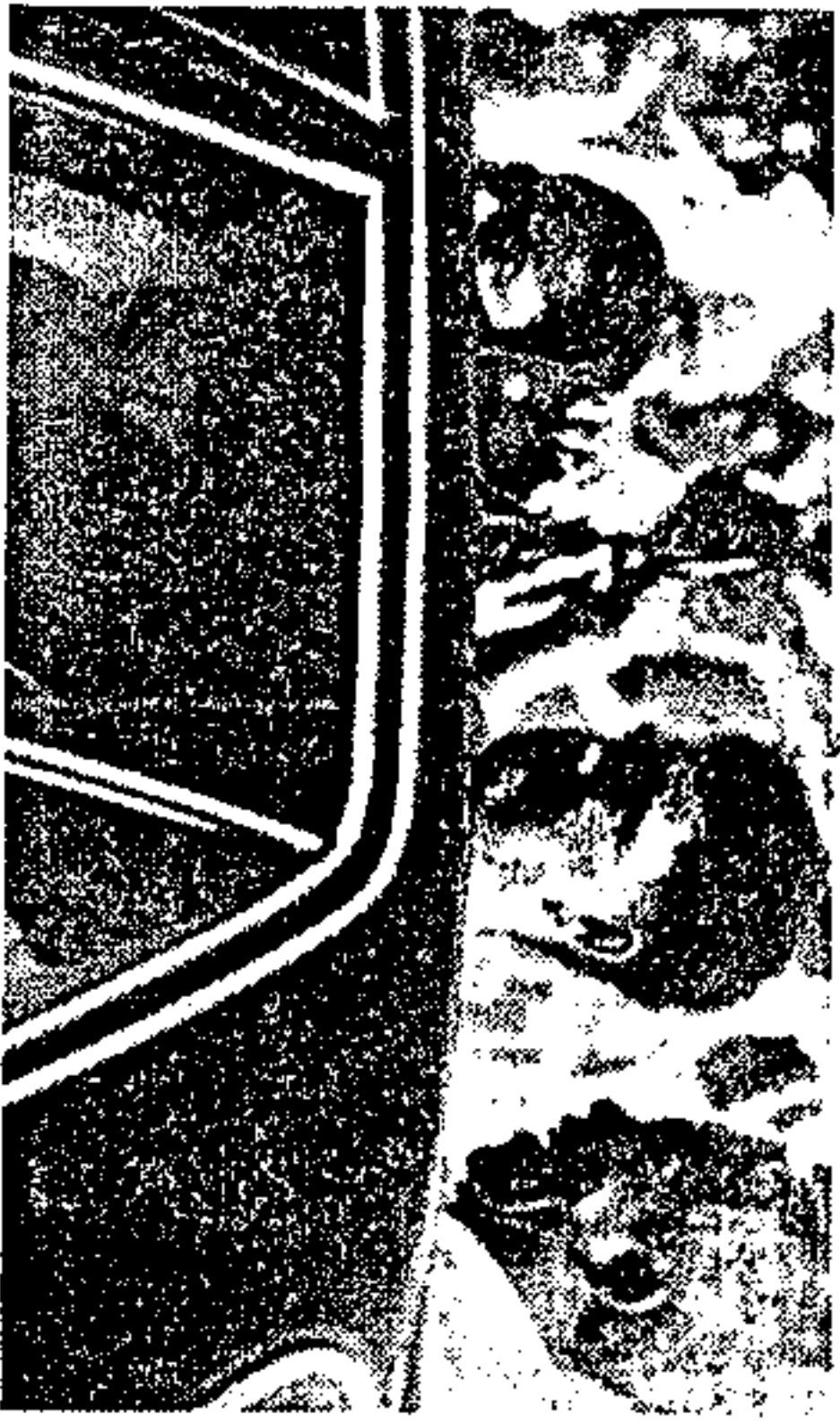
It is estimated that export earnings from the sale of exhaust systems that include autocatalysts

could total about R800 million annually.

Brian Gilbertson, Impala's chief executive officer, says the agreement marks the start of an important new relationship with Degussa AG of West Germany, one of the world's leading refiners and fabricators of platinum group metals.

The metals will be used for the local manufacture of autocatalysts for export, thus moving toward the Government's objective of adding value to exports.

The production of converters receives government financial incentives in terms of local mineral beneficiation programmes and could speed up the call for local regulations on tighter emission standards for cars.



KEY TO DOOR . . . A delighted Mr Nelson Mandela receives the key of his new Merc from a Numsa official, Mr Phillip Groom.

'Blood-red' Merc for Nelson

63

CAT 74/P

23/7/90

MDANTSANE, Ciskei. — More than 50 000 people packed Mdantsane's Sisa Dukashe Stadium yesterday afternoon to watch National Union of Metalworkers of SA (Numsa) representatives hand over a top-of-the-range Mercedes Benz to Mr Nelson Mandela.

The car was presented to the ANC deputy president by Numsa workers at Mercedes Benz of SA's (MBSA) East London branch as a token of their appreciation of his leadership in the fight against apartheid. An emotional Mr Mandela told the jubli-

lant crowd that the red Mercedes Benz 500 SE, which retails for R217 880, would "forever remind us of the blood the workers and people of our country have shed in the liberation struggle".

"Our people continue to die in Natal and the red colour of this car will constitute a daily challenge to us to stop the violence there and the violence of apartheid."

A Numsa representative and MBSA worker, Mr Phillip Groom, told the crowd that the decision to build the car was taken a day after Mr Mandela's release on Febru-

ary 12. He said Numsa workers offered to work without pay to contribute to the expense of the car.

He added that the red colour was chosen as it stood for a symbol of the ANC-SACP alliance.

Mercedes management and the workers agreed the vehicle would be built during non-paid overtime, but the company provided various parts and advice at no cost.

The vehicle comes with sun-roof, air-conditioning, leather interior trim and safety features such as anti-locking brakes.

CAC-
Temp
21/8/90

Merc. Numsa in crisis talks

EAST LONDON. — A top-level Numsa delegation, headed by general secretary Mr Moses Mayesiko, is to visit Mercedes Benz's plant here today for crisis talks with shop stewards and members who have revolted against the union's national bargaining policy. They have also demanded Mercedes's withdrawal from the industry national bargaining forum.

The plant has been shut down since Thursday afternoon due to a sleep-in by a group of about 300 workers. The company was yesterday granted a court order requiring the union to en-

sure compliance with the parties' recognition agreement.

Mercedes has said that although the strikers were a minority, the plant was closed to prevent any violent confrontations.

Meanwhile, employees at the plant have been issued with letters offering them voluntary resignations, early retirements and ill-health retirements.

Chief executive of Mercedes Benz Mr Christoph Kopke yesterday said the rationalising of the employee complement was "as a result of the decline in the economy".

Strike cost Merc Benz

APR 7-15 1/19/60

R121 million

65

EAST LONDON. — Lost production through prolonged industrial action has cost Mercedes Benz R121 million amid mounting concern the East London plant may shut down for good — devastating the city's economy and depriving many of jobs. The plant has been brought to a standstill and occupied by strikers, and reports of sabotage are circulating. New paint equipment costing millions is thought to have seized up and become worthless. The company warned three days ago the future viability of the plant was at stake. Yesterday East London Chamber of Commerce vice-president Mr Eddie Hart said Mercedes Benz SA generated 50% of the city's business and the consequences of its loss would be tremendous, with critical ripple effects. The National Union of Metalworkers of regional office said organisers had tried their utmost to persuade rebel strikers occupying the plant to end the action. The men were adamant, however, they

would remain until their demands were met. MBSA management have warned that if the union is unable to persuade the men to leave the plant, management would have "no alternative but to take whatever steps it believes necessary to ensure they leave".

Local suppliers stand to lose R600m a year if Mercedes Benz halts production permanently. The 50-odd suppliers, many of whom rely heavily on contracts with MBSA, have warned that a lengthy delay in solving the dispute at the Mercedes Benz factory could threaten hundreds of jobs — and have a devastating effect on their businesses. It was confirmed yesterday that MBSA has requested suspension of supplies of both local and overseas components, seriously jeopardising the future of local suppliers in the greater East London area. Suppliers, some of whom rely on Mercedes-Benz for up to 86% of their business, claim they would be forced to close or relocate in the event of further problems at MBSA. Some businesses have already begun laying off staff with the understanding that staff will be taken on again if the MBSA strike is resolved. — Own Correspondent and Sapa

Cape Times 25/10/90 (63)
Mercedes union men meet

EAST LONDON. — Shop stewards representing National Union of Metalworkers (Numsa) members "sleeping-in" at the Mercedes-Benz SA plant here met regional and national Numsa officials yesterday, a shop steward said.

The meeting came shortly after the company warned that the workers' "unlawful actions" were threatening "the viability of the company and the jobs of all employees".

The union later met for further talks with the management.

The shop steward said the workers would sleep in over the weekend unless negotiations with management were fruitful. — Sapa

CAPE TIMES 28/8/90 (63)

Mercedes warns: We are ready to quit SA

Own Correspondent

EAST LONDON. — Mercedes-Benz South Africa yesterday issued its second warning that the future of the company was at stake as dissident National Union of Metalworkers of South Africa (Numsa) members continued to occupy the plant.

The warnings have fuelled concern over the future of the company in the city as the illegal strike enters its second week.

In a statement, an MBSA spokesman, Mrs Wendy Hoffman, said that while the company was committed to resolving the problem at the plant,

"the future growth and viability of MBSA is undoubtedly at stake and management views this in a very serious light".

The implications of MBSA leaving the city would be enormous, as numerous companies here and in Ciskei, employing thousands of workers, supply components to MBSA.

There are rising fears that Mercedes-Benz may consider closing down the factory, its only manufacturing plant outside West Germany, and move it to a new factory in East Germany.

LONDON. — Daimler-Benz of West Germany yesterday issued a warning that the future of its East London plant could be jeopardised by the protracted industrial action, but stressed that no decision had yet been taken for the company to withdraw from South Africa.

Production at the Mercedes Benz South Africa plant has been halted for the past fortnight.

Asked about the possibility of the company relocating to Namibia, a company spokesman confirmed that this was raised during the last lengthy strike at the plant a few years ago, but said he could not "give such a statement now".

Management were

Mercedes delays decision on pull-out

Cap & Hats 30/8/90

63 (64) (65) (66)

talking to the workers and would "exhaust all possibilities. We are still hoping that a solution can be found".

With 200 of those holed up already having been dismissed, he would not comment on whether their reinstatement was a condition for the termination of the strike.

"I would not like to comment on strategy. I think we are willing to use all reasonable possibilities to convince them that it is illegal and

should be stopped very soon."

He declined to comment when asked whether the police might be called in to remove the workers.

A large section of the Numsa executive flew to Port Elizabeth yesterday for internal union consultations on the Mercedes Benz crisis and for talks with employers party to the national bargaining forum (NBF).

Several hundred Numsa members have

forced the plant to a standstill in protest against the union's participation in the NBF. The strikers believe they could win a better deal in company-level negotiations.

Union and management representatives were still locked in negotiations late yesterday. No details of discussions were available.

Talks between MBSA management and Numsa have been at a standstill since last week



Mr Moses Mayekiso

Mercedes accepts ⁶³ Numsa ~~response~~ response

Own Correspondent

JOHANNESBURG
Motor industry employers have accepted as adequate Numsa's response to an ultimatum on the Mercedes Benz (MBSA) crisis, and yesterday withdrew a threat to halt wage talks at the industry's national bargaining forum.

But the two-week-old sit-in at the MBSA East London plant by Numsa dissidents demanding in-company wage talks appeared no closer to resolution.

Mercedes management warned yesterday that if the union was unable to persuade members to vacate the plant it would "have no alternative but to take whatever steps it believes necessary" to ensure that they leave.

"We understand Numsa's dilemma, but the employees' conduct is unacceptable."

Numsa general secretary Mr Moses Mayekiso said the negotiating team had held talks with members at the plant yesterday to try to thrash out an understanding.

Ten shop stewards from other motor companies spent much of yesterday inside the plant attempting to convince the rebels to end the action.

Mercedes 'held to ransom'

ARGUS
31/8/90

63

By SHARON SOROUR, Labour Reporter

WEAPON-wielding rebel strikers occupying the Mercedes-Benz manufacturing plant in East London have been warned by the company it would not be held to ransom.

The company expressed outrage at serious damage being caused by a group of between 350 and 500 employees amid warnings that its future in the country was at stake.

It warned the National Union of Metalworkers of SA (Numsa) that if it was unable to persuade its workers to leave the plant, management "would have no alternative but to take whatever steps it believes necessary and in the best interests of the company" to end the unlawful occupation of the plant.

"It has been stated on a number of occasions to Numsa that the future of the company is at stake and the situation cannot be accepted any longer without causing irreparable harm to the company."

Bargaining forum

The crisis at the plant began on August 16 when several hundred National Union of Metalworkers of SA (Numsa) hourly-paid employees went on strike and occupied the plant, demanding the company pull out of the National Bargaining Forum (NBF) and negotiate at plant level.

In a statement yesterday company public relations manager Mrs Wendy Hoffman said the position at the East London manufacturing plant remained unchanged.

"The unprocedural industrial action at the manufacturing plant of Mercedes-Benz of South Africa is still on-going. Management and the union are continuing efforts to resolve the matter," she said.

Theft

The company believed that it was "untenable that a group of employees can hold a company to ransom by wielding an assortment of weapons; threatening to intimidating other employees, staff and contractors; taking control of the company premises; preventing normal operation; cause serious damage and theft and various other forms of unacceptable conduct".

The strike, which has already cost the company R121 million in lost revenue, has resulted in three official warnings by the company that the future of the factory was in the balance.

Mock arms

In a full-page advertisement, appearing in daily newspapers nationwide today, the company demanded the union clearly state:

- If it supported the demand by some hourly-paid employees that the company withdraw from the bargaining forum.

- If it condoned in any way the unlawful occupation of the plant or the behaviour of its members who had engaged "in several forms of unacceptable conduct such as taking control of the company plant premises by force, wielding an assortment of dangerous weapons, carrying mock arms such as AK47 and Bazooka replicas, damaging and stealing company property and threatening and intimidating other employees.

- If it intended taking action against its members who had defied and undermined Numsa policy, the bargaining forum structure, internal company structures, management, requests from union shop stewards and the Supreme Court.

- What steps it would take to ensure that the workers vacate the plant as a "matter of urgency" to avoid further damage to property and injury to other workers.

The company said the union had responded to the questions but requested that they not be made public at this stage.

Police end Mercedes plant siege

CAT TIT 3/9/90

63

Own Correspondent

JOHANNESBURG. — The Mercedes-Benz siege ended early yesterday morning when 160 workers, who had been sitting in at the East London plant for 17 days in defiance of a Supreme Court order, quietly left the premises after a police warning.

But both Mercedes chief executive Mr Christopher Köpke and Numsa negotiator Mr Les Kettledas agreed the underlying causes of the crisis still remained and that a great deal needed to be done to restore normality at the factory.

The sit-in by the workers — who represent about 12% of the hourly-paid workforce — was a rebellion against Numsa policy which supports national wage bargaining. The dissidents wanted to bargain just with their own management in the belief that they would win a better deal.

Mr Köpke said the police arrived at 6am and the plant was vacated within half an hour. The police said before entering they would use minimum force, and it was "refreshing" that there had been no conflict, he said.

The question of the dismissal of strikers threatened to be a point of conflict between management and Numsa. Mr Köpke said yesterday as far as he was concerned the dismissals would not be reconsidered.

He said the dismissal of those responsible for the events of the last 2½ weeks would assist in restoring normality at the plant. However, the offer to Numsa of arbitration to determine whether the dismissals were, as Numsa alleged, an unfair labour practice, still stood.

Mr Kettledas said yesterday the union believed the dismissals had only exacerbated the entire situation.

Mercedes was unable to give a clear assurance yet regarding its future in East London, but would have to clarify a number of issues first, Mr Köpke said.

He said R13,5 million a day had been lost in revenue alone during the strike.

Mr Köpke said the factory would remain closed until damage to property had been assessed and repaired and the problem revolving around Mercedes's participation in the national bargaining forum had been resolved with Numsa.

Threat to Border economy if Mercedes pulled out

ARGUS 3/9/90

63

By SHARON SOROUR
Labour Reporter

CLOSURE of the Mercedes-Benz manufacturing plant in East London would have devastated the Border city's economy, causing tremendous hardship to both blacks and whites and triggering investment flight.

STRIKES

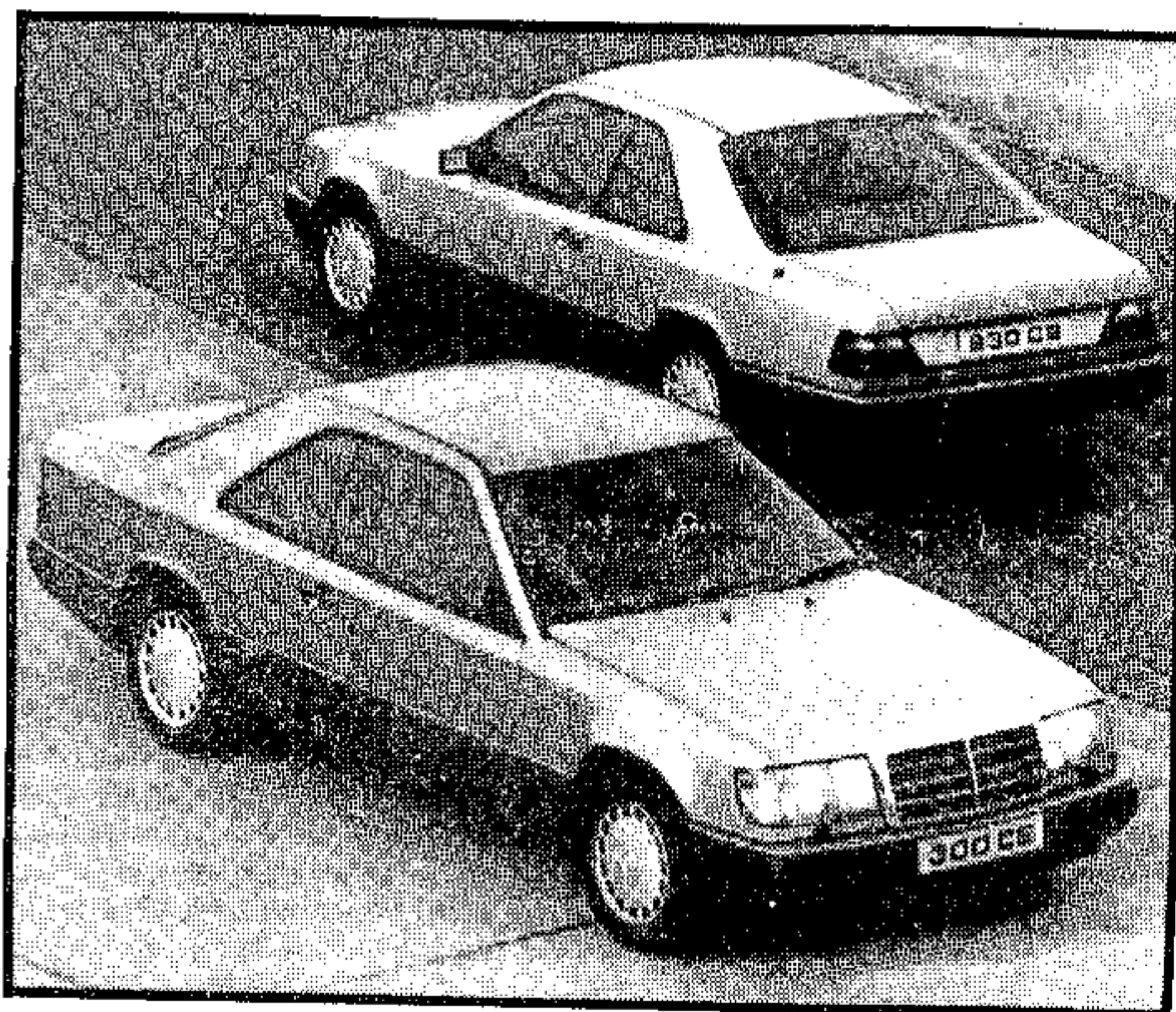
While the crisis was partially averted yesterday when police raided the premises and ended the unlawful occupation of the plant by rebel strikers, East London business and community leaders have been grimly contemplating the possibility of losing Mercedes-Benz's R250-million a year contribution to the local economy.

This, they feared, would send a signal to other investors to avoid the area. The company, one of the biggest employers in the city, warned on three occasions during the two-week siege that the future of its manufacturing operation in the Eastern Cape harbour city was at stake.

Domino effect

Production at the plant was suspended when the illegal strike began on August 16 and Mercedes-Benz chief executive Mr Christoph Kopke said the plant would remain closed until damage had been assessed and repaired and other problems resolved.

According to East London mayor Mr John Badenhorst the prospect of Mercedes-Benz leaving East London was of great concern and the effect of a pullout would be devastating: "If you try to quantify it then you under-



Mercedes Benz ... a R250-million contribution to the local Border economy.

stand what the effects would be".

He said the company spent over R250-million in the city a year, and paid the council some R4-million in services alone.

The council was aware of the danger of the city having such a narrow economic base and had been working on diversifying the local economy.

Border Chamber of Industry president Mr Terry Brice-land said the effects of the plant's closure would "go far into the future" and "there would be a domino effect on other businesses."

He said: "Every single person in this area, of every political hue, should be very concerned as well because what is destroyed here is not part of the old apartheid South Africa but an important part of the new South Africa."

The departure of Mercedes-

Benz from the country would be the "clearest sign" to other investors to avoid the area.

Vice-president of the East London Chamber of Commerce Mr Eddie Hart said the company represented 50 percent of the city's business and its loss would be tremendous, with critical ripple effects.

Mr Hart said: "It would affect all the businesses supplying MBSA — the suppliers of batteries and tyres, and the businesses these people deal with and the shops employees support. Even schools would be affected."

According to reports, suppliers of components to Mercedes had begun halting production and laying off workers.

About 50 suppliers, who rely on Mercedes-Benz for nearly 90 percent of their business, stood to lose R600-million a year if the giant

corporation halted production permanently.

Mr Brice-land urged the workers involved to "seriously consider the future".

He said: "The people who will be most affected will be young blacks, who, looking back in a few years' time will condemn the actions of some of their elders."

East London Town Clerk Mr Les Kumm said the situation was cause for "real concern" as it would have a ripple effect on supportive businesses in the area and cause tremendous hardship.

The crisis became more intense at the start of the weekend when Mercedes-Benz warned that the situation "cannot be accepted any longer without causing the company irreparable harm".

Weapon replicas

The rebel workers, members of the National Union of Metalworkers of SA (Numsa), were demanding the company pull out of the National Bargaining Forum (NBF) for the motor industry and negotiate wages at plant level.

It had to state clearly whether it condoned the unlawful occupation of the plant by force and the wielding of "an assortment of dangerous weapons, carrying of mock arms such as AK47 and bazooka replicas, damaging and stealing company property, and threatening and intimidating other employees and contractors".

All attempts by the union — which supports centralised bargaining through the forum — to persuade the workers to leave the plant failed.

The union appealed to the company to withdraw from the NBF to allow the union time to resolve the differences among its members.

Closed to count the cost

By SHARON SOROUR
Labour Reporter and Sapa

MERCEDES Benz's manufacturing plant in East London will remain closed until damage caused by rebel strikers has been assessed and relations between management and the union patched up.

This decision follows the eviction of 200 workers who had occupied the premises for 17 days in a dramatic dawn raid by hundreds of policemen yesterday.

The peaceful eviction, requested by Mercedes Benz, followed a warning by the company on Friday that it would not be held to ransom by weapon-wielding workers. No arrests were made.

The industrial action by about 200 National Union of Metalworkers of SA (Numsa) members halted production on August 16 when they demanded the company withdraw from the National Bargaining Forum for the motor industry, initiated by the union, and negotiate wages at plant level.

The industrial action is reported to have cost the motoring giant at least R160-million.

According to Mercedes Benz chief executive Mr Christoph Kopke the company decided to call in the police after exhausting every possible avenue.

A convoy of about 50 police vehicles entered the plant through three gates, Sapa reports.

Policemen with dogs and armed with shotguns and assault rifles scoured the property for workers.

ANC and South African Communist Party flags were removed from the company flagpoles and Mercedes banners hoisted.

The strikers were given the opportunity to leave the property, according to a Border police spokesman.

While no workers were arrested, one was charged with possession of dagga.

Mr Kopke said management had been assured, and satisfied, that no one was injured and no property damaged in the raid.

The possibility of charges being laid against workers had not been ruled out.

Meanwhile the plant would remain closed until damage had been assessed and repairs done.

Negotiations with the union would continue.

Ciskei slams Benz strikers

BISHO. — In its first official reaction to the strike at the Mercedes Benz plant in East London, the Ciskei government yesterday launched a strong attack on the strikers, calling for their summary dismissal.

The ruling Council of State also labelled them "foolish and misguided" as well as "selfish rebels", "rogue workers" and a "totally undisciplined rag tag of people acting in defiance of their own union".

In a statement the Ciskei Council of State called on the workers to return to work.

The council also called for the summary dismissal of those backing "this reckless behaviour", and said they should be dealt with by law if they engage in any more "confrontational conduct".

The council stated: "Nowhere in the world can behaviour of this kind be tolerated. The foolish and misguided workers who noisily supported the criminal occupation of the plant, should not doubt the seriousness of their folly.

"This insane behaviour has cost Mercedes Benz well over R162 million, and caused them to consider relocating somewhere not cursed by an unruly labour element.

"Spelt out, the closure of Mercedes Benz would result in the closure of many other factories supplying components in the Ciskei, and elsewhere in this region, and even further afield.

"This would mean thousands of people out of work. It would also signal the departure of investors no longer prepared to operate in an area notorious for its undisciplined work force. The effects on ordinary people will be catastrophic, resulting in no work, hardship and starvation for thousands of innocents," the council noted. — Sapa



Benz closure could cost 100 000 jobs

ARGUS
10/9/90

The Argus Correspondent
JOHANNESBURG. — About 100 000 jobs would be lost if Mercedes-Benz (MBSA) were forced to permanently close its East London plant.

Production has been paralysed since August 16 when maverick workers occupied the plant demanding the company pull out of the motor industry's National Bargaining Forum (NBF).

Although they were peacefully evicted on September 2, MBSA has kept the plant closed, saying it would not resume production until the workers sorted out their position with their union, the National Union of Metalworkers (Numsa), which played a major part in establishing the NBF.

Relocating to Namibia

Cost of closure for the company so far is enormous — more than R330 million if one takes MBSA's figure of R13,5 million in production lost a day. Over the last four years Mercedes has lost R2,4 million because of strikes.

The factory's temporary closure sparked off nightmare rumours that MBSA was considering moving to Namibia or other areas where the industrial relations atmosphere was more

friendly. MBSA's statement during the occupation that its viability was being threatened did nothing to allay these fears.

The company has since denied it has any intention of moving and dismissed rumours that it has held meetings with the Namibian government, but the situation has once again emphasised how reliant the region is on the motoring giant.

Effects of the temporary closure are already being felt. About 50 factories in the area provide MBSA with components, generating about R600 million a year.

Ripple effect

Other support sectors, such as the docks' stevedoring industry, owe a lot of their business to the company. Already these industries are reporting temporary cut-backs in staff due to the impasse at the factory.

Chamber of Commerce director Dave Groom said the ripple effect of a Mercedes closure would put about 100 000 people out of work.

The company was taking a leading role in the labour relations field and what happened there was certainly going to have an impact on the rest of the country, he said.

COMPONENT BOOSTER

GERMAN multinational Rehau's plastic extrusion plant was officially opened at Fort Jackson, Ciskei, this week.

The factory, which cost about R18-million including plant and equipment, will make plastic components, particularly for the motor industry, and will help SA save and earn large amounts of foreign currency.

Rehau has negotiated sales contracts with Mercedes-Benz SA (MBSA), BMW and Volkswagen which will assist them to meet the Phase Six local content programme through import replacement.

The contracts were a prerequisite for the establishment of the factory. Rehau supplies components to these groups in Germany.

MBSA has ordered for

By DON ROBERTSON

polymer products which it will send to Germany for evaluation.

Rehau is negotiating with Toyota, Samcor and Nissan, although it is unlikely that components made for them will be exported.

SITimes
16/9/90

Scale

63

Carl-Hermann Buttcher managing director of Rehau Polymer, the SA company, says it is intended to export at least 10% to 15% of production through MBSA, BMW and Volkswagen.

To achieve the correct economies of scale it will also export to Australia and North and South America.

It will make PVC window frames, sliding doors and components for the refrigeration and home appliance industries.

The Fort Jackson plant is be close to MBSA, TEK and Hoover.

Rehau is privately owned and was started by Helmut Wagner. It has about 30 plants around the world.

The Fort Jackson plant employs about 40 people.

A major factor in the expected success of the company is the fact that the SA authorities dropped import duties on certain polymer and PVC-related raw materials, says Mr Wagner. This will force manufacturers to price according to international markets. As far as possible, Rehau will buy South African.

NEW YORK

Benz plant stays closed

OWN Correspondent

EAST LONDON. — The Mercedes-Benz South Africa plant was closed for the 26th day yesterday, and the loss in revenue is fast approaching R230 million.

The company has said it is losing R13,5m a working day — a total of R229,5m over the 17 working days since production was suspended.

The plant has been closed since August 16, and the management intends keeping it closed until:

- MBSA and the National Union of Metalworkers (Numsa) have agreed on "practical process to remove the problems impacting on the growth and viability of the company".
- Numsa has informed management that the problem relating to MBSA's participation in the National Bargaining Forum (NBF) has been resolved.
- MBSA and Numsa have agreed on a process to determine the fairness of the dismissals of the workers who 'unlawfully' occupied the plant.

Cap.
Twp
19/9/90

Dismissal of Benz workers still issue for talks

(3)
~~(1)~~
~~(2)~~
~~(3)~~

Own Correspondent

EAST LONDON. — The dismissal of 200 Mercedes-Benz South Africa (MBSA) workers who occupied the company's plant here last month remains one of three unresolved issues in talks between MBSA and the National Union of Metalworkers (Numsa).

The company said it had submitted a draft agreement to Numsa on the three outstanding issues which were:

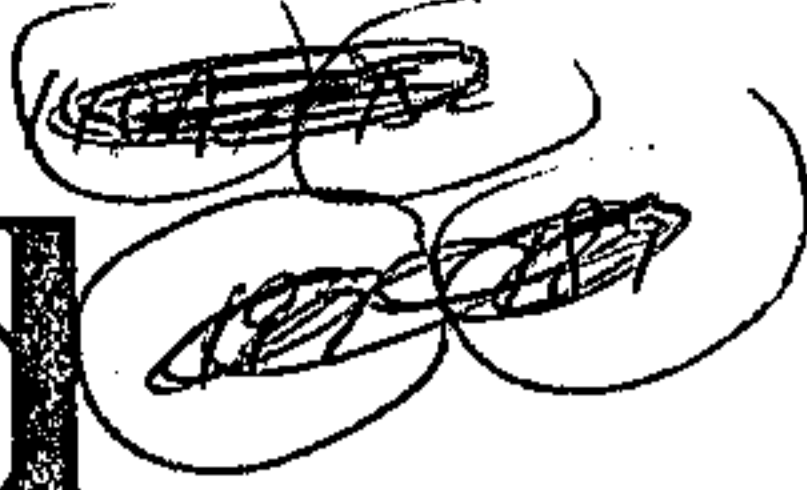
- That MBSA and Numsa agree on a process to determine the fairness of the dismissal of the 200 workers.
- That Numsa satisfies management that all its hourly-paid members at the plant — excluding those who had been dismissed — were prepared to resume work.
- That MBSA and Numsa agree on an acceptable and understood "practical process to remove the problems impacting on the growth and viability of the company".

Other questions which had been resolved included Numsa's confirmation of its acceptance of centralised wage negotiation through the National Bargaining Forum.

MBSA said the company had informed Numsa that damage caused by the occupation of the plant had been assessed and that, from a technical point of view, production could be resumed.

CM- TRUIS 24/9/90

(63)



Benz 'missed targets for years'

Own Correspondent

JOHANNESBURG. — Mercedes-Benz SA's East London plant had not met its weekly production targets once in the past five years because of industrial relations problems, Mercedes-Benz spokesman Ms Wendy Hoffman said at the weekend.

Ms Hoffman said go-slows and absenteeism at the East London plant were responsible for the shortfalls in production. She said chairman Mr Chris Kopke had expressed concern that labour problems were the single greatest threat to the firm's viability.

But the firm was confident the National Union of Metalworkers (Numsa) would agree to procedures under discussion, which would provide a stable future for all plant employees.

Production has been at a standstill since mid-August, when Numsa members staged a sit-in to demand the company withdraw from the industry's national collective bargaining forum.

Our East London correspondent reports that companies an-

cillary to the Mercedes-Benz plant are bracing themselves for the possibility that production at the factory will not be resumed this year.

Two weeks ago these companies, which supply components to Mercedes-Benz, began laying off workers as no end to negotiations between management and Numsa was in sight. It was feared that if Mercedes-Benz was not back on stream by the end of the month, it might not open until next year as it would have to close for the Christmas industrial holiday during December.

Turin, which supplies engine blocks to Mercedes-Benz, has laid off 155 of its 250 workers. The Wilsonia factory's financial manager, Mr Jan Mans, said last week that his company was preparing for "the worst scenario".

Mr Mike Crosby, financial director of National Convertor Industries (NCI), which makes Mercedes-Benz interior fittings, said his people were working two days a week until there was "something definite to go on".

If production was suspended until the end of the year NCI

would probably retrench staff.

The department manufacturing wire-harnesses for Mercedes-Benz at Kromberg and Schubert had been closed.

And Mr Roger Wass, general manager of Feltex, which manufactures seating foam rubber, said he was aware of the talk about no production until next year, but did not believe it.

If it did happen Feltex would have to retrench 40% to 50% of its workforce. However, it was managing to keep people employed by finding alternative work.

None of the companies would disclose losses suffered since several hundred Mercedes-Benz workers went on strike on August 16.

Kromberg and Schubert, Turin and Feltex said they would consider releasing the figures soon.

Mercedes-Benz had said its plant was losing R13,5m a day since the strike began.

East London Chamber of Commerce director Mr David Groom said the region could lose up to R700m a year and up to 10 000 jobs if Mercedes-Benz closed down its plant.

28/9/90
Merc's future
here looking
'brighter'

EAST LONDON. — Mercedes-Benz's future in South Africa took a slightly more promising turn yesterday when company management and the National Union of Metalworkers of SA (Numsa) "made progress" in talks to resolve the crippling industrial dispute at the manufacturing plant here.

Mercedes-Benz of South Africa (MBSA) said its hourly-paid workers had accepted the wage agreement concluded at the National Bargaining Forum and the matter of dismissed workers was to be referred to arbitration.

These developments were conveyed to management by Numsa on Wednesday. — Sapa

W/L ARCA)

Argus, September 29-1990 3

Mercedes workers back-paid

EAST LONDON. — Most of the Mercedes-Benz South Africa workers who were not dismissed during the recent industrial unrest have collected back-pay at the East London plant.

A spokesman for the company, Mrs Wendy Hoffman, said about 90 per cent of the workers yesterday collected their back-pay, which was for wages prior to the industrial dispute which has kept the plant closed since August 16.

In a notice published on Thursday, MBSA said the 538 workers who were dismissed for illegally occupying the factory last month would be paid today, after they had cleared their belongings from their lockers at the plant.

The regional secretary of the National Union of Metalworkers (Numsa), Mr Msiteli Nonyukela, confirmed that most of the workers had collected their pay yesterday.

Meeting on Monday

Both he and Mrs Hoffman said a meeting set for Monday between Numsa and Mercedes was expected to go ahead.

Several of the workers spoken to at the plant yesterday said they were satisfied with the manner in which the company had kept them informed of developments, and expressed optimism that the dispute would be settled soon.

However, some of the workers said they felt strongly that their dismissed colleagues should be reinstated.

MBSA said that in talks on Wednesday, Numsa confirmed that the dismissed workers had agreed to arbitration. — Sapa.

German-linked firms start to feel pinch in SA

BIP am 11/10/70 SYLVIA DU PLESSIS (63)

SA's economic slump is being felt to an increasing extent by German companies here, which now view the future with "considerable uncertainty", the SA-German Chamber of Commerce and Industry says.

This is the finding of its latest biannual economic survey of SA-based German companies and those with German business links. About 44% of these experienced a drop in profits in the six months to end-August.

The chamber says in its quarterly bulletin that more than 75% of participants assessed business as good or satisfactory in spite of internal political tension, industrial relations disputes and the recession. However, the trend towards an overall deterioration was "unmistakable".

"At 30%, the number of companies which considered business to be good or very good has halved. In contrast, the number of companies reporting business to be poor has jumped from just under 4% to 23%.

"The trend points towards a further deterioration in the economy. Whereas six months ago 95% of the participating companies expected business to improve, or at least not to worsen, the figure is now 77% and a good 22% expect business to deteriorate further."

Caution was also evident as far as future investment in the industrial sector was concerned.

"About 20% have curtailed investment plans for the coming six months compared to 3,5% in the previous survey. The actual amounts to be spent on investment are also considerably lower than in the last six months."

Investment this year was aimed primarily at modernising premises, whereas last year the main reason was to increase capacity.

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More talks between Mercedes and union

By SHARON SOROUR
Labour Reporter

MORE talks between Mercedes-Benz and the National Union of Metalworkers of South Africa take place this week to try to resolve the industrial dispute which has closed the motoring giant's East London manufacturing plant.

Company public relations manager Mrs Wendy Hoffman said no "firm arrangement" had been made but the parties would meet "in the early part of this week".

Last week Mercedes announced that progress had been made in negotiations with the union, raising hopes of ending the dispute.

Suspended

Production was suspended on August 16 when hundreds of weapon-wielding union members occupied the plant unlawfully for 17 days.

They were demanding Mercedes withdraw from the motor industry's National Bargaining Forum — originally initiated by their union.

While Mercedes has admitted that the closure is costing R13,5-million every working day, it has refused to reopen the plant until certain pre-conditions have been met.

Company chief executive Mr Christopher Köpke said the progress of the negotiations and agreement on the issues raised by management would determine whether or not the company would be able to continue doing business in South Africa.

Four of the pre-conditions had been met, according to the company. Damage caused during the occupation had been assessed and repaired. Hourly-paid workers had accepted the wage agreement concluded at the bargaining forum.

The company's dismissal of the rebel workers would be referred to arbitration to determine if it was fair.

Outstanding

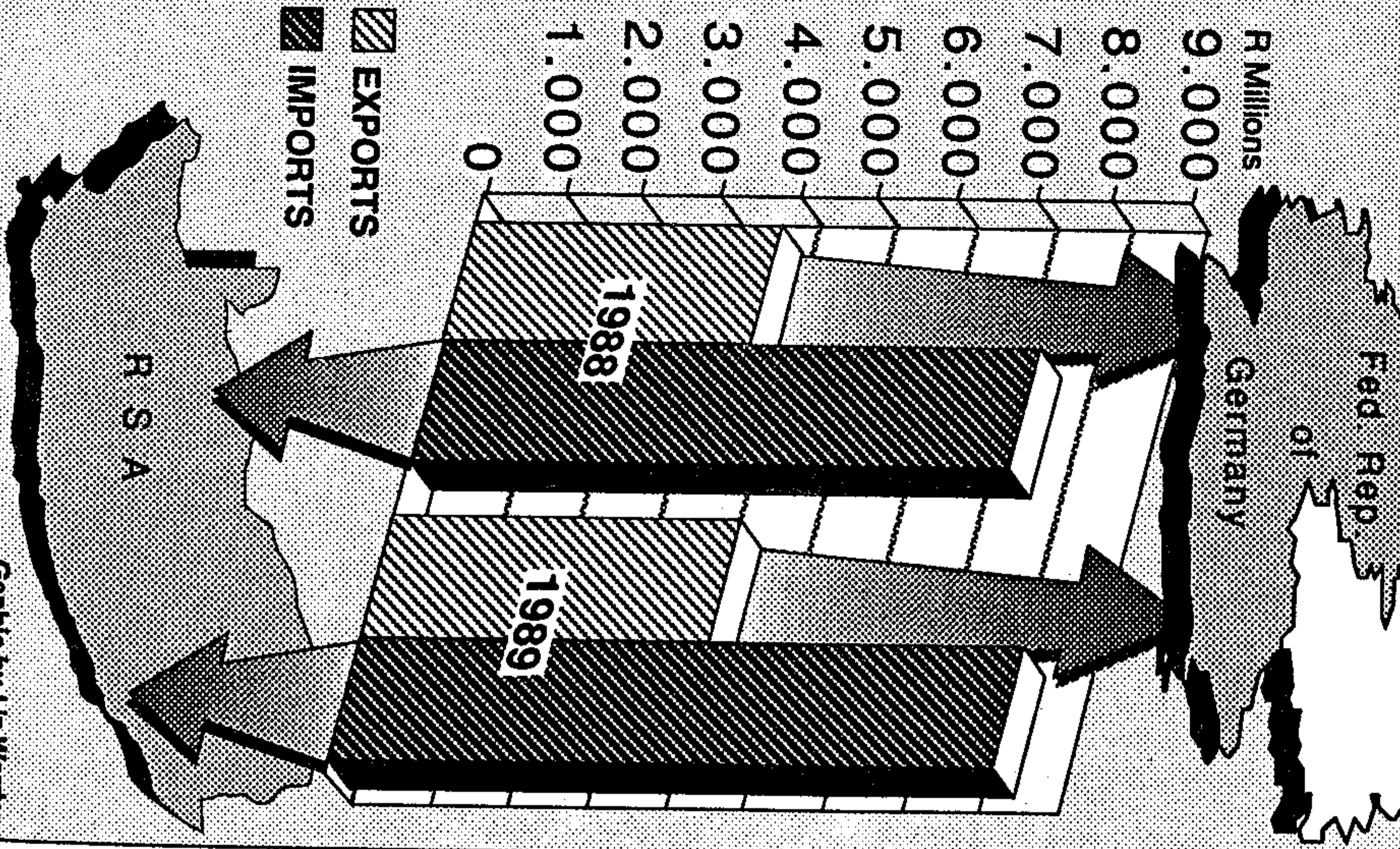
The two outstanding pre-conditions were: The union had to satisfy management that its members were prepared to resume work in accordance with their conditions of employment.

A practical process to remove problems limiting the growth and viability of the company had to be agreed upon by both parties.

Star 3/10/90 (63)

It will be no easy road to reunification, warns Kohl

South African trade with the Federal Republic of Germany 1988/89



Today's formal merging of the two diverse German nations into a single state, a massive and complicated task in the years ahead, is about to begin in earnest.

But it is only after today's formal ceremonies take place that restructuring will begin in earnest — gaining momentum as both countries are now to be administered by a single government.

Since being given the green light for union earlier this year, little time has been wasted to get the process going, with some notable progress already made.

But with formal unification under way, it's all systems go to bring a mismanaged East Germany (formerly the GDR) in line with the standards set by the highly advanced Federal Republic of Germany.

Certainly, overcoming the old economic and social order in the GDR and rebuilding it in its entirety presents an exceptional challenge, acknowledges Federal Republic Chancellor Helmut Kohl.

He says the transition will take years to complete and is far from easy — it seeks to put right the harm done by almost 41 years of economic mismanagement at the expense of the GDR population.

Among many challenges that lie ahead are a massive restructuring task to facilitate the necessary retraining and qualification measures with a view to containing unemployment in the GDR.

Still, if ever a nation existed that was capable of organising itself at a far greater pace than those of most other leading industrialised countries it is surely the Germans.

This was illustrated by the rapid rebuilding of West Germany's cities and economy that lay in ruins at the termination of World War 2.

In essence however, the present economic situation in the GDR is marked by the transition from a communist-socialist planned economy to the social market economy. Paving the way to tackle the task so far has been the May 18 1990 treat-

ty establishing monetary, economic and social union, which is aimed at setting about the reorganisation of the different economies.

The treaty has already made it possible for Chancellor Kohl to obtain financial support amounting to DM57 billion (almost R100 billion) for the GDR budget — for the first 18 months of unification alone.

Chancellor Kohl says other early progress has also been made, notably: ● GDR farmers have been included in general European community solidarity, thus benefiting from strong export assistance from Brussels.

● Opportunities have increased significantly for GDR citizens, of which 400 000 are unemployed, to secure part-time employment in the Federal Republic and, above all, such opportunities facilitate the necessary retraining and qualification measures.

● Between November 1989 and February this year almost 300 000 people from the GDR have been settled in the Federal Republic.

● More than 2 000 joint ventures with foreign participation were established in the GDR in first-half 1990.

● In that period, more than 100 000 new firms were set up, particularly in the trading and small trade sectors of the GDR.

● In July, the first month of monetary, economic and social union, the GDR's cost of living was 5.5 percent down on a year earlier.

But Mr Kohl cautions that such progress provides no reason for Germany to rest on its laurels, assuring that the Federal government would thus continue to adhere to its policy of:

- Achieving German unity in agreement with its partners in the GDR as well as its neighbours and allies in the west and east.
- Overcoming the transitional economic problems in the GDR — as provided for in the state treaty of May this year.
- Expecting all those responsible in the political and economic spheres to make every effort to overcome the inevitable difficulties.

Unification is 'victory for democracy, freedom'

Dr Immo Stabreit, Ambassador for Federal Republic of Germany in South Africa since 1987, believes German unification is a victory for democracy and freedom.

He says union sees the formal merging into one state of two parts of Germany which have differed politically and economically for more than 40 years.

Dr Stabreit (57), married with three children, has a long and distinguished career in West Germany's Ministry of Foreign Affairs, which he joined in 1962.

He grew up in Berlin where he finished school. He studied history and languages in Princeton University in the US, followed by law studies in Berlin and Heidelberg.

He took his first state degree in law degree in 1957.

The next five years were spent in the preparatory judicial service in Berlin and Mannheim, and then he passed a second state degree in law in 1962.

His first outside posting in the Ministry of Foreign Affairs was to the Embassy in Moscow in 1963.

The next three years were spent with the ministry on the East European desk, after which he returned to Moscow where he served until 1971.

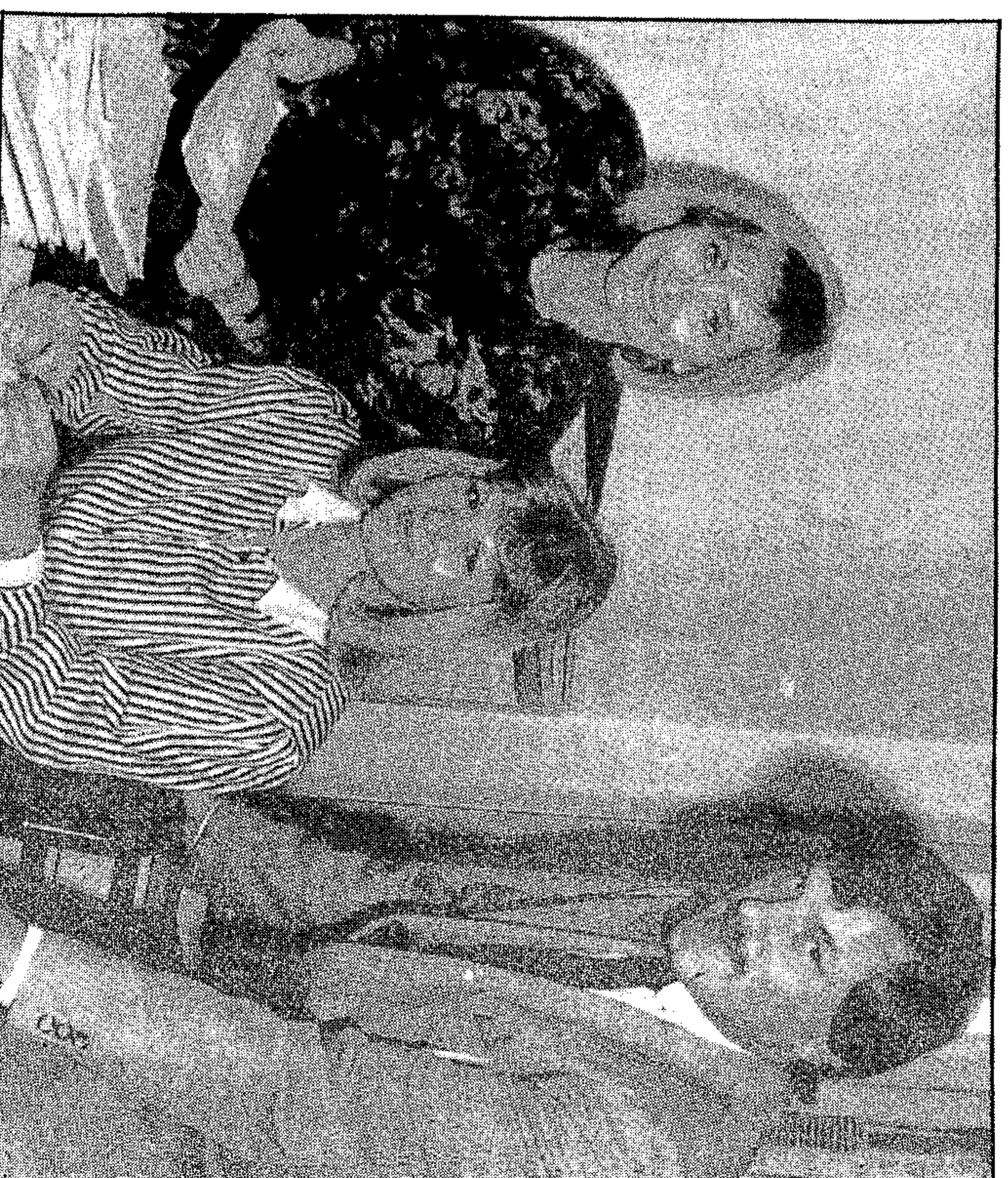
From 1971 to 1974 he was deputy head of the Soviet desk before being seconded to the Consulate General in Boston, US, for a year where he followed an advanced study programme at



Harvard University.

In 1975 he became division head at the International Energy Agency in Paris where he remained until 1978 when he returned to the Ministry of Foreign Affairs' political department to head the European political desk.

He then spent four years from 1983 as head of the sub-department for Foreign Affairs at the office of the Federal Chancellor before taking up his post as German Ambassador in South Africa in 1987.



Ingrid Kast (left), Verena Schneider and Hans Kast process job applications from the two Germans.

New superpower is born

Since the reunification of Germany was first mooted, some have voiced reservations — even fears — about the longer-term threat this imposed on the rest of Europe.

In the last year, a minority of international leaders and academics against unification have publicly based their reservations on expectations of a future united Germany military threat, rather than the probability of it increasing its economic prowess.

Yet, consensus among world leaders and commentators is that a new Germany will bring greater stability and economic strength to Europe.

Already Western Europe's leading economic power, the former state of West Germany will certainly be stronger in human resources as unification with East Germany (formerly the GDR) will increase its population 27 percent — from 61 million to 78 million.

Moreover, its gross domestic product is expected to improve by 24 percent — from \$870 billion (about R2 200 billion) to \$1 077 billion (about R2 700 billion), based on 1988 figures.

However, this will not happen overnight as the Bonn government foresees that for some years heavy expenditures will be required to upgrade and integrate the GDR economy and infrastructure.

Offsetting this to some extent are the substantial savings from reducing the size of the combined armed forces (494 000 in the Federal Republic and 173 000 in the GDR) to 370 000 which the Federal Republic has already pledged to do.

Despite assurances that a new Germany would have "good relations with all countries in the East and West", there are still some countries from whence strong reservations have been voiced about their future relations with Germany remaining sound. Whether such mutterings can be seen to be soundly justified at this

time is a matter of opinion, but the general consensus is they are not.

Fears which reportedly arise among certain individuals and even leaders of some countries appear to be based on historical factors and gut feelings more than on prevailing circumstances.

Indeed, memories of events leading up to and including two world wars are powerful.

But commentators believe Germans are among the best informed people on earth — and one thing they know is that they once caused many of the world's problems.

It was Chancellor Helmut Kohl who recently said that West Germans are tired of being preached to by the rest of the world.

"While we take the fears of our neighbours seriously, we ask them to take our wish to come together in one united fatherland seriously too. It is high time outsiders took note of the positive things that have happened in Germany since 1945," he said.

Indeed, West Germany has worked hard for almost 41 years to overcome the past, and currently runs a powerful and profitable economy with a skilled and diligent work force.

Many international leaders believe that the commitment of the two Germans to democracy is clearly solid.

Thus when some Western politicians and intellectuals speak of a revived German threat, they may be fretting about a future Germany lordling it over Europe.

For post-unification figures show that Germany alone currently accounts for 19 percent of the European Community's population, 22 percent of its gross domestic product and 31 percent of its exports.

This has caused some commentators to point out that those against union are probably masking their concern about competing with Germany economically.

Firms move in to restock shelves

Commercial enterprises in the Federal Republic of Germany are wasting no time in filling the larders of East German (GDR) towns and cities where barren shelves have been the order of the day for so long.

Since the barbed wire that annexed the GDR from the Federal Republic was removed, a process of commercial transformation has been afoot — with West German-based banks and retail chain stores moving into the former communist state.

Investing

Empty shelves, bad-tempered shop assistants who had nothing to sell, long queues outside the standardised shops and the GDR government trade organisation are becoming a thing of the past. Everywhere in large towns

and cities West German chain stores are investing heavily in branches offering merchandise. And banks are busy planning to establish hundreds of branches alongside them.

Association of German Retailers president Wolfgang Hinrichs expects space available for retail trade in the GDR could be doubled and modernised within three to four years.

To achieve this, retail chains intend to transfer a large proportion of their annual investments of between DM14 billion and DM18 billion (between R21 billion and R27 billion) to the GDR, thus creating many new jobs in the process.

At present, retail trade there comprises 75 000 shops with a total workforce of 550 000. However, 92 percent of turnover flowed into GDR state

coffers. The association intends to increase the meagre 8 percent retailers' share.

Pacemaker of this investment initiative is the Edeka food chain store, a purchasing co-operative with 10 000 shops in the Federal Republic.

Established in Leipzig in 1907, it feels bound to return to its birthplace and has been offered 9 000 GDR shops to modernise and run on Westernised lines.

German Association of Chambers of Commerce and Industry president Hans Stihl says a safe basis now exists for banks to plan their operations in the GDR.

First off the mark was the Dresdner Bank which is resuming operations in Dresden, its birthplace. From headquarters there it intends to establish 35 branches

in all of the larger GDR towns and cities and offer financial services throughout the country.

West Germany's largest suprarregional bank, Deutsche Bank, intends to open 150 branches.

Linked up

It has linked up with the recently founded Deutsche Kreditbank AG* in East Berlin, which has assumed commercial responsibilities for the Staatsbank.

The Commerzbank is already operating in the GDR. Through these and other banks to come will pour the billions needed to finance extensive investments in the GDR's new private economy, which has been in the doldrums for years.

More Germans seek employment in SA

Latest political events in the two Germanys have stimulated a dramatic increase in people seeking jobs in South Africa, reports German employment specialists Dav Personnel Group.

Company joint-owners Hans and Ingrid Kast say this was noted in the past few months when they conducted an overseas recruitment drive on behalf of the German Embassy, leading SA corporations and on their own initiative.

Flooded

"We have been flooded with applications from West and East Germany for South African job opportunities in the professions, such as mechanical, civil, electrical, electronic and chemical engineering — as well as by artisans, commercial and computer personnel," says Hans Kast. Dav, which is familiar with the German system of qualifications, has brought the first East Germans into South Africa.

"In spite of initial language problems, their reception and integration in the local labour market has been excellent," he says.

GERMANY

United Germany 'boos'

Recent changes in Europe, including the unification of Germany, and those pending in the broader European Community (EC) could bode well for a "new South Africa".

"So believes German Embassy economic affairs counsellor Dr Claas Knoop, who sees the impact of a united Germany and related developments in the process of integration in Europe as having positive possibilities for South Africa.

However, the extent of any spinoff would depend heavily on South Africa coming to grips with its socio-economic problems as the Federal Republic and its EC partners want apartheid abolished and replaced with a democratic constitution that provides all South Africans with equal rights in determining their political and economic future.

With the process of German unification firmly embedded in that of uniting Europe into a single trading community in 1992, Dr Knoop believes such events must be — for political and economic reasons — of profound relevance to South Africa.

He submits six arguments — three partly political and three economically based — for his belief:

The first is based on revolutionary changes in the East Bloc having created a different climate in international politics.

His next submission is based on the EC having developed into a model of regional political and economic co-operation which, in turn, enjoys a very close and institutionalised relationship with similar bodies in south east Asia and Latin/Central America.

These models had proved to be an instrument of political stabilisation and success in the economic communities abroad. Subject to certain changes taking place here,

this co-operation could be extended to include a southern African regional grouping.

"While I cannot speak for the EC, I would think it would warmly welcome and support such a development by way of a constructive engagement in a regional co-operation that could be of great benefit, not only to southern Africa but to the whole sub-Saharan region of Africa."

His third point is based on the belief that the mechanism by which the EC has organised its decision-making process in a unique manner has relevance to local political and economic issues — which he regards as inseparable.

Notwithstanding the diversities within the EC (it has to cope with 12 member countries and almost as many different languages and cultural backgrounds) are comparable with those in South Africa, he says the EC system of checks and balancing is well worth looking at in the debate on constitutional options.

For example, a prominent feature of this process is the instrument of the "qualified majority vote" by which the bulk of binding EC decisions are now taken.

"The qualified majority vote is a finely tuned instrument which prevents domination by the Big Four member countries over the smaller states."

"South Africa is in a unique position to avoid the mistakes of the past in the future management of its economy by learning from the experiences of other countries that had command economy structures.

"The basic lesson from the demise of communism in Eastern Europe is that there can be no free and democratic society without a free enterprise system — not simply old fashioned capitalism, which has equally failed, but

a market economy that behaves in a socially responsible manner."

Termed the "social market economy" in the Federal Republic, this system has propelled it from total destruction to one of the world's most prosperous countries. With unification the system now encompasses the former GDR. It implies a "mixed economy" — based on free enterprise (driven by the striving for profit), but includes State participation from the outset.

Another vital element of Germany's mixed economy is free collective bargaining between employers and independent trade unions.

Dr Knoop's second submission is based on South Africa's need to redress social and economic inequalities. While he has no blueprint to offer, the recipes applied in the EC and in Germany may have some relevance here.

In principle, the rich EC countries have to share the burden and give to the poor countries of the EC region. On the basis of solidarity, a European Regional Fund was established, requiring all members to pay into the fund — with wealthier states contributing more and poorer states less.

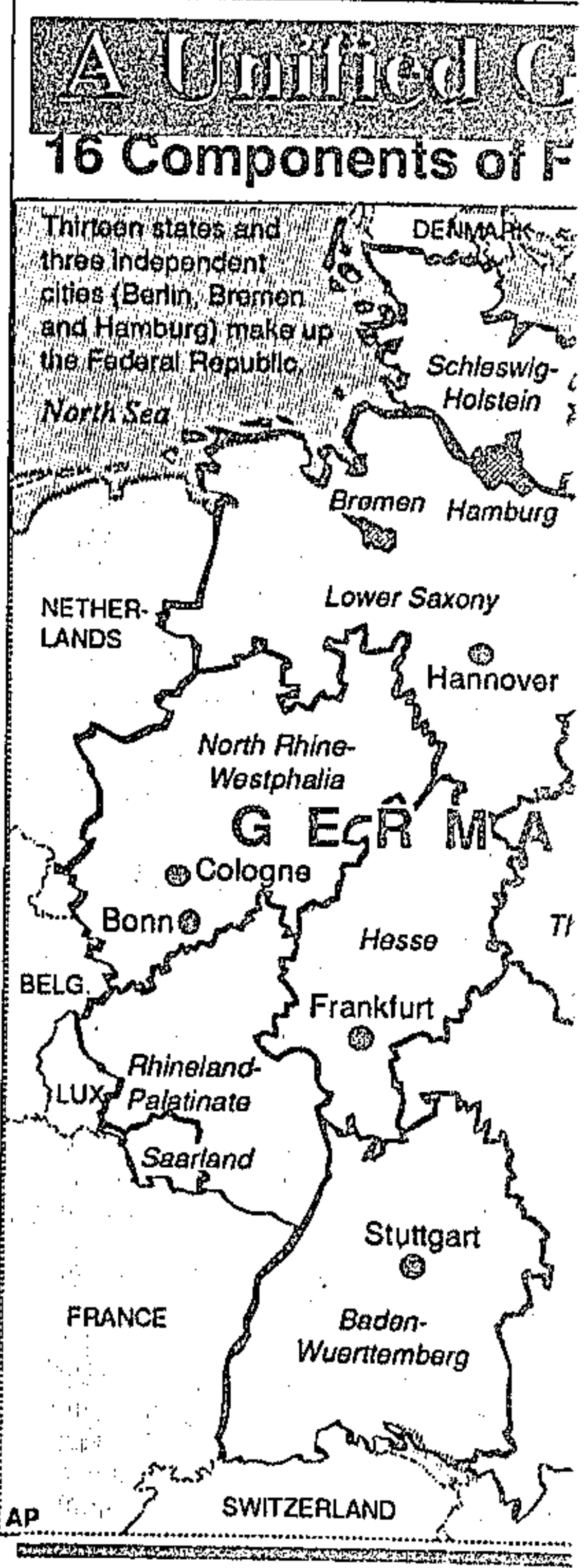
In Germany, the inequalities of east and west are also being addressed through the introduction of the social market economy in East Germany and the creation of the special German Unity Fund (GUF).

Finally, Dr Knoop considers the question of foreign investment in southern Africa which, he believes, need not be totally overlooked in favour of options in Eastern Europe and other global regions.

Economic activities in Eastern Europe will unleash dynamic forces in the global economy, which will ultimately also benefit Africa — especially after 1992 — and South Africa could play an important role in market places hitherto closed, or partly closed, to it for political reasons.

Last year almost 50 percent of South Africa's total trade was with EC and other western European countries, and South Africa could become a strong player in Europe provided:

- It becomes a stable and non-racial democratic state, where political differences are not dealt with by shooting each other but by discussion;
- Foreign investors can be sure that they get a decent return on their investment.



SA-Germany trade links still strong

For years, the Federal Republic of Germany has had good economic relations with South Africa and has been one of this country's leading trading partners.

The German economy committed itself in South Africa at an early stage with the result that today hundreds of subsidiaries of German companies have been established here.

Last year, the total bilateral exchange of commodities totalled almost R13 billion, making Germany South Africa's leading trading partner in Europe (see graph).

Cultural ties

Cultural ties between South Africa and the Federal Republic of Germany should be reflected by the German unification process.

However, changes in South Africa could affect German projects in the field of support projects in the area of education and training.

Repla

Until apartheid associated socio-economic ties are replaced by democratic arrangements in South Africa, the programmes remain relevant. man Embassy (press and publ) Quelle.

25 Jahre Jaar Years

Commitment to South Africa

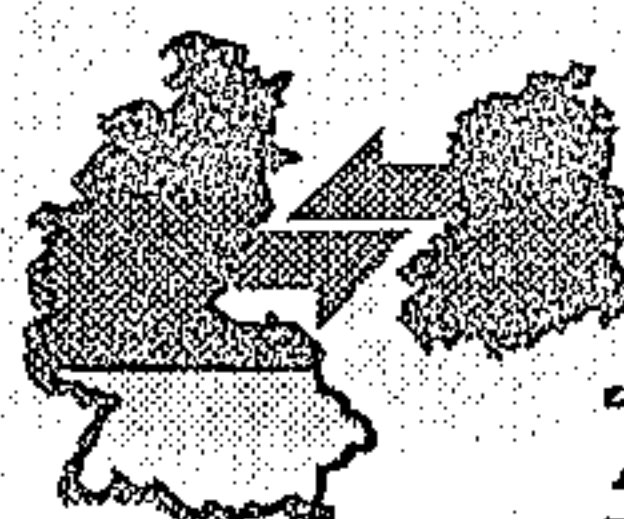
- IN THE FIELD OF MEDICAL HEALTH CARE
- LIFE SCIENCE RESEARCH
 - LABORATORY DIAGNOSIS
 - AND THERAPEUTICS

BOEHRINGER
A SQUIBB COMPANY



'boost for SA'

A Unified Germany



A Star survey

Reports by
Lynn Carlisle.

Kohl is most likely choice as chancellor

He's been called many things — good and bad — since becoming West Germany's supremo eight years ago, but Chancellor Helmut Kohl is the man observers tip as the most likely first chancellor of a united Germany.

While surprises occur in general elections, none are expected when the first united Germany elections to be held since the 1930s take place in December this year.

Chancellor Kohl, they say, has the drive to get to the top and stay there, and has left a trail of crushed rivals to prove it.

His rival candidate Social Democrat Oskar Lafontaine, can expect the same demise, political observers are already predicting.



President de Klerk and Chancellor Kohl, during the South African leader's visit to Germany earlier this year.

Bulldozer

With a reputation of a bulldozer who pulverises his opposition, the sometimes underestimated chancellor is said to have more skills than his critics like to admit.

One aide dubs Chancellor Kohl's technique the "anaconda approach" to political struggle: long-term pressure (initially disguised as an embrace when applied to party colleagues), which increases until the victim is helpless and ready to be devoured.

Although Chancellor Kohl has

raised many sniggers for the way he handles things, and is said not to match predecessor Helmut Schmidt in intellect, nor earlier chancellor Konrad Adenauer in cunning, he has entrenched himself firmly in office.

And, like all Germany's post-war chancellors, he has the surest instinct for power.

With the fusion of the two states taking place today and general election only months away, the bringing of the Bonn and Berlin administrations together has indeed been an achievement in which Chancellor Kohl has played a major role and one, some say, he surely deserves to lead.

A Unified Germany 16 Components of Federal Germany



A-Germany trade links till strong

For years, the Federal Republic of Germany has had good economic relations with South Africa and has been one of this country's leading trading partners. The German economy committed itself in South Africa at an early stage with the result that today hundreds of subsidiaries of German companies have been established here. Last year, the total bilateral exchange of commodities totalled almost \$3 billion, making Germany South Africa's leading trading partner in Europe (see graph).

Cultural ties will remain after reunification

Cultural ties between South Africa and the Federal Republic should be relatively unaffected by the German unification process.

However, changed realities in South Africa will certainly affect German funding policies for support programmes and projects in the fields of education and training.

Replaced

Until apartheid and its associated socio-economic inequalities are replaced by a truly democratic and non-racial South Africa, the current programmes remain, notes German Embassy cultural attaché Tilman Hanckel. (press and publicity) Herbert Quelle.

"It can, however, be supposed that after the abolition of apartheid the existing measures will be re-examined.

"The way this will happen will be a matter of discussion with potential recipients," says Mr Quelle.

German Embassy cultural attaché Tilman Hanckel says the Special Programme Southern Africa (SP) is directed specifically towards relieving the plight of the black community suffering under the apartheid system.

The SP, established by consensus of the German Bundestag, also supports non-racial groups engaged in activities to overcome the apartheid system and pave the way into a post-apartheid society.

"Currently running at approximately R10 million a year, the SP is meant to back up, on a bilateral basis, the larger framework of the so-called positive measures undertaken by the European Community in the same direction," says Mr Hanckel.

Roughly summarised, the programme sectors are education (all levels) and teachers' training; trade unions and vocational training; human rights and legal facilities; and cultural sector — including black arts, media and so on.

Mr Hanckel says the main funding mechanisms are:

- Direct funding — here the German Embassy directly supports projects and institutions with grants ranging from

- R5 000 to R50 000.
- Funding via German non-government organisations (NGOs) — whereby bursary programmes and several other education projects ("enrichment") are handled by German NGOs, often in co-operation with South African "channels".

Funding

• Funding via the European Community, which involves direct co-operation between the EC and SA NGOs.

Mr Hanckel says additional programmes are also undertaken.

"Notably, by German political foundations and churches, with the latter focusing on developmental, particularly rural, projects."

Mercedes
plant to
re-open
this week

Own Correspondent

JOHANNESBURG. — Mercedes-Benz SA's East London plant will re-open this week after being at a standstill for almost two months.

National Union of Metal Workers (Numsa) regional organiser Mr Les Kettle said yesterday that at this stage there was nothing to prevent the plant re-opening in a matter of days.

He said Numsa and Mercedes-Benz management had reached agreement on the remaining issues which had prevented production at the plant restarting.

Once Numsa leaders had consulted union members at Mercedes-Benz and received their mandate, the union would be able to sign a final agreement.

Mercedes-Benz official Ms Wendy Hoffman on Friday said management and union representatives had last week reached agreement "in principle" on issues which had stood in the way of the re-opening.

63

Mercedes production lines roll again today

Labour Reporter ARGW 9/10/90

PRODUCTION at Mercedes-Benz resumes today following the resolution of the two-month industrial dispute which closed the company's East London plant.

The company announced yesterday that management and the National Union of Metalworkers of SA had reached an agreement on outstanding issues and normal business operations and production would start today.

Production was suspended on August 16 when hundreds of weapon-wielding workers occupied the factory.

They were demanding the company withdraw from the motor industry's National Bargaining Forum, which was initiated by their union.

DISMISSED

Mercedes dismissed the rebel workers and asked the police to peacefully evict them from the premises after a seige which lasted 17 days.

Public relations manager Mrs Wendy Hoffman said these points had been agreed to:

- The wage agreement concluded at the National Bargaining Forum had been accepted by hourly-paid workers at Mercedes and both parties were committed to the company's continued participation in the forum.

- The dismissal of the workers would be referred to arbitration.

- All hourly-paid employees would start work in accordance with their conditions of employment.

- The growth and viability of the company would be adressed through structures jointly created by the company and Numsa.

- Ways of solving other operational problems like the need to reach production schedules, discipline and absenteeism were agreed upon.

- A further meeting to finalise and implement a housing, education and social responsibility programme.

Mercedes industrial dispute has ended

JOHANNESBURG. — The industrial dispute at the Mercedes Benz (MBSA) factory in East London has ended.

A statement by the company said yesterday it had resolved the dispute and work would resume today after a break of seven weeks.

The strike began on August 16 with a sit-in at the factory premises, but it was ended two weeks later by police at the request of the management.

MBSA chief executive Mr Christoph Kopke said recently the dispute had cost the company R13,5 million a day and had jeopardised foreign investment in South Africa.

MBSA official Ms Renee Killian said yesterday the company had lost over R500m in revenue during the 37 working days production was suspended. — Sapa-Reuter, Own Correspondent

90% at Benz reopening

(63) ~~10/10/90~~

CAT TIPS 10/10/90

Own Correspondent

EAST LONDON. — About 90% of the workers at the Mercedes Benz South Africa (MBSA) plant here returned to work yesterday morning, ending the factory's seven-week-long closure.

This followed an agreement reached on Monday between MBSA and the National Union of Metalworkers of South Africa (Numsa).

A company spokesman said the parties had agreed in the settlement first to deal with "certain operational issues to enable normal production to resume".

The necessary tasks were completed before noon yesterday and staff were permitted to go home early.

Production is due to resume at normal times from today.

The spokesman said MBSA's chief executive, Mr Christoph Kopke, expressed his appreciation to all staff for their co-operative and constructive handling of yesterday's "operational problems".

He also said MBSA and Numsa had agreed to arbitration on the issue of the 538 dismissed workers and said they did not have access to the plant.

Mercedes workers back on the job

Labour Reporter

NINETY percent of the hourly-paid workers resumed work at the Mercedes-Benz manufacturing plant in East London after a closure of nearly two months which cost the company R500 million.

Company public relations manager Mrs Wendy Hoffman said the management and the National Union of Metalworkers agreed in a settlement to "first deal with certain operational issues to enable normal production to resume".

The agreement between the two parties was signed on Monday.

Company chief executive officer Mr Christoph Köpke appreciated the "spirit of co-operation displayed by all employees in constructively dealing with the operational problems".

Production at the plant stopped on August 16 when it was occupied by rebel union members.

They were demanding that Mercedes withdraw from the motor industry's National Bargaining Forum, originally initiated by their union.

The workers, who were later dismissed, felt they could get higher wages if the union bargained at factory level.

After 17 days police evicted the workers but the company refused to reopen the plant until pre-conditions had been met by the union.

THE SA desk officer at the German economics ministry was not available. He and a quarter of his colleagues had been temporarily seconded to another office to try and track down the millions of Deutsche Marks that the former East German communist rulers had illicitly transferred to front companies outside the country.

By the end of last week the former Communist Party leaders had admitted to transferring amounts totalling about \$70m to accounts of a Soviet front company, Putnik, in the Netherlands and Denmark to save the money from "probable expropriation".

This is but one example of both the challenges facing a united Germany as it attempts to undo 40 years of communist misrule and the very low position in which SA ranks on the list of German priorities.

Social Democrat (SPD) spokesman on SA Gunter Verheugen says bluntly that in the past six months "nobody has been interested in the SA question".

During the visits of President F W de Klerk and Nelson Mandela to Bonn earlier this year, Economic Cooperation Minister Jurgen Warnke indicated that Germany would provide some assistance for the return of exiles to SA.

As yet, however, no funding has become available and Verheugen says there simply has not been an opportunity to raise the question.

Gerhard Thiedemann, the SA desk officer in Warnke's ministry, says funds to assist the return of refugees will be available in next year's budget. At this stage, however, he is not sure how much.

The money, he says, will be channelled through churches and political foundations and directed at providing housing for returnees.

While the possible lifting of EC sanctions is a major topic in SA, it too has attracted minimal interest here. The German government is no firm supporter of sanctions. But, while some ministers like Warnke are said to be pressing for their lifting, the prevailing attitude appears to be to adopt a low profile and side

SA is already fading from the European investment map

Bl/Daw
30/10/90

63

MIKE ROBERTSON in BONN

with the majority opinion in the EC.

Rainer Erkens, an official of Foreign Minister Hans-Dietrich Genscher's Free Democratic Party (FDP), says its position is that sanctions should not be lifted until there are clear signs that change in SA is irreversible and an end to a negotiated settlement is in sight.

In practical terms this means the FDP will await a signal from Mandela or the ANC before supporting the lifting of sanctions. Given that the existing coalition is odds-on favourite to win the German elections, this will remain the policy for the foreseeable future.

Verheugen's SPD also supports the position that "the lifting of sanctions should be decided jointly between internal political forces (read ANC) and foreign countries".

But even his support for the continued implementation of sanctions is far from absolute.

Admitting to some "personal doubts", Verheugen says he believes "we must take into consideration that De Klerk could need something to show his constituency... perhaps something symbolic to start with, like ending the sports boycott".

Opinions as to whether a new SA will attract new investments from German companies vary, but a majority of people I spoke to on a two-

week tour as a guest of the German government were highly sceptical of the prospects.

The main reason advanced is that East Germany and former East bloc countries offer better investment opportunities than the Third World in general and Africa in particular. German companies, with notable

exceptions like Volkswagen and Deutsche Bank, have been slow to move into East Germany.

Reasons given for this range from a lack of clarity on land ownership, poor infrastructure (the cost of rebuilding is estimated at DM2 000bn) or simply waiting for prices to drop lower.

Despite this there are attractions, such as a skilled workforce with average wages half those in the former Federal Republic, and government tax incentives for companies that open new plants there.

Verheugen says that "even if SA finds a political solution soon, I don't see money flowing back into the country".

The Social Democrats, he says, have advised the ANC to forget about nationalisation.

"I have told them that redistribution of wealth and land will not lead to better conditions. What SA needs is a strong economy. It is not in their interests to destroy it... Socialist and communist systems have failed everywhere. SA needs to establish a responsible social market economy."

Thiedemann agrees that in most cases German companies would choose rather to invest in the former GDR or Eastern Europe than in a new SA. He believes, however, that there will be interest in investing in a



WARNIKE

reformed SA with a market-oriented economy.

The view of officials in the German foreign ministry is that if attempts to integrate the economies of the southern African region are successful, there will be an interest on the part of major German companies in investing.

Pik Botha's proposal for a kind of southern African economic union is regarded as desirable. But even a best case scenario of an SADCC which includes SA is unlikely to attract much German aid or investment.

The German government has said developments in the East would not result in any cut in aid to Third World countries. This has not happened. But as Erkens points out, the collapse of communism has also meant that Third World countries' "blackmailing power" (if you don't help us we will go to the Soviet Union) has evaporated and that the major Western countries are now adopting a much tougher attitude towards aid projects.

He adds that Germany has a far more direct interest in preventing the total collapse of the economies of Poland, Czechoslovakia and Hungary, which could result in a massive influx of people from those countries into Germany.

"With Poland we have a Texas/Mexico situation," he says. "Helping Central Europe get back on its feet is a giant task which will cost a fortune... This is so costly that people say forget about the rest of the world."

This is a gloomy but perhaps realistic scenario for a new SA. Even with a quick negotiated political settlement and agreement on a market-oriented economy, it is clear SA will struggle to attract aid and investment from leading European countries like Germany. It would, however, at least be in a position to try to exploit strategic advantages.

Any attempt to implement an economic system resembling those that resulted in the total collapse of the economies of Eastern Europe would inevitably lead to SA fast becoming one of the forgotten countries of sub-Saharan Africa.

Simon Barber's column will resume next week.

New car launches shelved by VW

By ANTHONY DOMAN
Motoring Editor

NEW-MODEL launches have been shelved after crippling work holdups at the Volkswagen factory.

And public affairs manager Mr Matt Gennrich said the Uitenhage carmaker's loss in turnover amounted to about 300 units a day at an average retail price of R40 000 — about R12-million a day.

The effect of a pull-out or scaling down of VW's operations would have a devastating effect on the Eastern Cape, a spokesman warned during the most recent stoppage. By the end of last month the company had lost more than 20 production days in 1990.

Mr Gennrich said the stoppage — which ended last week — was particularly severe at the bottom end of the market, as well as on some Golf and Jetta models.

'POCKET ROCKET'

"The production stoppage has obviously affected the introduction of new models. Two of these will now be introduced in the new year."

These models are believed to be the new Golf GTi "pocket rocket", designed to re-establish VW's dominance in the small-car performance stakes, and a bigger-engined Kombi.

"We understand the frustration of some customers and apologise for the delay and any inconvenience," he said.

A union spokesman alleged that technical problems played a part in the stoppage, but Mr Gennrich denied this.

The company's pricing and competitiveness would not be affected, although it would lose a market share this month, he said. The spare-parts supply was not affected unless the part was an off-line part, which was rare.

Commenting on prospects for the industry and the company in the new year, Mr Gennrich said VW saw the market remaining at 1990 levels. It would grow "sideways, if at all".

TROUBLED PLANT

The most recent hiccup at the plant occurred on November 16. A group of engine plant workers walked out to attend a court case involving a shop steward and a foreman and VW retaliated by closing the plant. The company refused to reopen until the union signed an agreement ensuring uninterrupted production. The plant employs about 6 000.

Eventually the company and the National Union of Metalworkers signed a detailed agreement. They committed themselves to working together for peace and justice in the workplace and acceptable work and behaviour standards.

The agreement sets out minimum standards for labour relations and includes procedures for grievances, disputes, arbitration and retrenchment. It is based on the German IG Metall metalworkers' union employment contract. Mercedes-Benz and BMW have signed similar agreements.

German car-makers hit back at Japanese claims

ST Times 9/12/90. (63)

By DON ROBERTSON

THE FALLOUT from car wars between Japanese and German manufacturers has reached SA.

German companies have reacted angrily to an independent report commissioned by Nissan and suggesting that their "club" enjoys special benefits under SA tax rules.

BMW managing director Reinhard Kunstler criticises "derogatory" remarks by the report's author, independent consultant Ian Buyers.

Mr Kunstler says the SA motor industry's future depends on its ability to become part of economic globalisation.

Artificial

The best way to achieve this is through German manufacturers who are able to transfer technology and exports through their multi-national contacts.

Attempts to achieve globalisation through artificial protection, as suggested by Mr Buyers, will lead to more Government intervention and higher car prices.

BMW takes issue with the report's conclusion that fringe benefit taxation is structured to favour luxury cars.

The conclusion is illogical because there are differences in calculating fringe benefits based on distances travelled by small and luxury cars. Normal income-tax tables



IN THE EYE OF THE STORM: BMW's luxury multi-valve 525i which was launched in SA this year

take into account the higher earnings of those who buy luxury cars. It should thus not be the purpose of fringe benefit tax to favour the purchase of less expensive cars.

Mr Kunstler also criticises Nissan managing director John Newbury for urging motorists to buy small cars.

He says luxury cars have to comply with the same local content requirements as small ones. They have a higher local content by value. That brings more jobs and wealth.

"However, it became clear that he contradicted himself when just a few weeks later, the news leaked out that his company was planning to enter the top end of the luxury market. He drives a 100% imported car and says the Maxima will be imported to use foreign-exchange surpluses arising from the local content programme."

Mercedes-Benz SA chairman Christoph Kopke says: "The Buyers report contains inaccuracies which should be cleared with the author before it can be taken seriously, for instance on a key issue — the size of the luxury car market in SA.

Manipulated

"Mr Buyers claims it is about 20% of total sales, but by his definition, we would see it at only around 12%."

Mr Kopke says perks tax calculations were manipulated to indicate that perks tax is structured to favour luxury cars.

Ray Eskinazi, head of the tax division at auditor Ernst & Young, disputes this claim.

Mr Eskinazi says a married man earning R80 000 a year pays personal tax at the marginal rate of 44%. A married man earning half this

amount pays at 36% — only 8% less. The motorist with the larger earnings can afford a luxury car. The motorist earning R40 000 is restricted in his buying choice.

The reaction of the German manufacturers follows an onslaught on the European and American luxury car markets by the Japanese, particularly Toyota, Nissan and Honda. The top Japanese cars cost less than German makes, but compare favourably with them in luxury and performance.

When Toyota and Nissan start producing cars from plants being built in the UK, Europe will have an overcapacity of about 2.2-million vehicles a year.

One report says: "Europe's long-anticipated sales war has begun in earnest and no prisoners will be taken."

Eastern Europe will be able to take some of the ex-

cess capacity only about five years from now.

"Until then, Western Europe is seen as the battleground for a sales war of unprecedented proportions that will lower the profits of virtually all Europe's car-makers... and will lead to more mergers and joint ventures."

To counter the Japanese invasion, the Americans will seek new markets, particularly in Europe.

Decimated

Jacques Calvet, chief executive of the Peugeot-Citroen group, says a price war in Europe will lead to fewer competitive models with "the inexorable result that by the turn of the century, Europe's car industry will have been decimated".

European car-makers have launched a successful foray into a more accessible Japanese market.

In the past four years, sales of European cars in Japan have been rising by about 35% annually and are expected to reach 230 000 this year. They are expected to double by 1995 and reach about 10% of the Japanese market — about the same penetration Japan has in Europe.

Time magazine reports that Volkswagen-Audi is expected to sell 60 000 units this year in Japan, followed by BMW with 40 000 and Mercedes-Benz which sold 31 500 last year. The British-based Rover group is expected to sell 12 000 cars in Japan this year.

FOREIGN FIRMS IN S.A. GERMAN

1991

ANC rally
Cape Town 9/1/91
halts car
63
production

Own Correspondent

EAST LONDON. — Production was suspended at the Mercedes Benz plant here yesterday afternoon after workers, in defiance of management, left the plant en masse to attend an ANC rally in Mdantsane marking the 79th birthday of the movement.

Waving ANC and South African Congress Party banners, the workers toyi-toyed up Fleet Street.

A company spokesman, Mrs Wendy Hoffman, said last night that employees had unilaterally left their work stations, contrary to agreed procedures.

She said the company was disappointed the ANC had chosen to hold the rally on a working day without any prior consultation on the effect it would have on business operations in the region.

Capt. Tink

Friday, January 10 1991

ANC rally cost Benz R6m

Own Correspondent

EAST LONDON. — Millions of rands in production were lost this week when most of the 3 500-strong workforce at the Mercedes-Benz SA manufacturing plant here left work to attend an ANC rally, a company spokeswoman said yesterday.

Production was suspended on Tuesday afternoon for about three hours when employees unilaterally left to attend an Mdantsane rally marking the 79th anniversary of the ANC.

MBSA spokeswoman Miss Rene Kilian said from the company's headquarters in Pretoria that the estimated loss for the period production was suspended was R6 million.

Production at the plant returned to normal yesterday when workers returned to work.

She said negotiations would start with the National Union of Metal Workers (Numsa) today on the workers' conduct on Tuesday. Discussions would take place "in accordance with the agreed collective procedure existing between the company and those representing Numsa".

"While recognising the importance of the occasion, Mercedes management made it clear to the shop stewards (on Monday) why the company could not grant their request for a suspension of production," she said.

"The Mercedes management stated that while the company was committed to constructively contributing to the socio-economic development of a true

democratic, non-racial South Africa, it is not a political organisation and cannot accommodate the wishes of one political party above the other."

She added that as the suspension of production is contrary to agreed procedure, the company is considering a no-work-no-pay policy.

Mercedes Benz has reportedly also criticised the ANC for holding a rally on a working day without prior consultation on the effect it would have on business operations in the region.

Numsa general secretary Mr Moses Mayekiso said the MBSA management should understand the obligations of their workers to their political organisations and urged them not to adopt the no-work-no-pay policy.

11/6/91 (63)

Metal union backing for R6-m ANC rally walkout

EAST LONDON. — The National Union of Metalworkers (Numsa) leadership has backed members who walked out of the Mercedes-Benz South Africa plant in East London on Tuesday to attend an African National Congress rally.

Mercedes this week recorded its concern about the walkout to Numsa officials.

Production was suspended at an estimated R6-million cost after workers left the premises without permission to attend the ANC's 79th birthday celebrations in Mdantsane.

Numsa general secretary, Mr Moses Mayekiso, said the workers' action did not go against the terms of any agreement with the motor manufacturer.

He said ANC supporters had the right to attend the rally of the party they supported.

It was the first time in 30 years that ANC supporters could openly cel-

ebate the founding day of their organisation — and they did not choose that the day fell on a weekday.

This was the ANC's response to the walkout.

Mercedes had earlier questioned why the ANC had held a political rally on a working day.

ANC spokeswoman Miss Gill Marcus said there should have been some recognition on the company's part for the significance of the day.

"Generally speaking our policy is not to be disruptive to working routines, and most rallies take place over weekends, but in the calendar of the people there are certain significant dates when rallies would be attended, like June 16, December 16 and August 9."

She said the organisation did not choose that these dates fell on weekdays and that working relations should be discussed between workers and union. — Sapa.

German firm buys 51% stake in CME

GERMAN-based Solidur International has acquired a 51% stake in Protea Chemical's Chemplast Marc Etter (CME) for R4m.

About R2m of the purchase price was "new money" brought into SA, CME chairman Roger Thomas said yesterday.

"The investment is a reflection of Solidur's confidence in SA," he said.

CME, previously a wholly owned subsidiary of Protea Chemicals and a member of the Malbak group, will retain the electroplating and adhesive divisions. The foreign investment would enable CME to focus on its core business, including the manufac-

8/Jan 24/91

MARIETTE DU PLESSIS

ture of engineering plastic products.

Solidur International is an established manufacturer in the engineering plastics industry, with major operations in Germany, the US, Canada, Japan and the UK.

It is also establishing operations in Singapore, India and France.

Thomas said CME's fabrication division had been re-organised and relocated to Benoni, while selected thermoplastic fabrication was still being undertaken at the Elandsfontein and Durban factories.

63

Local catalyst plant gets first EC order

JOHNSON Matthey's local autocatalyst manufacturer this week won its first order to supply Volkswagen SA with components.

Johnson Matthey MD Peter Emmel said yesterday the company would supply Volkswagen with "substantial numbers of catalysts" from its R35m plant in Germiston. The components would be exported to Volkswagen's parent company in Germany.

Johnson Matthey, the world's largest manufacturer of catalytic converters with 40% of the international market, had supplied the German car company with catalysts from its operations around the world since 1974.

Emmel said the deal with Volks-

biody 15/3/91

MATTHEW CURTIN

wagen, concluded after a year of negotiations, justified his company's decision in April last year to establish a plant in SA. The plant, scheduled to come on stream in April, would have an initial capacity of up to 2-million units a year.

He would not comment on the size of the deal, but said the company, as Rustenburg Platinum's (Rusplats) sole marketing agent, had access to a ready supply of platinum. A Rusplats official would not comment on the significance of the deal from the mining operation's perspective.

Emmel said Volkswagen's exports were geared to the soaring demand for autocatalysts in Europe after exhaust emission legislation was passed requiring the use of catalysts on new motor vehicles in the EC.

Johnson Matthey was also benefiting from the government's Phase 6 programme affording local companies export credits.

Analysts say SA is ideally placed for making autocatalysts because it is by far the largest producer of platinum and rhodium, the two metals essential for the catalytic conversion of the harmful emissions from car exhausts — carbon monoxide, hydrocarbons and nitrogen oxide.

German disinvestor back with a flourish

SA Times 17/3/91
A WEST GERMAN company which pulled out of its South African joint venture at the height of the disinvestment campaign five years ago is back again — with bigger plans for expansion.

Alexander Binzel GmbH, the world's biggest manufacturer of hi-tech arc welding torches used for manual and automated welding processes, sold the stake it held in the company which distributed its products in South Africa in 1986, but continued to supply the market.

A visit by a German director to SA last year led to an enthusiastic reassessment of the country's future and a wholly-owned subsidiary was

Business Times Reporter

opened at the end of the last year in Ophirton, Johannesburg.

Now the group, which has subsidiaries in more than 20 countries and sells in 50 countries around the world, has started feasibility studies into local assembly and manufacture by the new company.

Johannesburg attorney Robert Appelbaum, who is a director of the SA subsidiary, said: "Group executives were very jittery about the future, but they are ecstatic at what they see now."

CAL-
T-14
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63

USA

USA

USA

Benz strike dismissals 'fair'

JOHANNESBURG. —

An arbitration exercise arising from last year's sit-in and strike at Mercedes-Benz has upheld the dismissal of 521 former employees.

Mercedes said yesterday that the arbitration had found the dismissal of employees who occupied the manufacturing plant in East London was fair.

Independent arbitrator Mr Chris Albertyn found that employees occupying the plant had been guilty of misconduct and that the company's decision to dismiss them was fair.



Lord Mayor of Bonn Hans Daniels. Picture: CATHERINE ROSS

Interest hinges on confidence — Bonn mayor

63
BIDAY 25/3/91

PATRICK BULGER

SA's political future, rather than sanctions, would determine whether German businessman would invest locally, the visiting Lord Mayor of Bonn Hans Daniels said yesterday.

Daniels is on his first visit to SA at the invitation of Johannesburg Mayor Elliot Kretzmer and the Johannesburg Publicity Association.

A trained economist and Bonn mayor for the past 16 years, Daniels is meeting political and business figures.

Daniels said German businessmen wanted to know what the country's political future would be.

Continuing high levels of violence could deter those

who looked to SA as the gateway to a huge and untapped African market.

"Generally there is confidence in the future of SA. But nobody is sure what will happen here.

"The flow of foreign investment depends mostly on confidence in the political stability in the future.

"Sanctions are not as important as the confidence."

Violence

Daniels said: "Foreign capital will wait until SA has a new constitution and the first elections give an impression of the sort of government SA will have."

He added violence was being perceived as a transitional phenomenon but if it continued beyond a new constitution it would deter investors.

Compared with Eastern Europe, SA had a sophisticated infrastructure and was in many ways more attractive to the European investor, than Eastern Europe, he said.

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INTERIM REPORT

for the
six months ended 31 December 1990

Germans 'will soon pour money into SA'

W/E-Mbus 27/4/91
63
From JOHN SPIRA

MUNICH. — German companies and banks will be pouring money into South Africa by the end of the year.

That's the good news from Volker Doppelfeld, executive director of BMW Ag.

He said this week that during the course of his discussions with fellow German industrialists and bankers it was clear that long-term loans and fixed investment capital was poised to enter South Africa.

He acknowledged that the unrest situation was a near-term deterrent but pointed out that entrepreneurially-minded German businessmen would look beyond the present to what looked likely to be a bright future for South Africa.

Mr Doppelfeld is convinced that South Africa will overcome its political and economic problems and that vigorous growth lies ahead in the wake of President De Klerk's inspired leadership and the inflow of capital from abroad.

He believes German banks will be more than willing to lend to South Africa. The more conservative of the banks might not do so but there were some which were actively seeking new areas of business where the returns are high and the risk reasonable.

"European investors are not falling over each other to invest in the mature economies where the returns are low and the growth potential no more than average.

"For this reason they are seeking areas of future potential such as South Africa and East Germany.

"If I had earmarked a sum of money for investment abroad, I would allocate 20 percent to South Africa, 1/40 percent to East Germany and the rest to countries with the same latent promise. And I would do it now. One has to take certain risks if one is to stay in business. It is risk-taking which ultimately yields the worthwhile rewards.

BUSINESS

SBDC gets

R2,5 million

investment

Star 10/5/91
Finance Staff

63

The Small Business Development Corporation (SBDC) has received its largest single investment from an international company to date.

Hoechst SA, a wholly owned subsidiary of the multinational chemical company Hoechst AG in Germany, has bought SBDC shares worth R2,5 million.

Hoechst's involvement follows hard on the heels of a recent R70 000 investment by German company, Bosch.

The investment is linked to a SBDC industrial hive project, aimed at stimulating self-employment and job creation opportunities.

In terms of its contract with Hoechst, the SBDC buys Hoechst's previous head office site and buildings in Industria, Johannesburg.

The office block on the property now houses the SBDC's central region staff and services.

The training centre will be used to run the SBDC's small business training programmes on the West Rand and will also be made available to outside organisations.

Five old warehouses and an old pharmaceutical plant will be converted into industrial hives.

The whole complex, which the SBDC bought from Hoechst at market value, will in future be known as Tower Hive.

Hoechst MD, Reinhard Traub, said: "We see this investment as a continuation of our involvement with small business development in South Africa."

'Training is an ongoing process'

Star 27/5/79

The German economy's success in productivity and efficiency can largely be ascribed to the enthusiastic implementation of continued training at the workplace, says Burt Boschoff, head of technical training at Haggie Rand.

"German companies place a lot of emphasis on educating and training employees at the workplace and encouraging them to obtain qualifications at work," says Mr Boschoff.

"In South Africa companies spend a tremendous amount of money on 'on the job training' but little on continued training, improving and upgrading skills," he says.

Yet, in a country like South Africa which has education problems and a high rate of illiteracy it is even more important to investigate the benefits

of continued training at the workplace.

"It is the only way we are going to advance in this economy," said Mr Boschoff.

With the expected completion of Haggie's new training centre in Herioldale, at the ju-piter factory, it is the company's objective to implement continued education at the workplace.

"We have found computer based training (CBT) to be very effective in the continuing education programme," said Mr Boschoff.

CBT allows employees to learn by discovery as opposed to being taught or trained. The programmes are written in a learner-controlled mode and are competency based so that a student cannot progress to a

module until the successful completion of the module he is working on.

With CBT a company can also give support to employees furthering their studies at either a technikon or university, by acquiring appropriate educational software.

Haggie Rand has used CBT for many years, teaching production techniques and the theory of certain areas of production. The company employs its own staff to write training programmes.

"CBT allows the company to train staff close to the workplace and with very little supervision," said Mr Boschoff.

"The introduction of new machinery into the production process necessitates this updating of technical skills and we have found CBT particularly effective

in the teaching of technical subjects.

"Another advantage of CBT is that it is available almost around the clock."

Mr Boschoff believes that with the necessity of black advancement it is not enough to merely train artisans; companies should provide employees with the opportunity to acquire technical qualifications.

At present Haggie trains about 40 artisans and another 60 apprentices besides the continued education project.

Haggie Rand's training facility is also making quite a name for itself in the Herioldale vicinity. Some smaller companies that do not have training facilities have approached Haggie to have their tradesmen trained at Haggie Rand.



Training . . . "companies spend a tremendous amount of money on 'on the job training' but little on continued training — improving and upgrading skills."

Germany's door ajar for Eskom

28/5/91
By Brent von Melville

ESKOM is on the verge of signing a formal management co-operation agreement with German electricity utility RWE Aktiengesellschaft Energie, opening the way for a transfer of information and technology between the two companies.

A formal agreement would be a big step, too, in cementing stronger relations in the very important German financial community, said an Eskom spokesman.

Deputy GM (Generation)

Piet Faling said yesterday foundations for the agreement were made in March during a session of representatives from Eskom and RWE.

Faling said the utilities were "very close" to a formal agreement and the finer details would be taken care of in early June.

Some of the suggested cornerstones for a written agreement include annual management meetings in Germany and SA alternate-

ly and a direct exchange of information between identified experts in both utilities.

GM (Generation) Paul Semark said that despite economic and political isolation Eskom had kept in touch with a few international utilities and suppliers, one of them RWE.

Subjects of mutual interest included the maintenance philosophy at RWE and the use of RWE's transmission grid for neighbouring countries.

that 17 coal-fired power stations. It has 25 coal-fired power stations.

28/5/91





German Christian Democratic Union parliamentary spokesman on Africa Volkmar Köhler and the ANC's Ahmed Kathrada in Pretoria yesterday after Kathrada met visiting German MPs who are on a fact-finding mission. At a news conference later, Köhler said economic relations with Germany and the EC were likely to be restored at the end of the year.

Picture: ROBERT BOTHA

German MPs are optimistic

(63) (SAB) (SAB)
GERALD REILLY

PRETORIA — Normal economic relations with Germany and the EC were likely to be restored at the end of the year if all apartheid laws were scrapped, German Christian Democratic Union parliamentary spokesman on Africa Volkmar Köhler said in Pretoria yesterday. (SAB)

Köhler, who is heading a fact-finding mission of German MPs, said the "gigantic" problems in education, housing and social services could only be tackled if SA's economy was strengthened.

Köhler said Germany would do all it reasonably could to stimulate development in southern Africa, including SA, when the last apartheid laws had been scrapped.

He stressed the importance of establishing strong regional economic co-operation in the subcontinent. However, it had to be based on equality of opportunity and on partnership between the regions involved.

There were businessmen interested in investing in SA, but no hard decisions could be taken until violence subsided significantly.

German development aid to SA was unlikely to increase significantly. Germany contributed about a third of the R200m which came annually from the EC.

This was mainly allocated to non-governmental organisations to stimulate black business and small business development.

Germans invest R17m in SA

WILLIAM GILFILLAN

GERMAN transmissions and steering systems company Zahnradfabrik Friedrichshafen (ZFAG) is looking at SA in the long term with a R17m investment, chairman Klaus Beyer said yesterday. (63)

The company opened a new plant and head office in Johannesburg yesterday.

ZFAG, a leading manufacturer of transmissions and steering systems in Europe, has a 74% interest in ZFSA with Astas, a company in Standard Engineering's stable, holding the remaining interest. ZFAG in turn has a 26% interest in Astas.

Although ZF products are best

known for their transmissions in luxury cars such as BMWs, the commercial and construction vehicle markets are equally large contributors to turnover in SA.

Astas manufactures the ZF products under licence and sells these to the original equipment market while ZFSA is responsible for the sales and service of the ZF products. ZFSA's operating ambit includes SA and its neighbouring countries. Agencies are presently being opened in Zimbabwe.

A large portion of the proceeds were brought into SA under the financial rand mechanism.

Business leaders team to exploit African opportunities

REC-27/6/91
63

By TOM HOOD, Business Editor

LEADING businessmen in South Africa, Germany and England have taken an equity stake in Lawfin, the low-profile Cape Town-based financial services group that has been an active player in the country's foreign borrowing programme over the past 16 years.

Lawfin has expanded to exploit exciting opportunities now arising in Southern Africa, says executive chairman and major shareholder Mr Lawrence Miller, who founded the company in 1975.

He says the expansion entails the formation of a group, under the name of Lawfin International, with offices in Cape Town, the Channel Islands and London.

This also involves a select few European businessmen as shareholders and consultants, extending the company's international network and skills.

A permanent London office will be opened by the South African Ambassador, Mr Kent Durr, on July 3.

"FIS Corporate Services will have 15 percent and other local shareholders 5 percent of Lawfin International, with foreign shareholders gradually increasing their interest from 14 percent to 25 percent," said Mr Miller today.

The South African non-executive directors are Mr Jeff Leibesman, chairman of FSI, Mr Howard Mauerberger, chairman of Bergers Group, and Mr Barney Hurwitz, chairman of Clinic Holdings.

The managing director, based in Cape Town, is Mr Nigel Palmer, whose 16 years in international banking and treasury experience in London included spells at Morgon Grenfell, EBC Amro Bank and Arab Banking Corporation.

"Our focus will be on sourcing and negotiating new foreign loan and trade finance for Southern African

borrowers and exporters, structuring and advising on longer term interest and cross currency swap transactions, identifying investment and joint venture opportunities in South Africa, and foreign debt standstill advice and trade," said Mr Palmer.

Mr Miller, who estimated Lawfin was instrumental in initiating up to 10 percent of South Africa's medium-term international borrowing by the mid-1980's, said political developments were helping in reopening the international financial markets to South Africa.

"I felt the best way to capitalise on the international contacts and skills enjoyed by Lawfin was for me to dispose of up to 45 percent of Lawfin's equity to a few significant, strategically located investors who would support their stockholding with long-term loans and new business."

As a result foreign directors are Mr Roland Berger, chairman of a leading German management consultancy, Mr Adolf Kracht, retired partner of a German private bank, Mr Manfred Sadlowski, chief executive of Monch publishing group, Dr Dieter Schulz, German partner of the Euram international group of management consultants, Mr Michael Comminos, recently retired director of N M Rothschild & Sons, Mr Robin Bigland, managing director of Isle of Man Assurance, Mr Alfred Legner, senior partner of Lecham Partnership, international corporate finance specialists in London and Mr Shlomo Grofman, chief executive of Africa-Israel Investments, one of Israel's major listed companies.

London-based executive consultants are Mr David Hilbery, until recently chief executive of the consortium bank, Internatial Commercial Bank, and Mr Brian Piercy, who had 40 years with National Westminster Bank.

Hüels AG creates a subsidiary in SA

GERMAN chemicals manufacturer Hüels AG, a company of the major German chemical and energy group VEBA, has founded an independent subsidiary, Hüels Southern Africa, and has acquired Supacryl, New Germany, Natal.

The move into SA was the start of a wider involvement by the German group, Hüels Southern Africa MD Rolf Berendes said yesterday.

In 1990, Hüels Ag, with its seat in Marl, and its subsidiaries, achieved group sales of more than DM10bn (about \$6,7bn).

Besides its 12 production centres in Germany, the Hüels Group has production centres in Sweden, the Netherlands, Italy, the US and the Far East. Its range of products includes inorganics, organics, surfactants, standard and engineering plastics, rubber, surface coating raw materials, ultrapure silicon wafers, and organosilanes.

Until now the operations of Hüels and its subsidiaries in SA were limited to marketing through a variety of local trade organisations. Total sales by the Hüels Group during the past year were about DM40m.

With a view to increasing Hüels's

presence in southern Africa and combining marketing activities, operations have been centralised as the new Hüels Southern Africa (HSA), located in Randburg.

The company is partly owned by Chemimpo SA, also based in Randburg.

Supacryl's production operations are in acrylic dispersions, solution polymers, special plasticisers and other speciality chemicals. In addition, polymethyl methacrylate (PMMA) moulding compounds, adhesives and process chemicals are marketed by Supacryl.

Interactions

Supacryl's sales for 1990 totalled more than R30m.

Its products supplement Hüels's operations in the area of surface coating, plastics and process chemicals.

Positive interactions are also expected with Hüels subsidiary Roehm GmbH in the area of acrylic acid derivatives, in particular acrylate dispersions.

Southgo's Benoni firm plans R17m rights issue

MATTHEW CURTIN

BENONI Gold, one of the mining companies owned by Southgo, the gold mining arm of Consolidated Mining Corporation (CMC), is about to launch a R16.8m rights issue to repay borrowings.

Commenting on Southgo's results for the June quarter, in which its three operating gold companies each turned in improved profits, chairman Antony Lee said proceeds of the issue would more than cover Benoni's debt.

On June 14, Southgo sold its 23% interest in Knights for R16m which the directors said would substantially reduce the outside borrowings of Southgo and Benoni.

Benoni posted a three-fold increase in after-tax profits in the quarter at R2m (R745 000), West Witwatersrand after-tax profits climbed to R1,8m (R484 000) while Niger turned a R1,1m loss in the March quarter into a R223 000 profit.

Lee said Southgo's policy of tightening up operations at every level, its determination to "stay cash positive after capex", and to enter expansionary projects only when it was certain of the returns had paid dividends.

Southgo had also successfully contained costs, boosted gold production and benefited from the improved rand-gold price.

Benoni's sound performance in the quarter was due to a better gold price received (R32 589/kg against R30 657/kg) and its ability to reach full milling capacity for most of the quarter. In the March quarter gearbox problems reduced milling capacity by 50% for two months at one of the mills.

At West Wits extra crushing facilities were commissioned during the quarter and the amount of material treated rose to 448 000 tons (406 000 tons). Another secondary mill would be commissioned by mid-August.

BMW to assemble engines in SA

LUXURY car manufacturer BMW will soon assemble the engines of its cars in SA, and production is expected to start in August 1992. *Biday 2/8/91*

The company recently acquired the 7,8ha Continental China premises across the road from its manufacturing plant in Rosslyn, outside Pretoria, at a cost of R9,5m.

The facility, with factory space totalling 16 000m², is being upgraded to accommodate the engine assembly lines.

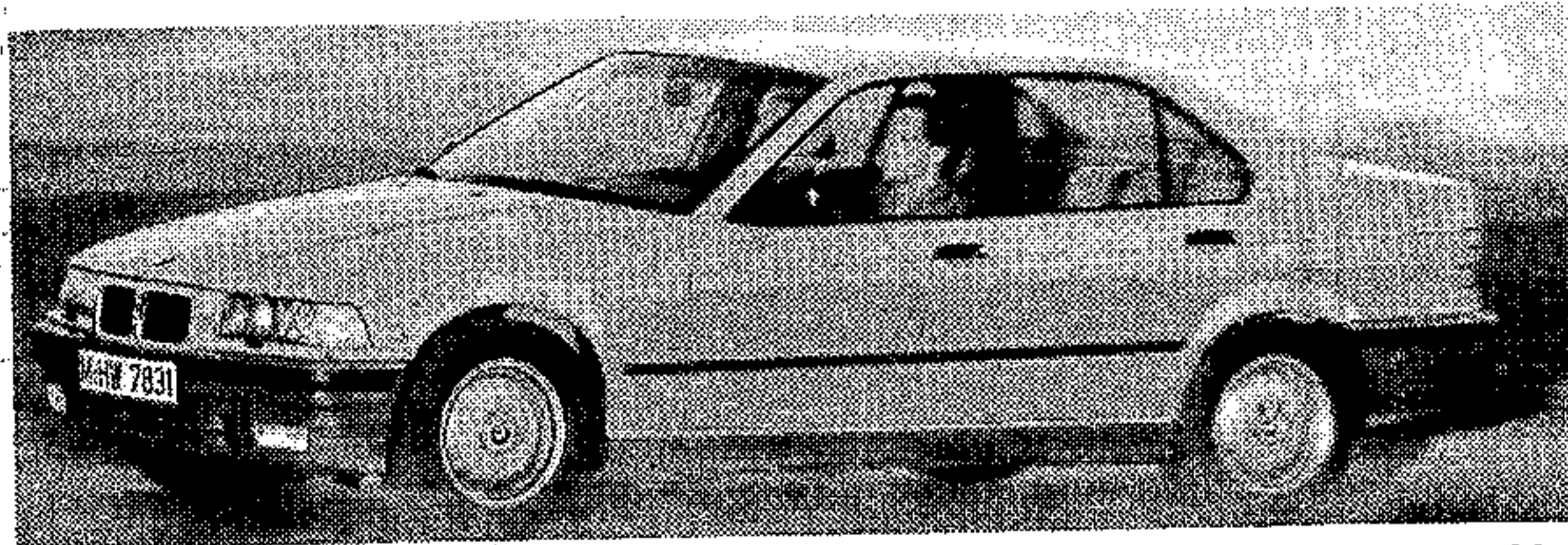
The company says the provisions of Phase 6 of the local content programme

make the local assembly of engines financially viable.

"Unlike the mass-based Phase 5 of the local content programme, Phase 6 places the emphasis on value," said Ernst Baumann, BMW SA's technical and logistics director.

"Currently all the engines used in BMW's local models are fully imported from Germany.

"Although the locally assembled engines will be identical to the imported units in all respects, local assembly will allow us to source certain components in SA, to increase local content," Baumann said.



The BMW 325i due to be launched in SA next year could be fitted with a locally assembled multi-valve engine.

Mercedes put their money into production

Spec 6/8/91

142 (63)

The expansion and development of Mercedes-Benz of South Africa's production facilities in East London, through the investment of R25-million in a new commercial vehicle manufacturing plant, is symbolic of the company's commitment to the South African transport industry.

Christoph Kopke MBSA chief executive, says: "MBSA's investment in a new commercial vehicle plant is a clear indication of our confidence in the economy of South Africa. We have made this investment at a time when the commercial vehicle market has been depressed for a considerable period of time.

"We are firmly of the opinion that once the economy moves in a more positive direction, there will be a tremendous demand for the transport of goods and people. An economy in which the total population of South Africa can participate on an equal footing will ensure greater mobility of goods and services.

"With greater stability in the Southern African region, MBSA will be correctly positioned to service the transport needs of the entire region. I believe that all our customers will benefit from a larger and more efficient manufacturing operation in the future."

Through its investment in this modern commercial vehicle manufacturing facility, MBSA will further enhance its position as the leading manufacturer in the over 7.5 tonne commercial vehicle market segment. The capacity of the new plant will also facilitate entry into export markets that are expected to become accessible to South African industry in the near future.

The production capacity of the commercial vehicle manu-

facturing operation has been substantially increased due to the technologically advanced equipment and innovative methods employed in the new plant.

Twenty-six commercial vehicle units, comprising the complete range of Mercedes-Benz models currently available, can be produced per day.

The new commercial vehicle operation has a significantly improved material and production flow as a result of the close proximity of various assembly points and the introduction of automated vehicle movement.

Special attention was also given to the creation of fully automated buffer areas in the design of the plant, further enhancing the supply of materials to the various assembly points.

MBSA's new commercial vehicle manufacturing operation lends itself fully to the plant's deeply entrenched motivation for "doing it right the first time". Even at this initial stage of production, the number of faults recorded against units emerging off the line reflects positively on the innovative methods that have been introduced. This vindicates management's philosophy that better working conditions are inseparable from improved production and quality standards.

MBSA's commitment to an employee-friendly environment is reflected in the modern canteen facilities — with seating for approximately 300 employees — and change-room facilities that include lockers, showers and toilets. Special emphasis has been placed on the lighting, ventilation and colour schemes of the facade to enhance employee comfort. An automatic bank-teller machine has been installed to facilitate the daily cash withdrawal requirements of staff members.



Barlow Rand chairman Warren Clewlow addressing the SA-German Chamber of Commerce and Industry.

Picture: CATHERINE ROSS

Clewlow sees new challenge ahead

(63) DARIUS SANAI (20)

SA BUSINESS is facing serious threats to its future, but could recover to become the economic crossroads of the world, says Barlow Rand chairman Warren Clewlow. 6/10/91 14/8/91

Speaking to the SA-German Chamber of Commerce and Industry yesterday, Clewlow said that a SA that had become isolated through the years faced a challenge in re-entering a world economy that was flagging.

"The threats (to SA business) are uppermost in my mind."

But a concerted long-term effort could help establish SA as an international manufacturing and distribution base and the major point of entry for international firms into Africa.

He appealed for widespread co-operation between German firms wanting to invest and sell in Africa and SA firms which had expertise in dealing with other African economies.

Peace and stability were beginning to pervade sub-equatorial Africa, he said, and the 150-million people in the sub-continent — excluding SA — presented an enormous and untapped market which world companies would increasingly want to develop.

SA was equidistant from the three major poles of world economic power and was an ideal location for companies wanting to expand and diversify their interests in the rest of the world.

He said he envisioned a future for SA like that of Germany after the Second World War, a country that could be non-racial, economically strong, socially compassionate and politically independent.

Siemens copes with tough times

191-2189
63



Reinhard Sanne is CE of Johannesburg-based Siemens Ltd, which turned over R1,4bn last year and employs 5 000 workers. Siemens AG owns 52% of the company, with the Industrial Development Corp, Gen-

cor and Sankorp each holding 16%. Sanne began his career with Siemens AG as a commercial trainee near Munich in 1954. He came to SA in 1963 and has been CE since 1986.

FM 13/9/91.
FM: What was the impact of economic sanctions on Siemens?

Sanne: Siemens was always against sanctions because they interrupt the interdependence in world trade. They did not work even in Napoleon's time. In SA they helped prevent the economy from growing enough to employ the increasing population. It is one of the reasons we are in a recession. Now with the lifting of sanctions, exports are easier. But the real upswing will come only when the International Monetary Fund is allowed to grant loans to SA again. It's difficult to say how much business was lost because in many countries SA companies were not even allowed to give quotes.

Many companies, especially American companies, left SA. Why didn't Siemens?

Because we've been here for more than 100 years and we want to stay for another 100 years. There was no real pressure on us. But worldwide, Siemens did have some problems because of our activities here.

Last December the European Community lifted the ban on new investment in SA. Does this mean Siemens AG will undertake new investment in SA?

This legislation had never affected our investment decisions. During the ban, we continued with our normal investment, funded out of local resources. In any case, in the past 10 years there has been no need for major investment because we had sufficient capacity. As a matter of fact, we have overcapacity in SA. Because of this, and the recession, our investment decreased slightly.

Are you planning new investment?

Yes, we are taking a majority shareholding in African Cables, together with Reunert. This is a step towards rationalisation

between African Cables, African Telephone Cables, which is majority-owned by Reunert, and Siemens' cable factory. The 51% shareholding will cost R76m.

What problems do you face in SA?

The biggest problem is the recession, which means a zero growth rate for a number of years and higher unemployment. The second major problem is inflation. We believe that if the high inflation rate continues, we will not move into a growth phase. The third problem is that the SA market is small, so that production has to be rationalised to achieve the same efficiency as in Europe.

Do you have difficulty finding enough skilled workers in SA?

Not at the moment. There are skills available on the market even in engineering. The opening up of training for blacks also has reduced the skills problem. Today about 40% of our artisan staff is non-white. The same will happen in computer technology, engineering and eventually in management.

Much of SA industry has problems in coping with the recession. How has Siemens coped?

We've had a slowing down of our activities. The level of orders from the Post Office went down by between 60% and 70%. We had to re-allocate resources to different areas of our operation and we survived in reasonably good shape. We also intensified our export drive. But we will be affected more next year because the electronics industry runs six to 12 months behind the rest of the economy. We are now slightly worried because the investment level in SA is sluggish.

What hurdles do you see for reform?

What SA is trying to do is a complete restructuring of society. This took about 100 years in Europe, with many wars. In SA we're trying to do this in a peaceful, evolutionary, negotiating style. There are hiccups in such a process. And the longer the negotiation process takes, the more complicated the issues will become. Negotiations will have to be concluded before 1994, when under the current legislation an election must take place.

Are you optimistic?

Yes, I'm optimistic that not only the situation in SA will be resolved, but that co-operation in southern Africa will increase.

What should SA do in the years ahead?

We should not move away from a market-

orientated economy. Because of the special situation in SA, some elements might have to be planned. We know that 1m-2m houses for the underprivileged are needed; I do not think that private initiative alone could build that many houses. Also, the medical system will face very high demands because of population growth. So here some State initiatives are necessary. And obviously we must spend a lot of money on education. But we also must get inflation under control and reorient the economy away from overprotection so it can be competitive and export-driven.

In 1980 Siemens was No 2 in the SA electronics sector. Now it is No 4. What happened?

What happened in the Eighties was that some of our competitors grew quite substantially because of disinvestment and takeovers. One example is the takeover of the IBM subsidiary by Reunert. Also, Altron has been very involved in takeovers. We have not been in that game. Our growth came from within.

In the next few years American and Japanese companies will return to SA. Can you adapt to the competition or has the protectionism here made you less competitive?

We are confident that we can compete on international standards. But I don't think there will be major overseas investment soon in our sector. There is a production overcapacity that makes it difficult for other companies to enter the market.

What will be the impact of splitting the Post Office into two companies, for telecommunications and postal services?

I don't think it will have an impact on our business. The major advantage is that the decision-making might be easier. They will be able to take decisions on their own and they will be more long-term orientated, like a private company. Also, the constraints of having a budget controlled by parliament will fall away.

Would you support the privatisation of the Post Office?

I support everything that improves and speeds up the decision-making.

Siemens gets a lot of orders from government. Will this change as SA moves towards privatisation?

The Siemens System EWS-D is accepted in around 40 countries, including the US. We are confident that we will continue to be successful in SA.

Incentives needed for foreign capital

S/ Times
(Bus/T)
18/8/91
63

By DIRK TIEMANN

SOUTH AFRICA must offer incentives to foreign investors, says Carl-Zeiss-Stiftung chairman Horst Skoludek.

Dr Skoludek inaugurated the group's R7-million SA head office in Randburg and attended celebrations marking the group's 70 years in SA.

Dr Skoludek heads one of the world's biggest optical companies with turnover of R7,4-billion in 1990. The group has 30 000 employees and makes everything from electron microscopes and binoculars to X-ray space telescopes and lasers for micro-surgery.

Competition is tough and the company invests 11% of turnover in research.

Largest

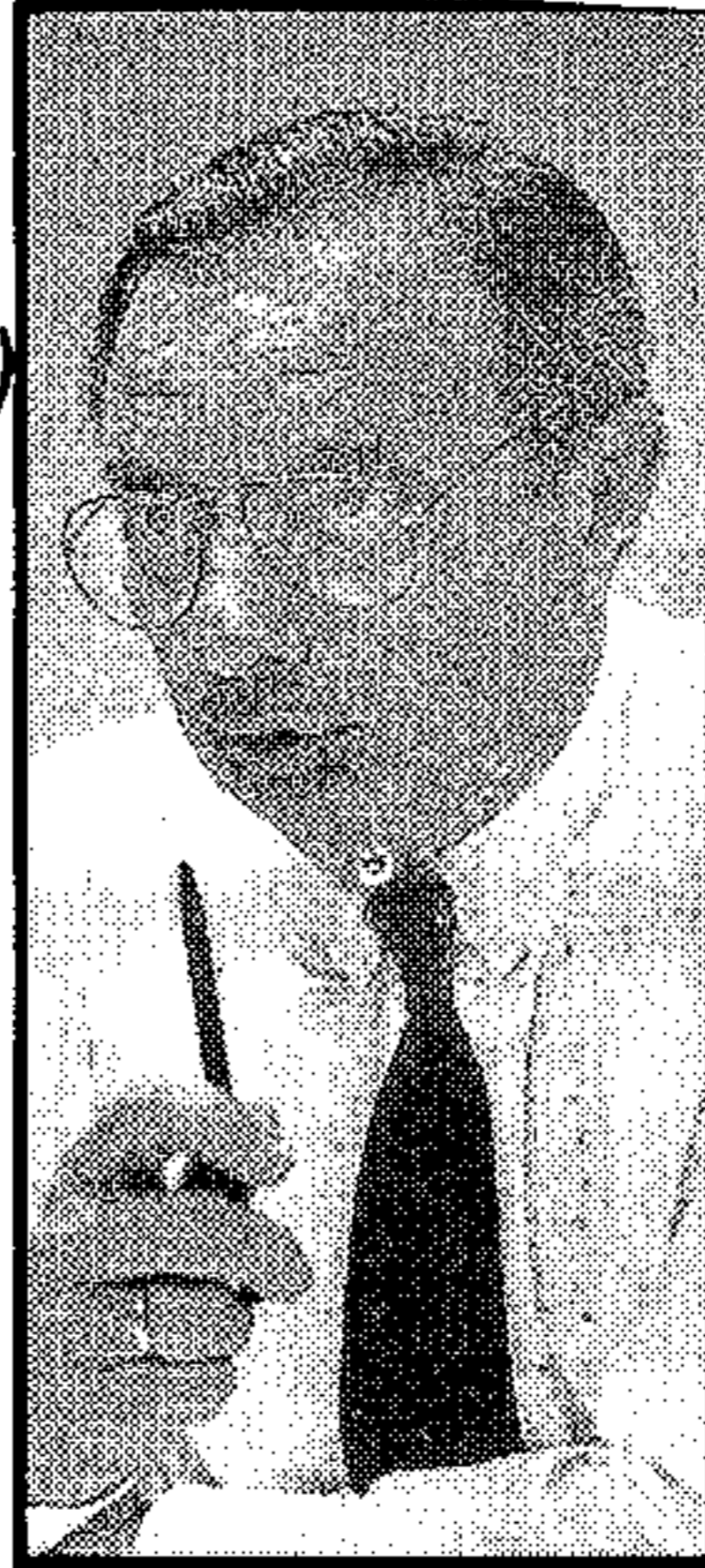
Zeiss equipment was distributed in SA through agencies until the German parent took over 18 years ago. Turnover in Southern Africa is R60-million and about 200 people are employed.

Zeiss SA has nine branch offices and is one of the 10 largest subsidiaries outside Germany. Worldwide, Zeiss has 29 production centres.

Dr Skoludek is turning around the East German operation Carl Zeiss Jena, which was nationalised 45 years ago, and incorporating it in the group.

Dr Skoludek says economic growth relies on capitalism.

"This year, the group will turn over Dm1,54-billion in the former West Germany, but the East's figure will be only Dm217-million. In four



HORST SKOLUDEK: Economic growth through capitalism

years, we hope to have the plant in eastern Germany turning over Dm500-million.

"Productivity must be increased by two-thirds, new products must be produced and marketing systems established."

Generous incentives are available for investors in eastern Germany. A company which invests R100-million would have to put in only 65%, the rest being provided by the State. Write-off conditions are favourable.

The group has been ruthless in tackling the eastern German operation. Twenty-four factories with 60 000 workers have been slashed to 13 employing 25 000. Another 14 000 workers will be laid off, half of whom will be given work elsewhere. Another development is that wages will be linked to productivity.

Carl-Zeiss-Stiftung was formed in 1896 and is a legal entity which is the sole owner of two business enterprises, Carl Zeiss and Schott Glaswerke. There are no private or government shareholders.

ANC warns Deutsche Bank on bond issue

THE ANC warned yesterday that plans by the German Deutsche Bank to facilitate a public bond issue to raise finance was a contravention of financial sanctions and could threaten negotiations.

It said in a statement: "This premature public bond issue will take pressure away from the apartheid government at this critical time in the process towards a democratic society."

The ANC said financial sanctions had been critical in pushing the process of political transformation to where it was. To undermine this would send the wrong signals to the international community.

BILLY PADDOCK

The ANC urged the Deutsche Bank and all international financial institutions not to subscribe in this bond issue until the negotiations process was completed.

The statement by government that this bond issue would contribute to the financing of social development programmes was "devious".

"Our experience, recently confirmed by Inkathagate and other disclosures, indicates the danger inherent in availing additional financial resources to this government which could be similarly mis-directed."

B/P Day 30/8/91

63

Are luxury cars getting an easy ride?



John Newbury is the CE of Nissan SA. This is an extract from a speech he gave last week in Sandton.

FM 18/10/91

(182) (63)

I am concerned at the direction being taken by the Phase Six local content programme for the SA motor industry and some of the nonsenses being evolved by the Board of Trade & Industry. I hope that soon it will get down to addressing the fundamental issues that were set by the Minister and the board at the time Phase Six was devised.

The first of these was preservation of foreign exchange. There's no doubt this is vital to SA and it was a key objective in that programme. Second was development of exports and I believe the programme can do that. Third was stimulation of more affordable motoring.

These are written in the Phase Six documents and I am talking particularly about the benefits favouring small cars. It was upon those commitments that people accepted the programme.

I am concerned that, as a consequence of German pressure, government seems to be moving away from the key fundamental criteria that were right for this programme and right for SA.

We should endeavour to stimulate more affordable transportation at economical levels; in other words, low-cost passenger

vehicles, commercial vehicles and minibuses. There's no doubt this is what SA needs.

SA has a disproportionately large luxury-car segment. BMW says it has a higher market share in SA than anywhere else in the world. That's wonderful for it, but is it good for SA? It can't be right that in an economy that is moving towards the Third World, luxury cars outperform their equals in any other country.

I know it's nice to drive these toys, but is that right for SA? Can this economy afford this sort of vehicle, this market structure?

Let me give a simplistic calculation. The current annual SA new-vehicle market is 300 000 vehicles, going up, hopefully, in the next couple of years to 400 000. If we talk about 70%-80% of this market comprised of fleet and company-owned vehicles, that represents about 250 000 vehicles in one year. And if we reduce the purchase price on average by R10 000 per vehicle, we would release, in productive capital, about R2,5bn.

You can argue my figures, but at the worst it's R2bn that can be employed in productive assets. And if it's not put into those assets because there is enough productive capability in SA, then let's put it into training and developing our people. What will we have if we throw R10bn at that in the next five years? Maybe we will have a work force that could put SA on the threshold of developing like the Hong Kongs, Singapores, Taiwans and other countries.

Perhaps the biggest limitation to growth in SA is the undertrained, underdeveloped and possibly not highly co-operative work force. We need to give it the tools to do those jobs.

Let me also talk about taxation. I'm not a proponent of higher taxes, but I believe that to downsize successfully the SA market, the whole aspect of tax structures in motor vehicles will have to be addressed.

This is a very common practice all over the world. For instance, you've got the gas-guzzler taxes in the US. In Italy, you pay 19% VAT on vehicles under 2 000 cc and 38% VAT on vehicles above 2 000 cc. Such principles are common practice in many countries of the world. One country where they aren't is Germany.

The taxation is used to determine and influence market structures. In SA, and this seems ridiculous to me, the fringe benefit tax on a Fiat Uno and on a BMW 850i is identical at 1,2% — on a R20 000 motor car and one costing half-a-million rands. Can you honestly tell me that is logical and we can allow this sort of nonsense to continue?

Maybe the 1,2% is right for the 850i or the R1,5m Ferraris, Lamborghinis and Rolls-Royces. Or maybe it's right on the Uno. But not on both. I don't mind how they do it, push one up or the other down, but I think it's time we addressed affordable motoring.

This is not a new idea. We have certain essential foodstuffs exempt from VAT. In the past, we have seen higher taxes on champagne than on other drinks and cigars carrying greater tax burdens.

It is a fundamental basic of taxation that's been established in SA and all over the world for many years.

It is time that it's sensibly addressed by the Ministry of Finance as a fundamental basis for restructuring the SA economy.

Traders flock to fair

in Bulawayo

6/25/10/91
MICHAEL HARTNACK

HARARE — SA companies have snapped up exhibition space at next April's Central African Trade Fair in Bulawayo following the removal of a Zimbabwean ban on their participation.

Trade fair GM Graham Rowe told the Zimbabwean Financial Gazette 27 SA exhibitors had confirmed their participation and another 20 were expected.

President Robert Mugabe's government has also rescinded 11-year-old bans on participation by South Korean and Taiwanese exhibitors, but they have not responded.

The presentation of an SA government stand at the fair was reportedly mooted by diplomats when they met their Zimbabwean counterparts in Pretoria last month, to discuss re-negotiation of the 1964 "most favoured nation" trade agreement Zimbabwe inherited from the Rhodesian government.

Zimbabwe's reaction is not yet known.

South Africans have not participated since 1979. Because of the increase in the number of exhibitors, only limited space could be offered each one, said Rowe.

Germany aims for stronger SA links

6/25/10/91
BILLY PADDOCK

GERMANY hoped to develop and intensify economic co-operation and other relations with SA to help strengthen the economy, German Agriculture Minister Ignaz Kiechle said yesterday after meeting Foreign Minister Pik Botha in Pretoria.

Favourable political and economic development in SA would have a positive impact on neighbouring countries and could be a driving force for stability in the sub-Saharan region, he said in a statement.

Botha said he was pleased Germany would continue to contribute to southern Africa and other parts of the world in need of development despite the tremendous demands made on it in the reconstruction of east Germany in a new unified Germany.

During their meeting he had explained to Kiechle the difficulties of designing a new constitution and had emphasised the necessity of economic growth in southern Africa in order to support whatever constitution was agreed upon, Botha said.

"Without economic growth there will be no future for any of us in South or southern

Africa."

Kiechle said southern Africa should pull together economically and politically and only if SA survived would the rest of southern Africa have a chance.

Earlier Kiechle held discussions with President F W de Klerk on bilateral relations between the two countries.

De Klerk said they had exchanged information on the progress of German reunification and the economic challenges flowing from it. "I also gave him some indication of plans to improve agriculture in SA and broaden private property ownership through development schemes."

Kiechle said he and De Klerk had agreed peace was possible in SA only with economic development.

Kiechle also met Agriculture Minister Kraai van Niekerk, ANC secretary-general Cyril Ramaphosa, members of the ANC Land Commission and representatives from other groups including agricultural, business and research organisations.

Churches maintain stand on sanctions

CAPE TOWN — There should be no general lifting of sanctions against SA until violence was controlled and agreement reached on an interim government, representatives of local and international churches said in a major policy statement in Cape Town yesterday.

The document, known as the Cape Town Statement, is the outcome of a four-day conference held under the auspices of the World Council of Churches and the SA Council of Churches.

It called for the establishment of a peace-keeping agency with all major political groups represented, for a general amnesty for political prisoners and exiles, and for restitution for blacks who had lost land and opportunities under apartheid.

University of Cape Town theologian Prof Charles Villa-Vicencio, one of the drafters of the statement, said in an interview that details of what sanctions could be lifted were not discussed because the church was not competent to make these decisions. — Sapa.



German Agriculture, Food and Forestry Minister Ignaz Kiechle examines a wooden African statuette at a curio shop in central Johannesburg yesterday. Kiechle, who is on three-day visit to SA, met President F W de Klerk, cabinet ministers and ANC officials yesterday. Kiechle said Germany hoped to help strengthen SA's economy.

Picture: ROBERT BOTHA

Germany to strengthen economic ties with SA

Political Staff

GERMANY hoped to develop and intensify economic co-operation and other relations with SA to help strengthen the economy of the country, German Agriculture Minister Mr Ignaz Kiechle said yesterday after meeting Foreign Minister Mr Pik Botha in Pretoria.

In a statement later, he said favourable political and economic development in SA would have a positive impact on neighbouring countries and

could be a driving force for stability in the sub-Saharan region.

Mr Kiechle said Southern Africa should pull together economically and politically, and only if SA survived would the rest of Southern Africa have a chance.

Mr Botha said that during their meeting he had explained to Mr Kiechle the difficulties of designing a new constitution, and had emphasised the necessity of economic growth in Southern Africa to support whatever constitution was agreed upon.

Ash for ⁽⁶³ S/Times (13455) the dump 3/11/91

KRUPP SA has been awarded a multimillion-rand contract for an ash-dumping system at Sasol's Secunda processing plant.

Krupp supplies German-designed materials handling equipment and related technology. The turnkey project was awarded by Sastech, Sasol's engineering division. Work should be completed early in 1993.

Krupp will be responsible for the design, fabrication, delivery, installation and commissioning of the system which will remove an abrasive mixture of coarse ash. The material will be stacked on a near-by dump.

Lasers open the way for SA gem cutters

GERMAN-SA venture Laser Optronics Technologies (LOT) has developed computer-controlled laser equipment which will revolutionise diamond cutting and polishing.

The equipment speeds up the preparation of the stones, reduces the gem weight loss from 3,5% to about 1% and eliminates the need for scarce skills.

LOT managing director John Bond says: "The equipment will have huge sales potential in foreign markets and it could be the foundation of a major diamond-cutting industry in SA."

SA exported 886 000 carats of polished stones and 12,7-million carats of rough diamonds last year.

India, which has no diamond deposits, employs about 1-million people in the polishing industry and added \$700-million to the value of imported gems, says Mr Bond.

Transfer

LOT was established in 1982 to develop laser technology for industry. Major German laser system manufacturer Carl Baasel Lasertechnik acquired a majority stake last year.

This has led to a R29-million technology transfer to SA and German engineers are working on the diamond-finishing equipment in LOT's Randburg plant.

LOT has a R4-million grant from the IDC to help finance the final development, which is being done with Baasel, Mintek, CSIR and Armscor company Eloptro.

"The first equipment, with 80% local content, will be ready for sale in about six months," says Mr Bond.

"Our association with Baasel gives us access to markets in Europe, the US and the Far East."

But the first prize will be the development of a cutting and polishing industry.

"Unskilled labour can be trained in three months to use the laser equipment, which can saw a stone in 90 seconds," says Mr Bond.

10/11/91

(BASS)

SITIMES

(42) (63)

German investment 'to develop skills'

By Brian Sokutu

(63) German investment in a future South Africa will not merely be based on profit-making but on developing skills, particularly of underprivileged blacks, German Deputy Foreign Affairs Minister Helmut Schaefer said in Johannesburg yesterday.

Addressing the South African Institute of International Affairs (Saiia), Mr Schaefer, on a week-long visit to the country, said German companies would be "well-advised to assist the South African future government with its problems".

"I think concentrating on skills training will be most important."

He said his country would "carry on as we've done before to channel assistance to the underprivileged blacks".

He said education prepared the underprivileged for full economic and social participation. South Africa required huge investments.

"I'm sure that my country as well as other European countries will be prepared to participate in this gigantic task.

"Without sound economic development the chances of success of the political process will be minimised."

South Africa, he said, had embarked on a "process of 'South African perestroika' and change was irreversible.

"Combining courage and reason, President de Klerk set this country on a radical new course. And in (ANC president) Nelson Mandela he has a partner whose statesmanship, determination and wisdom makes this transformation possible."

19/11/91
He said he admired Mr Mandela's spirit of conciliation and moderation in working for peace after serving 27 years in jail.

Mr Schaefer said Germany had been in the forefront of a campaign to end apartheid.

"Germany introduced a code of conduct into the European Community that made European labour standards applicable to their companies in South Africa.

"Our companies paid particular attention to training and promoting non-white labour and management," Mr Schaefer said.

During his visit Mr Schaefer will hold talks with President de Klerk, Mr Mandela, Cabinet Ministers, the Inkatha Freedom Party, the Democratic Party and other political organisations.

FOREIGN FIRMS IN SA - GERMAN

1992

Hebox deal ^(18/11/92) saves 600 jobs

⁽³⁵⁾ JONO WATERS ⁽¹⁰⁾

ABOUT 600 jobs have been saved by the acquisition of Hebox Textiles at Hammarsdale by German textile industrialist Claas Daun.

Financial details of the deal were not disclosed. *3/Day 10/11/92*

The holding company, Natal-based Tongaat-Hulett, decided to close the factory last November after it had made an "unacceptable loss".

The mill closed on December 20 and 1 000 employees were made redundant.

Former Hebox Textiles MD Mark Perrings would assume the position of CE in the newly reconstituted operation presently in the process of re-employing 600 people, a statement said yesterday.

The takeover would also benefit the local cotton industry where producers and manufacturers are in dire straits.

Daun, who is resident in Germany, also has interests in the Morkel Group, Total Sports, Courthiel and Table Bay Spinners.

The mill had been running at 60% capacity after import liberalisation in the textile industry had seen imports of cloth treble in the last three years.

Far East exporters had supplied local importers with denim at one third of the local cost and Hebox, which accounts for 50% of local production, found its operation had become unprofitable.

Mercedes SA and Mitsubishi talking about LCV venture

S/Times (Buss) 19/11/92

By DOUG KEMSLEY and DON ROBERTSON

TWO of the world's automotive giants are considering the production of a new light commercial vehicle (LCV) in a joint venture in South Africa.

Mercedes-Benz SA (MBSA) chairman Christoph Köpke says parent company Daimler-Benz AG and Mitsubishi Corporation have held preliminary discussions on the matter.

"Daimler-Benz AG and Mitsubishi are certainly exploring avenues worldwide for means of possible co-operation and a small commercial vehicle manufactured in our East London facility, was one of the possibilities discussed," says Mr Köpke.

This is the second Japanese corporation with which MBSA has closely liaised with a view to joint ventures.

The company, which is the only Mercedes-Benz car manufacturer outside Germany, has been making

Honda cars in East London since 1982.

Last month, a new deal was negotiated with Honda Motor Corporation. It will result in 10 000 component kits being imported. This compares with 7 000 last year, which effectively restricted sales of the popular car.

Mr Köpke says: "Mercedes-Benz AG sees MBSA as its spearhead into Zambia, Namibia and Botswana and we will supply most commercial vehicles for these markets from East London."

The move for greater co-operation between Daimler-Benz and Mitsubishi is expected to affect the relations between another SA motor-maker, Samcor, and Mitsubishi Corporation.

Sigma, which became Samcor when it amalgamated with Ford in 1985,

made Mitsubishi cars and commercial vehicles. Production of passenger vehicles stopped shortly after the deal.

Samcor still makes Mitsubishi Canter nine-ton vehicles, the L-Series comprising the Star Wagon and Express minibuses and one-ton light commercials at its Pretoria plant.

The Mazda B2600 4x4 pick-up, made by Samcor, has a Mitsubishi engine. Samcor imports the V6 4x4 Pajero.

Speculation is that because Mazda and Samcor are coming closer, Mitsubishi may be seeking to retain a foothold in SA.

Mazda is contemplating acquisition of a 24% stake in Samcor. The 24% holding went to Samcor employees after Ford quit SA.

Mr Köpke also disclosed that MBSA

had budgeted for an investment of R445-million in the next five years.

"New model introductions will account for half of this investment and the balance will be spent on upgrading facilities at four operating locations.

"The investment in new models has been earmarked for a Mercedes-Benz in 1995 and an eventual replacement Honda in 1996 as well as for upgrading various commercial vehicles."

The latest Honda will be launched in the middle of this year. The 1996 vehicle will be the usual four-year replacement.

It is believed that the S-class Mercedes-Benz models, which will be replaced early next year, will be imported in semi-knocked down (SKD) form and assembled in East London.

Although MBSA will not comment, speculation is that the new Mercedes-

□ To Page 2

Mercedes

S/Times 19/11/92
From Page 1
(Buss)

Benz model is the 190, due for replacement in Europe. It could be shipped in SKD.

Mr Köpke says political changes introduced by President De Klerk as well as the refreshing focus by the Department of Trade and Industry on an export-oriented economy will result in tremendous opportunities for MBSA (6.3) (12) (12).

Posh car-makers under the whip as sales fall

S/Times (BUS) 2/2/92

(63)

THE luxury car market is fighting for survival as an increasing number of motorists switch to smaller vehicles.

As a result, profit margins are being squeezed.

Peter Cleary, management board member for passenger cars at Mercedes-Benz of SA (MBSA), says almost 75% of all new cars sold last year were in the small-class category. Luxury models had only an 8,5% share of the market.

Survival

Mr Cleary says: "We are under tremendous threat, largely because of fringe benefit tax and affordability. We are talking about survival."

"To survive, MBSA needs to get back into the dominant position which it held in 1985-86 when it had about 65% of the luxury car market and was the third largest seller in the industry."

Mr Cleary believes that MBSA will continue to grow this year, having shown the largest percentage gain in the market last year to

By DON ROBERTSON

7,97%, marginally ahead of chief rival BMW with 7,8% (see table).

"We will have new models in the Honda range at mid-year and are optimistic that new options, such as the Sportline concept, will enhance sales of Mercedes-Benz cars in the first half of this year."

"Good news for customers is that a number of factors should keep prices down, depending on exchange rates."

The company plans to make the S Class range in 1993, although there is some doubt that it will be fully manufactured in SA. It is also investigating the introduction of the 190 range.

"It would be good to have a cheaper model in the Mercedes-Benz range," says Mr Cleary.

Interest rates are expected to fall this year and costs will not be under the same pressure as before. Customers should also benefit from the fact that with sales short of target, most manufacturers have stock to sell.

Similar

Mr Cleary says that in terms of normal quarterly sales, 8 000 more cars than required were made in the last quarter of 1991. A similar state of affairs could happen in the first quarter of this year.

MBSA has provided a table of individual manufacturers' sales for 1991.

It is expected that the National Association of Automobile Manufacturers of SA (Naamsa) will provide this information monthly this year after having withdrawn detailed sales figures in 1987 because of sanctions.

PASSENGER CAR MARKET

	1987	1988	1989	1990	1991
MB	8 447 4,2%	10 650 4,6%	10 240 4,6%	7 889 3,76%	7 562 3,82%
HONDA ...	10 124 5,0%	10 598 4,6%	7 178 3,2%	6 452 3,08%	8 194 4,14%
TOTAL...	18 571	21 248	17 418	14 341	15 756
MBSA	9,2%	9,2%	7,9%	6,84%	7,97%
TOYOTA ..	49 785 24,8%	52 558 22,8%	50 638 22,9%	54 759 26,1%	51 653 26,1%
VW	39 970 19,9%	48 981 21,3%	49 199 22,2%	41 007 19,6%	39 757 20,1%
NISSAN ...	19 527 9,7%	26 917 11,7%	22 625 10,2%	22 215 10,6%	20 793 10,5%
DELTA	16 913 8,4%	22 720 9,9%	24 793 11,2%	21 774 10,4%	20 949 10,6%
FORD	22 943 11,4%	24 372 10,6%	22 707 10,3%	22 312 10,6%	18 631 9,4%
BMW	16 113 8,0%	17 457 7,6%	18 673 8,4%	17 932 8,6%	15 431 7,8%
MMI	16 935 8,4%	16 077 7,0%	15 222 6,9%	15 201 7,3%	14 731 7,4%
OTHERS ..	67 0,0%	117 0,1%	67 0,0%	59 0,0%	35 0,0%
TOTAL...	200 824 100,0%	230 447 100,0%	221 342 100,0%	209 603 100,0%	197 736 100,0%

Source: MBSA

SA to export cars to China

S/Times (Buss) 9/2/92

63



MADE IN SOUTH AFRICA: Volkswagen's left-hand-drive Jetta and company chairman Peter Searle

Business Times Reporter

VOLKSWAGEN is to export 5 000 SA-made Jettas to China. It is the first South African motor manufacturer to build left-hand-drive vehicles for export.

VWSA chairman and managing director Peter Searle says: "The R150-million order is the first step in what we see as a continuing business relationship between Volkswagen of South Africa and our parent company's joint venture in China.

"We will export Jetta's in semi-knocked down (SKD) form to comply with China's local content programme.

"The cars are being built in our Uitenhage plant and will be taken to our Port Elizabeth plant for SKD preparation, packing and shipment.

"China's local content programme is aimed at job creation. As its requirements for local content increase, we

will develop completely knocked down (CKD) kits."

SA motor manufacturers can qualify for export incentives equal to 50% of the value of their foreign sales. They receive the incentives in rebates on excise tax payable on new cars.

Marginal

Under present regulations there is a limit on the value of incentives each manufacturer may receive. This could place a ceiling on the number of VWSA vehicles for export.

The company declines to mention the value of the incentive rebate it will receive or the limits it will place on volumes. But a spokesman says the rebate does not apply to imported components in the cars. The left-hand-drive parts are imported.

"The project is very marginal without further rebates and depends on factors such as growth in our domestic market, the number of units sold to China and Chinese local content regulations," he says.

VWSA won the contract in competition with other VW subsidiaries in other parts of the world. The vehicles will be shipped to FAW/VW Automotive Company in Chang Chun City. The plant is a venture involving Volkswagen AG and the Chinese Government.

Island

Two prototype left-hand-drive Jettas built at Uitenhage were flown to China at the beginning of January. The cars are undergoing road tests in the north of China in temperatures of minus 40 deg C.

In a few weeks' time they will be shipped to the island of Hainan in the South China Sea where road tests will be conducted in temperatures of up to 30 deg C.

In developing the cars VWSA had to consider extremes of temperatures in which the vehicles would operate.

A VWSA team will go to China to watch the end of the road tests and to ensure that the engineering, quality, assembly and commercial aspects of the contract are in place.

Mr Searle says it would not

● To Page 3

VW exports

S/Times (Buss) 9/2/92

● From Page 1

have been possible to handle the contract had VWSA not bought the old Ford plant in Neave, Port Elizabeth.

"The activities at this export-dedicated plant are getting into full swing.

"The development of the LHD production facilities and expertise open up new export possibilities for VWSA. "Until now we have been limited to markets which use right-hand-drive cars."

The first 400 Jettas will be shipped to China in April.

746-1926325

Export doors open to Benz

Sowetan 13/2/92

By JOE MDHLELA

POLITICAL changes in South Africa have opened up export markets in Africa previously closed to Mercedes-Benz of South Africa, according to the chief executive of the company, Mr Christo Kopke.

Kopke said the company exported vehicles to Zimbabwe, Zambia,

Malawi, Mozambique and Burundi.

Namibia, Botswana, Lesotho and Swaziland were already part of the Southern African customs agreement and were already supplied with vehicles directly from MBSA, he added.

With the establishment of an export department, the company would ag-

gressively pursue opportunities in the African export market.

He said Angola would at this stage be the only neighbouring country not to benefit from the export deal.

He said this was mainly because the MPLA did not represent all the people of that country.

Even if a representative

government were to be formed, the fact that Angolans drove on the right side of the road made the prospect of having export trade with it difficult.

He said the export target on commercial vehicles, the market that has potential at the moment, would be around 300 units this year, a total of R60 million.



Mr Christo Kopke

GERMAN INVESTMENT (63)
FM 14/2/92
Stepping up interest

German commerce and industry is mounting a determined effort to capture a major slice of the country's domestic and foreign trade.

In January, Ludolf von Wartenberg, a former Cabinet Minister and now director-general of the Bundesverband der Deutschen Industrie, a privately funded organisation that lobbies for industrialists, and Jakob Esser, its director of international development, visited SA on a fact-finding tour.

On February 27, the German Minister of Economics, Jürgen Moellemann, accompanied by top senior industrialists and bankers, will visit SA, also on a fact-finding tour. A German embassy spokesman says they will hold discussions with business leaders and business organisations, and see State President F W de Klerk, Minister of Trade & Industry Derek Keys, "and, if we can get an appointment, someone senior in the ANC."

In November the CEOs of about 25 top German companies will visit SA "to see SA for themselves," says Von Wartenberg. "German industry is interested in SA because of its tremendous potential."

The SA-German Chamber of Commerce & Industry is handling a constant stream of requests from German companies interested in SA or wanting to set up joint ventures here. Most believe SA is well situated for them to capitalise on the position that former East German companies enjoyed in Mozambique, Zimbabwe and Angola.

A tractor manufacturer, in what was East Germany, has asked the chamber to find an SA company to distribute spare parts for the 1 500 tractors it sold into those countries.

The chamber is also constantly asked by Germany's specialised trade fairs to encourage SA participation or visits from SA businessmen. The charge this year was led by the Hanover Fair, the world's biggest industrial fair. Until last year, South Africans weren't welcome at the Hanover venue but, on January 17, the chamber held a presentation to announce that seven SA companies are to exhibit at this year's Cebit communication and office fair in March and 13 at the Hanover Industry Fair in April.

On February 4, the chamber announced local participation in K-92, the world's biggest plastics fair, and the next day it announced local participation in Interkama, a measurement and automation exhibition promoted by the Düsseldorf Messe, which has never banned SA participation.

Chamber executive manager Herbert Weicke says Germany was SA's biggest trading partner in 1990 and believes it held

that position last year. According to the latest German statistics, imports from SA in the first 11 months of last year amounted to DM3bn (R5bn) and exports to SA were DM4,37bn (R7,2bn). The corresponding figures in 1990 were DM2,73bn and DM4,56bn.

Nearly all the 200 German-based companies that were here before sanctions stayed. Direct investment by German companies in SA was frowned on during sanctions, but the big companies reinvested their profits here. Mercedes-Benz of SA built a new commercial vehicle production line in East London, which came on stream last year. It recently embarked on a R500m investment programme "to improve our efficiency so that we can become the springboard for our holding company, Mercedes-Benz AG of Stuttgart's, drive into Africa," says chairman of the management board Christoph Köpke. ■

VW to spend R152m

5 Times (BUS) 16/2/92
VOLKSWAGEN SA is to spend another R252-million on its Uitenhage plant. The company has won a R150-million order from China for 5 000 VW Jettas. *(62) (63)*

Parent firm buys out IDC stake in LuK

By Sven Lünsche

63

STAR 26/2/92

In a major investment by a German company, clutch manufacturer LuK has bought out the Industrial Development Corporation's (IDC) minority stake in LuK Africa (formerly Repco SA) for an undisclosed sum.

National Selections, one of the IDC's two listed investment trusts, held a 49 percent stake in LuK Africa.

Repco SA was established in 1964 as a joint venture between the IDC and an Australian company.

The majority shareholding was bought by LuK in 1987 and the remaining 49 percent acquired this week through a permanent equity investment.

LuK chairman Dr E Kohlhage says the acquisition confirms his group's commitment to expand

its operations in South Africa.

"We envisage a substantial export potential of the local company's products through our worldwide network," Dr Kohlhage says.

LuK SA is the leading local manufacturer of passenger and light commercial vehicle clutch assemblies and operates a factory in Port Elizabeth, employing 300.

COMPANIES

Natsel sells LuK Africa stake

JABULANI SIKHAKHANE

NATIONAL Selections (Natsel) has sold its 49% shareholding in Port Elizabeth automotive parts manufacturer LuK Africa to the German controlling shareholder LuK GmbH for an undisclosed sum. (24)

Natsel is one of the two investment trusts controlled by the Industrial Development Corporation (IDC). (24)

IDC managing director Carel van der Merwe said yesterday that the sale price could not be disclosed at the request of the German company. (63)

He said that the amount involved was "sizeable". Bidam 26/2/92

Van der Merwe said that the IDC had been approached by the German group, which needed to integrate the local operation into its worldwide network.

LuK GmbH has plants in Mexico, Brazil and Europe.



● VAN DER MERWE

With the cash received, Natsel would look into the possibility of taking over one of the non-listed investments from the IDC.

A decision would be made within the next month, Van der Merwe said.

LuK Africa (formerly Repco) manufactures clutches for passenger and commercial vehicles at a factory in Port Elizabeth.

The IDC has been involved with LuK Africa (then Repco) since 1964, when it participated with an Australian company to start the operation.

The Australian group sold its 51% stake to LuK GmbH in 1987.

Audi spends R40m in bid for 25% share

By DON ROBERTSON

AUDI has spent R40-million on tooling and production facilities for its new range of cars.

It hopes they will give it a 25% share of the luxury car market in SA.

In an effort to improve its image, a separate marketing division will operate outside the Volkswagen ambit.

Volkswagen SA managing director Peter Searle said at the launch of the radically changed models in the Eastern Transvaal this week that the previous models were "faceless" and did not have a good resale value.

The three new models in the range were expected to change this. Production would be increased to between 300 and 350 a month.

Mr Searle said Audi and other German makers of luxury cars saw the Japanese entry into this market as a major threat.

Audi in Germany had successfully implemented a 13-point management plan.

Mr Searle said: "It will ensure the long-term success of Audi in SA."

Flagship in the range is the 500SEL with a new 2.8-litre V6 engine which develops 128kW at 5 500rpm and

250Nm of torque at 3 000rpm. The 500E and 500SE models retain the five-cylinder engines, although they have been enlarged.

They produce 98kW at 5 500rpm and 186Nm of torque at 4 000rpm.

Safety

The cars range in price from R103 000 to R140 000.

Later this year, an S4 Quattro will be introduced. It uses a more powerful version of the 20-valve turbocharged, five-cylinder power plant which produces a whopping 169kW at 5 900rpm and 350Nm at a low 1 950rpm.

All models are fitted with the Procon-ten safety system

(for programmed contraction and tension). In the event of frontal accident, the steering wheel and column are pulled into the dashboard, away from the head impact area, in hundredths of a second.

Leather is an optional extra in all models. The SEL and SE models have climate control systems and optional cruise control.

The E models have a manual air-conditioning system. Central locking and anti-theft systems are fitted to all models as are electric windows and mirrors.

The body shells are galvanised and the vehicles are covered by a two-year or 70 000km guarantee.

Since the Audi launch in 1982, more than 1-million have been sold worldwide. About 2 200 are sold each year in SA.

House loan lifeline

STANDARD Bank has launched an insurance policy to alleviate the effects of retrenchment on home owners.

The plan provides cover if the borrower is retrenched from full-time employment or if his company closes.

The policy is available to those aged between 18 and 55 who have been with the same employer for a year and earn at least R2 000 a month. They must also have a Standard Bank home loan.

S/Times Buss

1/3/92

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S/Times (Buss) 1/3/92

German firm invests more

8/10/92
4/3/92 JABULANI SIKHAKHANE (63)

GERMAN group LUK GmbH has made another investment in SA, acquiring a controlling stake in Continental Clutch Distributors in a deal which consolidates its interests in the local automotive products market.

Last week LUK GmbH bought 49% of the shares that it did not own in LUK Africa (formerly Repco) from National Selections, a subsidiary of the IDC.

Continental Clutch will change its name to LUK Continental and will become a subsidiary of LUK Africa.

VW boss outlines cost of a 'no' vote

PORT ELIZABETH — A "no" vote in the referendum would mean the "loss of probably thousands of jobs at Volkswagen SA", VWSA chairman Peter Searle said in a statement yesterday.

"It is estimated that more than 100 000 people in Uitenhage, Despatch and Port Elizabeth are dependent on VWSA for their daily bread. A similar number of people in our supplier and dealer organisation in this area is probably also dependent on the money generated by Volkswagen's purchases and supplies. *Bl Day 12/3/92*

"If the world decides to act against SA we would certainly lose virtually all our export business overnight.

"This would affect not only hundreds of jobs at operator, artisan and management level in our Port Elizabeth and Uitenhage plants, but in the present depressed economic situation we would have to restructure our operation to a much leaner level.

Own Correspondent

"This would in turn involve the loss of probably thousands of jobs at VWSA, its suppliers and its dealers."

A "yes" vote would mean "a substantial strengthening" of SA's trading partnerships worldwide and it was "on this inter-relationship" that current and future jobs depended, Searle said.

Such a vote would also mean "a vote of confidence in the future, further export possibilities as the world opens up to SA, access to much needed investment and consequently greater participation for all South Africans in the economy."

"Taking our rightful place in world trade is the only viable formula for SA's future. On it depends the jobs and incomes not only of ourselves but also our children and their children," Searle said.

Report by J Dawes, TML, 19 Baakens St, Port Elizabeth.

63 Germans say: Join us in prosperity link-up

EUROPE'S most powerful country is offering South Africa a dramatic and beneficial "special relationship" — but only if there is a "yes" vote on Tuesday.

A resolution adopted this week by Germany's three governing parties promises South Africa a "fair and active" economic partnership on all levels.

It also proposes the ending of all sanctions, including the oil embargo but not

By CHARLENE SMITH

the arms embargo.

The parties want to encourage the emergence of a regional economic centre in Southern Africa and propose a co-operation agreement to help the country during the transition phase to democracy.

Full details of the tantalising plan are not available but Mr Michael Schmunk of the German Embassy in Pretoria con-

firmed the intention was to develop a full relationship between the European Community and SA as soon as a non-racial government was in place.

"We are considering whether SA should be defined as a Third World country so it can receive aid on that basis. Alternatively, we could assist meantime with cross-border aid projects which would include several projects to neighbouring countries."

Mr Schmunk said his government was looking at direct economic aid and it could become a reality if there was a positive referendum result.

Germany is also keen to re-establish cultural ties with South Africa and as a first step is considering founding a Goethe Institute for the study of German language and culture.

Professor Karl-Heinz Hornhues, deputy chairman of the co-governing Christian Democrat parliamentary caucus, called on the German government

□ To Page 2



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Page 4

63 Germany offers SA help

□ From Page 1
and the EC to help the reform process in South Africa "so that the way to a democratic future becomes irreversible".

"The emergence of a regional economic centre in a democratic, socially stable and economically attractive South Africa is also of interest for the European Community and calls for a concrete European co-operation offer, especially in the transitional phase," he said.

In rare agreement, all German parties backed increased aid to SA if there was a "yes" vote on Tuesday.

He said the referendum offered a "great historical chance for the 'guardians of the grail of apartheid' to be finally pushed back and for SA to take a big constitutional jump forward to open the door for a democratic future for all members of the population".

The European Parliament in Strasbourg also made it clear on Thursday that "a positive vote on March 17 will open the possibility for the rapid removal of all further restrictions on normal relations, other than the arms embargo".

On the same day, a special debate in the German

Bundestag backed the lifting of the oil embargo against South Africa — again only if the referendum has a positive result.

The total lifting of the 1985 embargo will need the backing of the EC, and indications are strong that this will be given in return for a strong pro-reform vote on Tuesday.

A strong "yes" vote will also give impetus to a scheduled meeting in April in which the EC Industrial Council of Ministers will discuss ways to enhance SA's entry to EC markets.

(News by Charlene Smith, 11 Diagonal Street, Johannesburg)

Foreigners still wary of investing in SA

W/M 20/16/4 - 23/4/92

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By MONDLI MAKHANYA
DESPITE numerous trade delegations and fact-finding missions, foreign investment is barely trickling in.

Relatively good infrastructure, an excellent banking system and the country's proximity to African markets are making South Africa an attractive investment area for Western businesses.

However, political and economic uncertainty are proving a deterrent to potential investors. Also scaring off the money men are repeated threats of nationalisation from left-wing organisations.

Several American companies, among them Pepsi Cola and Heinz are planning to invest here. German companies Hertz and catalyst producers Zeunar Starcheten are among European giants which are considering setting up plants here. Another notifiable trend is of companies choosing to enter into joint ventures with local companies in order to get grounding in the market.

But these plans are still up in the air pending negotiations and clarity on the economic policies of a future government. To press home the urgency of the need to make business decisions, the German Chamber of Commerce and

Industry has written an open letter to parties at the Convention for a Democratic South Africa urging them create a conducive climate for investment.

The letter highlights issues of concern of almost all the foreign investors waiting to come into the country: high taxation and guarantees on repatriation of capital and dividends out of South Africa; fear of possible nationalisation, and that foreign firms should be treated on the same basis as local companies.

Points out German Chamber of Commerce deputy director Matthias Boddemberger: "There is a lot of interest but people are just waiting. As long as there is violence and the economic future is not certain, investors will not commit their money."

Low growth — which has been with us for the past decade and which worsened with the onslaught of sanctions — has created a vicious circle.

"Investors are unwilling to invest because of the low growth rate here, but that in itself is preventing the economy from growing," says Econometric director Azaar Jammine.

This is exacerbated by high real interest rates which are set to remain as high so long as the inflation rate is high.

What South Africa also needs to avoid, says American Chamber of Commerce executive director Michelle Cohen, is prescribing to investments via an investment code.

"We must be aware that people are not queuing up to invest here. There are plenty of exciting investment opportunities opening up in other countries," notes Cohen.

The cost of labour is another issue which concerns foreign investors. Jammine says a lot of foreigners, particularly Oriental businessmen, are fearful of unionisation and are perturbed by the "high cost of labour in relation to productivity". Americans are also fearful of unions. But to the Europeans, who are accustomed to unions, unionisation does not prove a problem.

For some, conglomeration in the economy and the existence of near-monopolies in certain industries prevents possible entry into the South African market. This is said to be a major reason why some of these companies have gone into joint ventures and licensing agreements with local companies.

But Jammine reckons large multinationals have enough power to "break the backs" of any local business that tries to keep them out of the market.

BMW starts retrenching at Rosslyn plant

By Roy Cokayne

Several employees at BMW's manufacturing plant at Rosslyn have been retrenched as part of a restructuring programme.

However, communica-

tions manager Johan Kleynhans says the company does not have a target number of job cuts.

STAR 7/5/92
Implementation of the restructuring programme had been in pro-

gress for some time and would be completed in the next few months.

"It involves the entire company but has started with senior staff and will then move downwards," he said.

Worldwide VW sales up 5,1%

B1 Day 8/5/92

63

WOLFSBURG — The year has treated Volkswagen well so far, and company officials said the German automaker would continue to outperform its rivals during the remainder of 1992.

In the first four months, VW's worldwide sales — including VW, Audi, Seat and Skoda cars — rose 5,1% to 1,22-million units, in spite of difficulties meeting demand for the newly styled VW Golf, its mainstay.

Sales of VW model cars alone rose 2,2% to 753 679 units in the period.

Golf unit sales had lagged order inflow, and were sure to improve as production accelerated in coming months, chairman Carl Hahn said.

Group production for the full year would rise 10% to around 3,6-million units, from 3,3-million in 1991, Hahn predicted.

Excluding Skoda, the not-yet-consolidated new Czechoslovakian division, net profit rose 3,6% to DM202m in the first quarter on revenue growth of 11% to DM21m.

And while manufacturers on the whole are seeing a drop in German car sales, Hahn voiced optimism. He cited surveys showing relatively large numbers of Germans intended to buy cars this year, and the expiration of Germany's 7,5% tax surcharge in July, along with pent-up demand in some foreign markets emerging from recession.

For example, UK sales rose in April for the first time in four years.

VW is Europe's largest automobile group, and held a 17% market share in the first quarter. Hahn confidently predicted VW would make gains at competitors' expense.

Chief financial officer Dieter Ullsperger said order inflow so far this year had been "excellent". A full 44% of all new car orders placed in Germany were for VWs and Audis, up from 35% the same time last year.

Investors seem to agree. They pushed up the VW share price by DM5,50 a share yesterday to DM386.

VW officials admitted that production of the Golf and another new

model, Vento, got off to a slow start but said some production shifts would make up for lost time. Plants in Brussels and Mexico would soon begin to turn out the new models, and Hahn predicted production of 1,2-million Golfs and Ventos this year, and as many as 1,5-million by 1993.

Meanwhile, chairman elect Ferdinand Piech, currently head of VW's Audi division, predicted Audi sales would rise about 40% this year. This is the first full year of several new models. In the first four months, Audi sold 187 500 units, or 23% more than in the same period a year earlier.

VW didn't release a unit sales figure for Skoda, which has suffered from the almost overnight disappearance of its traditional eastern European market. But VW lauded the pace of change at the division and described plans to export Skodas to western Europe as a workhorse.

VW's 1991 earnings showed group net profit up 2,6% at DM1,114bn. Worldwide group sales surged 12,1% to DM76,3m. — AP-DJ.

New Hondas tackle high-cost problem

S Times (B455) 24/5/92

MERCEDES-BENZ SA has come to a precarious market with a new Honda Ballade and an equally aggressive pricing policy.

The car, for which tooling cost about R50-million, is the first fully built-up Phase Six one in its range. Mercedes hopes for sales of about 1 000 a month for a 6% share of the market.

Several alterations have been made to the car to suit the SA motorist.

The fuel tank has been increased in size from 45 litres to 52l, the suspension has been raised to allow greater clearance on rough roads and power steering is standard on all models.

By DON ROBERTSON

The car is presented in eight model variants, all with 16-valve engines. Some include optionals such as radio-tape. Air-conditioning is standard.

The models range from the base-line 150 with a single overhead camshaft engine to two Luxline models with a 1.5l motor and optionals. A similar strategy is employed in the 1.6l models. The basic 160i has no optionals, but manual and automatic Luxline versions have them.

The flagship is the 160E, automatic and manual, with twin-overhead camshaft en-

gines. Apart from normal optionals, additional features include anti-lock braking systems, alloy wheels, a compact disc player and leather seats.

Fleet owners will also receive special attention. A corporate marketing division has been established to provide products and services to dealers, enabling them to make vehicles attractive to fleets.

The Honda range has traditionally been more expensive than its competitors, but pricing has been carefully considered for the new launch. In many instances, the new model is priced lower than its predecessor or is only marginally more expensive.

Guise

Prices range from R47 500 for the Ballade 150 manual compared with the old model's cost of R48 524. The Luxline with optionals sells for R53 800 for the manual compared with the old model without optionals at R53 855.

The 160i in its new guise costs R60 247 compared with R60 247 before. The Luxline with optionals sells for R65 900. The 160E manual model will cost R75 500 and the automatic for R79 300.

BUSINESS

Mercedes-Benz car production off 3%

STUTTGART — Mercedes-Benz said yesterday that passenger car production fell 3% in the first four months of this year.

Production fell to 198 618 vehicles in the January-April period from 204 388 vehicles in the same period last year.

The luxury car and commercial truck manufacturer predicted that full-year 1992 new passenger car registrations in Germany would fall 9% after a 6% decline in the first four months of the year.

Mercedes chairman Werner Niefer said yesterday that the group's goal for the current year was to match 1991 vehicle sales as modest recoveries in western Europe and the US offset stagnation in the German vehicle market. Full-year vehicle sales should be about 560 000 worldwide, unchanged from a year ago. Group sales should exceed DM70bn for 1992, up from 1991 group turnover of DM67,1bn, he said.

Deputy chairman Helmut Werner suggested earnings could climb in the current year. "We have set the course."

While passenger car production slipped in the first four months, truck production climbed 7% in the same period to 102 431 from 95 777 in the comparable 1991 period, reflecting that truck sales continued strongly in Germany.

Niefer said sagging orders within the German market indicated to the company that full-year truck sales would slip below

last year's levels. He expected 1992 to be the company's second-best in terms of home market sales.

Overall worldwide revenues jumped 14% in the first four months to DM23,04bn from DM20,16bn in the first four months of 1991.



● NIEFER

Looking back at 1991, Niefer observed that the 12% surge in group sales outstripped growth in earnings. That was reflected by the marginal gain in group net profit, which climbed to DM1,548bn in 1991 from DM1,545bn in 1990.

As a result, Mercedes would cut jobs in its factories and central administration, Niefer said. The company announced in April that it planned to eliminate 20 000 jobs during the next two years. — AP-DJ.

The company break-down of sales showed turnover within Germany climbed 13% to DM10,60bn in the first four months, while Mercedes-Benz sales in other western European markets rose 8% to DM5,18bn.

US sales rose 9% to DM2,65bn.

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By Day 4/6/92

W (12) (63)

SA could make all RHD Audis

By DON ROBERTSON

VOLKSWAGEN SA and its German parent are considering the possibility of the Uitenhage plant's becoming the only manufacturer of right-hand-drive (RHD) Audi cars for the world market.

Audi chairman and chairman-designate of Volkswagen AG Ferdinand Piech says in Leadership magazine it is his aim to have RHD vehicles made in SA, provided production costs are competitive.

Dr Piech says it makes no sense to have more than one investment in RHD plant — one in SA for a small market and others for Japan and Britain. The total market is about 35 000 units.

If all RHD cars were made in SA, other parts that are the same for both left- and right-hand drive could be imported.

"We are working hard to make this possible in the near

future — with the next generation of models."

Ernie Barber, commercial services director of Volkswagen SA in charge of exports, confirms that this strategy is being studied in terms of capacity and engineering requirements.

Volkswagen SA has exported the first 200 left-hand-drive Jettas to China as part of an order for 6 000 worth R180-million.

VW SA chairman and managing director Peter Searle says: "If we fill the first phase of the China order at a steady rate of 80 units a month and deliver good-quality cars at low cost, we have a good chance of obtaining orders for phase two and three of the project worth R1,2-billion."

SITING BAS

(63)

Daimler Benz goes for major investment in SA

(63) ARG 9/6/92

DEREK TOMMEY

JOHANNESBURG. — Germany's Daimler Benz looks like being the first major foreign company to make a substantial investment here since the imposition of sanctions in the early 1980s.

The company announced last night that it had bought the 26,5 percent stake in Mercedes Benz of South Africa (MBSA) held by Volkskas.

This has increased Daimler Benz's stake in MBSA to 76,6 percent, with the balance owned by the Gohner Foundation of Switzerland.

No details of the purchase price have been released, but speculation is that this could easily be in excess of R100 million.

MBSA's investments in fixed assets alone are worth R415,5 million, and it must also have several hundreds of millions of rands invested in working capital.

Volkskas said it decided to sell because it wanted to relinquish interests in commerce and industry to consolidate its banking concerns.

In view of the ruling by the financial authorities that banks must greatly strengthen their reserve funds in the coming years, the sale by Volkskas of its shares in MBSA makes ex-

tremely good sense.

The R100 million or whatever it is that Volkskas is getting will be welcome.

A further consideration might have been that MBSA is engaged in an R81 million expansion programme, which might call on shareholders for more capital.

Whatever Volkskas's motives, it does mean that Daimler Benz is now a bigger investor in South Africa than ever before.

Daimler Benz said it took up the shares in order to reinforce its commitment to its South African operation and saw MBSA as a major supplier to the Southern African market.

Of the R81 million capital expenditure planned this year, some R51 million is being spent on tooling up for new models, which demonstrates, says MBSA, its commitment to the transport industry.

The manufacturing plant of MBSA in East London is the only one outside Mercedes Benz AG in Germany producing a range of passenger cars and commercial vehicles.

It is one of the largest employees in the Border area with a manpower complement of 3 800.

■ Asia and in particular South East Asia could present

greater opportunities for South African businessmen than the rest of the world.

Businessmen who recently returned from a fact finding mission to Thailand, Malaysia and Singapore said yesterday the Asians were keen to find out what South Africans were doing.

However, South African Foreign Trade Organisation's Asia manager Graham Limerick warned that South African Businessmen have only 18 to 24 months to get their act together and take South Africa to Asia.

He added that other markets such as those in the US, South America, Europe and the former Soviet Bloc were relatively closed despite the dropping of sanctions.

However, Mr Limerick said in Asia the free enterprise system — with its abundant foreign exchange and its high rate of development along with a stable labour force was an ideal opportunity for South African companies.

Dorbyl Heavy Engineering foreign trade manager Cobus van der Merwe said he was optimistic about the opportunities Asia offered South African manufacturers and engineering companies.

Volkswagen sells its stake in Mercedes

By Derek Tommey

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It is one of the largest employees in the Border area with a manpower complement of 3 800.

The plant has a capacity of 80 Mercedes-Benz and 54 Honda cars a day.

The plant can also turn out 26 commercial vehicles a day.

It contributed almost R323 million to the Border economy last year, with R98,2 million being spent on wages, R23,7 million on employee benefits, R9,5 million on wharfage fees, R4,8 million on water, electricity and rates and R186,3 million on local purchases.

STAR 9/6/92

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STAR 9/6/92

263

BMW gets parts onto production line 'Just in Time'

Blodum 15/6/92

92/08/63

IT IS not widely known that SA supplies German car manufacturer BMW with about 70% of all leather trim and car seat covers required for production worldwide.

BMW SA ships about 350 leather trim sets for upholstery and glove boxes to Bavaria every working day, or enough for about 350 000 cars a year.

The consignments, which constitute one of Lufthansa and SAA's more consistent cargo revenue generators, are shipped according to a precise timetable, allowing them to reach the various assembly lines often within hours of being fitted to their allotted vehicles.

This method of organising the transportation of production stock in such a way that it need not take up space on warehouse floors, is known as the "Just in Time" system. In other words, the items arrive at the factory floor just in time to be installed in the product being manufactured.

BMW has taken its expertise in the field of logistical organisation to an almost incomprehensible extent.

Consider the following nightmare for any assembly line: a range of 2 900 different engine types, left and right-hand drive layouts, convertible, sedan, station-wagon, a range of 850 different types of seats manually or electrically adjustable, digital or analogue instruments.

To order

"So what?" you might ask. "Surely all they have to do is make a hundred or so of each and park them until they are sold."

It is not that easy. BMW only manufactures units to order. Each car in production is a synthesis of personal choices made by a customer somewhere in the world.

More than 17 000 people are employed at BMW's biggest plant situated at Dingolfink, about 100km

from Munich, where the company turns out about 1 000 cars daily.

BMW SA also sends its parent company electronic components on a similar basis.

It is not just light-weight stuff that is sent on a "Just in Time" basis to the BMW plants. Special trains from Austria ferry all of the diesel engines required in assembly. Conventional petrol engines are assembled in the same building as the car bodies.

More than 250 suppliers manufacture components for BMW.

A spokesman says it usually takes 10 days to produce an 8-series car and four days for a 5-series vehicle.

Streamline

Until now the air freight from SA has been sent on flights to Frankfurt and then by road to the plants at Dingolfink and Munich. However, the recent opening of the new Franz Josef Strauss airport about 30km north-east of Munich promises to streamline the flow.

The airport has the most modern freight facility in Europe, and officials have guaranteed customs clearance soon after the plane has landed.

It is also situated at the junction of the main north-south and southern Germany's East-West autobahns, so delivery from the airport to the assembly plants is fairly fast.

Daimler in the driving seat (63)

GERMANY'S Daimler Benz increased its investment in Mercedes Benz of South Africa by taking over from Volkskas its 26,5 percent stake in MBSA. This pushes Daimler's MBSA stakeholding to 76,6 percent, with the remainder being held by Swiss-based Ghomler Foundation.

w/may 12/6-18/6/92

VW's Shuttle to undercut car prices

Blom 26/6/92 EDWARD WEST

VOLKSWAGEN SA plans to launch the lowest priced five-door 1,3l car on the market, a new Citi Golf called the Shuttle. Retailing at R27 990, it costs R2 500 less than the standard 1,3l Citi Golf, R6 460 less than Toyota's 1,3l Corolla and Conquest, R760 less than Nissan's Uno Fire and R2 997 less than Samcor's 1,3l Ford Laser. The 1,1l 3-door Uno Fire, retailing at R26 850, remains the cheapest car on the market. Nissan public affairs spokesman Nico Brits said the company would review its car prices on July 1 in line with the general quarterly industry price increase.

VW would also launch a 1,3l Fox called the Trippa, R3 000 cheaper than the standard Fox at R31 867 and a cheaper 1,6l pick-up, called the Caddy, said VW public affairs manager Ronnie Kruger.

The price cuts were made possible by redesigning the standard Golf to eliminate non-essential components such as rear windscreen wipers, by cutting profit margins and by taking advantage of rebates on excise duties in terms of the local content programme for vehicles under R29 000.

The Shuttle, which, "like the Model T is available in any colour you like as long as it's red and white," would be aimed at the first-time car buyer in the 18-24 age group.

Standard Bank economist Nico Cypionka said high car prices were the principal reason for falling sales. He cited prices of large cars which had increased 350% since 1984. Blom 26/6/92

SA companies move in on SE Asia trade

By TERRY BETTY

MURRAY & Roberts is countering South Africa's construction recession by tendering for contracts in thriving South-East Asia. M&R tendered to provide expertise to build a 2km pier in Thailand. "It was the lowest tender," says M&R Suppliers &

Services chief executive Andre van der Colff. M&R has operated in Hong Kong for about 10 years. But Mr Van der Colff says Singapore is now the key area. M&R is one of many SA companies taking advantage of the boom in South-East Asia since sanctions were re-

"We see Thailand, Malaysia, Indonesia and the Philippines as the high growth areas," says Mr Pretorius. SA has a competitive advantage in this area over Europe and the US because of shorter shipping distances. Mr Pretorius says Sasolchem intends to export to Singapore, the trading hub of South-East Asia. Safto Far East manager Graham Limerick says: "Hong Kong citizens want to move their companies and have gone to Singapore. This will keep them close to the source of cheap labour."

Mr Limerick says high-tech companies, such as Hewlett-Packard, Philips and Siemens, are based in Singapore because of its tight anti-piracy legislation. Webber Wentzel trade partner Leora Blumberg says few South Africans realise how vibrant South-East Asia is. "In 1991 while the rest of the world was battling with a recession, Thailand's growth rate in gross domestic product was 10%. Singapore's GDP grew an average 8%, Malaysia 6.8%, Indonesia 6.4% and the Philippines 4.6%."

The region's average is twice that of the European Community and far higher than SA's -0.6% for 1991. Mr Limerick says the region has maintained this pace for 10 to 15 years. It has been even tighter, but was trimmed by world recession. The standard of living in most of these countries is still better than in SA. Miss Blumberg says that

Indonesia, the largest potential market with a population of 180-million, remains anti-SA. Having lost its Russian ally, Vietnam is forced to trade with the West and is willing to do business with SA. The Philippines has dropped people-to-people sanctions, but will consider trade offers on merit. Indonesia, the largest potential market with a population of 180-million, remains anti-SA.

Construction lifeline CIVIL engineering group CA Brand has won contracts worth more than R45-million in the past month in spite of the depressed construction industry. CA Brand chairman Peter Bayly says the company is lucky in obtaining these contracts and warns that unless there is a dramatic improvement soon, many construction companies will go to the wall. Largest contract is for the construction of a 160-room City Lodge in Morningside. In the heart of Pretoria the company will rehabilitate and widen Skinner Road between Princess Park Drive and Andries Street at a cost of R14-million.

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MBSA, Samcor head for clash

By DON ROBERTSON

A DISPUTE is possible between Mercedes-Benz SA (MBSA) and Samcor, both of which could soon be producing Mitsubishi vehicles in South Africa. Since 1985, when Sigma merged with Ford, Samcor has made Mitsubishi commercial vehicles Production of passenger vehicles stopped shortly after Samcor's formation. Samcor still builds the Mitsubishi Canter nine-ton truck, the Star Wagon and Express minibuses as well as a light commercial vehicle. It is believed that MBSA is now eager to make a one-ton Mitsubishi pick-up at its East London factory. MBSA chairman Christoph Kopke recently returned from Japan where it is believed he had discussions with Mitsubishi Corporation about a one-ton bakkie for SA production.

Mr Kopke refuses to comment on whether negotiations took place. First indications of a possible link between MBSA and Mitsubishi were announced by Business Times in January. Samcor managing director Robert Herberston says he has been "appraised" of this possibility, but it is not a "make-or-buy" situation. Mr Herberston says that if Mitsubishi planned to introduce a one-ton pick-up to SA, it would have to compete against the Mazda B series and Ford Courier bakkies produced by Samcor. "It would not make sense for them to allocate funds to compete against these two vehicles." The introduction of a one-ton pick-up would make sense for MBSA.

Sense (63)

Prospects of mediation in metal pay talks slim

By ADRIAN HERSCH

Seifsa proposes that each worker pay 50c a month - to be matched by the employer - into a fund for training retrenched employees. Mr Angus says this would realise about R330 000 a month, a large amount for a small contribution. Mr Kettleidas says Numsa rejects the plan because it deals with a problem after jobs have been lost instead of saving existing ones. Seifsa's 8% pay offer would bring rates to R5,08 and R11,28 an hour for labourers and artisans respectively. Mr Angus says conditions are so tough in the industry

that prospects of using mediation to resolve the dispute are minimal. "Employers don't have the same leeway for flexibility as they had last year." Metal employers are likely to vote in favour of a lock-out ballot. Should Numsa hold a strike ballot it is expected to get a yes response, given the high level of worker militancy. Whether a strike will occur is difficult to predict because job security is an important factor and the possibility of a lock-out will be looming. Clouding the outlook is the political climate.

But no lawful strike can occur in the motor industry - affecting 180 000 workers - mostly at garages and in motor retail - until September because the agreement expires at the end of August. Even if a strike ballot is held in the tyre industry, action appears unlikely because the retrenchment moratorium is to be extended for another year and the pay offer is 12% - the highest of all the sectors in which Numsa is involved. The demand for a 12-month retrenchment moratorium is a major stumbling block in the metal and auto-assembly industries. The parties are also far apart on wages. The metal talks affect about 330 000 workers and the auto-assembly negotiations about 35 000. Seifsa executive director Brian Angus says a retrenchment moratorium will have the opposite effect to what is intended. Mr Angus says: "The industry comprises about 9 000 companies, many of them small. Where there is no op-

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div # share (c)	% change
Tote	153.6	+17	18.0	+27	18.4	+3	7.75	+3
LTA	1876.0	0	54.5	+31	114.0	+30	32.5	+30
Pietera Glass	1981.3	-14	216.5	-20	308.6	-25	150.0	-32
CMISA	44.6	N/A	3.9	N/A	7.3	N/A	3.0	N/A
Argus	2011.5	+85	187.5	+15	213.0	+20	55.0	+10
GD&I	167.1	-3	9.7	-14	38.0	+13	15.5	+15
Chubb	N/A	N/A	620.1	+6	124.9	-9	25.0	-11
Fishemont (E)	N/A	N/A	19.3	+10	2343.50	+11	556.25	+11
ODM	N/A	N/A	19.3	+10	120.5	-8	45.0	+125
Gyplum #	N/A	N/A	19.3	+10	120.5	-8	45.0	+125

▲ 13 months. (E) Sterling, earnings/unit. # 9 months.

Sunday Times

SPECIAL FEATURE

A FAIR DEAL

THE NEWLY-PUBLISHED COMPANIED CODES OF CONDUCT

VW cuts prices

Volkswagen sales higher

By Sven Lünsche

Volkswagen SA (VWSA) lifted sales 16,6 percent to Dm1,304 billion (about R2,5 billion) last year from Dm1,12 billion in 1990. *STAR 28/7/92*

The 1991 annual report of VWSA's German parent Volkswagen AG says the SA operation returned a small profit during the year, while capital investments were raised from Dm88 million to Dm 95 million.

The number of cars delivered to customers fell by 0,5 percent to 48 889, but the group increased its share of the market from 19,5 to 20 percent.

Short-term working was introduced at VWSA in September 1991.

Worldwide sales rose 12,1 percent to Dm76,31 billion from Dm 68,06 billion in 1990, of which Dm29 billion was from outside Germany.

Mercedes cancels launch

Finance Staff

(102) (63)

Mercedes-Benz has delayed a decision to manufacture its latest S-class series at its East London plant amid "political and economic uncertainty in South Africa".

Mercedes-Benz SA director Peter Cleary says the planned launch of the new series for early next year has been cancelled.

A decision whether to

proceed with the local manufacture of the cars will be made during 1993. STAR 30/7/92

Mr Cleary emphasises that the decision could be materially influenced by government reactions to recommendations by the National Association of Automobile Manufacturers that import duties be lowered and the local content programme be revised.

Decision to buy out agents leads to better service



PETER GALBRAITH

AGFA'S decision four years ago to buy out agents worldwide and to incorporate them in its subsidiaries has paid off, especially in SA.

Agfa SA operations manager Peter Galbraith says from 1988, when the decision was taken, turnover has risen by a handsome 300%, despite the slack economy and the re-emergence of old competitors. And turnover is forecast to grow further.

Galbraith's division's brief ranges from supporting sales and marketing functions to co-ordinating between group service de-

partments with overseas head office, and to provide sales and marketing support when it comes to accessing products from Germany and Belgium, warehousing and delivery, as well as co-ordinating functions between Agfa's three major branches in Durban, Cape Town and Port Elizabeth.

About 50% of the company's turnover is generated in the Transvaal.

Turnover is split almost evenly between Agfa's three major divisions which comprise X-ray, photographic, and graphics products.

With markets in neighbouring African countries opening up, he says a strategic decision was recently taken to promote exports.

Growth

"We see this market becoming fairly significant, and forecast significant growth from sales into Africa over the next few years. Main demand is seen for X-ray products and for photographic paper for photo laboratories."

Agfa employs about 200 staff in SA, but despite expected growth, Galbraith does not see any significant increase in this number;

rather, the focus will be on improving efficiency.

"To help here, our staff regularly attend training programmes locally, and overseas if it's technical or new-product related. Sales staff also attend extensive product training courses," he says.

Looking ahead, the group recently consolidated its warehouses into a single warehouse near its head office in Isando.

Some R3m has been spent on upgrading the building to improve turnaround time and to provide better service to clients, he says.

An image technology winner the world over

AS a multinational company and a wholly owned subsidiary of Bayer, Agfa has proved itself a winner in markets around the world, and SA is no exception.

The company's three major divisions focus on photographic, graphics, and the X-ray markets. Other product areas include those for the movie and microfilm industries, with photographers becoming a new focal point. In its major product lines, the company enjoys between 40%-50% market share.

Agfa SA GM Peter de Maayer says Agfa-Gevaert was the result of the 1964 merger of German-based Agfa, which was mainly involved in amateur products and Gevaert, the Belgian/Flemish company which concentrated on professional products.

"The move was a logical one, to create a European counterpart of the major US and Japanese groups in the market."

Working through agents, it had the disadvantage of not being able to decide on group-wide policies, and the interests of agents and principals often differed.

The SA move to buy out Agfa agents coincided with Agfa's worldwide policy change about four years ago, dubbed "destiny in your own hands," which entailed buying out agents and transferring them into divisions within local Bayer operations.

Several advantages have flowed from the buyouts, with the major advantage for clients being the direct link with the overseas manufacturer.

"Clients have better access to technological and other issues which are central to the group and its products," he says.

Local buyouts included that of the Agfa cutting plant, which was started by former agents of Agfa-Gevaert film, EAC Graphics, in 1979.

With the changes, the

man-in-the-street was treated to Agfa's full force through major marketing and advertising campaigns. Adspend with the SABC and M-Net alone over the last year amounted to almost R1m. Whether billboards, sponsorships, advertising, or special projects, millions of rands were invested in the group's public image.

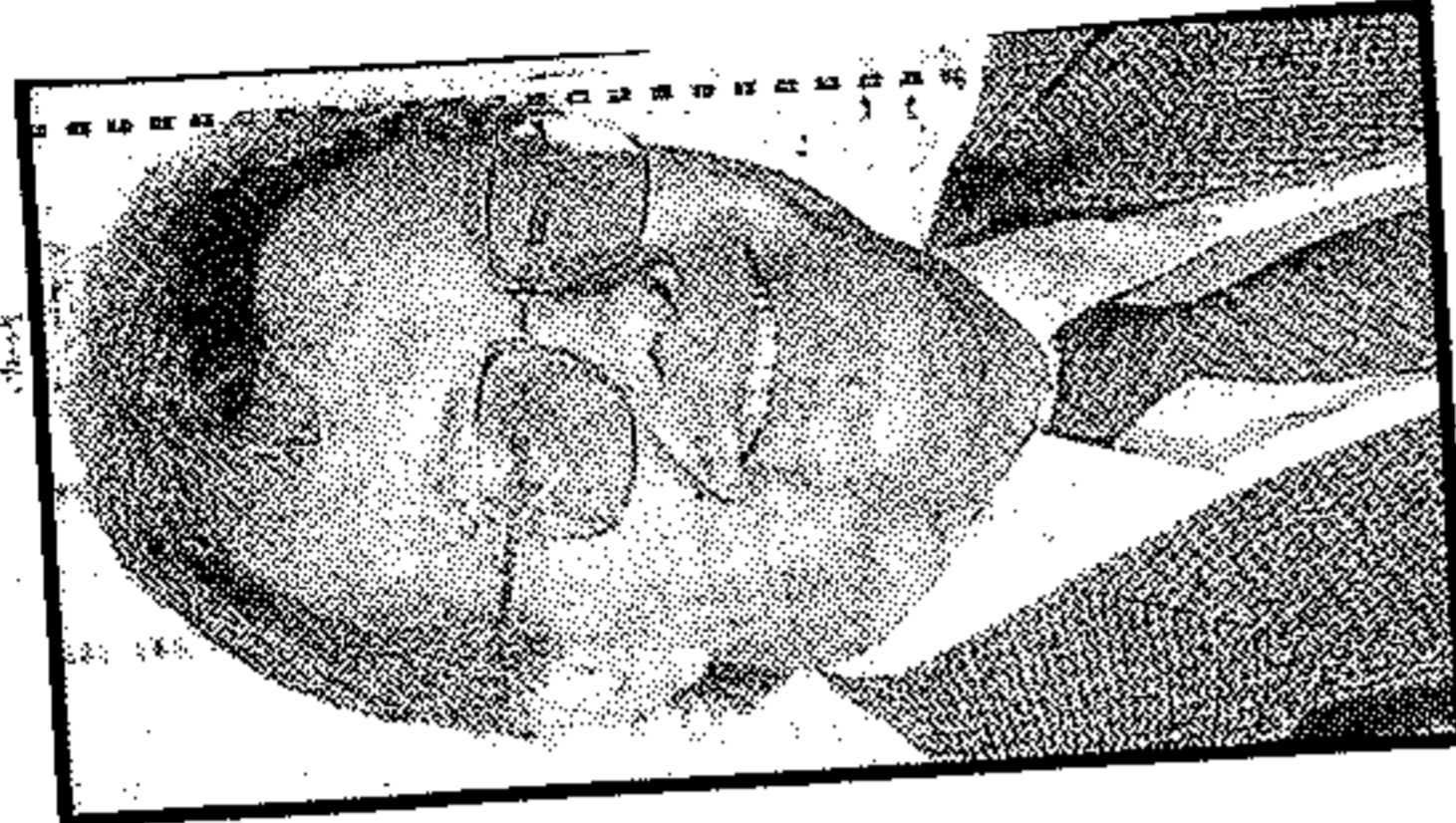
Looking at the various divisions, and their performances, De Maayer says that in the X-ray field, particularly, SA users have proved loyal to the group, and it is enjoying support for its choice to stay in SA through sanctions. "Although many other companies are now re-entering the market, we have increased our market share over recent months."

Agfa also enjoys significant market share when it comes to graphic arts products, while its photographic product sales are also holding up despite the fact that others are now re-emerging

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"The move was a logical one, to create a European counterpart of the major US and Japanese groups in the market."

Looking ahead, he sees consolidation of Agfa's position, rather than growth, per se. "The bottom line is that we plan to stay in SA, and expect to maintain current market shares."



PETER DE MAAYER

in the post-sanctions market. "The market sees our products as important alternatives — and especially because of their quality," he says.

Sales of branded photographic products have grown by about 25% over the last year.

With the SA market opening up again, De Maayer says there's no justification for "private or no-name" products.

Looking ahead, he sees consolidation of Agfa's position, rather than growth, per se. "The bottom line is that we plan to stay in SA, and expect to maintain current market shares."

Loyal

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Classified

Bayer took its shareholding up to 60%, and a year later took full ownership so Agfa became a wholly-owned subsidiary worldwide.

"Agfa is now classified as the imaging technologies sector, with five other sectors forming the full Bayer group," says De Maayer.

The SA operation is one of 31 international subsidiaries. Up to 1988, Agfa worked in SA through agents so, effectively, it never left the coun-

63

International reinsurers want to spread risk base

SA was attracting a great deal of interest among international reinsurers wanting to broaden their geographical risk base, Hannover Re chief executive Michael Reischel said yesterday.

German reinsurer Hannover Re was ranked the world's seventh largest reinsurance group last year, with a premium income during 1991 of more than \$1bn. Reischel is to address the Hollandia forum, organised by Hollandia Reinsurance, later this week.

Reischel said in an interview that Hurricane Andrew, which devastated the US west coast recently, had caused billions of dollars in insured damage. This had emphasised the need to spread insurance risk among as many players as possible.

Reischel said some resistance had been experienced in Third World countries who perceived overseas premium payments to be a drain on foreign exchange, and had set up their own reinsurance mechanisms.

However, reinsurance was being accepted gradually as the best way to pro-

tect a country's assets from a catastrophe, he said.

Meanwhile, Hollandia MD Steve Murphy said arrangements for a "substantial cash injection" from parent company Hannover would be finalised in the next few days.

31 DAY 22/9/92
GAVIN DU VENAGE

IT'S a long way from Rostock where Wolfgang Vogel was born to Cape Town where he lives today — in years, a distance of 49. *S/Times (BUS) 4/10/92*

Now professionally concerned with international transport, Mr Vogel had never thought to become involved in moving in so personal a way.

He served his apprenticeship as a forwarder, a shipping agent in international transport with the Hamburg harbour authorities. Originally, he had intended to be a chemical engineer.

The switch was unintentionally primed by his father, "who was quite high up in the union and had all the connections". But Wolfgang elected to achieve on his own.

He laughs at the thought that forwarding goods could be construed as glamorous, but agrees it puts you in touch with the whole world, if not directly, then by the shipments you handle.

Early in his career, he had experience of road transport between West Germany and East Berlin, then spent six years in international airfreight, working for PanAm, at that time the largest air carrier in the world.

Mission

Thus Mr Vogel can claim to be one of the few people who are experienced in all forms of transport — sea, air and road.

In 1971 he came to South Africa on a mission to start an airfreight office in Cape Town for Kühne & Nagel on a three-year contract.

Here he stayed, put down roots and seven years ago started his business, CD Shipping International.

It forwards general cargo — the biggest of which was a thousand-ton road crane. He also freights wine and has a flourishing niche market besides — diplomats.

This was a specialty he never sought. It started with one shipment to Cairo and, fed by the service-oriented concept inbred by PanAm, has flourished.

Mr Vogel says: "We are a small company, with strong international contacts. But we're big in the sense that we have a fair market share in moving diplomats."

Diplomats on the move



WOLFGANG VOGEL: Committed entrepreneur in a niche market

By SUE RYAN

"For example, this year when parliament moved, we moved 10 ambassadors."

Apart from the Cape Town base, he operates from Pretoria where the embassies are, Johannesburg where there are more and bigger consulates as well as Durban, Namibia, Lesotho, Zimbabwe, Zambia and Maputo, Swaziland, Botswana and Malawi.

His diplomat customers have provided steady movement at a time when the transport industry generally is depressed.

"It is a facet of business not connected with the political temperature," he says. "People do not leave, say, because of rioting. When one diplomat's tour of duty ends, another comes in his place."

Heart

Mr Vogel, looking at SA today, takes heart from the countries bordering her.

"I think that, like them, SA will achieve stability. But standards will drop and economically it won't be as profitable as it was in the past."

He sees a major investment threat for Africa in the opening up of Eastern Europe. On a visit to Czechoslovakia he saw how economically depressed and environmentally polluted the area was.

He says: "The West is going to have to clear things up there, or it will end up hurt itself."

Japan, UK forfeit top trade status

S (Times) (BUS) 4/10/92.
IN spite of sanctions and a falling gold price, Germany surpassed Japan and Britain to become SA's major trading partner in the late 1980s, a position it has retained.

Trade between the two countries was valued at more than R13-billion last year, with the balance 59% in Germany's favour.

The value of German exports to SA fell by 23% since 1982 as a result of a 76,5% decline in the value of the rand against the D-mark and to a lesser extent sanctions.

The wholesale devaluation of the rand against the D-mark did little to boost SA's exports, which increased by a paltry 4% since 1982.

A declining gold price in D-mark terms accounts for gold's share of total exports declining from 20% in 1988 to 11,5% in 1991.

The only significant gain was in semi-finished products which last year made up 38,5% of exports to Germany. The chief items under this heading are ferro-alloys, copper and other metals.

Precision

A review of the trade statistics indicates SA's dependence on German technology. A total of 80% of SA's imports from Germany are finished products of a technical nature, of which nearly 30% are motor-vehicle-related.

The import of German machinery and precision equipment has been imperative in the battle to improve corporate competitiveness, particularly in the motor, chemicals, electric and electronics industries.

Matthias Boddenberg, deputy chief executive of the SA-German Chamber of Commerce, says the removal of sanctions opens the door to increased exports of fruit and vegetable products.

But the balance of trade will remain in Germany's favour while the gold price remains low and SA maintains its reliance on low value-added exports.

The SA-German Chamber of Commerce has more than 800 member companies, of which 300 have German parents. The membership includes some of the largest

By CIARAN RYAN

GERMANY's relations with South Africa are deep and strong. From cars and trucks to electronic technology, from pharmaceuticals to engineering, the links between the two countries are long standing. To coincide with Germany's national day celebrated this weekend, Business Times looks at relations between the two countries.

of Commerce says chemicals and pharmaceuticals giant Hoechst invested R100-million in an expansion programme, including a new adhesives division at Krugersdorp.

Safripol, jointly owned by Hoechst and Sentrachem, invested R100-million for expansion.

Confidence

BMW SA spent R30-million on an engine assembly plant in Rosslyn and SA Microelectronic Systems (Sames), 25% owned by Siemens, invested R100-million in an electronic chip facility at Koedoespoort, Pretoria.

Steinmuller's new head office in Rivonia, Sandton, set it back R20-million.

Other companies with German parents to invest in SA

were Astas, Tente Castor and Fischer SA.

Mercedes-Benz upgraded its commercial-vehicle facility at a cost of R25-million in 1991. It plans to spend R500-million to tool up for production of the new Mercedes S-Class have been delayed because of falling car sales.

There have been rumours, repeatedly denied by Mercedes, that the company planned to disinvest from SA because of poor sales.

Few German companies would want to put new money in SA at a time when domestic companies are not doing so, says Leopold-Theodor Heldman, economic counsellor at the German Embassy.

"It will take time for confidence in the economy to be restored. But the potential for German investment in SA is still there."

Boiler

Germany's commercial involvement in SA goes back to the last century. Companies such as Allianz Insurance, mechanical engineering group Mannesmann Demag and technology multinational Siemens were established in SA before the Second World War.

Today, German companies are leaders in virtually all manufacturing sectors.

Mercedes-Benz, Audi and BMW dominate the luxury-car market; Opel and Volkswagen produce cars for the mass market; Bayer, Hoechst, Merck and BASF are leaders in pharmaceuticals and chemicals; Siemens is a top technology and electronics group; and Steinmuller was a major supplier of boiler plant to Eskom during its power-station construction programme.

But few German companies established manufacturing operations in SA in the past 10 years when calls for sanctions intensified.

Mr Boddenberg says the position is unlikely to change in the short term.

"There is considerable interest from German companies in establishing trade links with SA. But investment possibilities have been retarded by recent incidents of violence."

Incentives

"German investors will wait for a satisfactory resolution of the political situation and economic recovery."

"A common complaint voiced by visiting businessmen is the absence of incentives in SA. You must remember that SA is competing against highly attractive incentives for investing in east Germany, such as manpower grants and tax relief. Apart from which east Germany is close to the markets of Europe."

In spite of the flagging SA economy, German companies with interests here invested nearly R500-million last year to upgrade plant, introduce product lines or expand operations.

Much of this was reinvested capital from funds retained in SA. The value of capital flows from Germany to SA in 1991 — most of it risk capital — was D-m120-million (R200-million), making total accumulated net flows of D-m1,9-billion (R3,6-billion at an exchange rate of D-m0,53 to R1).

The SA-German Chamber

Rhineland in the Boland

CONSIDERING the weight of his investment in South Africa, international banker and Cape wine-estate owner Hans-Joachim Schreiber might be a little nervy about SA's instability right now.

He staunchly claims he isn't, capping his disclaimer with a perfectly assured: "I've never been more confident than I am now."

His frame of reference, however, extends to grim 1940 when he was eight, enduring nightly air raids over Frankfurt; then post-war when he scavenged for food and sold black-market cigarettes to help feed his family.

Mr Schreiber bought his first Cape farm in 1981. Stellenzicht produced only grapes, but under his patronage the farm has been revamped and restocked with choice wine cultivars. It produced its first vintage two years ago.

Catastrophe

He has had ample time to review the SA economy. For 30 years a key man in the hierarchy of Dresdner — the second-largest bank in Germany — Mr Schreiber's portfolio included the money market, forex and precious metals, hence the SA connection from the 1960s.

By the time he retired in 1981 — as a member of the bank's board — he had noted not only that "South Africa was almost permanently in a state of up and down and the crises were always resolved" but that "the country honoured its financial obligations to the letter".

His confidence, however, was tested by the political watershed of 1986 when "catastrophe was averted by consultation between blacks and whites. But the crisis could have turned into a Beirut or present-day Yugoslavia".

A year earlier Mr Schreiber had bought Neethlingshof estate near Stellenbosch from (now) ANC member and Independent MP for Fish Hoek Jannie Momberg. The price has not been disclosed, but it is reputed to have been between R8-million and R10-million.

Prime

This purchase triggered foreign-investor interest in prime Cape properties. Yet another major capital-intensive restructuring and replanting programme followed. In five years it all paid off with Neethlingshof wines capturing national acclaim and the estate achieving champion status in 1990. From a planting capacity of 160 ha bearing 1 600 tons of grapes, his cellar is op-



HANS-JOACHIM SCHREIBER: Happy in the winelands

By SUE RYAN

erating to its legal extent, says Mr Schreiber.

The estate is beginning to market its wines abroad with distributors signed up in England and Belgium, "but in the US it is still not fashionable to buy South Africa". But he is certain this will change once sanctions are lifted. Peripatetic Mr Schreiber has a home in Frankfurt, is a resident of Singapore (since 1982) and heads an international financial consultancy there. He visits SA six or seven times a year.

Standstill

He is not despondent about the SA scenario because "once the political details have been equitably settled, the problems will largely fall away". Not least, it appears, because of SA's creditworthiness.

"For the past seven years, since the debt standstill of 1985 and admittedly because it was forced to do so, SA has been methodically repaying debt and servicing interest — the only country to do so. I predict it now has the lowest foreign debt in the world.

"I have no doubt that the major investors will all come flocking back to help fund the new South Africa," he says.

S/Times (Buss) 4/10/92

Trade not aid the key to economic upliftment

S/Times (BUSS) 4/10/92.

(63) (74) (75) (76)

By JÜRGEN W MÖLLEMANN
Federal Minister of Economics, Bonn

WHEN I visited South Africa last February — for the first time in 18 years — I was fascinated by the possibilities that have recently emerged for the country.

A land richly blessed by nature, with a first-class infrastructure of transport routes, ports, and energy systems, now has the opportunity to escape from the blind alley of apartheid and can shape its future in a positive manner by peaceful transition to a democratic system, embracing all parts of the population.

I naturally also saw the contrasts that still exist and that put the black majority on the minus side of the economic and social ledger.

Without the construction of more schools and training facilities, without social programmes, the country will not be able to move forward; those who have thus far been disadvantaged must be able to feel the progress, to see that a new start is being made.

Upswing

With our experience in the Federal Republic's new states, we Germans can attest to the fact that it is of pre-eminent importance for economic growth and for meeting the needs of the population, that business and industry invest and create jobs.

This is missing in South Africa. In my opinion, it has been absent too long.

Not only foreign companies, but even SA's own business sector are showing reserve in the light of the un-

certainties connected with political transformation.

Without investment, however, there can be no upswing. Nor does the State have the funds to finance infrastructure, housing construction and other social programmes.

The political forces in SA are therefore faced with the task of putting the uncertainties of the transitional period to an end as soon as possible for the sake of the population and of laying the roadbed for a predictable path into the future.

If the difficult undertaking of placing SA's market economy (a system that benefits all) on the track of growth succeeds, Southern Africa will also have the hope of climbing out of the continued slump.

At any rate, the neighbours would not only have the example of SA success but they would have the opportunity to intensify the regional trade in goods and services, in particular with a South Africa relatively strong in terms of capital and buying power and with industrial experience.

The region as a whole, including the states beyond SA's borders, would become an interesting economic partner for Europe.

On the basis of the standards it has already achieved, SA would doubtlessly be the development pole from which and with which Europe would have considerably better operational possibilities for fighting poverty throughout Southern Africa.

Against the background of decades of Western development assistance in Africa that has shown relatively

meagre results, "trade, not aid" continues to be the principle showing the greatest promise.

I am certain and will work hard to ensure that as soon as a legitimised transitional government is in office, the European Community will extend its hand, offering a regional partnership similar to the partnerships already established with other economic regions in Asia and Central America.

The South African Development Community, supplemented by a new South Africa — and perhaps by additional responsibilities after unification with the Preferential Trade Area — could serve as the southern bridgehead.

Such a framework would have the priority task of promoting the private foreign investment that is so urgently needed in Southern Africa.

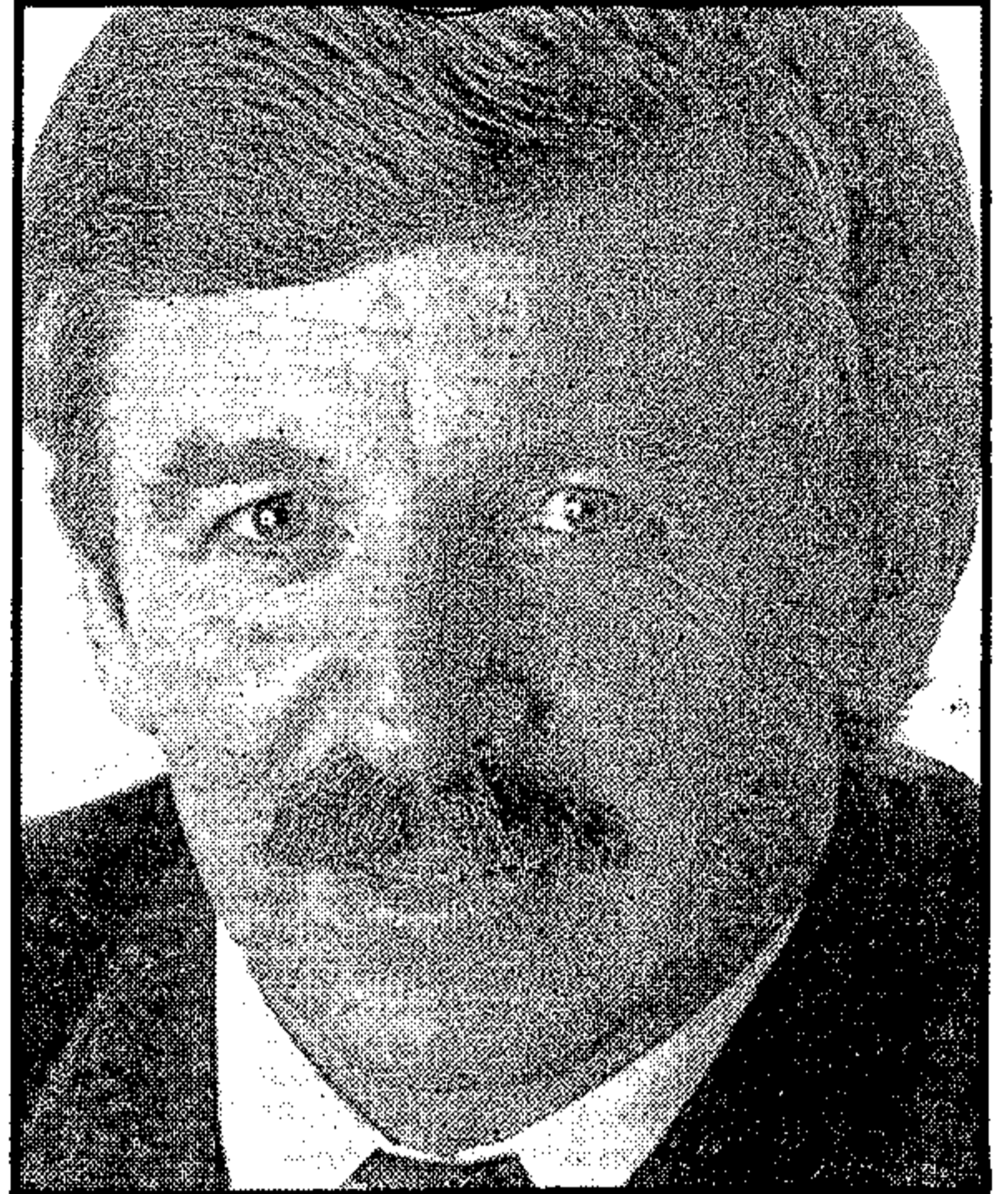
Lively

SA boasts an important position as world trading partner. This role must be sustained and developed. Germany is a good customer: in 1991 it imported goods worth Dm3,2-billion, 10% more than in 1990.

With the goal of further increasing exports to Germany — for years a surplus item in bilateral trade with a level of Dm1,5-billion in 1991 — the Federal Ministry of Economics held export promotion seminars for small businessmen, particularly black entrepreneurs, this past September in Johannesburg, Durban, and Cape Town.

The lively participation at these seminars allows us to hope that they will generate business.

In general, it is to be expected that SA, as dictated by circumstances, will try to boost its export of finished



JÜRGEN W MÖLLEMANN: No upswing without investment

goods and will rely less on the export of commodities that have previously accounted for a substantial portion of German purchases.

We know, for example, that some companies producing high-grade steel are taking steps to expand capacity considerably and to manufacture car parts for export, in particular catalytic converters.

As it moves into the finished goods sector, however, SA will see itself increasingly confronted with the demand to play according to the same rules as its international competitors.

It must therefore lower the high levies on imports and eliminate export assistance. This is ultimately in line with the country's own interests, for behind the high walls of

protection, industries lose the ability to compete.

In addition, assistance is expensive.

The strong German-SA trade relationship is supported by a large number of German companies that have invested in SA.

More than 300 companies — besides nearly all of the well-known large firms, also a number of small and medium businesses — have become involved in the SA market. These and other companies are willing to expand their stakes in the country — or to invest for the first time if peace comes to SA and if the country practises an economic policy pointing to the future and containing the basic lines of the market economy.

Cutting costs through efficiency

SM 7/10/92

Mercedes-Benz has developed an innovative transport consultancy programme, the Mercedes-Benz Customer Advisory System (MBCAS), to assist transport operators throughout Africa to make effective decisions based on economic realities.

MBSA considers its programme to be a partnership between itself and its customers in trying to reduce transport costs in any specific operation.

Adolf Moosbauer, MBSA board member responsible for commercial vehicles, says: "We at MBSA are constantly striving to improve our service to

customers — and MBCAS is an important addition to our already extensive range of back-up services.

"We realise that it is in both our and the customers' interests that operations are run professionally and profitably. Efficient transport operations have a positive effect on not only the transport industry in southern Africa, but also contribute towards the well-being of the economy in the sub-continent.

"Therefore, it is appropriate that we have developed a transport consultancy system that is of major benefit in offering factually based and reliable ad-

vice to transport operators."

The MBCAS programme is based on the "Mercedes-Benz Kundun-Beratungssystem (MBKS)" offered overseas and is the result of a wealth of research and experience in the industry. A number of minor adaptations have been made to our programme to suit local conditions.

MBCAS is divided into a management information category and a vehicle information category. The management category consists of Economic Calculation System (ECCA), Finance Leasing, Quotation System and Optimum Replacement Point (OREP) software

programmes while the vehicle information category has Vehicle Performance (VPS), Vehicle Selection, Sales Manual and Mass Distribution (MADI) software programmes.

The ECCA programme has been completed and is at present being fully utilised while the MADI and VPS programmes will be completed shortly. The balance of the programmes will be introduced in stages.

ECCA provides the transport operator with detailed operating costs for a specific vehicle or, alternatively, for an entire fleet of commercial vehicles.

The MBCAS system weighs

11.5 kg and is compactly packaged in an attractive attache case, making it completely mobile.

The mobility of the system is a tremendous advantage in that it can be taken out to the customer and operated in his presence.

There are 54 qualified Mercedes-Benz transport consultants spread throughout southern Africa, based both at regional offices and the extensive dealer-network. This ensures that customers have highly trained transport consultants within close proximity to provide professional advice at short notice.

(63) ~~11/11/92~~
Merc sales rise 4%

GERMAN automobile manufacturer Mercedes-Benz AG said in Frankfurt yesterday that nine-month worldwide car sales rose nearly 4% over the year-ago period to around DM30bn.

However, sales in its core German market fell 18%, a company management board member said at the Paris auto show. He also ruled out a takeover by Mercedes of troubled German luxury car-maker Porsche, but said joint production talks about an all terrain vehicle were continuing with French vehicle maker PSA, which manufactures Peugeot and Citroen.

310Amg 8/10/92

COMPANIES

German company invests in SA

GERMAN-based supplier Stahlgruber Otto Gruber GmbH acquired its local industrial rubber manufacturing licence, Rema Tip Top Industrial, for an undisclosed amount. *BIDM 9/10/92.*

Rema Tip Top non-executive director Fritz Keller said the investment was an expression of confidence in the long-term future of SA. Stahlgruber's investment meant that apart from the purchase price, a considerable amount would be spent to expand Rema Tip Top. He did not disclose either amount. Manufacturing capacity would be increased and Rema Tip Top would begin exporting, not only to southern African markets but to other countries where it would be easier to export to from

EDWARD WEST

SA than from Europe, he said. (63)

Stahlgruber, with a turnover of more than R1bn derived from subsidiaries in 14 countries and agencies in 127 countries, said in a statement the acquisition was strategic to future growth with SA's mining industry an important market.

Rema Tip Top's main products include a range of conveyor belt materials, wear and tear protection and noise dampening materials for industrial plant. Technicians and experts had been seconded from Germany to complement Rema Tip Top's 120 employees, Keller said.

Mercedes cuts interest rates

S/Times [BYSS] 11/10/92 (63)

MERCEDES-BENZ is offering cheaper financial packages for car buyers.

The company reduced monthly instalments by cutting interest rates in mid-year.

The scheme enjoyed considerable success in August and sales of the W124 range more than doubled to 717 from an average of about 350 in previous months.

Under the new scheme finance charges have been cut by another 1% and 3%.

The first scheme has a fixed interest rate of 7.5% for one year, with a residual value of 85%. After this, the balance may be settled or another contract entered into at the prime rate with a 50% residual. This ensures that the monthly instalment remains virtually unchanged.

The second scheme has a fixed rate for four years at 11.75% with no residual value. The residual value plan has a fixed interest rate of 14.75% over four years with a 75% residual value. The eight-year plan offers a linked rate at 15.75% with no residual value.

Most other car finance

By DON ROBERTSON

charges range between 20% and 23%.

All deals include a two-year or 70 000km Meridian maintenance-free package and a touring guarantee which offers hotel accommodation, air fares or car rental in case of a breakdown.

Peter Cleary, management board member for the car division, says many customers are delaying normal replacement of cars because of uncertainty about the economy in the next four or five years.

Manager

"We are prepared to take the risk on their behalf. We offer a variety of financial packages which provide for fixed rates of interest and guaranteed residual values should the customer be worried about future deterioration of these two elements."

The lower rates have been made possible because the bank backing the Meridian scheme takes a favourable view of its lending rates to the company and to help

Mercedes through the difficult economic times, says Mr Cleary.

The company also believes that inflation and interest rates will soon fall.

BMW responded to the initial move by Mercedes, reducing interest rates to 15% on the 5 and 7 Series models, including free maintenance of three years, or 90 000km, and four years, or 150 000km, respectively.

The company has reacted to the Mercedes scheme by advising motorists to assess the free maintenance package, the extent of the residual value and the effect they could have on insurance.

Marketing manager Ivan Honeyborne says that unless the buyer takes into account all these factors, "he could be in for some expensive surprises somewhere down the line".

"Some apparently cheap financing schemes could end up costing you a lot of money."

Audi, which launched a new range this year, offers no special packages. But some dealers have introduced schemes which are tailored to cash flow.

Daun purchases Basil Read stake

EDWARD WEST
GERMAN textile industrialist Claus Daun extended his interests in SA with the purchase of Old Mutual's 25,2% stake in the construction group Basil Read.

Basil Read chairman Chris Jarvis said Daun et Cie AG, controlled by Claus Daun, bought some 3,6-million Basil Read shares valued at R1,3m in a book-over deal on the JSE on Monday.

The share was untraded yesterday, but reflected a seller at 100c and a buyer at 40c in spite of the ruling price of 35c. (63)

It was not certain whether Daun et Cie AG, which has a civil engineering subsidiary in Germany, had plans to increase its stake in Basil Read.

Jarvis described the German group as a participative shareholder. BLDAM 14/10/92

The move represented an extension of Daun's interests in SA. Late last year Tongaat-Hulett sold its loss-making Hebox Textile subsidiary to Daun, and other SA interests, apart from property, include companies such Total Sport, Courthiel and Table Bay Spinners.

Daun et Cie also has a 78,7% stake in furniture group Morkels.

BMW FM 16/10/92

Position available (63)

Reinhard Künstler's sudden resignation as MD of BMW SA does not signal a rift between him and the German luxury car-maker, insists the company. Officially, Künstler (43) simply declined to renew his three-year contract when it expired last month and took his family off on holiday.

Nevertheless, the suddenness of his departure — even some senior staff learnt about it only after Künstler had left — has convinced many in the company that his resignation was sparked by a dispute with the parent company in Munich.

"It looks like something serious has happened," says a senior BMW SA insider. "The news came as a complete surprise to all of us."

Walter Hasselkus, Künstler's predecessor as MD and now Munich-based chairman of BMW SA, says he is unaware of any rift. "His contract expired and he simply decided he wanted to return to Germany." But he confirms that the resignation was unexpected and that the parent company, BMW AG, had no-one in line to replace Künstler. "No planning for a successor had taken place."

Eberhard von Kuenheim, chairman of BMW AG, was due in SA for a whistle-stop visit on Wednesday, arriving in the morning and flying out the same evening. BMW SA describes the visit as a routine one planned months ago, but the timing is fortuitous, given the situation at the SA subsidiary.

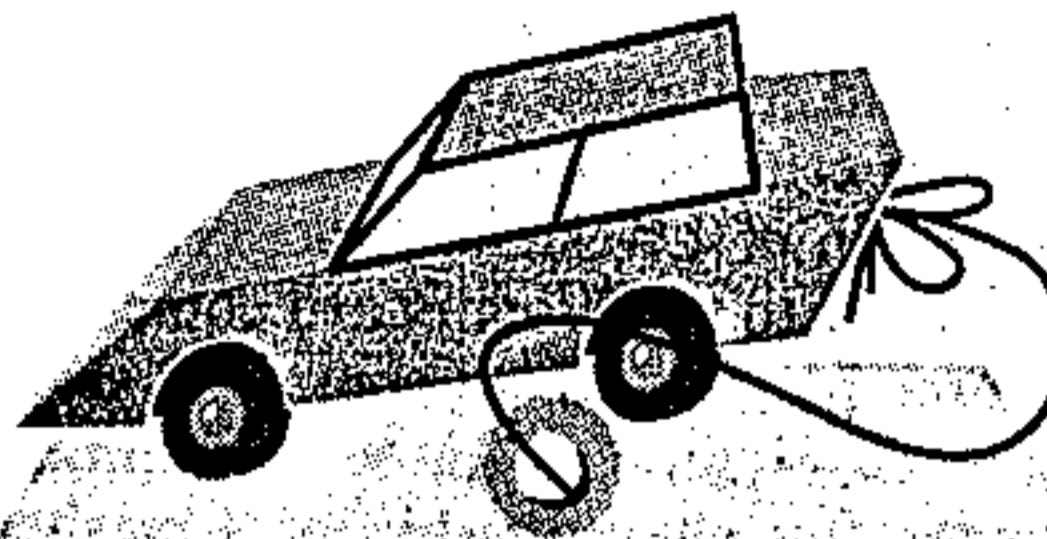
Staffers were hoping he would use his visit to make a statement on the local company's position, in particular to name a new MD. Financial director Peter Barbe has been acting MD since Künstler quit three weeks ago, but BMW AG seems certain to make a full-time appointment from staff at the Munich head office. Hasselkus says an announcement is unlikely for another couple of weeks. He adds that he does not know who the new MD will be, or even if he's been appointed.

Exactly what will be Künstler's status when he returns to Germany is unclear. Before joining BMW's legal division in 1979, he worked in a private law practice, specialising in anti-trust and competition legislation. BMW says he remains an employee of the Munich company for the time being. Business associates say, however, that he plans to sever connections with BMW. Comments Hasselkus: "Whether he remains with BMW remains to be seen. It is an open question."

Künstler has been unavailable for comment. According to BMW, he was on holiday with his family in Zimbabwe this week, using accumulated leave before leaving for Germany at the end of the month.

One thing seems sure, and that is that Künstler's decision was not prompted by any failings at BMW SA. While he has been an outspoken critic of government policies affecting the motor industry, he leaves the company predicting both record profits and export earnings in 1992, and with its cars having more than doubled their share of the luxury segment of the car market this year.

David Furlonger



September vehicle sales

Cars	Total	%*
Toyota Corolla 2 963, Cressida 699, other 23	3 685	23,3
Samcor Ford Laser/Meteor 747, Sierra 170, Sapphire 486, Mazda 323 1 033, Mazda 626 316, other 1	2 753	17,4
Nissan Maxima 107, Skyline 119, Sentra 1 364, Fiat Uno 816, 200SX/300ZX 37	2 443	15,4
VW Golf/Jetta 694, Citi/Fox 1 361, Audi 175	2 230	14,1
M-Benz Honda Ballade 1 273, M-Benz W124 339, W126 35, other 80	1 727	10,9
Delta Rekord 200, Kadett 743, Monza 683, other 7	1 633	10,3
BMW 3-Series 988, 5-Series 305, 7-Series 52, other 4	1 349	8,5

	1992	1991	% Change
September	15 820	17 029	-7,1
January-September	137 209	154 497	-11,2
August (15 214) -September			+4,0

Light commercials

Toyota 3 074 (36,0% of the market) Samcor 1 833 (21,5) Nissan 1 809 (21,2) Delta 1 149 (13,4) VW 656 (7,7) AAD 23 (0,3)

September	8 544	8 374	+2,0
January-September	69 414	76 649	-9,4
August (7 848) -September			+8,9

Medium commercials

Toyota 149 (51,4%) Delta 53 (18,3) Samcor 38 (13,1) Nissan 35(12,1) M-Benz 15 (5,2)

September	290	344	-15,7
January-September	2 502	3 159	-20,8
August (263) -September			+10,3

Heavy commercials

M-Benz 158 (35,7%) Nissan 120 (27,1) Toyota 92 (20,8) Delta 31 (7) MAN 26 (5,9) ERF 16 (3,6)

September	443	475	-6,7
January-September	3 940	4 305	-8,5
August (426) -September			+4,0

Total vehicle sales

Toyota 7 000 (27,9%) Samcor 4 624 (18,4) Nissan 4 407 (17,6) VW 2 886 (11,5) Delta 2 866 (11,4) M-Benz 1 900 (7,6) BMW 1 349 (5,4) MAN 26 (0,1) AAD 23 (0,1) ERF 16 (0,1)

September	25 097	26 222	-4,3
January-September	213 065	238 610	-10,7
August (23 751) -September			+5,7

*% of the total car market

Source: NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SA

Recession hitting the German car industry

BERLIN — As recession clouds gather, the brakes have been slammed on Germany's car industry, the country's manufacturing backbone and symbol of economic might.

Job losses, boardroom squabbles and bloated costs mean German car manufacturers are making headlines for all the wrong reasons.

Princess Diana, who handed back her Mercedes 500SL leased car recently, is not the only driver turning away from the German motor industry.

Germany's domestic car sales for the first eight months of the year tumbled more than 11% against the same period in 1991. The export market is also in reverse. Only BMW has bucked the trend, with the new 3-Series at the lower end of its range.

Car chiefs at the Berlin motor show are putting on a brave face. New models are being unveiled and the buzz words are "lean production" and "normalisation".

But more than a century after Karl Benz and Gottlieb Daimler road-tested their prototype automobiles, Mercedes-Benz's famous star is waning along with the industry's other household names.

Mercedes, which is cutting its workforce of 185 000 by 20 000, recently halved its estimate of German growth for 1992 from 2% to 1%. Other companies are shedding another 20 000 jobs as the Germans slash costs to compete with the Far East.

After peaking at 13.6-million in 1989, car sales in western Europe are predicted to slip to 12.5-million next year. In Germany, where sales reached 4.16-million last year, the forecast for 1993 is a million fewer — representing a 25% fall in two years.

At Volkswagen, Europe's biggest car

manufacturer, there is a "no comment" to media reports that 1992's operating loss will be DM700m.

The most serious crisis confronts Porsche, the sportscar maker. Sales are down from more than 50 000 in the mid-80s to 22 500 last year. The company is slashing 1 850 jobs — a quarter of the workforce.

In a last-ditch attempt to draw customers back into the showroom, Porsche unveiled its cheapest car, a no-frills version of its 968 model in Berlin this weekend.

Sticking to the company line that Porsche can retain its prized independence, Veronika Offermanns, the manager for northern Germany, acknowledged: "We are under pressure, but we will survive."

After the post-unification boom when East Germans swapped their Wartburgs, Skodas and Trabants for coveted Western models, a slowdown in the German car industry was inevitable.

The slide in export markets — although aggravated by manufacturing and marketing mistakes — would have been difficult to avoid in the light of currency turmoil and consumer insecurity.

But the car giants are also paying the price for their complacency during the easy years of steady growth from the mid-1980s when they failed to trim costs.

Even the German reputation for good workmanship and reliability is under fire. In a poll by the magazine Auto Motor Sport, 91% of Volkswagen Golf buyers complained of run-of-the-mill defects. VW has laid on extra shifts to rectify faults in the new model. — Daily Telegraph.

Own Correspondent

FM 23/10/92

FOREIGN INVESTMENT (63)
The Germans are coming (305)

Like their counterparts elsewhere, German multinational companies are not queuing up to invest in SA. But a steady trickle of German companies continue to ignore the local political and economic uncertainties and are deciding to take the plunge.

The trend defies the prediction of Herbert Weicke, executive manager of the SA-German Chamber of Commerce and Industry, who says German investors will probably avoid SA until it's clear which way it is going.

This week, Chemetall GmbH (a subsidiary of Dynamit Nobel AG, the chemical subsidiary of the R42bn/year Metallgesellschaft AG) acquired the entire share capital of the local, privately owned Chemical Consultants and Services.

Chemical Consultants is the SA licensee of Oaklite Inc, one of Metallgesellschaft AG's US subsidiaries, which makes specialised chemicals for the food, beverage and mining industries.

In July 1991, Chemetall bought the entire share capital of Reef Chemical Corp from Shell SA for an undisclosed amount. Reef serves, among others, the automotive, primary metal products and packaging (metal can) industries.

Reef's MD Peter Burden says millions were involved in the Chemical Consultants and Services takeover. "It won't stop here. Chemetall is looking for suitable companies."

The deal was the third major local move by a German company this month. Stahlgruber Otto Gruber GmbH announced it had acquired Rema Tip Top Industrial, its SA industrial rubber manufacturing licensee, for an undisclosed amount.

And, in a more complicated deal worth R50m, Hoechst SA, a fully owned subsidiary of German chemical giant Hoechst AG, acquired a 60% stake in the quoted Noristan Holdings, which is to be delisted. As part of the deal, Noristan Ltd, the pharmaceutical arm of Noristan Holdings, acquired Hoechst Pharmaceutical, a wholly owned subsidiary

FM 23/10/92

of Hoechst SA. (78) (63)

Burden says Chemetall chose to invest in SA because of "its strategic position in the southern hemisphere and its advanced industrial machine," despite the political problems and the recession. "Things must change in a few years. This country is ideally placed to export to Australia, India, South America; in fact, virtually any country in the southern hemisphere.

"Some say Australia would have been a better choice, but I believe SA is better. If one looks at just the motor manufacturing industry, the big ones are all here, Mercedes-Benz, BMW, Toyota, Nissan, MAN, Ford, Mitsubishi, Opel and Honda. Australia has only one really big one, Holden."

The two Chemetall acquisitions do not provide all the chemicals needed in the industries they serve, but the sectors they can compete in are worth R1bn/year. In metal manufacturing, for example, it's worth about R150m/year; in food, where Cremark is the major competitor, R200m/year; and also R200m/year in mining. They also serve the general engineering, transport, laundry and plastic recycling industries. ■

R4m deal with Germans

SA Breweries and Mathieson & Ashley's (M&A) jointly owned office-furniture company, Kallenbach Hendler, has entered into a R4-million venture with Germany's Interstuhl. *SI Times (BUS)*

Interstuhl, one of the world's largest manufacturers of commercial and industrial seating products, will acquire a 50% stake in M&A's office-furniture manufacturing company, Fineseat. The name will change to Interstuhl (SA), M&A retaining management control. *11/11/92*

M&A managing director John Beck says Interstuhl (SA) will export a fair proportion of SA-made products to Germany.

It will also have the rights to distribute all Interstuhl and current M&A products to most of Africa and the Indian Ocean islands.

Mr Beck says this is part of the thrust to globalise the group's business. M&A will gain access to some of the world's most advanced seating furniture technology and the additional investment in sophisticated computerised equipment.

Interstuhl will benefit from M&A's distribution channels and marketing and sales skills, as well as expertise in solid and veneered woods and laminated products.

Top dog at Germany's BMW to run SA show

S/Times (Buss) 8/11/92

(63) (1/18)

THE likelihood of a closer link between BMW South Africa and the parent company's global manufacturing and export network has prompted the appointment of its most senior executive as head of the firm in this country.

Rainer Hagemann, previously chief controller of BMW Germany, was appointed chief executive of BMW SA from the beginning of this month. He will, however, take up his position only in the middle of January.

BMW SA's possible incorporation in the global operation will be significant for the company. It could involve the SA company in supplying the rest of Africa with vehicles and could result in a sharp increase in component exports.

Wagon

The SA company supplies about 85% of all leather seats for BMW cars in the world. It has proved its ability to supply world-standard components.

It is also possible that BMW SA will become the sole world assembler of right-hand-drive cars. This could mean an increase in production to about 120 000 cars a year.

At present, the Rosslyn plant makes about 80 vehicles a day compared with capacity of about 120.

By DON ROBERTSON

BMW SA could also become the sole manufacturer of the Three Series station wagon.

All manufacturing plants in Germany are producing at capacity. The Regensburg plant produces the Three Series on a made-to-order basis only.

Labour difficulties are being experienced in Germany, workers continually demanding shorter hours and higher wages. The opening of the American factory will help to alleviate these difficulties.

BMW SA recently spent R10-million on a 200ha tract of land near its head office at Midrand. This could be converted into a factory to make components.

Mr Hagemann succeeds Reinhard Kunstler, who was on secondment from the German parent for three years.

Mr Kunstler's contract expired in September. Efforts to renew his contract "were unsuccessful during renegotiations", says a company spokesman. Mr Kunstler has returned to BMW Germany.

His departure has left the company without a chief executive and the day-to-day operation is being handled by financial director Peter Barbe.

German car firms reach a bumpy road

8/007 19/11/92
 BONN — Germany's car manufacturers, which have so far avoided the pain of the global economic slowdown, are about to take it on the chin, analysts say.

Confronted with high production costs, a strong currency, weak overseas sales and a flagging domestic market, the industry is clearly headed for a slump and probably will not recover before 1994, they say.

This bearish outlook was reinforced this week when Daimler-Benz said it expected 1992 net group profit to drop roughly 22% to DM1.5bn from DM1.94bn in 1991. It based the lower profit outlook on falling sales of cars and trucks by Mercedes-Benz.

In the longer term, Daimler planned to cut 10% of all jobs within the industrial conglomerate, or 40,000 positions, by 1994, it said.

Signs of trouble are not limited to Daimler-Benz. Volkswagen has announced shortened work shifts to reduce output; Adam Opel, the German unit of US carmaker General Motors, has said it would eliminate nearly 2,000 of its 57,000 positions; and Porsche said it would lay off another 1,000 workers after giving 850 workers pink slips in its past fiscal year.

News of declining profits comes as a cold shower for the German companies. While competitors in other countries, particularly the US, have been wrestling with losses for nearly two years, the Germans have coasted on what seemed to be never-ending demand from the former East Germany.

63
 "The most important reason the industry has been strong was reunification," said Michael Geiger, a German auto analyst with County Natwest Securities in London. "Everybody in the east had the Trabant. They had to wait 20 years to get a plastic car with technology from the 1930s."

After the Berlin Wall fell in November 1989, "their greatest wish was to get a car before a new TV or a refrigerator", he said. "Now everybody who wanted a new car has one."

While the surge in demand led to two years of strong car sales, it has also left a nation glutted with new cars at a time of plunging consumer confidence.

"Until as recently as a few weeks ago, we had hoped that domestic demand would be stable at 1992 levels in 1993," said Hans Hartmann, auto analyst with Dresdner Bank in Frankfurt. "But now we have a completely new picture. We are looking for a decline in domestic registrations of between 5% or 10%."

In the first nine months of the year, new car registrations were 9.2% below the year-earlier period.

Lower registrations mean fewer cars sold, which, analysts predict, will translate into lower profits for the car makers.

The earnings prospects for Daimler-Benz and VW should become clearer after Daimler-Benz reports earnings for the first nine months today and VW releases its nine-month results on Monday. — AP-DJ.

MB drops finance schemes

STimes [BUSS] 6/12/92
MERCEDDES-BENZ has abandoned its ultra-low interest rate finance scheme because it was costing too much money.

The dealer network will, however, continue offering the same financial package until the end of January — but will foot the total cost of the scheme itself. In turn, Mercedes has introduced a new set of financial packages, but in each case interest rates are substantially higher than before.

The initial scheme, with five options, was introduced in June and had an immediate impact on sales. It was extended about two months ago with even lower rates. These were a one-year deal at 7,5%, a fixed rate of 11,75% or 14,75%, with various residual values over four years, or 17,75% over eight years, with no residual value.

During the six months, Mercedes and the dealer network split the cost of funding these schemes. The company will, however, not contribute to dealer costs for the next two months. The schemes attracted a strong response from other luxury car manufacturers, such as BMW, Audi and Nissan, who pointed out a number of alleged problems with the Mercedes scheme.

63 By DON ROBERTSON

Peter Cleary, MB management board member for the passenger car division, says: "We feel we achieved our objectives and indicated that we would not continue our contribution to the lower interest schemes."

Since the introduction of the packages in June, average sales have risen to 560 vehicles a month and reached 621 in November. This compares with average sales of between 350 and 400 a month before.

In terms of the new scheme, the four-year plan is continued, but at a fixed rate of 12,59% with no residual. Another four-year plan is a linked rate of 14,03% with a 75% residual. A two-year package has been introduced at fixed rates of 12,13% or 12,25%, with residuals of 80% or 85%.

There are two schemes over five years at a linked rate of 13,82% or 14,63% with no residual, or 50% and an eight-year plan at a linked 14,90% with no residual. All have a 24-month touring and maintenance plan.

Other manufacturers offer 15% packages with varying maintenance contracts.

NEWS Chemical plant deaths being investigated • Govt lying about talks - PAC

Lawyers seeking poison victims

Sowetan 17/12/92



Sowetan Correspondent

INDUSTRIAL BATTLE German pharmaceutical company could be sued:

LAWYERS from Medico International, an international human rights group, are in South Africa gathering information from sick employees who worked at a Durban chemical plant and families of those who have died.

The investigations follow an industrial battle between Chrome Chemicals SA and the Chemical Workers Industrial Union and could result in one of the world's biggest pharmaceutical companies, Bayer AG, being sued in the German courts for millions of rands' damages for deaths and the poor health of workers at its Merebank

plant.

The charges against Bayer, which took over the plant in 1974, include alleged responsibility for eight deaths.

Bayer is to be charged with negligent homicide and manslaughter.

A spokesman for Medico International said that the criminal charges were pressed in Germany because South African law did not allow for employees to file a civil suit for damages.

German law, however, allows private citizens and organisations to sue local companies for malpractices committed in other countries.

The sodium dichromate processing which was used in the Merebank plant was long banned in First World countries. In Germany it was banned in 1935. Last year the company denied its sodium dichromate plant in Merebank, south of Durban, was closed because of the horrendous health status of its 216 work force.



BMW SA to produce cars for world market

(19) (63)
SITING (BUSINESS)

20/12/92

By DON ROBERTSON

BY THE end of next year, BMW SA should be in a position to begin the limited production of right-hand drive cars for the world market. Within two to three years, the South African company could be producing the full range of right-hand drive cars for the British and Japanese markets.

This could see production levels rise to about 120 000, including the SA market, compared with sales this year estimated at about 16 000. A prerequisite for this development will be the ability of the company to buy its components from any source at the cheapest price.

This exciting project will be fostered by Rainer Hagemann, the most senior manager from the German parent to be appointed to head up the company in SA.

Mr Hagemann takes over as chief executive in January, having been chief financial controller of the BMW group.

"Globalisation of the South African company is my main aim. By the end of next year we should be in a position to start production. But we will probably select only one model, perhaps a 3-Series, and expand on this as revenues from exports come in.

"It will, however, all depend on receiving government permission and we will, of course, have to work out the logistics and cost structures," he says.

If the project is to work, BMW SA must be

able to buy the cheapest components from any source. South African manufactured components are generally not competitive internationally and pressure will have to be put on them to keep prices down, Mr Hagemann says.

He is also enthusiastic about government plans to reduce import duties on fully built-up cars. Import duties were recently reduced from 110% to 100%, and Minister of Finance Derek Keys has indicated that, over a period of five to six years, duties could be cut to about 40%.

"As things stand at present it is cheaper to build lower volume models in SA, but if we were able to export cars we could use the export credits to pay for completely built-up cars and eliminate the local production of some models. This would give us improved economies of scale," Mr Hagemann says.

BMW is one of the largest exporters in the local industry, with sales this year of about R350-million, compared with total exports of about R1-billion. The local company supplies about 85% of all leather seats for the world market. Mr Hagemann does not, however, see much growth in exports in 1993 as world economies — and thus car sales — decline.

FOREIGN FIRMS IN SOUTH AFRICA — GERMAN
1993

European skills on offer

(63) DIRK HARTFORD ~~1997/7/16~~

A GERMAN service organisation funded by business and government — the Senior Experten Service — wants to make the skills of some of its 3 000 members available for "hands-on shopfloor assistance" to developing businesses in SA. *BIDAM 51193*

Businessman Klaus Dienst said at a news conference organised by Saccola yesterday that the service organisation's members were retired German artisans who were experts in their trade. They included engineers, welders, builders, machine-toolers and wood-workers.

African countries, including Kenya, Zambia, Zimbabwe and Namibia, had used organisation members. But the countries which had used the service most had been China and Brazil.

The organisation sent members out for periods ranging from 10 days to six months. Recipient businesses paid air fares, accomodation and living expenses and R40 a day spending money. The German government has agreed to consider sponsoring air fares to SA.

Boosting small businesses

Sowetan 7/1/93

63

German organisation may open office in South Africa:

By Mzimkulu Malunga

A GERMAN organisation specialising in the enrichment of small business may open an office in South Africa.

Klaus Dienst, a representative of an organisation called Senior Experten Service (SES), comprising retired German craftsmen, paid a short visit to this country to make contact with small business.

The organisation operates in 98 developing countries and is just waiting for an invitation from South Africa's infant industries.

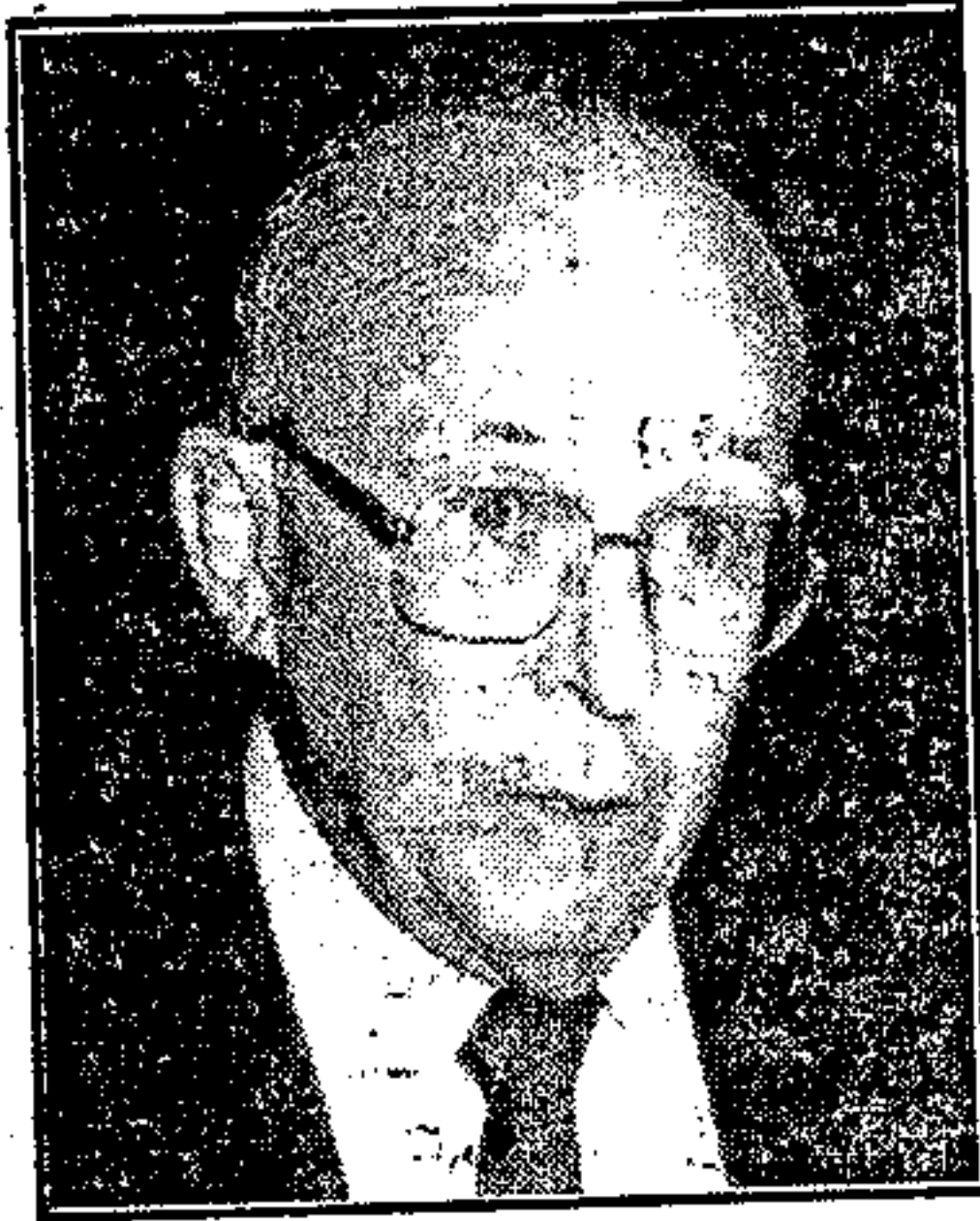
unded by the German govern-

ment, the SES is a nonprofit-making organisation with about 3 000 members.

South African-born Dienst said if the project gets off the ground, it will have a much greater impact than existing local organisations which comprise retired executives as opposed to craftsmen.

"My worry with retired executives who consult for small business is that they do not really understand the needs of infant enterprises," he said.

The retired technocrats are skilled in various fields, ranging from engineering, forestry, livestock breeding and construction to brewing.



Klaus Dienst

German billionaire to finance project

(63) LINDA ENSOR (28)

CAPE TOWN — German billionaire industrialist Dieter Bock is to finance a R200m retail and office development on Cape Town's foreshore. *BLDNY 27/1/93.*

Bock, who recently became Lonrho's biggest shareholder, already has extensive property interests in the city.

Bock, 53, is said to have made his fortune in property in Germany, the US and SA. He recently moved in on Lonrho when he snapped up a majority stake in a £169m rights offer. He had already paid £50m for more than half of Lonrho CE Tiny Rowland's 14,3% majority stake.

The new project, which is subject to approval by the Cape Town City Council's executive committee, is being undertaken by Devland Construction, which reached agreement with the council on swapping land on the ICS/Power Station site.

Council development co-ordinator Philip Theron said yesterday the 35 000m² underutilised bulk which Devland held would be swapped for adjacent council-owned land to enable Devland to develop a building with less height. Devland originally had bulk rights for a 63 000m² high-rise building, and Theron said it was far-sighted of both parties to look at rezoning the total land area.

The land swap deal would be presented to the council's executive committee in the next few weeks.

The council owns 5ha and Devland 1,3ha of land on the site, which forms the gateway between Cape Town's CBD and the Waterfront. The council, Devland and the Victoria & Alfred Waterfront have also begun discussing a proposed canal link between the CBD and the Waterfront across the ICS land.

BMW sets its sights on export market

BIDAM 29/1/93

63

EDWARD WEST

BMW AG has underscored its intention of turning its SA subsidiary into a world supplier with the appointment of its chairman, Ebehart von Kuenheim, as BMW SA chairman.

The move follows the recent appointment of BMW SA CE Rainer Hageman, the most senior manager from the German parent to head up the SA company. Hageman, formerly chief financial controller of the BMW group, took over this month.

Hageman said yesterday BMW SA's goal would be to produce vehicles for the world export market in the short to medium term. Initially there could be a doubling or trebling

of production compared with 15 678 units sold in 1992. Some models would be imported, with their local production being phased out eventually.

Local production of BMW's complete range was uneconomical by world standards. But the plan to make BMW SA a world supplier of certain models fitted in with the group's strategy to source vehicles globally. The most recent development in this regard was the announcement of a new plant in South Carolina to supply vehicles for the US and export markets.

Hageman noted that SA's motor industry would have to move towards a free market system before BMW SA could realise its full potential. The 115% import duties on new cars prevented the import of vehicles at competitive prices, but he was optimistic that government would reduce import duties substantially by 1997 in terms of GATT.

BMW SA planned capital expenditure of R100m this year — mostly on production of new models to be launched this year. The company has become a leading exporter, accounting for 5% of manufactured exports.

RAINER HAGEMANN

New driving force at BMW

FMS/2/93

63

Rainer Hagemann still wears an air of amused surprise when he considers the events that brought him to SA. As chief controller of the BMW group worldwide and having spent his entire BMW career at headquarters in Munich, there was no reason to expect a call to the far end of Africa.

But Reinhard Künstler's sudden resignation as BMW SA's MD late last year caught Munich on the hop. With no planned successor in place, the group had to move quickly. A surprised Hagemann was given 72 hours to decide whether he wanted the job. He needed only 48 hours.

By the time he took control at BMW SA's Midrand headquarters last month, Hagemann was faced with another unexpected challenge. Peter Barbe, the company's financial director since 1984 and its acting MD after Künstler left, resigned.

Deprived of the man who helped BMW SA reap record profits last year, despite motor industry recession, Hagemann is now handling both jobs, but the extra responsibility does not seem to worry him.

As an established senior figure within BMW, Hagemann has little to prove. Instead, his presence will help Munich integrate BMW SA more closely into international group operations.

"To involve SA more in worldwide operations, needs closer co-operation than in the past," he says. "Up to now, the political situation has not allowed us to do as much as we would like." BMW SA is already an exporter of components to BMW's international network and Hagemann believes this could grow.

In the opposite direction, closer co-operation could also mean BMW SA importing its top-of-the-range cars from Germany. There is widespread industry and government support for a plan that would encourage car manufacturers to build more small cars in exchange for reduced import duties on low-volume, expensive vehicles.

In BMW's case, that could mean continuing to build the 3-Series and 5-Series in SA, but importing the 7-Series from Germany. Though it could take several years before this is legislated, Hagemann intends positioning BMW SA for the expected change.

Hagemann (54) is married and has four children: the two youngest are at school in Pretoria and the others are studying in Germany. After gaining a business administration diploma from Hamburg University and post-graduate studies in the US, he specialised as a management consultant before joining BMW in 1978, rising to the position of chief controller in 1989.

He expects to remain in SA for the duration of the transition period — "probably



Hagemann ... closer cooperation than in the past

five to seven years." He admits the current uncertainty about motor industry policy makes planning difficult but believes BMW SA should remain financially successful.

"By international standards, the return on investment is good. Even in the past three years, when overall car sales volumes have declined, BMW SA's financial performance has been stable and deeply black." ■

EDDIE GEORGE

Sterling choice

A week since the announcement of his five-year contract as Governor of the Bank of England, Eddie George's nickname has changed from a misleadingly chummy "Steady Eddie" to "Hard Eddie".

The appointment of George (54), son of a London postman, who bypassed banking's notorious old boys' network on merit more than 30 years after winning an economics scholarship to Cambridge, reflects the need for long overdue change at the top. His physical presence alone is a sign of the changes at the Old Lady of Threadneedle Street (though the position is end-June).

Renowned as an assertive, dedicated professional and meticulous technician with a strong intellect, he has never shied away from confrontation with politicians and is expected to enhance the Bank's independence from government.

A workaholic who does not bear fools lightly, he leaves his modest semi-detached in Dulwich, London, at 7 am and chain-smokes through a brusque 12-14-hour day.

A world-class bridge player who enjoys small boat yachting, George is a world apart from his laconic aristocratic predecessor Robin Leigh-Pemberton. But he denies spec-

ulation, arising from a fluency in Russian, that he was once a Cold War spy in Berlin.

He bears a personal grudge against inflationary practices, but has opposed rigid monetarism in favour of target bands.

Described as the ideal central banker, he gained vast international experience through attachment to the Bank for International Settlements in Basle and global organisations, including the IMF, where he chaired the Committee of Twenty from 1972-1974. He has expert knowledge of Africa.

George, who was made deputy governor in 1990, was an obvious candidate for the top job on ability and experience, though his indifference to Establishment influence and lack of what *The Sunday Telegraph* called "essential graces" was damaging.

He makes no identifiable political noises, apart from agreeing that he is very much a member of the classless society. Support from (equally classless) PM John Major helped him win the post ahead of a clutch of more traditional banking knights.

George and Major agree that after cutting the Bank's umbilical cord to government, the first need is price stability. They also agree that Britain's withdrawal from the ERM was inevitable. The Irish devaluation bears out their firm view that there is no point in even considering re-entering the ERM for the foreseeable future.

George's choice of Rhodesian-born Rupert Pennant-Rea (45), editor of *The Economist*, as his deputy aroused more surprise.

Pennant-Rea worked at the Bank's Economic Intelligence Department from 1973-1977 after earning economics and political science degrees in Dublin and Manchester.

Ambitious, three-times married Pennant-Rea, whose current wife Helen is a daughter of socialist peer Lord Jay, cheerfully mixes a



George



Pennant-Rea

blend of the best Thatcherite and Social Democrat values.

He believes in a balanced budget and is not a rigid monetarist. Colleagues describe him as a clear thinker who will prove invaluable as Britain battles to emerge from recession while keeping inflation down. ■

BMW may export made-in-SA cars

STAR 10/2/93.

63
10

By Derek Tommey

Eberhard von Kuenheim, head of the German BMW luxury car group, has good news for the ailing South African economy.

He told a Press conference in Midrand yesterday that BMW was investigating eventually sourcing all its right-hand drive cars from this country.

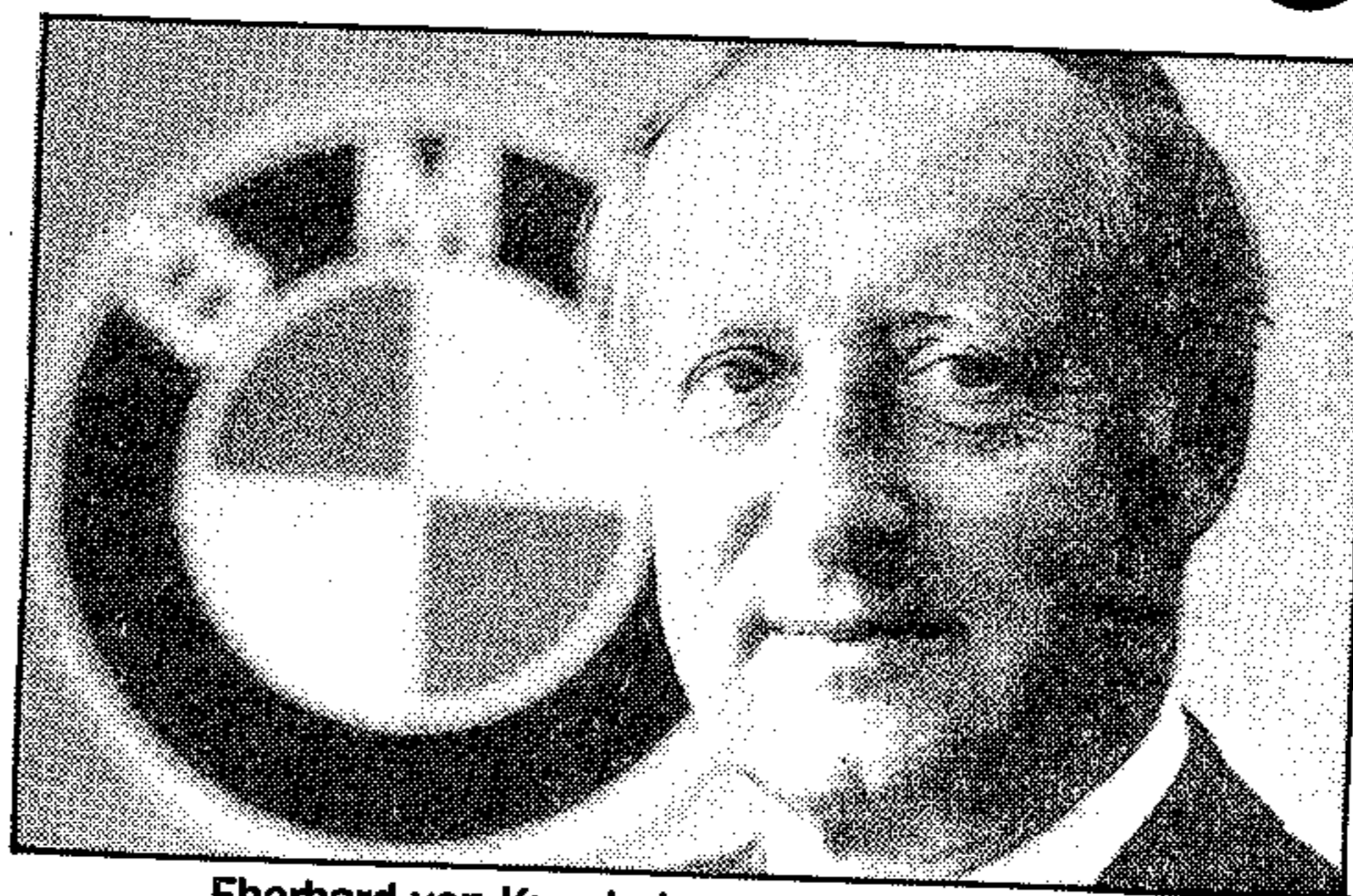
While it was not planned to do this immediately it would mean a major expansion of the South African plant.

Last year BMW sold about 120 000 right-hand drive cars while BMW South Africa produced 15 000 cars.

Von Kuenheim indicated that BMW in Germany could easily afford to invest up to R80 million a year in South Africa. BMW's total annual investment amounted to between Dm2 billion and DM2,5 billion or between R4 billion and R5 billion.

The South African plant would need the the most up-to-date technology, he added. However, he made it clear that BMW would not source cars from this country until BMW was certain that the South African product would remain the equal of the German-produced car.

According to a company spoke-



Eberhard von Kuenheim . . . Big expansion plans.

man other requirements for sourcing cars from South Africa will include a reduction of the 115 percent tariff on car imports.

BMW South Africa would have to reduce the range of products it made here if it wanted to enter the export market in a major way. This would mean that it would have to import some vehicles to make up the range. But the cost of this would be prohibitive while the punitive tariff remained on imports.

Another requirement would be that BMW would have to be able to import components should the local supplier at any time be unable to deliver and meet BMW's

orders.

It was made clear that BMW South Africa could not compete overseas if a failure by a local supplier to meet his obligations resulted in a plant closure.

Von Kuenheim explained that the falling away of sanctions against South Africa had led BMW to feel that BMW South Africa should become fully integrated into the global BMW network.

Evidence of BMW's intention to make a greater commitment to its South African investment is seen in the appointment of Rainer Hegemann, BMW Group's chief controller for the past three

years, as managing director BMW South Africa, and Von Kuenheim adding the post of chairman of BMW South Africa to his other responsibilities.

Von Kuenheim said the going had been tough in South Africa, particularly during the height of sanctions era. But at no time did he feel that BMW's daughter company would not have a rosy future.

Referring to BMW's decision to open a car plant in the United States, he said this was an important step towards safeguarding the company's success in the North American market. Experience in South Africa with international interlinked production systems would help BMW with its new project in the US.

He pointed out that the only other two European car manufacturers which had plants in the US — Volvo and Volkswagen — suffered heavy losses.

Answering questions he said that Mercedes Benz was BMW's only real competitor. The Japanese — and here he was thinking mainly of Toyota — had not done well in the luxury car market in Europe selling between 3 000 and 4 000 units last year.

Instead he was taking more interest in what was happening at Chrysler which had produced a car with higher technology and at a lower price.

Quality glitches delay new Golfs

(63)
S(Times Buss) 28/2/93. (63)

By DON ROBERTSON

VOLKSWAGEN SA has been forced to postpone the launch of its third generation Golf and Jetta range because quality does not meet the German parent company's stringent standards.

The new vehicles were introduced to the media last October and to dealers and fleet owners in November.

Volume production was supposed to get under way at the beginning of this year and the advertising campaign to promote the new model range was due to begin at the end of January. This has now been moved out to mid-April.

Reorganised

It is understood that quality controllers from Volkswagen AG found fault with the build quality of the vehicles and that items, such as the gap between the flush-fitting doors and the bonnet, were not up to requirements.

Other quality problems — described by Volkswagen as "minor" — have also been mentioned.

A Volkswagen spokesman says the start-up plan was aimed at achieving full production by March. This volume obviously takes a while to work through to the dealers and hence national advertising will only start when production volumes are satisfactory.

The company is reluctant to discuss the difficulties it has experienced but says that, during the Christmas shutdown, the entire plant was reorganised to accommodate volume production of both cars.

It adds that quality is a cornerstone of its philosophy and "an uncompromising approach has been adopted that

will ensure that the vehicles shipped from the Uitenhage plant would match those of the parent company's worldwide standards.

"Meeting these exacting standards will lead to a restricted flow of vehicles to the local market over the next few months and initial supplies will not match customer demand.

"The restricted availability has already given rise to great frustration from customers anxious to take delivery of their new cars, for which we apologise. We have delayed our advertising to coincide with volume shipment."

Production has not been stopped, but stringent quality checks have been implemented.

Replies to questions such

as what was the initial planned production, the number of vehicles now being built, what the problems were, whether local supply companies had added to these difficulties, or for how long the advertising campaign has been postponed were not forthcoming.

Second

Cars which have already been sold will not be withdrawn, says the company, as none of the problems relate to safety.

Volkswagen enjoyed second spot in car sales last year with a market share of 18.1%, but suggestions are that it ran in the red.

Managing director Peter Searle has been "playing a low profile" since recovering from a recent illness and is reported to be paying more attention to internal matters at the Uitenhage plant.

SA's top trading partner

By Sven Lünsche

Germany remained South Africa's major trading partner last year with total trade between the two countries rising to R12 billion. (63)

Opening the German Technology Trade Fair at Nasrec yesterday, the German Ambassador, Dr Hans-Christian Ueberschaer, said improved trade relations had been made possible by the political reform programme over the past few years.

Of the total trade, 60 percent

Star 2/3/93
comprised German exports to SA and 40 percent SA imports to Germany.

Ueberschaer said the large number of German companies exhibiting at the Trade Fair, the first since bi-lateral trade relations were suspended in 1986, was an indication that German corporations were not only interested in trading but also investing in the country.

However, large-scale investments would depend on political stability and commitment to a market economy.

More than 145 companies are exhibiting at the fair.

Car makers increase prices

CAR manufacturers have increased prices because of the strengthening of Japanese and German currencies.

Toyota had increased the prices on all its cars, light commercial vehicles, medium-sized and heavy trucks by between 2,5% and 3,5%, Toyota marketing MD Brand Pretorius said.

Volkswagen spokesmen said there would be an immediate 4% price rise on all vehicles except the recently launched model-3 Golfs and Jettas.

Delta announced price increases of between 3% and 3,5% on all its vehicles, effective from March 15, while Nissan said its prices would increase on average by 3% within the next few days.

The only vehicle manufacturers not to announce price increases were BMW SA and Mercedes-Benz SA.

BMW spokesman Chris Moerdyk said there would be no ad hoc increases because BMW bought forward cover and was not exposed to short-term currency fluctuations.

Mercedes said no decision had been made to increase prices. It increased

EDWARD WEST

Honda Ballade and Mercedes-Benz prices by 1,67% and 2% respectively in February.

Pretorius said the strengthening of the yen had led to premature and unavoidable price increases, with German-sourced product also under pricing pressure.

The increases followed a 19,1% depreciation of the rand against the yen since July 1992, compared with Toyota's forecast of 7,5% depreciation — which related to the differential between projected SA inflation at 11% and Japan's inflation rate of 3%. Pretorius said if the currency trend continued, the depreciation in exchange rates would amount to 17% in 1993.

The Phase VI local content programme compounded the issue of strengthening overseas currencies in that foreign exchange usage increased, local content decreased and excise duty penalties had to be paid, said Pretorius.

In 1992 average vehicle prices increased 12,8% against a CPI of 14,1%, compared with 1991's 22,1% average increase against a CPI of 15,2% in that year.

3/3/93
B/DAY

63

We saved black jobs - Germans

Sowetan 15/3/93.

By Bob Tilley
Sowetan Foreign Service

63
Germans say refusal to
disinvest was right:

MUNICH — German firms which continued to invest in South Africa during the American-led “disinvestment” anti-apartheid campaign had contributed to stability there and had saved black jobs.

This is according to the head of the German-South African Chamber of Trade, Mr. Klaus Volker Schuurmann.

In an interview in the latest issue of the influential German weekly *Die Zeit*, Schuurmann denied that German trade and industry had taken advantage of the withdrawal of

American investment from South Africa.

The *Die Zeit* interview was prompted by the strong German representation at the Johannesburg Industrial Fair — described as the “first official economic presentation by the Federal Republic of Germany” in South Africa.

The *Die Zeit* correspondent suggested the description was “perfidious” because Germany had always been unofficially present in South Africa. “We don’t always see political conditions as a hindrance or necessarily an indication of direction”, replied Schuurmann.

GERMANY

Focusing on SA *FM 19/3/93*

If it's true that those on the sidelines see more of the game than the players, it might also be true that you get a better perspective on SA from a vantage point in Germany.

This could explain the keen interest that German industrialists, and the German government, are showing in SA these days. They believe SA is at the nadir of its problems and has huge growth potential that isn't always so visible in SA.

Germany does not want to jeopardise its position as SA's biggest trading partner and one of its largest investors by waiting until after the upswing begins and lots of other countries jump in. So Germany is making a big push now. This month it mounted the German Technology Trade Fair '93 at Johannesburg's Nasrec. The R3m effort, the first official German exhibition in SA since the EC imposed sanctions in 1986, brought 144 exporters here looking for orders.

But German moves to forge a stronger Germany-SA relationship are not a one-way street. Last week a delegation of senior members of the BDI (Bundesverband der Deutschen Industrie), a powerful, privately funded organisation formed to brief and lobby the German government on industrial matters, toured SA with an eye on investment opportunities and imports, as well as exports.

In the weeks before, several big international German trade fairs sent delegations to SA to sign up SA companies for exhibition space. Among them were the Hannover Messe, the world's biggest industrial fair; Interpak, the world's biggest packaging fair, which is held in Düsseldorf; and EMO, in Hanover, which is billed as the biggest metal working fair in the world.

Meanwhile, about 15 German companies have invested in SA over the past two years, bringing the total number of companies with big investments here to about 325, putting Germany second behind the UK.

And trade figures for 1991, the latest full-year figures available, show that German imports from SA were up 8,9% to DM3,2bn. German exports to SA that year were down 4,5% to DM4,7bn.

German industrialists have had reservations about investing in SA because local companies have shown a lack of confidence by not investing. But these concerns have been addressed, at least in part, by the R7,5bn commitment to Alusaf's aluminium smelter expansion at Richards Bay (*Business and Technology* November 20) and other projects.

The German Technology Trade Fair, organised by Imag (Munich International Exhibition and Fair Service), was part of the German government's programme to promote German exports. Though they didn't walk away with lots of new business, the companies exhibiting rated it a success, says

63 Klaus Volker Schuurman, CE of the SA-German Chamber of Commerce & Industry.

"They knew before they came here that we are suffering from a recession. Only 6 000 people visited the exhibition; it may have been cheaper to have flown them to Germany. But they wouldn't have seen 144 firms under one roof."

Schuurman explains: "The purpose of the exhibition, and of the BDI visit, was to identify new opportunities. Exhibitors at Nasrec didn't leave these shores with order books filled to the hilt, but they left with the impression that they had visited a reliable trading partner. They are looking to the future. Despite being in recession, SA is the powerhouse of Africa south of the Sahara. There is a strong belief that it has passed the nadir of its recession, that it will take off soon and become a world-rated player."

While German companies are scouting the terrain here, some SA companies are sniffing out opportunities in Germany. According to Bernhard Herzog, MD of Herzog Marketing Services, which facilitates access to European markets for non-EC companies, some SA companies are studying the eastern Germany privatisation programme with the goal of establishing subsidiaries in Germany and gaining a foothold in the EC.

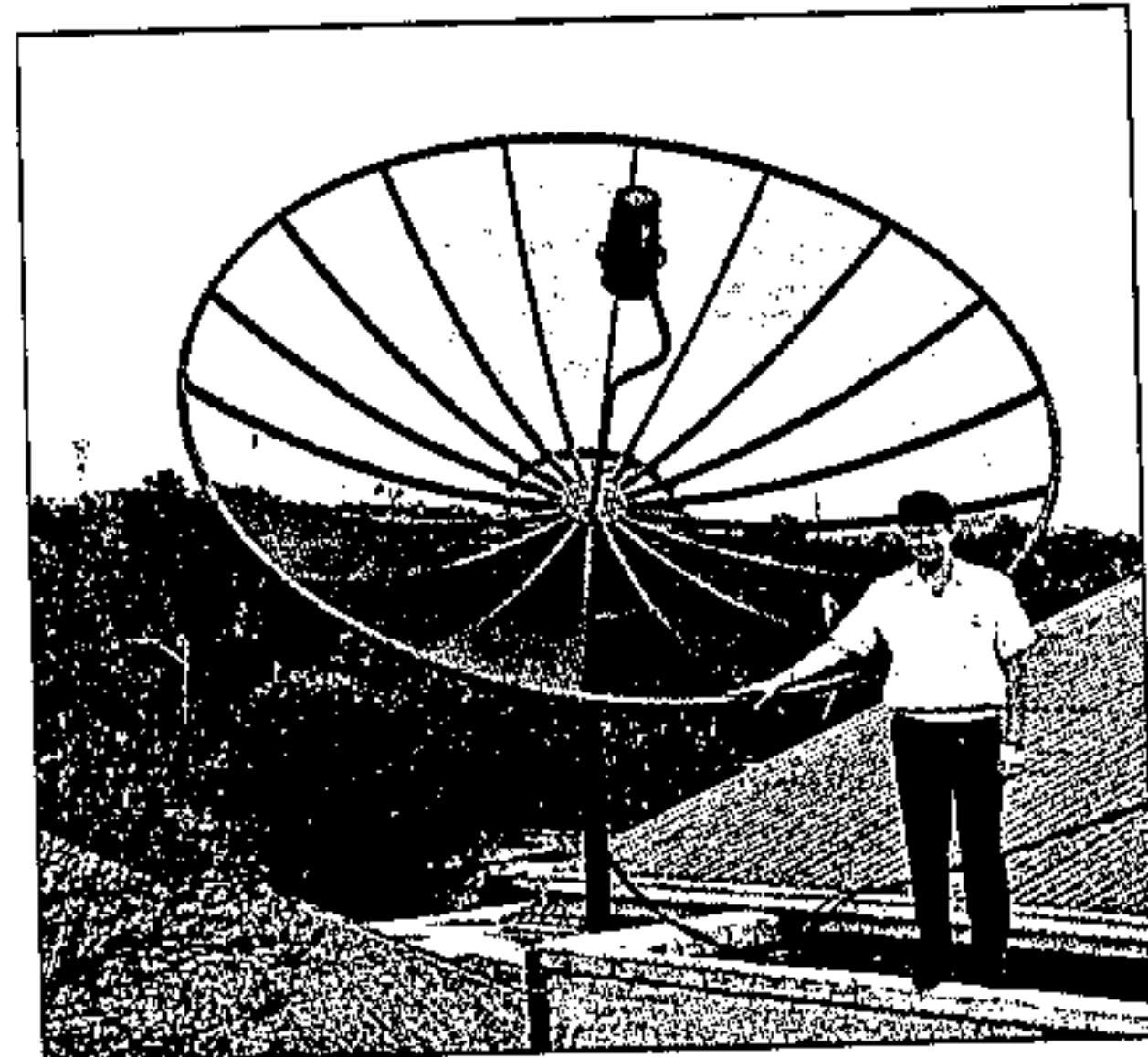
SATELLITE TV
FM 19/3/93

Dishing out more stations

Satellite TV, once the illegal preserve of the wealthy, is poised to boom in the local market. Advances in technology have driven down the price of satellite equipment and better reception of foreign stations means more people are tuning in.

Since satellite TV was legalised locally in 1990, about 2 500 systems have been installed, mostly in urban areas. The price has dropped from R30 000 to R7 000-R15 000. A dish that can track all passing satellites will cost about R15 000, but it gives access to a greater number of channels than a fixed-dish system.

"The market is growing and we're installing about 50 dishes every month," says Aerial Empire Satellite CE Paul Glass. The com-



Paul Glass's baby ... serving up more television

Volkswagen may cut 25% of workforce

ERICA JANKOWITZ

63

VOLKSWAGEN SA and employee representatives have started negotiations which are expected to lead to a reduction of about 25% in the company's workforce.

Last Friday VW management met the National Union of Metalworkers of SA (Numsa), representing 6 000 hourly paid workers, and the SA Iron, Steel and Allied Industries' Union, which claims about 2 000 members. They met again yesterday and another meeting is scheduled for Friday.

A VW spokesman said the company was considering all opportunities to cut costs because of the state of local and international car markets. VW declined to confirm suggestions that it was seeking to reduce its 9 500-strong workforce by 2 300 through layoffs, natural attrition and early retirement. The spokesman said VW hoped to avoid retrenchments but this could not

be ruled out.

He also denied that the cutbacks were due to VW's falling market share.

The company produced about 15% fewer vehicles in 1992 than in 1991 and lost 2% of its market share — second only to Toyota which was affected by a protracted strike.

The launch of VW's third-generation Golf and Jetta ranges has been postponed to mid-April because inspectors from VW's German parent company ruled that the quality was substandard.

Iron and Steel Union spokesman Van Niekerk Venter said rumours of 2 000 retrenchments had been denied by VW MD Peter Searll. But in the past "the grapevine had been proven to be accurate". A Numsa spokesman refused to comment "because of the sensitivity of the discussions".

8/10/92 24/3/93

The battle of the German giants

By Sello Rabothata

AUDI has outsold its major rival in the prestige car sector of the market for the third consecutive month.

National Association of Automobile Manufacturers of SA figures show sales of Audi were 49 percent ahead of BMW 5 series models in February, with 255 Audis sold. In December 1992, 42,7 percent more Audis were sold than the BMW 5 series models and in January this year Audi again outsold the 5 series by 90 percent.

Mr Dave Malherbe, marketing director of Audi, attributed these successes to the fact that consumer confidence in the marque was increasing.

He said: "A recent independent survey by Markinor, conducted among respond-

■ Audi streaks ahead of its major rival in car sales:

ents with a monthly household income of R8 000 or more, indicated that trust and confidence in Audi were steadily growing."

The results showed that over an eight-month period the number of respondents who said they had "a great deal" or "quite a lot" of trust and confidence in Audi increased by six percent. This assumes additional significance as the trust and confidence rating of the two prestige German competitors in this study declined over the same period. The International Motor Sports Association (IMSA) said the Audi's broadly based performance reveals it to be an important new force in the continuing struggle for luxury supremacy.

Not what you'd expect from a VW

W/Mail 26/3-14/93
63

VOLKSWAGEN South Africa is likely to retrench up to 25 percent of its workers, according to industry sources. This news could shake an already fragile labour scene in the eastern Cape.

The company is locked in negotiations with the National Union of Metalworkers of South Africa, which has 6 000 members at VWSA, and with the South African Iron, Steel and Allied Industries' Union which has 2 000 members.

The company employs 9 500 workers and is expected to thin out its workforce by 2 300 employees through layoffs, natural attrition and early retirement.

Both the company and the union declined to comment.

Manufacturing companies in the

region are being forced to retrench workers because of the weakening economy, but unions believe other solutions can be found.

Already thousands of workers have been retrenched — the highest figures in the region — and labour experts predict this number will increase steadily during the year.

A survey by a BA Honours (Industrial Relations) student at the University of Port Elizabeth (UPE), Julie Andrea Ehinger, found that six percent of the total workforce in Port Elizabeth and Uitenhage alone had been retrenched between January 1990 and August 1992. Ehinger predicts that these retrenchments will increase during 1993 and bases this on discussions held with people in industry.

Attempts by Volkswagen to lay off a quarter of its workforce, with its ensuing ripple effect on other industries, will be another blow for the troubled eastern Cape economy.

By BEVERLEY GARSON

Martheanne Finnemore, of the UPE Industrial Relations Unit, supports her predictions. Finnemore said retrenchments will continue in 1993 and that this trend has already been proven with the announcement by two established Sappi companies that there will be retrenchments in its factories.

"The picture for 1993 looks bleak,"

she forecasts. "We are aware that people are being retrenched all the time. Permanent employment is diminishing in the area and nobody that leaves is being replaced."

"With one in every 14 people finding a job the picture looks bleak. If people with degrees can't find jobs what about people with only Standard Six?" asks Finnemore.

She believes trade unions will push for a moratorium on retrenchments and that this will be strongly resisted by managements. Union leaders feel workers should not bear the brunt of the bad economy and that other methods of survival for the region should be investigated.

An eastern Cape Congress of South African Trade Unions representative, Thobile Mhlahlo, feels retrenchments

are unacceptable. "Retrenchments are not the only method that can be applied in addressing the crisis in the economy of the eastern Cape. Retrenchments will contribute to the 70 percent of people who are already unemployed in this region," Mhlahlo says.

He says workers will think of strategies on how to respond to possible retrenchments and each Cosatu affiliate will have to give direction on what workers want. Mhlahlo says workers will have to decide if they are going to fight strongly for a moratorium on retrenchments during this year's annual negotiations.

"The question of retrenching workers is negative. It is negative to the economy, processes of negotiations and to the reconstruction process."

He says instead of retrenching workers companies can improve skills training under the reconstruction process. However, business sees no other solution but retrenchments, but is fairly positive that this trend will change during the second half of the year.

Midlands Chamber of Industries (MCI) representative Madeleine Loyson believes the continuing trend of retrenchments will continue at least until the middle of this year. She says retrenchments in one industry will have ripple effects in other industries and this continuing "spiral downwards" has not stopped.

On a positive note, Loyson says employers are "much more sensitive about job creation" and that the MCI is becoming involved in assisting the informal sector and small business which must be encouraged because of retrenchments.

In February the East Cape Economic Development Forum was launched in Port Elizabeth with top speakers highlighting ways of rebuilding the eastern Cape economy.

This forum incorporates major business representatives, all political parties and organisations and interest groups striving to improve the local economy which could, in turn, lead to more employment opportunities rather than retrenchments.

Work to rejuvenate the eastern Cape economy will not be done overnight and the forum certainly has its work cut out for it. One advantage this region has over others is that there is a relatively low level of violence. — Pen

VW retrenchment plan

(63) RAY HARTLEY

VOLKSWAGEN SA proposed rationalising 2 270 of its 9 500 workers — 28% of the workforce — this year, National Union of Metalworkers of SA (Numsa) national organiser Gavin Hartford said yesterday.

Hartford said an alternative proposal by Numsa, which suggested that 623 workers over the age of 55 be retired with full benefits and 150 service workers be moved out of Volkswagen with their wages protected for between 12 and 18 months, had been rejected by Volkswagen yesterday. *Blom 31/3/93*

Volkswagen managers had told the union they would go ahead with a three-phase rationalisation process including voluntary retirement and retrenchment, followed by compulsory retirement and ultimately by compulsory retrenchment.

A total of 762 jobs were under threat in the first half of the year according to the management plan, he said.

A further 250 workers in security, cafeteria, training and from the company's defunct export operation to China would be retrenched in July, according to the company proposal, Hartford said. The remaining retrenchments were set for the second half of the year.

The local retrenchments formed part of plans to retrench 36 000 workers in Volkswagen operations around the world, Hartford said.

NEWS IN BRIEF

B/DAY 1/4/93
Miners resume work

NORMAL underground work has resumed at Genmin's Beatrix Gold Mine. All workers, except for 400 Zulu speakers whom management moved to the St Helena Hostel after they clashed with Pondo, reported for duty on Tuesday.

Gengold spokesman Albert de Beer said a peacekeeping committee of workers and management would monitor the hostels and mine main entrance.

Film subsidies returned

B/DAY 1/4/93
THE Home Affairs Department said in Pretoria yesterday film companies which misappropriated government subsidies had paid back more than R1m. Some companies, however, still faced criminal charges.

'Last post' sounds

B/DAY 1/4/93
THE SA Defence Force's first retrenchment parade took place at Cape Town Castle yesterday when about 400 Western Province Command members were bid farewell to the strains of Auld Lang Syne.

Nearly 6 000 SADF personnel have been retrenched recently. The SADF budget has been slashed by more than a third in the past five years.

'Call up jobless only'

B/DAY 1/4/93
THE unemployed should be called up for national service to combat crime and violence and unionists who instigated labour unrest should be held criminally responsible, SA Iron and Steel Union manager Nic Celliers said yesterday. The suggestions are part of a security and commerce plan the AWB and the union want to discuss with President F W de Klerk.

Employment Act

B/DAY 1/4/93
WE REPORTED incorrectly yesterday that: "As legislation now stands, the Basic Conditions of Employment Act will grant to farmworkers the right to strike." The Act does not deal with strikes. Business Day regrets the error.

REPORTS: Business Day Reporters, Own Correspondent, Sapa.

AHI wants ceiling on wages, prices

B/DAY 1/4/93
THE Afrikaanse Handelsinstituut (AHI) has asked its members to hold wage and price increases to 5% or lower for the next two years in line with the declining trend in money supply growth and inflation.

AHI chief economist Nick Barnardt said yesterday his organisation had taken the decision in line with its support of Reserve Bank policies to combat inflation.

The decision was also aimed at trying to prevent further declines in business volumes.

"The AHI general management accepted a motion at its six-monthly meeting to encourage members to hold price and wage increases to below 5%. The message of discipline should be communicated to members and the broader business sector," he said.

Inflation would peak close to 11% as a result of the VAT, fuel price and other increases included in the Budget, Barnardt said.

However, he saw it falling sharply after that, possibly to 5% in 1994.

He said any temptation to raise interest rates to protect the balance of payments should be resisted in light of

TIM MARSLAND
the decline in inflation and money supply growth as well as the deepening recession.

The pressure on the balance of payments should rather be managed by mainly continuing the fluid exchange rate policy and the "overall laudable monetary policy flexibility" of the past six months.

In the current recession, a moderate real depreciation of the rand would have a minimal negative effect on inflation, but would actively encourage exports.

He said the AHI continued to support the Reserve Bank's focus on disciplined monetary expansion, which implied that interest and exchange rates were largely determined by the markets.

Once the balance of payments stabilised, he expected a further cut in interest rates in response to low credit demand.

This would partially offset negative effects the hike in VAT and other taxes would have on the business cycle and could help prevent a deepening of the recession, he said.

Talk of VW layoffs 'premature'

B/DAY 1/4/93
VW SA said yesterday it was too early to say it would be retrenching more than 2 000 workers this year.

But up to 1 000 workers were in danger of being laid off in the near future. VW human resources director Brian Smith said 500-1 000 jobs at the Uitenhage plant were "currently under review" because of a sharp drop in exports and a declining local market.

Numsa national organiser Gavin Hartford said on Tuesday the car manufacturer had proposed rationalising 2 270 of its workforce this year.

VW said talks of staff reduction was "premature" and dependent "on the impact of the recent Budget on

the local market, the outcome of various export orders currently under discussion and the success of the new Golf and Jetta range".

Smith stressed the company would try to "achieve reductions through voluntary packages offered to all employees, early retirements, outsourcing and natural attrition".

He said VW SA was renegotiating a contract to supply Jettas to China. The future of workers involved with exports to China would depend on the outcome of the negotiations and on local market conditions.

ERICA JANKOWITZ and EDWARD WEST

Putco, Sabta

B/DAY 1/4/93
PUTCO and the SA Black Taxi Association (Sabta) fares will not increase when fuel prices go up tomorrow.

Putco MD Jack Visser said yesterday the bus company would absorb the increase of 16c/l on diesel for three months. Sabta also said it would not increase its fares and was negotiating with the Mineral and Energy Affairs Department for a "special consideration" for taxis.

Visser refused to say how much it would cost Putco to absorb the increase. "We are so close to our annual increase on July 1 that we did not feel

pledge not to raise fares

THEO RAWANA

it necessary to raise fares now."

Sabta public affairs manager Cyprian Lebesa said the organisation had given Mineral and Energy Affairs "a few options". The taxi organisation expected a reply today.

Postal tariffs and suburban train fares went up at midnight last night and petrol will cost 15c/l more at the coast, and 16c/l more in the interior.

Postal tariffs will cost an average of 30% more. A stamp for a standard

letter will cost 45c from today.

Suburban train fares will cost an average of 9,75% more, but the SA Rail Commuter Corporation has assured its customers that there will be no further fare increases this year.

Sapa reports that cheaper dialling times for overseas telephone calls will be introduced today.

Telkom said the standard rate to more than 100 countries would drop by about 7% and the new off-peak rate would be up to 20% cheaper than the standard rate. But VAT on calls would increase to 14% on April 7.

VW drops into the red

310PM 11493
WOLFSBURG — Volkswagen Germany suffered an after-tax loss of DM1.35bn in the first quarter of this year compared with a DM0.2bn profit for the same quarter last year, the group said yesterday.

The provisional results showed group sales of DM19bn, down by 10% from DM21.2bn. (163)

Financial officer Werner Schmidt said VW, Europe's biggest car manufacturer, also expected a loss in the second quarter, "but it will be much less than the first-quarter loss" (12)

He said VW expected a profit for the second half of the year, and the group would break even for the year with sales of 3.3-million units against 3.5-million last year.

In the first quarter, the group sold 767 000 vehicles, down 12% percent on the same period last year, while deliveries totalled 783 500, down 10.5%.

Group production in the quarter was 755 000 vehicles, down 18%.

VW estimated car sales in Germany plunged by 25%, and by 17% in Europe. The North American market was down 0.9% while sales in the Japanese market fell 8.2%. — Sapa-AFP.

B1077
2/4/93

IBM to cut 10 000 jobs

(62)

PARIS — IBM Europe will cut nearly 10 000 jobs, and has told four plants in Britain, France, Spain and Sweden to show they are profitable in the next 12 months, an IBM Europe spokesman said yesterday. His comments come after the US-based corporation reported a \$4.9bn loss in its operations worldwide last year.

(15)

Answering the charges

Bombarded by damaging stories about the quality of its vehicles and the state of its business, Volkswagen is fighting back.

Facing reports that the German parent is unhappy with the quality of SA-built vehicles and that the Uitenhage plant is preparing to slash its workforce, VW MD and chairman Peter Searle insists there is no crisis.

Searle, who has headed VW for 15 years, doesn't deny there are important issues to be faced within VW or that 1993 will be another tough year. But given the parlous state of the motor industry generally, he says he's not unhappy with the way his company is progressing.

His comments are among the first in an exercise to address publicly growing concerns about the state of VW. After a prolonged period of VW silence in which doubts were expressed about the future of the company, he is anxious to set the record straight.

And not before time. When one of Volkswagen's biggest customers, whose company buys thousands of VWs and Audis every year, asks "What the hell's gone wrong at VW?" it's clear that VW faces a serious image problem. The results of a new survey of car-buyers' opinions of manufacturers also suggest VW's stock has fallen.

Much of the current uncertainty stems from last year, when VW's policy of near-silence proved a fertile breeding ground for rumours about the company: the German parent wanted to replace senior SA management; Audi vehicles would be built elsewhere; the company was losing money hand over fist; and more.

Most were just that — rumours. Others are more difficult to play down. Searle confirms that availability of the new Jetta and Golf ranges has been delayed by quality problems at the plant. But he says the issue is not one of falling quality. Rather, the cars could not immediately meet higher standards demanded by the German parent.

"Germany is insisting on a new quality standard, both for itself and for subsidiaries. There is a huge quality drive throughout the group and we are part of it."

Searle says the quality problem has been overcome and the company already has shipped more than 1 000 new Golfs and Jettas to dealers.

The question of plant over-staffing is a sensitive one. The biggest employer in the still-depressed eastern Cape, VW employs about 8 000 people, including 6 000 who are hourly paid. It has been slower than other motor companies in reducing numbers and industry sources say VW wants to lose at least 2 000 jobs.

Searle says the figure is exaggerated. The short-term target is between 500 and 1 000 jobs, which he says can be phased in through early retirement and without retrenchment. "Negotiations are proceeding with unions on

FM 2/4/93

how to rationalise the company and on how we can become a lot leaner in line with competitive demands and reduced export business." (63) (192)

VW was able to support an inflated workforce last year because of an aggressive export drive that earned the company R500m. Searle thinks VW will be lucky to match that in 1993 because of reduced demand in Europe.

On the bright side, Searle says VW has completed its latest capital expenditure cycle, which included R170m in 1992. Most of that was for the new Jetta, for which the total investment was R250m. He expects capital expenditure this year to drop to R50m.

"We have basically completed our product programme for the time being and we have the product range we want. We are ready to go and take VW back to where it should be. We are in good shape."

David Furlonger

AN EMERGENCY team has moved into Volkswagen's Wolfsburg headquarters and is dishing out bitter medicine in equal measure all round.

The group's employees, shareholders and top management have all been subjected to a stiff dose in the three months since Ferdinand Piech took over as chairman. The aim is to effect a cure and put group earnings back on the path to growth by next year, according to Piech.

Volkswagen, which encompasses the VW, Audi, Seat and Skoda marques, is Europe's biggest car maker with annual turnover equivalent to about 3% of unified Germany's economic output. The symptoms of the group's malaise, detectable in less acute forms elsewhere in German industry, include concentrating on turnover and employing large numbers of workers at the expense of costs and profitability.

Proclaiming an "emergency", Piech disclosed at the company's annual media conference last week that Volkswagen had plunged into a DM1.25bn loss in the first three months of this year. The underlying seriousness of the situation had already been exposed two weeks ago when the group reported an 87% collapse in after-tax profit last year to DM147m — all earned on the supply of spares.

Piech drafted his restructuring programme within days of arrival. About 36 000 jobs were earmarked to go by the end of 1997. His announcement that 20 000 would be cut this year alone, mostly in Germany, undervalued his determination to curb spiralling wage costs. Capital investments for this year have been throttled back by about half, to DM6bn.

The first victim of the spending cuts will be plans to expand capacity. "A lot more can be squeezed out of existing plants without the need for great investments," Piech said. The development of a new factory in Mosel, eastern Germany, has already been delayed.

Guided by their charismatic company doctor, grandson of the legend-

Volkswagen calls in outsiders to tackle its malaise

CHRISTOPHER PARKES

ary Ferdinand Porsche who developed the VW Beetle, the group's supervisory board (which oversees policy-making and management) agreed to hack the 1992 dividend from DM11 to DM2 and remove three management board directors, including the finance director.

And now the therapy is to be shared more widely — among 1 500 suppliers — following the hijacking of the idiosyncratic arch-motivator Jose Ignacio Lopez de Arriortua from General Motors in Detroit.

Lopez, the group's new purchasing director, dubbed "the merciless", is armed with a reputation worthy of his nickname. Within days of his recent appointment he was at work searching for economies in the group's estimated DM50bn annual bill for bought-in components and services.

In an attack on the overengineering pinpointed by others as a prime failing of German industry, he ordered that the present 16 rear-axle variants for the VW Golf should be reduced to four. He proclaimed that in future the company would concern itself with "core" competences in engine blocks, gearboxes, bodywork and painting. The rest would be left to outside suppliers, which would be cut to fewer than 200. They would be required to supply standardised modular components — complete

brake units of pedal, discs and anti-lock electronics, for example — which could be installed in the greatest possible number of models.

The arrival of Lopez has rattled the suppliers, which currently provide about 65% of components to the group worldwide and about half that level in Germany. Piech tried to soothe their fears, claiming that price cuts would be made on a cooperative basis. "If a supplier does not think he is able to manage, our people will go in and help," he promised. "We can only survive together in symbiosis." While he would not say precisely how far procurement costs must fall, the price cuts had to be as big as possible "without causing our suppliers to go under".

Confirming his reputation in the motor industry as a leader, Lopez last week delivered six of his senior GM buying team members — his "warriors" as he calls them — to Piech. One, Jose Gutierrez, immediately replaced the procurement director for the VW marque.

This move underlines Piech's determination to shake up and rebuild the cosy relationships between the company and its suppliers and at the same time revitalise its congested

hierarchy with outside senior managers. "Within the group there are basically 200 to 300 people who are absolutely indispensable for our survival," Piech said recently.

There was a huge mass of people in group administration who now had to ask themselves what they did to earn their keep, he remarked. "I have always paid more to those people who did not see it as their business to build up hierarchies than to those who built up substructures in order to push themselves one step higher." Work is now under way to reduce the current nine management levels to three.

The restorative action being undertaken has been widely welcomed. But while investors have tended to view the dividend cut as their contribution to overall belt-tightening, the loss announcement reinforced scepticism at the management's claim that the group would break even by the end of the year.

Amid such apprehension it is easy to lose sight of the strengths underpinning Piech's faith that the '90s would be a decade of profit. Thanks to his grandfather, the Volkswagen name is one of the best-known car marques in the world. Despite the domestic slump and slow sales in Europe overall, its market share of close to 17% still dominates its rivals. Thanks to Carl Hahn, who led

the group's international expansion during the '80s, Volkswagen is also less dependent than most of its European competitors on the west European market, where estimated long-term growth of up to 3% a year must increasingly be shared with the encroaching Japanese.

Although the group's US market share has collapsed to about 1%, other overseas investments are performing strongly. Its plant in Mexico helps supply a 32% share of the local market, and forms the likely launch pad for a renewed assault on the US. China, where the group's first factory increased output by 86% to 65 000 units last year, is forecast to become the group's third biggest market after Germany and Italy by 1996. Skoda, the Czech affiliate, reported an 18.5% increase in deliveries in January and February this year over the same 1992 period.

However, many underlying problems remain. As one industry observer notes: "VW is a classic case of a company that has made too extreme a sacrifice in short-term profitability for future growth." The price is now being paid. By sharing the pain among all involved and setting clear targets, Piech has acted according to the international book of good corporate housekeeping. But he has also launched a violent assault on the stifling management and industrial practices common to German industry. The restructuring programme is at odds with German management's ingrained softly, softly approach to radical change.

It is no accident that the frontline team picked to drive it through is entirely foreign. Lopez is a Basque, and Daniel Goeudevert, main board director responsible for the flagship VW brand, is French. Piech is an Austrian, although his old-fashioned sense of duty and commitment has earned him the sobriquet of "the last Prussian".

By selecting outsiders to resolve the crisis, the supervisory board has sent the clearest possible signal that it believes traditional German management is not up to the job of steering Volkswagen away from the brink of disaster. — Financial Times.

VW's export deal on track

63 EDWARD WEST Searle.

VOLKSWAGEN SA said yesterday negotiations for multimillion-rand exports to China were at an advanced stage. Chairman Peter Searle said the firm would supply tooling to China worth R100m and export more of the company's Jetta range in 1993 and 1994.

Volkswagen was exporting 4 500 semi-knocked-down Jettas to China worth R150m as part of a two-year order for 12 500 vehicles. The order was won last year and was also intended to help China establish its own assembly operation.

Searle said VW AG in Germany saw the local operation as important in the development of VW's growing business in China, as well as strengthening its business in SA and the subcontinent.

Volkswagen SA in future would play a part in VW AG's global sourcing strategy. Recently appointed VW AG chairman Ferdinand Piech was determined to pursue the idea of the SA firm being a worldwide source for right-hand drive Audis, said

Because of the lower forecast for the domestic market after VAT increases, and lower exports to Germany as a result of a sudden downturn in that market, VW would streamline operations.

Searle said negotiations between VW and Numsa and the Yster and Staal trade union, on the results of making its operations leaner, were continuing. Between 500 and 1 000 jobs at the Uitenhage plant were under review.

Production of the third-generation Golf and Jetta was back on track after production shortages occurred earlier this year after adjusting to new standards to meet new German quality improvements, said Searle.

He said more than 1 200 new Golfs and Jettas were shipped to dealers in March and production was being increased to peak at 85 a day by mid-May. VW was targeting a 25% share of SA's total market.

Virgin rules out SA flight this year

STEPHANE BOTHMA

— the best time to fly to SA. "Until we get a guarantee that the slots requested will be granted, we will not start flying to SA," he said.

Meanwhile, Virgin will start to take delivery of its A340s in October this year. Besides SA, the airline also planned to use the aircraft to open new routes to the US East Coast and the Asia-Pacific region.

Virgin chairman Richard Branson said that with the A340, the airline would have a fleet featuring the most modern long-haul aircraft of any UK airline.

VIRGIN Atlantic Airline would definitely not be flying to SA this year because of the battle between Heathrow Airport officials in London and the carrier over landing and take-off slots for the SA route.

However, the UK-based carrier yesterday signed a contract with Airbus Industrie for the acquisition of four ultra long-range A340-300 aircraft which would be used to open new services.

Virgin spokesman James Murray yesterday said although Virgin had managed to obtain the slots requested for the UK summer, Heathrow could not guarantee similar landing slots for the English winter

Farmers' package deal makes way for housing

8/09/93 ADRIAN HADLAND

PRETORIA — More than 200 farmers have agreed to sell their land en bloc in a development project aimed at creating housing for about 370 000 people. The Klipfontein and Kruisfontein development project, situated just north of Pretoria, was "one of a kind at provincial level within SA", Transvaal Provincial Administration (TPA) director of town and regional planning EP van der Walt said yesterday.

The farmers had agreed to sell their land on condition that all 200 plots were lumped together in a package deal, that assistance was provided for the relocation of historic family graves and that the land price was fair and reasonable, Van der Walt said. The sale was expected to be completed by July.

The plan catered for the 65 000 residential plots, schools, primary health centres, churches, community centres and a central business district.

The initial cost for the establishment of infrastructure at the 3 500ha site was estimated at R300m. This would be shared by the TPA, the Pretoria Regional Services Council, the National Housing Fund and other bodies, Van der Walt said.

The cost of erecting the 65 000 houses and other facilities would be borne by private developers. "This is the first time that a community in the Transvaal has shown such a positive attitude towards urbanisation," said TPA MEC for physical planning and development John Mavuso.

Although the aim of the project was to settle middle- to low-income groups in the area, higher-cost housing could also be incorporated in what was intended to be a nonracial development, Mavuso said.

In a bid to ensure the universal acceptability of the project, 39 groups, ranging from civic associations and the Pretoria City Council to Eskom and UN representatives in SA, had been consulted.

Head of the Klipfontein and Kruisfontein Development Trust, AVU MP Koos Botha said he hoped the project would bring the new SA nearer to the people.

German firm gives lift to SA research

63 KATHRYN STRACHAN 143

A GERMAN pharmaceutical company is to invest millions in SA research to investigate new methods of fertility control — as well as to develop a new, non-hormonal contraceptive for men.

The company, Schering AG, signed the three-year research agreement — which provides for the payment of R1,2m a year — with the Medical Research Council (MRC).

The agreement was signed in Cape Town recently by Schering AG's Gunter Stock and Dr Roger Stewart of the MRC's strategic health research group.

Stock said his company awarded the contract to the MRC because work by the Tygerberg Hospital Reproductive Biology Unit, which is supported by the MRC, was at the "cutting edge" of research in this field.

Stewart said that the MRC would co-ordinate the drive in SA to develop new approaches to the issue of fertility control, which would also benefit infertile couples. 8:0AM 23/4/93.

VW's early retirements

STimes 6455 J
25th 93
VOLKSWAGEN SA has begun its drive to reduce costs by offering voluntary early retirement to all employees from the age of 55-years and up. ~~1982~~ (63)

A company spokesman says the slump in the world automobile market has led to a significant cancellation of some of VW's export orders, necessitating a production cutback in some areas.

In addition, a voluntary separation package is being offered to employees.

It is expected this head count reduction will affect approximately 700 employees at all levels.

No cuts at M-B SA ⁽⁶³⁾

St. Times (Bus) 25/1/93 (12)
MERCEDES-BENZ SA says it will not be affected by plans by its German parent company to shed jobs.

M-B AG chairman Werner Niefer said this week in Stuttgart that the company planned to reduce its payroll by more than 8 000 jobs by the end of the year. M-B SA spokeswoman Wendy Hoffman said the job losses in the parent company would not affect the South African operation.

ANC plea to Germans

BONN — ANC president Nelson Mandela said yesterday he wanted German companies to help black South Africans emerge from white minority rule. ~~77~~ ~~285~~

Sapa-AP reports that Mandela also asked Chancellor Helmut Kohl for financial help for the ANC. (63)

The ANC needed money for its electoral campaign and for educational programmes for black South Africans, who had never voted before, Mandela said. He would not say how much he sought, but said: "I do not expect to return to Johannesburg empty-handed."

Mandela did not meet business leaders during his one-day stop but said he wanted to encourage German companies to come to SA. *BLOM 11/5/93*

CHRIS BATEMAN reports from London that Mandela and ANC deputy international affairs head Aziz Pahad left Frankfurt for home last night.

They also met Social Democrat leader Gunter Verheugen, Foreign Secretary Klaus Kinkel and his predecessor — an old friend of Mandela — Hans-Dietrich Genscher.

Lufthansa to split cargo and passenger services

IN A MOVE to enhance market orientation and improve profitability, Lufthansa's cargo and passenger services are to become separate business fields in the SA/Namibia region.

63
B/DAM 12/5/93
The unprecedented action will be gradually introduced worldwide. Each division will be headed by a new regional director, whose areas of corporate responsibility will extend over SA and Namibia, with direct accountability to Lufthansa's management in Frankfurt.

Herbert Stehmeier, 31 years with Lufthansa, heads the cargo division while Jochen Korbmann (25 years with the airline) is regional director for passenger services.

Individual

Stehmeier says the separation paves the way for the creation of individual profit centres to meet the different needs of the cargo and passenger products with their radically different cost structures.

"It will also facilitate clear-cut decision making by delegating power to the lower levels," he says.

The separation follows the signing of a new air traffic policy between the German and SA governments allowing German airlines to service SA eight times a week.

Korbmann says Lufthansa has increased its weekly schedule from five to six flights and added two new destinations — Cape Town and Windhoek.

Car shortage as VW hit by quest for high quality

St Times (Bus) 16/5/93
63

VOLKSWAGEN has been hit by a critical shortage of new-generation Golf and Jetta models and it could be four months before the backlog is met.

The cars were launched last November, but failure to meet the high-quality standards set by the parent company in Germany stopped production for about six weeks.

The quality problems prompted Ferdinand Piech, chairman of the parent company, to visit the Uitenhage plant. He insisted that new equipment be installed and that additional quality controls be instituted.

To meet these standards, production had to be slowed by a half. Since December, only 3 000 units have been built. In addition, six production days were lost during the Chris Hani mourning.

Car allocations to the 200 national dealers have been

By **DON ROBERTSON**

restricted and some say thousands of potential sales have been lost.

Some dealers say they do not have vehicles for motorists to test drive.

Dealers approached by Business Times asked that their names not be mentioned.

Natal

A Northern Transvaal dealer says that since November he has received only six vehicles. He usually sells between 20 and 30 Golf and Jettas a month.

Another dealer in Pietersburg says the position is critical and he has had no cars since February. Sales are usually about 20 a month.

A Natal dealer says his allocation of four a month is sold out until June. He normally sells about 15 a month.

A Cape Town dealer has a waiting list of four months and does not expect the position to improve until September. He says several corporate buyers have switched to other manufacturers, all of which have introduced new models.

The largest Volkswagen distributor has a backlog of 1 650 units in spite of improved deliveries.

Volkswagen marketing director Dave Malherbe concedes that the shortage of stock must be frustrating for Volkswagen buyers, but says the backlog might not be overtaken until October.

Workers on the Golf and Jetta assembly line are working two hours overtime each day and on Saturday. Production is running at about 85 a day and it is hoped to increase it to 90. Production peaked last month at 1 300, compared with 640 in March, 580 in February and 780 in January.

Beetle could return to (63) Europe soon

WOLFSBURG — Volkswagen is considering reintroducing its classic Beetle model to the European market next year. (63)

Although the Beetle was based on technology that was at least 50 years old, a company spokesman said enough nostalgic buffs had inquired about the cars to spark interest in the project. B/D/A

"We are looking at this idea with sympathy," spokesman Hans-Peter Blechinger said.

"We have many customers who have asked whether it would be possible for us to bring this model back."

He said Volkswagen had no projections on how much demand there might be for the cars, and had not decided on a price.

Volkswagen would have to consider whether it was possible to produce economically a Beetle that met European pollution standards. 27/5/93.

If Volkswagen decided to reintroduce the Beetle, the car would not be produced in its European factories but in Brazil and Mexico and exported to Europe.

Volkswagen currently builds Beetles in Mexico.

It intends to relaunch production of the Beetle in Brazil this quarter.

However, Brazilian production will be built only for the domestic market. — AP-DJ.

China buys more SA cars

PORT ELIZABETH — An order by China for 17 000 more semi-knocked down (SKD) left-hand drive Jettas to be exported from South Africa will mean that 700 jobs at Volkswagen South Africa will be retained. This follows an earlier order of 12 500 SKD Jettas that VW is exporting to China. The cars will be shipped to China over the next 15 months at a rate of 500 every second week. — PEN *Staw 29/5/93.*

New Chinese VW order saves 700 from lay-off

ST Times (BUSS)

30/5/93

VOLKSWAGEN SA will supply a further 17 000 left-hand drive Jettas to China, preventing retrenchment of about 700 workers.

The order, worth more than R500-million, follows one signed last year for 12 500 second-generation Jettas for FAW-Volkswagen (FAW-VW), a venture between Volkswagen of Germany and the Chinese Government.

The first shipment of this R400-million consignment was made in May last year and 10 000 cars have been

By DON ROBERTSON

delivered. It is expected that deliveries for the new semi-knocked down order will begin next year at a rate of about 1 200 a month.

Trade between China and SA has been in favour of the Chinese. Last year, SA imported goods worth R709-million from China and exported R489-million, most of which was Jettas.

Chairman and managing director Peter Searle says: "We believe exports to be of crucial importance to the

present economic situation in the country. The increased order also protects about 700 jobs at VWSA and many more in the component industry."

Because of the stagnant motor industry, VWSA recently held negotiations with unions about possible forced retrenchment of between 500 and 1 000 workers. A voluntary retrenchment and early retirement programme is still in operation.

Lin Ganwei, president of FAW-Volkswagen, and his

board visited the Uitenhage plant and announced the contract.

He says: "We are pleased to be able to continue our relationship with VWSA and see further opportunities for business as the Chinese economy is developing fast and we require this volume to support us through the start-up phase of our factory in Chang Chung."

The deal will go a long way to restoring VWSA's profitability. In its report for the year to December, Volkswagen AG said VWSA suffered a small loss.

Engen going for a London listing

ST Times (BUSS)

30/5/93

ENGEN plans a London Stock Exchange listing, possibly before the yearend, to boost its international expansion.

Engen investor relations manager Abbas Gani says the main aims of the listing are to raise the company's international profile and to have structures in place when it needs to raise capital.

"Opportunities knock on our door frequently and we want to have everything in place so that we can take advantage of them quickly."

But the proposed listing is not linked to any specific project or acquisition at this stage, he says.

Engen is believed to be evaluating acquisition options involving oil in West Africa. Its evaluation includes funding its growing exploration in the area.

Engen boss Rob Angel was in London two weeks ago introducing the group to the press, investment analysts and institutions. The group expanded its London office by moving part of its logistics division there a fortnight ago.

Mr Gani says the listing is in line with Engen's wish to be involved in the exploration and production of half of its crude throughput.

By ZILLA EFRAT

"To do this will involve major capital."

One advantage of a London listing is that it could help to overcome the increasing foreign-exchange difficulties that SA companies face when making acquisitions abroad.

Mr Gani says Engen will be listed in London only when the political climate in South Africa is conducive.

He says Gencor's proposed unbundling is regarded favourably by British investors because it will improve the tradeability of Engen shares.

Once Gencor and Genbel release their 70% stake, the number of Engen shares in public hands will jump from 28,2% to 64,6%.

Sanlam is likely to be the largest shareholder with 22%, followed by Rembrandt Group and Old Mutual.

Gencor's unbundling may also result in its selling its 5,8% stake in the Alba and Britannia oilfields in the North Sea because they do not fit in with its core mining business. Engen holds a 2,2% stake in the venture.

Mr Gani says Engen might be interested in buying these interests "if the price is right". It will depend on prospects for crude-oil prices.

BUSINESS BRIEFS

Russian gold forecast

RUSSIA lifted its veil of secrecy over gold production and exports, forecasting a steady 1993 production and promising a "balanced and moderate approach" to selling gold on world markets.

Yevgeny Bychkov, chairman of the precious metals committee, told a rare news conference that Russia had produced 146 tons of gold in 1992 and expected to produce the same in 1993.

Exports totalled 98 tons in 1992 and the country, a major producer, had sold 21 tons of gold abroad so far this year.

"I do not think sales of gold will change substantially," Bychkov said. "The government has a balanced and moderate approach to the matter."

Figures for gold production, exports and reserves were for long a closely guarded secret in the Soviet Union.

Eskom to help Cahora Bassa

THE Government has accepted a proposal by Eskom to help finance rehabilitation of the Cahora Bassa hydro-electric scheme in Mozambique, says Mineral and Energy Affairs Minister George Bartlett.

The scheme on the Zambezi River was financed by South Africa, Mozambique and Portugal in 1969, but has worked for only a few weeks.

Zambia buying SA petroleum

ZAMBIA has started importing all its petroleum products from SA after the temporary closure of its only refinery.

Indeni Oil Refinery in Ndola is being reconditioned. Zambia Deputy Energy Minister Colonel Patrick Kafumukache says supplies from SA have already started arriving in Zambia, which intends changing some of its petroleum product suppliers to SA.

Nigeria at SA exhibition

A MAJOR promotional drive is under way in Africa and the Middle East to attract high-level businessmen to South Africa's largest technology show ever, The Africa Initiative.

Nigeria, which still has sanctions against South Africa, is expected to send the largest delegation to this five-day business olympiad to be held at Johannesburg's National Exhibition Centre at the end of August.

SAA heads back to Angola

SAA, in association with Angolan carrier TAAG, will resume weekly flights to Luanda from next Monday. Flights started between Johannesburg and Luanda in April 1992 but were suspended in October due to the unrest in Angola. SAA said the new flights would leave Johannesburg at 9:15am on Mondays arriving in Luanda at 11:50 am.

Racy under investigation

A TRADE AND INDUSTRY inspector has been appointed to investigate the affairs of Racy, which sold its assets to three directors at a discount to net asset value earlier this year. The inspection follows the legal recourse offered disgruntled minority shareholders.

Alfa takes on the biggies

ST Times (BUSS)

30/5/93

AS covers were whipped off imported Alfa Romeos in showrooms round the country this week, Brian Taylor, managing director of Alfa Romeo Concessionaires, said: "We are out to nail sales of BMW and Mercedes."

Alfa Romeo has returned with a range of cars not seen in South Africa before.

Mr Taylor says: "If our

By JEREMY WOODS

prices are comparable — and in some cases more competitive — we believe the discerning buyer will prefer a fully imported European-built car to one built here."

Franchises to sell Alfa Romeos are "being snapped up at a frantic rate" both for SA and other African countries.

Volkswagen Star 116193 gets second Chinese order

Finance Staff

DURBAN — Volkswagen has secured an order for a further 17 000 Jettas to be exported to China — saving 700 jobs which were in jeopardy and boosting the Eastern Cape economy.

The order comes on top of another for 12 500 Jettas shipped to China some time ago. It is expected to realise R500 million in turnover.

Chairman Peter Searle said at the weekend the order for 17 000 vehicles would not only benefit 700 VW workers, but also a further 1 400 within the total supply industry.

Components sourced from local industry, which stands to make R156 million from the deal, include engine blocks, tyres, glass, interior trim material, brakes, suspension, exhausts, wheels and body pressings and electrical components.

“Our quality standards have to be in line with Volkswagen’s worldwide quality standards and the Chinese have reserved the right to review the order in the event that supply is interrupted for whatever reason.

“They do not want their production lines brought to a halt by any problem in South Africa. This has important implications for labour relations and our unions.”

The vehicle market in China is the fastest growing in the world and VW has a dominant share of the market.

It is expected that 400 000 cars will be produced and sold in China this year alone.

Star 2/6/93

No dividend to shareholders

Mercedes Benz of South Africa will not pay a dividend to shareholders this year. Mercedes chief executive Christoph Kpke yesterday denied earlier reports that the company had paid shareholders a dividend this year. — Ecna.

(b3) (S)

CharterWay hailed as future model for vehicle hiring

MERCEDES-Benz SA is studying a new concept in vehicle management, which includes features not incorporated in usual vehicle hiring and leasing contracts.

Developed by Mercedes-Benz Germany and other units within the Daimler-Benz group, the CharterWay concept is being hailed as the future model for fleet rental and leasing of commercial vehicles, bodies and trailers.

Public relations officer Neville Roome says MBSA management is currently evaluating the system with regard to its existing full maintenance rental packages and extra benefits for the SA transport industry.

CharterWay provides various fleet management solutions that include renting and leasing services, systems for handling goods, storing, financing and others.

New features include an availability guarantee,

whereby a replacement vehicle is provided when any leased/rented vehicle is off the road for repairs and maintenance.

The certainty of always having medium and heavy commercial vehicles in good technical condition safeguards against any missing link in the customer's transport chain.

Paramount

MBSA management board member Adolf Moosbauer says the profitability of fleet owner operations has become paramount for MBSA, which has taken a number of initiatives to assist them.

These include various professional courses covering technical, service and parts topics and driver training.

"We also operate a 24-hour emergency service for parts to help operators avoid costly vehicle 'off-road' situations."



Mercedes commercial vehicles board member Adolf Moosbauer.

Mercedes-Benz offers consultancy programme

bus day 316193

FLEET operators throughout Africa are being offered an innovative transport consultancy programme by Mercedes-Benz SA to reduce total costs in any specific operation.

Mercedes board member (commercial vehicles) Adolf Moosbauer says the Mercedes-Benz customer advisory system (MBCAS) is based on a model developed in Germany.

It comprises two categories — one on management information; the other on vehicle information — making up a package comprising a portable laptop computer and screen, an integrated ink-jet printer with continuous frictional paper drive and other features.

The management information system has been introduced and consists of software programmes on an economic calculation system (Ecca), on finance leasing, a quotation system and optimum replacement point.

Ecca provides the transport operator with detailed operating costs for a specific Mercedes commercial vehicle or for a fleet of these vehicles.

It covers total operating costs, cost per kilometre, break-even

point, cost per quantity transported and per ton/km, as well as comparative costs per unit transported.

"Initial results from Ecca assist the customer in selecting the most economical vehicle for any specific type of operation. It also helps to ascertain the revenue-earning capability of each fleet vehicle running under specific conditions."

It supplies various ratios such as the costs per ton, per day, per trip, per year and over a contract period.

Software

63

The vehicle information category is based on software programmes which will soon be launched to coincide with developments in Germany.

Programmes cover vehicle performance, vehicle selection, a sales manual and mass distribution.

Moosbauer says MBCAS is the result of a wealth of research and experience in the European transport industry, with minor adaptations made to suit local conditions.

"It is an important addition to our extensive range of back-up services," says Moosbauer.

EGGs have often been pelted at the Berlin headquarters of the Treuhand, the agency charged with privatising east German industry.

Last month angry workers from the potash mines in Thuringia arrived in Leipziger Street, where the Treuhand is based. Throughout the hot afternoon, they shouted abuse at the agency's employees, threw eggs at the windows, and scattered potash on the pavements. It was a reminder that of all the institutions set up in east Germany after unification, the Treuhand is not only one of the most well known. It is also the most hated.

This is because it has completely restructured east German industry in accordance with the mandate granted by the government in 1990 after reunification. The result has been high unemployment. Of the 4-million workers in the 13 000 companies placed under the Treuhand, only 1.4-million now have jobs. By the end of 1992, the Treuhand had started closing down 2 200 firms.

Treuhand vice-president Hero Brahm says there was no choice. "I know we are a shield for the politicians in Bonn. We will be blamed for the unemployment in eastern Germany. But if you look at the Treuhand's role, it was set up not only to privatise. We had to find solutions for all our companies."

Nearly 11 000 of the Treuhand's 13 000 companies have been dealt with since 1991, mostly through privatisation, which has brought in a total of DM40bn — lower than expected. However, the agency has received investment commitments totalling DM170bn, which will guarantee the 1.4-million jobs.

Brahms believes the Treuhand has accomplished the tough part of its task. Between now and the end of next year, when it is wound up, fewer than 1 000 companies, which employ 210 000, will be left to be privatised.

"Eight hundred of these companies have fewer than 100 employees each. These will not be too hard to privatise," Brahm says. Among the 1 000 there will, however, be some from heavy industry, such as

Mission unpopular: to restructure German enterprise

B/DAY 8/6/93 (63)

JUDY DEMPSEY

mining operations and engine makers, which are difficult to break up and sell as smaller units.

It is not just industrial concerns that have proved difficult to sell. One of the problems the Treuhand faced in the early days was that it was working in a vacuum. Germany chose not to use any of its neighbouring east European countries as a model — it ruled out the Hungarian system of small-scale privatisation, bypassed the Czech voucher scheme system of employee shares, and resisted the Polish or Russian method of leaving big enterprises intact until the end of the privatisation proceedings. Instead, it chose to privatise from "the top down". Having made the decision, the government simply put everything up for sale.

"It is academic whether the Treuhand could have done it differently," says Goldman Sachs chief economist Thomas Mayer. "I was highly critical of this method of privatisation in the early days. But it has done a fairly good job in a short space of time." Mayer admits the cost of privatising east German industry has been higher than expected. Initial estimates for taking over the bad debts of the region's enterprises totalled DM70bn. This increased to DM92bn after reunification and monetary union between the former

west and east Germans. A further DM160bn was earmarked for the Treuhand for investment and restructuring costs.

Now, the total debt of the companies for sale is likely to exceed DM270bn, instead of DM252bn, because of rising labour costs. In addition, the falling value of obsolete plant has limited the receipts from privatisations.

A further political development which has had a negative effect on the companies' purchase prices has been the breakdown of the Soviet and east European markets. When west German and foreign companies entered east Germany it was initially with the hope that a stepping stone would be provided to markets in the east. That hope has evaporated.

Expectations (among investors) were high in 1991 because eastern Germany still had markets, says Brahm. Russia, for example, was absorbing about 70% of east German exports. But after the collapse of Comecon, the former Soviet trading bloc, trade is down to virtually zero.

"Investors were hit as well because some of their early concepts were clearly designed for having a new, additional export market for

eastern Europe," says Brahm.

Despite this, the Treuhand managed to find buyers for thousands of east German companies — mostly from west Germany. Critics of the agency accuse it of having an inbuilt bias towards west German industry and west German managers. There is a widespread perception that west German companies rushed in and took over the most potentially viable businesses, such as insurance and chemicals companies, to protect their markets and keep out foreign competitors.

Brahms and his colleagues dismiss such charges. "Our foreign friends have always said: 'East Germany for the west Germans.' The real story is that not only did the west Germans know more about east Germany — and know the language but they were more prepared to cope with uncertainties, particularly property rights, which were very shaky in 1991," he says.

"However, we were determined to attract foreign investors as a means of creating more competition." But by the end of February, only 577 companies had been bought by foreign investors, about 10% of the total.

Helmut Ballon, the Treuhand director responsible for mining privatisations, says he and his colleagues have not shied away from

seeking foreign investors. He is active in selling east Germany's lignite mines to an Anglo-American consortium headed by Britain's PowerGen and NRG of the US. But he agrees it was extremely difficult, in the early days, to increase the flow of foreign investment. There were no proper marketing or accounting procedures, for instance. "We lacked basic information about what we were selling. Until about spring of 1991, we could not even describe accurately what the companies did."

Other Treuhand officials suggest that even if west German companies have acquired the largest slice of east German industry, fears that they would close factories to prevent competition have not materialised.

Explains Frederick Fucci from the Treuhand's investor relations department: "All the contracts are anchored on three principles. First, investors had to commit themselves to a certain level of funding over a set period; second, they must set up a regional office in eastern Germany; third, they must guarantee a fixed number of jobs for a specified period, depending on the contract."

So while short-term guarantees are in place and provide a measure of confidence, the long-term outlook is less certain.

The success of the Treuhand will ultimately be gauged by the ability of the privatised companies to compete. But the collapse of their traditional east European markets together with the west European recession is likely to delay the improvement of conditions.

According to a recent Deutsche Bank report, average operating losses last year in privatised east German enterprises amounted to 20% of turnover. But Treuhand officials remain optimistic. Says Brahm: "Every investor knew they were investing in an economy with rising wages, which demanded sophisticated strategies. With such strategies, eastern Germany should reach a higher standard faster than the other east European countries. It will take time. But I am convinced there was no other solution." — Financial Times.

Company well prepared to sail the tides of change

Bill May 10/6/95

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope . . .

TALJAARD Carter MD Bill Carter maintains this excerpt from Charles Dickens' *A Tale of Two Cities* sums up the position in which SA finds itself — on the brink of a new future in which the company is positioned to take an active part.

The firm, in its 36th year of existence, is totally committed to the reconstruction of Johannesburg as the flywheel for development in SA and the southern African region, says Carter.

"I believe that where before we were building our cities for 4-million people, we will now be building them for 40-million people. That is another dynamic entirely," he says.

"Societies make cities, not architects, so a decision in the

boardroom to establish an executive dining room or a cafeteria means one more restaurant closes in the city."

Because boardroom decisions are critical, it is important that the decision makers "begin to walk the pavements of the cities, which they have not done for the past 20 years".

He says directors of companies involved with development need to be encouraged to get involved in projects together with their staff.

Thriving

"We dare not allow the change and growth of Johannesburg during the next two decades to be anything but dynamic and successful in order to create a background suitable for a peaceful, thriving and rewarding lifestyle."

A part of the company's "vision" is to involve young people in all projects and to ensure they are technologically up to date.

"We also believe in strong

management skills and have three project managers in the office."

Carter has suggested a voluntary professional services corps be founded to allow young graduates to earn a reasonable salary while honing their practical skills by maintaining and expanding infrastructure in rural communities.

Architects, engineers and builders could join hands with communities, the Urban Foundation and the Independent Development Trust to build schools, houses and clinics.

Carter says part of the firm's principle in rural areas is to develop local skills on building sites and leave the wealth generated by a project in the area.

Although the company's team is small, it has diversified into four core areas — commercial, retail, industrial and corporate — with specialists in each area.

Its focus has changed dra-

matically from the early days when it began with a lot of work for the public sector, including three universities and 11 teacher training colleges.

The foremost sign of changes in the company has been the decision to finally amalgamate its Randburg and Johannesburg operations into one in Parkwood, along Jan Smuts Avenue.

Adjoining

Staff currently operating from Robindale, the company's original headquarters since the '70s, will soon move into an adjoining site which was bought recently.

The firm has offices in Pietersburg, Pretoria, Maritzburg and an associate office in London — all housing a total staff component of 70 people.

Future plans include strengthening the regional offices in line with the proposed strengthening of regions in the political sphere and setting up offices in Africa.

Upmarket disguise for industrial building

GERMAN-based Gardena has presented Taljaard Carter architects with an interesting problem — how to make what is primarily a distribution centre look like an office in the grounds of an upmarket office park.

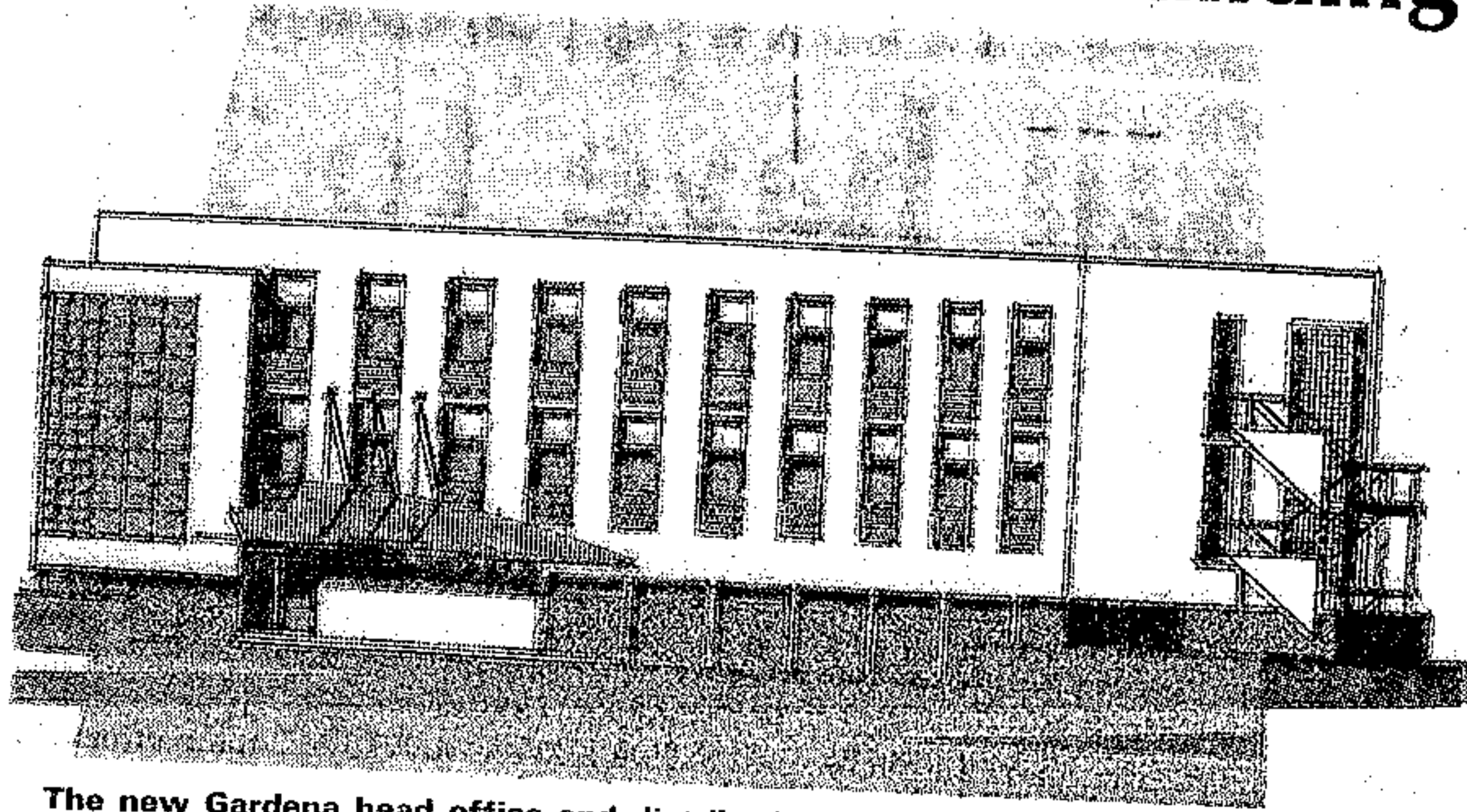
The R4,5m building, due to be completed by the end of the year, will become the new headquarters for the company, which is currently housed in Marlboro.

It is the first industrial-type building to be built in an office park — Waterfall Park, Midrand.

It will comprise an office component with a full warehouse and distribution element on its 3 000m² area.

However, the scheme had to be designed around Midrand Town Council's restraints on the aesthetic quality of its finishes to ensure the general upmarket tone of the park (63)

For example, in terms of the regulations only 30% of the development can have the appearance of a ware-



The new Gardena head office and distribution centre in Waterfall Park, Midrand.

house.

"This is the first distribution centre of this type in Waterfall Park," says architect Francois Lotter.

The designers have had to create the illusion of an 80m long elevation of two storeys high by breaking it up into five segments.

Besides the office park's upmarket appearance, oth-

er considerations are that the building faces the Ben Schoeman highway linking Pretoria and Johannesburg and that one of the roads running directly past it is the main route to the recently completed Protea-

managed hotel in Midrand. The walls are built at angles which means only half the elevation can be

seen at a time.

This creates the illusion of a much smaller building, says Lotter.

The outer walls will be painted white in keeping with the corporate image of Gardena.

There will be no manufacturing on the premises as all the company's products are imported.

BUSINESS German company introdu

Start your own car wash plant

Sowetan 17/6/93 (63)

■ SBDC will consider requests for finance:

By Mzimkulu Malunga

AN agent for a German company, California Roche, has a car wash plant franchising scheme for black business people.

International Trading Engineers SA, has sole right to distribute products of the company which manufactures car wash machines.

ITE's director Dieter Kinsky says the package is two-fold. His company either comes in as a minority partner with about 20 percent interest and provides some of the finance or the prospective franchisee buys the machine and raises all the finance himself.

Setting up a car wash plant requires a site where it will operate. The machine and other equipment needed to run the



Dieter Kinsky

business costs around R200 000.

Kinsky says he has approached the Small Business Development Corporation to assist with the finance of prospective car wash plants.

SBDC's chief economist Edwin Basson says requests for finance will be considered if a feasibility study relating to the viability of such a project is done.

BMW

won't

Star 19/6/83

rev up

prices

FINANCE STAFF

THE prices of BMW cars will not rise by anything near 20 percent this year. Price increases are more likely to be in single figures, says Chris Moerdyk, spokesman for BMW South Africa.

He was commenting on reports that some new car prices could rise by this percentage. (63)

In fact, if the VAT increase were excluded and one compared apples with apples, most BMW products were actually reflecting a price decrease, he said. (64)

The value added to this year's models by higher engine technology, standard airbags and other items was higher than the price increases — resulting in a net decrease in real terms.

For the past 2½ years BMW price increases in South Africa have been significantly below the inflation rate, Moerdyk said.

BMW South Africa was helped in its efforts to keep down prices by its strong export performance, which had resulted in increased rebates on imports.

This proved that if manufacturers were unshackled from current legislation and became globally competitive, the local consumer could benefit directly, he said.

'SA needs luxury buses for tourists'

Biday 29/6/93

HOPES that local manufacturers will build the latest luxury buses used in Europe have been temporarily stifled by a subdued inflow of tourists.

This emerged at a local seminar for bus builders organised by Parts Incorporated, where its German-based supplier, Happich GmbH, a leading European bus and automotive fitment supply company, assessed the situation.

Happich assistant export manager Uwe Woitha told delegates they had the ability and needed to manufacture Europe's superior models, despite unfavourable conditions.

European buses are desirable in SA because of their advanced safety, comfort, road noise

level and fuel economy.

Moreover, the interior "service stations" for passengers were more sophisticated than those in aircraft, while the entertainment and catering facilities were the most advanced.

Expertise

While standards set abroad are particularly high, SA bus manufacturers possessed the technology and expertise to build luxury buses comparable with those produced by their overseas counterparts, he says.

"Local bus builders are keen to produce luxury buses despite being faced with such obstacles as local content legislation."

Notwithstanding hindrances such as the depressed economy and a slow upturn in overseas visitors, Woitha says it is vital that local bus builders and operators have as their main goal the comfort of passengers.

"It would seem that local tourists pay twice as much to fly rather than travel by bus largely because of perceptions that bus journeys are uncomfortable and tiring.

"One has to ask whether such perceptions would remain if passengers knew they would be accommodated in spacious armchair-like seats in a noise-free bus with excellent entertainment and catering facilities," he says.

Factory gets order against 400 strikers

Star 20/7/93
(63)
By Abdul Milazi
Labour Reporter

The German-owned Brits auto parts manufacturer, Robert Bosch, has obtained a court interdict preventing striking workers from intimidating casual labour and damaging property.

The interdict was granted by a Pretoria industrial court on Friday after the strikers, all members of the National Union of Metalworkers of SA (Numsa), had allegedly slashed tyres in the car park and blockaded the entrance, preventing casual workers and vehicles from entering.

About 400 of the company's 520 workforce went on strike on July 8.

They are refusing to discuss with management a proposal to eliminate up to 30 jobs. Instead they demand that the company negotiate retrenchments with the union.

Robert Bosch has re-

jected this demand and brought in casual workers to help keep the factory going.

Bosch human resources director Bert Badenhorst yesterday said that the situation was quiet but strikers were still standing outside the gates shouting abuse at casual workers, in an attempt to intimidate them.

Badenhorst said the company would go ahead with the retrenchments despite the strike.

Letters had been sent to 20 workers notifying them of the company's intention to terminate their employment.

Badenhorst said his company was not prepared to negotiate with Numsa until the strikers returned to work.

Numsa spokesman David Modimoeng replied that Bosch would "make matters worse" if it continued retrenching without negotiating with the union.

Bavaria's best for SA swiggers

By DON ROBERTSON

SOUTH Africa's newest beer, Bavarian Brau, not only has all the attributes of Germany's finest brew, it has connections with Germany's finest and richest brewers.

The multimillion-rand brewery was built at Gateway Industrial Park, between Midrand and Pretoria, last year by brewmaster Erwin George Funk.

Marketing of the fully fermented Edel lager began in April and plans for expansion are being considered.

Mr Funk is the major shareholder and directors include Guido Sandler, chief executive of the Oetker Group, whose chairman Rudolf August Oetker is one of the richest men in the world. Oetker is the largest independently owned company in Germany.

Also on the board is Prince Luitpold von Bayern, a member of the Bavarian royal family and managing director of the Kaltenberg and Kaltenberg Furstenfeldbruck breweries.

The SA brewery has a capacity of 50 000 hectolitres a year. The expansion programme will double output next year. Another 50 000 hectolitres could be added before the end of 1994.

The brewery uses only German hops, barley and yeast.

Mr Funk hopes to capture only 0,22% of SA's beer market initially.

He began his career in Germany and came to South-

ern Africa to work for Windhoek Beer.

He had a short spell at SA Breweries before establishing Huppmann Fabricators, which was involved in building breweries.

In 1991, he handed this operation over to his son Walter and began the development of the Bavarian Brau complex in SA.

The Bavarian royal family has been associated with brewing since 1260. A celebration for the marriage of Prince Ludwig in 1810 resulted in the first Oktoberfest. The family was also responsible for opening the Hofbrauhaus in Munich.

A brewmaster from one of Prince Luitpold's breweries in Germany is in SA checking quality and technical developments.

SPINER (BUS) 25/1/93

(63)



Giving workers the key 'spanner skills'

Sowetan 29/7/93

By Joshua Raboroko

MERCEDES-BENZ of South Africa, involved in manufacturing high-technology products relying on top quality throughout a complex process, see human resource development as essential.

If the key to becoming a world-class manufacturer is increased efficiency and productivity, then the only way to cut the key is to empower employees to become more efficient and productive.

Through education

And the way to empowerment is through education and training.

Empowering employees lies at the heart of MBSA's human resource development initiatives, and the company's HRD department is busy evolving an integrated education programme designed to help employees acquire skills and knowledge.

As explained by the company's HRD manager for the East London manufacturing plant, Mr Alan Eyre, these are the "spanner skills" with which all future education is built.

To develop these skills, the company in conjunction with the major representative employee trade union, the National Union of Metalworkers of South Africa, initiated the company's Adult Education Centre.

Life skills

Employees needing to develop literacy, numeracy and life skills are taken off the production lines and put through a series of courses, starting with "mother tongue" literacy.

These courses not only teach reading, writing and arithmetic, but also how to solve problems, think critically and become effective students.

One of the most touching moments for the tutors came barely a month after the AEC opened when some of the learners, for the first time in their lives, were able to sign their own names for their payslips.

It signified a milestone in taking control of their lives.

Eyre said it was MBSA's immediate priority to get each and every employee in the company up to the basic standards set at the AEC.

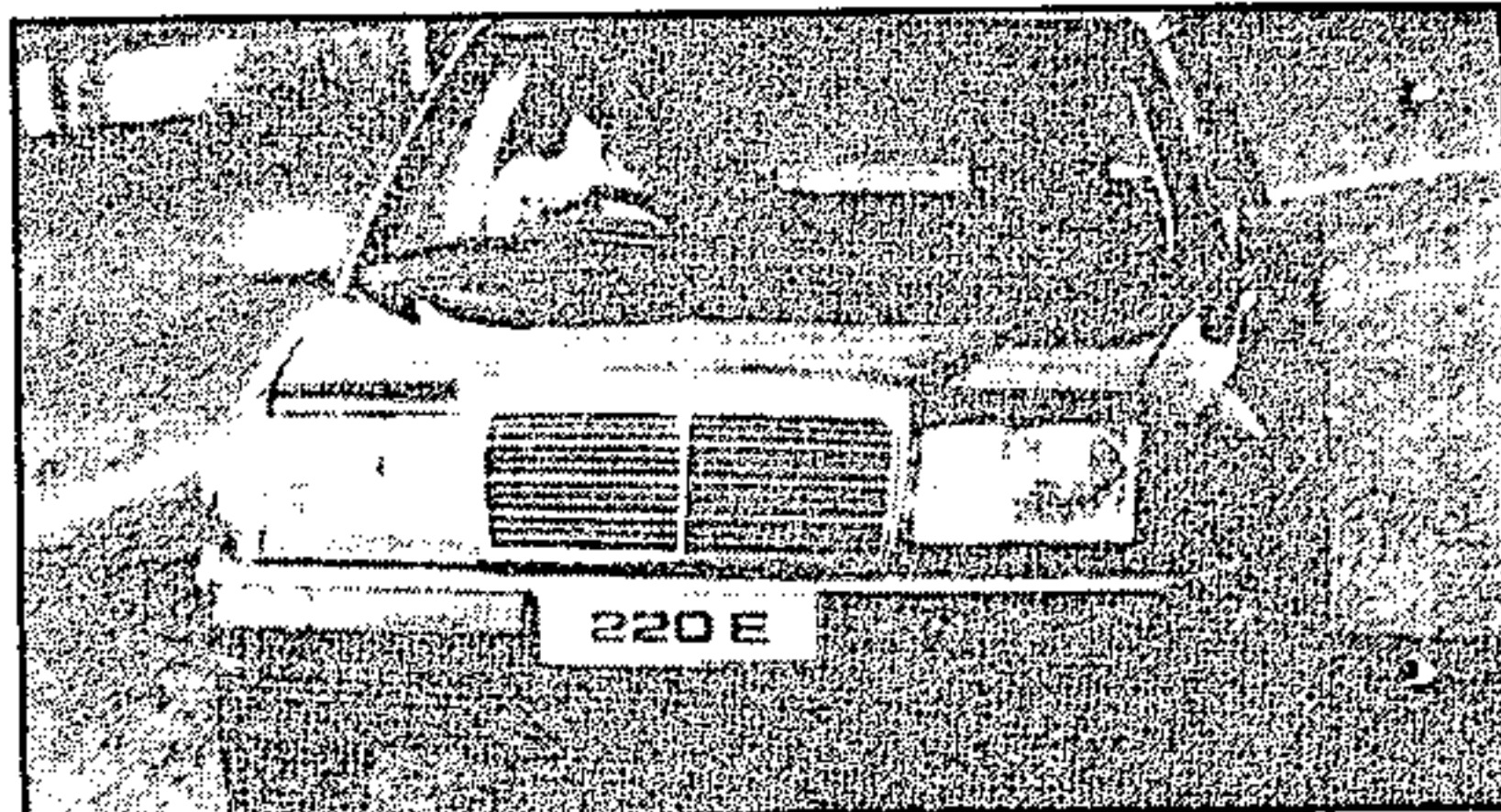
Only then would they be able to take full advantage of the many other educational opportunities provided by the company.

These include a series of courses along a career path in either commerce or engineering, recognised throughout the motor industry and, hopefully, in a future national education dispensation.

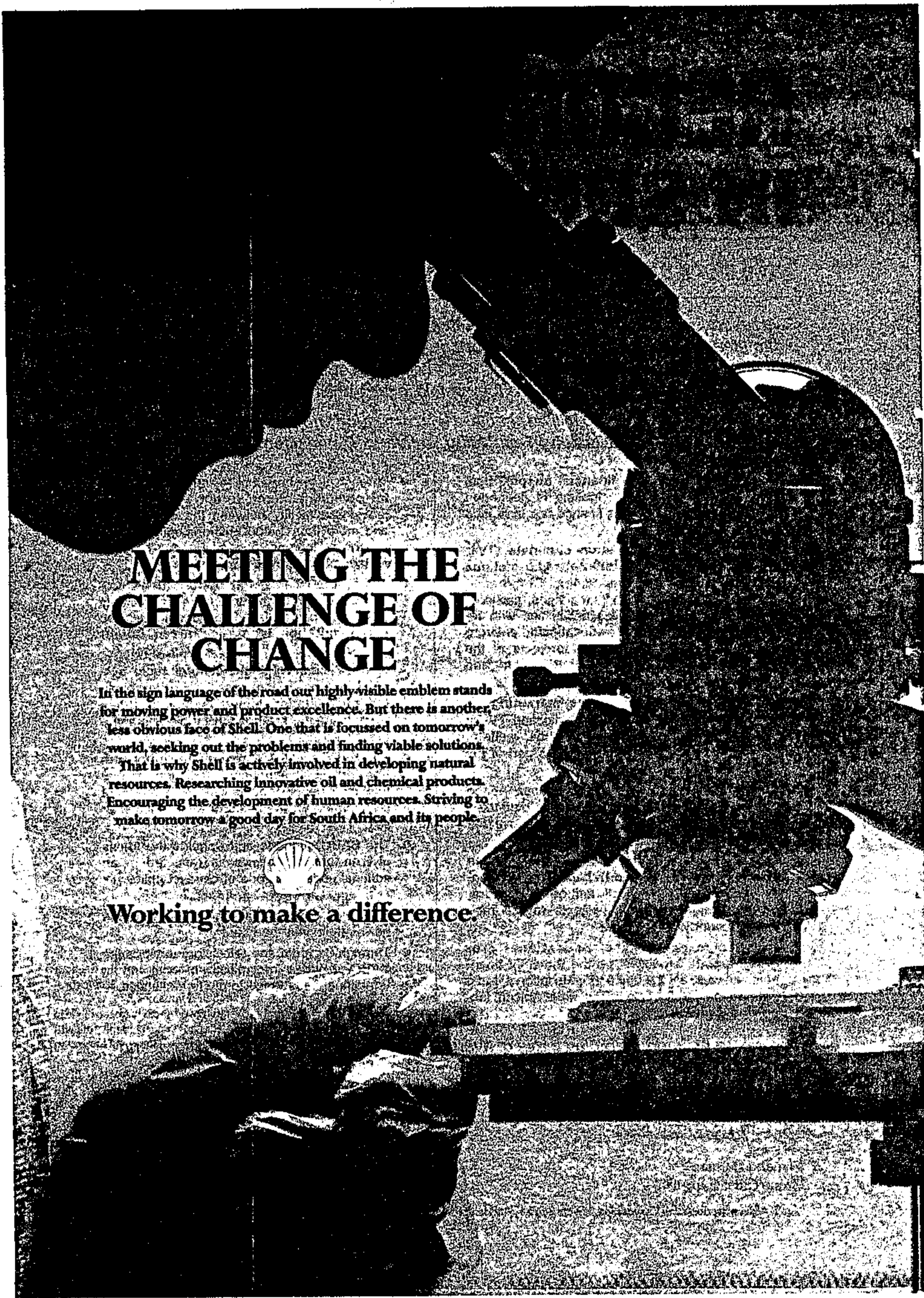
All of the initiatives,

says Eyre, are aimed at creating and fostering a culture of learning in the company. As the employees empower themselves, the company will become increasingly participative and that spells more flexibility and better productivity.

These courses not only teach reading, writing and arithmetic



End product ... the Mercedes-Benz car.



MEETING THE CHALLENGE OF CHANGE

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Working to make a difference.

COMPANIES IN TRANSITION

Sowetam 29/7/93

MBSA workers give chunk to charity

By Joshua Raboroko

FOURLY-PAID EMPLOYEES of Mercedes-Benz SA in East London earned R3,3 million during 1992 and then set aside R771 000 as a donation to needy community programmes.

It was not simply a charity handover from the company. The money had been earned by employees and they decided

■ PROUD MOMENT Numsa members

try to uplift East London community:

how to spend it".

Each year MBSA budgets for a special fund known as the Housing Education and Social Responsibility Fund, and each month money is paid into the fund depending on how employees

reach present quality and quantity targets.

At the end of the year, monthly paid and hourly-paid employees decide how to spend the money on housing and education benefits for themselves and

on social responsibility projects of their choice.

The chairman of the shop stewards committee, Mr Alfred Mtshi, said the gift to the community was a proud moment for employees and their representative union, the National Union of Metalworkers of SA.

He pointed out that for the workers, many of whom had little shelter themselves, such a gift was a major sacrifice.

Mtshi said that when the fund was

established in 1990, employees had not closed their eyes to the situation of how badly the people of the region were deprived.

The organisations supported by the employees are: Independent teachers' Enrichment Centre; Independent Business Enrichment Centre; National Sports Congress; Border Cricket Board Development Foundation; Institute for Social and Individual Development in Africa and East London Mental Health Safety

COMPANIES IN TRANSITION FEATURE

Sowetan 29/7/93

Outdated beliefs on way out

By Joshua Raboroko

LABOUR breaks out of its apartheid shackles, outdated management attitudes are being shattered and new ground rules are being evolved.

Mercedes-Benz South Africa is one company which started changing its management systems some years ago to a more participative style, moving from a culture of control to one which empowers employees to be more efficient.

MBSA's human resources manager at its East London manufacturing plant, Mr Mike Folan, explains that the trend is to move towards a decision-making process involving longer periods of consultation and shorter periods of implementation.

Under the old style of command management, companies would make decisions with little or no consultation. When it came to implementation, employees became suspicious or resentful of the decision.

This invariably stalled implementation and resulted in confrontation between management and labour, the only way out of which were compromises which rarely satisfied both sides.

"There were either lose-lose or win-lose situations where either both management and labour ended up with something they did not really want or one side got something they liked at the expense of the other side," Folan explains.

By having a longer period of consultation, the new idea is to involve labour at an early stage in decision making so that plans which suit both labour and management are evolved.

"Because of this earlier involvement of labour, there is a greater chance for management and labour to define problems in similar terms and less chance for positions and attitudes to harden. "This leads to a win-win situation. Also, because of more thorough participation, implementation proceeds much quicker and in fact the overall time span can end up being shorter than in the old style of little participation.

"At the core of the new approach is the realisation that employees can no longer be considered mere units of labour as was the case in the past.

"Historically, when companies employed people they employed their muscle or brain power to do specific tasks in return for payment as defined by the company. They simply bought the hands or the

minds of employees.

"But as labour became more sophisticated, it was no longer prepared to be regarded as mere units of labour and companies began to realise that they also did not just want hands or minds, but hearts as well," Folan says.

"We believe that if people are also committed with their hearts there will be benefits for employees and the company as greater satisfaction leads to greater commitment and efficiency."

Of course, no relationship can be without conflict. The importance is to recognise there is inherent conflict in the employment relationship, and that there must be a way to resolve conflict when it occurs.

Thus structures have been created at all levels supported by both management and labour to improve consultation and communication, development and conflict resolution. But it is no good asking for participation if the people involved are not equipped to do so.

To participate meaningfully, all employees have to be developed to a minimum standard of education and MBSA management and labour are working towards a comprehensive human resources development strategy aimed at uplifting employees at all levels. The base is that each and every employer must have sufficient literacy and numeracy skills on which to build future education and development, and to do this an Adult Education Centre has been established. Here employees are trained in lit-

eracy, numeracy and life skills to give them that base. From here, the company is evolving a range of educational and self-development courses to empower employees with the skills they need to develop their careers further. This includes MBSA's own technical training centre which has been officially classed as a Technical Training College in respect of its technical training quality. This human relations philosophy is designed to help the company into the future as a world-class manufacturer.

63 APR



HIGHLY PRICED BUT LITTLE FOR MERCEDES: Hein Lorentz sales manager at Cargo City Rissik Street with 3,2E

Merc may be classy, but only crumbs in profit for makers

SITimes BRUSS J 18/93
 (62) (12)

A TAXED profit of R19,76 on a Merc?

Mercedes-Benz may epitomise wealth, but recession and shrinking sales have hammered the luxury-car producer's profits.

Mercedes-Benz sold vehicles, including medium and heavy trucks and buses (some costing R350 000), valued at R2,3-billion in 1992.

Attributable earnings were R400 000, an average taxed profit of only R19,76 a vehicle.

By DON ROBERTSON

Toyota, SA's largest producer, made a taxed profit of only R803 a vehicle last year.

Manufacturers will continue to suffer if current trends continue.

Income for the assembly industry, after interest, but before tax, amounted to R800-million in 1989 on sales of R13-billion.

Last year income slumped to R270-million on sales of R15-billion.

Analysts believe the motor industry is in for another tough year in spite of a 3,2% rise in sales in the first six months.

The small increase will mean little to the R15-billion-a-year turnover industry, in spite of its insistence that "things are looking better".

Since 1991, Mercedes-Benz has introduced several cost-cutting exercises and managing director Christoph Kopke says sales should rise to R2,7-billion this year.

"This will result in a slight improvement in profitability as compared to 1992."

BMW, with 8,5% of the car mar-

ket in the six months and perhaps the most profitable of car-makers after Toyota, continues to benefit from increased exports, particularly leather seats. Foreign sales last year amounted to R400-million and represented 5% of SA's manufactured exports.

Estimates for 1993 suggest vehicle sales of R15,1-billion, used-cars R7,7-billion, spares and accessories R9,5-billion and workshop income R5,5-billion, a total of R37,8-billion. This excludes petrol sales of R7,3-billion.

Last year motorists contributed R9,7-billion to the fiscus.

The National Association of Automobile Manufacturers of SA (Naamsa) says better-than-expected sales of cars and light commercial vehicles in the past few months suggest "an early sign of a bottoming out".

Sales in the first half totalled 145 700 compared with 141 000 in the six months to June last year. Total sales for 1992 were 284 000 compared with 308 000 in 1991. Latest projections are for sales of 290 500 — 185 800 cars, 96 500 light commercials, 3 000 medium and 5 200 heavy commercials.

BMW puts R100-m into export drive

Star 12/8/92

■ BY ROY COKAYNE

BMW SA is to spend R100 million — almost all of it at its Rosslyn manufacturing plant — to gear up to world competitive standards as part of a major export drive.

The investment will also boost employment at BMW's Rosslyn plant and among BMW's component suppliers.

This was confirmed by BMW South Africa chief executive Rainer Hagemann, who said approval for the capital expenditure was granted by BMW AG's board in Munich a few weeks ago.

He said BMW AG's board believed BMW SA had to make better use of its manufacturing facilities, which at today's prices would cost about R1 billion to replace.

Hagemann stressed the investment would not be in automated equipment and robots and denied the importation of completely built-up units (CBUs) would result in job losses.

Hagemann said a vital facet to BMW's plans was getting the South African Government to amend Phase VI to allow motor manufacturers to import completely built units (CBUs) duty free, provided they compensated for these imports with additional exports.

Motor manufacturers currently have to pay more than 100 percent in import duties on any



Hagemann . . . backed by all but two manufacturers.

CBUs brought in. (63)
Hagemann said the target date for the first export of BMW CBUs was around the end of next year. (11/6)

"We will start small and build up to bigger volumes".

Hagemann said the government could clearly see the benefits to the country of BMW's ideas, which conformed to the principles for exporting laid down in Minister of Finance Derek Keys' normative economic model.

He admitted there are differences of opinion between the motor manufacturers to this idea but they had now received the backing of all but two manufacturers.

"The government and by far all the major political parties support the concept because it is a win-win for almost everyone. We are hoping to have it in place within the next few months although it will probably only be introduced during next year," he said.

Hagemann said BMW SA had been able to contain price increases more than other manufacturers because of the success of its export programme "which takes the pressure off us when we are not making money out of selling motor cars".

He said BMW South Africa's exports to its Munich parent company were now worth R400 million annually.

"Eighty percent of the leather trim in our cars worldwide is from South Africa. We also export components by granting orders to selective suppliers that meet our quality and reliability standards and have competitive prices, thereby giving them higher volumes," he said.

BMW SA finance controller Clive Else estimated that in direct terms, BMW has increased the size of its workforce in the past eight years by about 30 percent because of its export programme.

"This means about 2 000 jobs in past eight years and, with a ratio of one person supporting eight people, it means putting food in mouths of 16 000 people," he said.

Fu 10/9/93

Rolling into Africa

The plan by Mercedes-Benz AG in Germany to boost exports of SA-made products is coming together nicely. Subsidiary Mercedes-Benz of SA (MBSA) started exporting only in 1990 and last year shipped components and vehicles worth R200m. Atlantis Diesel Engines has also increased exports of components for Mercedes-Benz engines, which it makes under licence, from none in financial 1990 to R14,7m in 1993.

Easy target

~~192~~ (63)

MBSA, which is now in charge of all Mercedes-Benz activity in sub-Saharan Africa, is budgeting to increase total exports to R350m, including components and spare parts, by 1996. This should be an easy target because many other African countries also use right-hand-drive vehicles.

Toyota SA, Nissan and Delta Motor Corp have also started exporting SA-made vehicles and components into Africa and BMW SA is to spend R100m on component suppliers, mainly on its Rosslyn plant, to gear up for an export drive worldwide. But for MBSA, especially, the bones have been falling right. For example, the company:

BUSINESS

Fu 10/9/93

- No longer has to get approval from its parent for every export order, which was a constraint in the past;
- Was quick off the mark when political pressure on SA started easing;
- Did not have to establish a dealer and service network because the parent company had been establishing one in 40 African countries since 1950; and
- Can compete on price with European exports, for instance, thanks to export incentives built into the Phase Six local content programme.

MBSA sold 300 commercial vehicles worth R60m north of the Limpopo last year and 176 worth R32m in the first five months of this year. Most went into Zimbabwe, Zambia, Malawi, Mozambique, Kenya and

Burundi.

~~(192)~~ (63)

Adolf Moosbauer, member of the management board in charge of commercial vehicles, says this is 20% of its commercial vehicle output and there is a lot of capacity in reserve. Its East London plant can produce 36 vehicles in an eight-hour day, but the depressed economy can absorb only 12 of them. Opportunities in many other African countries, including Mauritius, Madagascar, and the Seychelles, are being investigated.

Another bonus, says MBSA export manager Rainer Schaefer, is that the parent company is no longer supplying vehicles bought by humanitarian organisations, such as the UN, from Germany. "We're getting the African business now because the freight rates are high. It costs DM10 000 (about

R20 000) to get a truck from Germany to Zimbabwe. We can drive one up for R2 500."

VW exports cars and parts worth R1bn

^{8/Day}
VOLKSWAGEN SA had exported more than R1bn of components and semi-knocked-down vehicles since the introduction of the Phase VI local content programme in 1989, chairman Peter Searle said yesterday.

As part of a worldwide group, VW had been able to tender for the supply of components to sister companies in Europe and South America as well as cars to China, he said. 11/10/93

The company had exported 12 500 Jettas to China with a further 17 000 still to be delivered, said marketing

EDWARD WEST

director Graham Hardy.

VW would export pressed parts worth R85m to various European manufacturing plants this year and 400 000 catalytic converters to Germany and Spain in an export order worth R104m in partnership with Bostal Afrika and Algorax/Degussa. (63)

The company also exported about 27 different motor parts of various types to Mexico, Germany, Belgium and Spain, said Hardy. (1/6)

Imports make no sense, says VW

VOLKSWAGEN SA believed it "would not make business sense" for SEAT of Spain, a wholly owned subsidiary of the German parent company, to export cars to SA, VW marketing director Graham Hardy said yesterday. *BIDAY 8/10/93*

"At this point the importation of a small car from our Spanish sister company would not make business sense for the group as it would have to compete directly with our popular range of Citi Golf, Fox and Jetta models." *(b3)*

News of SEAT's intention to expand exports into SA came as a surprise to VW SA, especially at a time when the car manufacturer has just managed to increase its sale

ERICA JANKOWITZ

volumes and is on an all-out drive to improve productivity. In September VW increased its share of the passenger car market to 19,8% from 18% in August.

With union co-operation and an incentive bonus promised to all workers if the target is met, management and the union are confident they will "meet and beat the predetermined production target".

In spite of shedding about 1 000 jobs — mostly monthly-paid posts, as operations staff are the focus of upgrading and training programmes — the company believes it is still overstaffed in some areas.

VW tells SA unit to shift its gears

5 Times [Buss]

10/10/93

(63)

By TERRY BETTY: Bonn

VOLKSWAGEN SA has been told by its parent company to come up with plans to revive productivity.

VW executive director operations for South America and Africa Paul Weber says several subsidiaries in the German group have been given a similar task.

The VW parent board views low productivity as a serious problem. VW Spanish subsidiary SEAT chairman Juan Antonio Diaz Alvarez resigned two days after the board publicly rejected his plans earlier this month.

VW chairman Ferdinand Piech believes that if the figures do not change, the faces will.

The situation is even more serious in SA where productivity is among the lowest for VW the world over.

Mr Weber says: "Our SA plant produces seven cars per person a year. This compares with more than 40 in Japan."

The SA operation showed a loss in the year to December 1992, but Mr Weber says it returned to profit in the past three months.

"The SA market has five platforms (models) and this complicates the production process. The market, for which VW produces 300 to 400 vehicles a day, is insufficient to justify such a wide range. We produce only about 80 cars of each

model a day.

"Total vehicle sales in SA fell by 7.5% last year to 183 000 - 10% to 20% below long-term forecasts."

Measures being considered by Volkswagen SA include shrinking the labour force and the number of car models.

Mr Weber says VWSA has negotiated with the workers about reducing their numbers.

He will not say by how much the 8 200-strong labour complement will be reduced, but he believes about 500 will go through natural attrition.

Mr Weber expects import barriers to go. He says VWSA is considering cutting the number of models it makes and importing what it does not.

Second-generation Golfs and Jettas are being phased out and Mr Weber suggests it would be preferable to import Audis.

Imports would be paid for with hard currency from the sale of motor parts. VWSA exports catalytic convertors.

"We can produce 300 000 autocatalysts for export and 50 000 for the SA market."

Mr Weber says the export of vehicles is unprofitable because SA is not competitive on the international market. Transport costs are high.

He says the export of 15 000 semi-knocked down vehicles to China is a one-off opportunity.

With the end of sanctions, VWSA hopes the rest of Africa will buy its cars and buses. But many countries are short of money and cannot afford to buy a large number of vehicles.

VWSA chief executive Peter Searle says in Uitenhage rationalisation is necessary, but the company has the lowest break-even point in the Volkswagen group.

"Production is getting close to 10 cars per person each year. The group average is only 12."

Production has been increased by reducing staff through attrition and voluntary retrenchment. In the past 15 months, staff numbers have been cut by 10%, but production has increased by 20%. There has been a big improvement in quality which is now in line with international standards, he says.

Mr Searle says "extensive talks have taken place with shop stewards and the unions and general accord has been reached".

In spite of rationalisation, the product range will not alter, even if the Audi is imported.

He says a plan has been presented to the parent company, although it was not been asked for.

First shot fired in war

VW resumes R500m export project to China

Biday 15/12/93

JOHN DLUDLU

CAR producer Volkswagen SA would resume its R500m vehicle export programme to China next month, the company said yesterday (63) (746).
The decision, which comes six weeks after the exports were halted, follows a weekend meeting between Volkswagen's German parent and its Chinese distributor, FAW/VW Automotive Company.

VWSA chairman Peter Searle said production of left-hand drive VW Jettas for China — which accounted for about one

third of total production — would resume next month. China halted the imports in November as part of a bid to cool its economy. Heavy use of foreign exchange, stemming from imports, had been central to the economic overheating.

The company would not say what effect the suspension would have on its earnings. Spokesman George Platt refused to disclose the terms of the deal, although he

said developments looked positive.

VWSA was expected to deliver 30 000 vehicles to China by end-1994, producing about 1 000 a month. The Jettas were exported in semi-knocked-down form to FAW/VW, based in Chang Chung.

The suspension had affected the second phase of the programme, sparking fears of retrenchments among VWSA staff. This was averted by transferring employees to the Golf/Fox and Golf/Jetta production lines, which had fuller order books.

COMPANIES

BMW SA export plan goes ahead

BMW SA is to go ahead with its R100m expansion plan to beef up its export arm despite a slump in world demand.

Marketing director Chris Moerdyk said modification work had begun at the company's Pretoria plant. *BIDAN*

He said there was a need to integrate the SA operation into the global market after the lifting of sanctions.

"We want to make the local subsidiary a world supplier," he said. *15/12/93*

BMW AG was currently involved in more than 130 countries.

No decision had been taken on which models would be built at the export centre and to which overseas markets the cars would be exported.

Sluggish car sales in major markets would be taken into consideration by the German headquarters in deciding the model to be built at the plant.

An announcement was expected "within

JOHN DLUDLU

the next few months".

"The most important thing now is to get us ready for an export market, by setting up a proper infrastructure. As soon as we have this in place we will also decide whether the models will be left or right-hand drives," Moerdyk said.

It was understood the expansion programme would be financed locally through retained profits.

Production work would begin at the end of 1994. *(63) (12) (1994)*

The decision to invest in the expansion was taken after the appointment of Rainer Hageman as CE for BMW SA this year.

New jobs would be created, but Moerdyk did not expect these to be immediate.

The move was expected to double production from the 15 678 units sold in 1992.

Volkswagen's export setback leads to better productivity

SI Times [Buss]

By DON ROBERTSON

to about 290 a day in the first quarter of 1994. 1912193

Staff has been trimmed from 8 500 to about 7 300.

Graham Hardy, appointed marketing director this year, says the Chinese export order was cancelled towards the end of September, but redeploying the workforce increased production levels. This allowed strong demand to be met and some stocks to be built up. (b3)

Last week, the company renegotiated the Chinese deal. Deliveries should resume when the plant reopens in January. Between 10 and 15 cars a day will be built for export, but the workforce will be "rebalanced" so that production for the domestic market will not suffer.

To date, Volkswagen SA has delivered 17 000 Jettas to China for final

THE quality problems experienced by Volkswagen SA earlier this year and the temporary postponement of export orders for left-hand drive Jettas to China has benefited the domestic market.

The assembly-line upgrade to meet the quality standards of the German parent, the establishment of a separate build-line for the export order, and a general restructuring of the entire operation has resulted in a 20% increase in productivity in the second six months of the year.

Production levels increased from 3 750 units a month in the first half of the year to 5 000 in the second six months. The backlog in demand for the Citi Golf and other models has been sharply reduced.

Production of the Citi Golf and new Golf and Jetta ranges has increased from about 85 a day to 120 for each model, for total daily production of 280 a day, including minibuses and pickups. This is expected to increase

assembly at the FAW/VW production plant in Chang Chung. It is hoped that the remaining 13 000 cars will be delivered to China by the end of next year at a rate of about 1 000 a month.

In a strong appeal to the workforce before the Christmas shutdown this week, workers were urged to "fight back" to enable the company to regain its lost share of the market. In some months, it beat market leader Toyota.

Mr Hardy says share of the car market will be about 18% this year, having reached 20.6% in November. The company expects to increase this to between 22% and 23% in a slightly bigger market in 1994.

The restructuring of plant and other operations has resulted in increased profitability and "a positive contribution" to the parent company is expected this year, after a small loss in 1992. Exports are growing and are expected to reach R500-million this year, of which about 60% reflect the Chinese export order.



BACK IN GEAR ... Volkswagen's marketing director Graham Hardy



FOREIGN FIRMS IN S.A

- GERMANY -

JAN. '94 - SEPTEMBER '97

Daun invests more than R70m in three big deals

THIS week's announcement of a change of control of tanning and leather company Silveroak represents the third major investment in SA companies by German investor Claas Daun.

Daun, the major shareholder in furniture companies Morkels and Protea Furnishers (Profurn), has invested more than R70m in SA to date. He announced on Monday that a consortium comprising management and his German textile company Daun & Cie had bought 66,8% of Silveroak for R23,8m. *BIDON*

At the beginning of December Daun, represented by his company, announced he had bought just over half of Profurn for R17,8m. *Silva*

In April 1990 Fedvolks sold its 74,9% stake in Morkels to a consortium, which was led by management and backed by Daun, for R28,5m. Morkels' latest annual report indicates that Daun currently holds 78,9% of the company. *(63)*

MARCIA KLEIN

Daun has been investing in SA since 1986, and had a textile factory in Paarl and a property company prior to the Morkels acquisition.

Daun was yesterday reluctant to comment on his investments, but said they showed optimism about SA.

All the local companies under his control were operating independently, as they had done in the past.

He said his involvement was to try to use export opportunities and increase capital investment.

Daun said he believed in acquiring significant stakes in companies together with management. "Any company needs a motivated management, it is good when they are involved".

He would not comment on further investment plans, other than to say he was looking around at investments which fitted in with his group, and he would invest if they were suitable.

VW's cuts will affect SA

STimes (BUS)
VOLKSWAGEN of Germany plans a radical restructure of its manufacturing plants worldwide to stem heavy losses. The action will affect its Port Elizabeth plant.

VW plans to reduce the number of basic chassis platforms used for its cars from 16 to only four. *13/3/94*

The plan will affect all four badges in the group — Volkswagen, Audi, Seat and Skoda.

Percy Smith, public affairs manager for Volkswagen of South Africa, says the company is aware of group strategy to reduce

By JEREMY WOODS

the number of basic chassis platforms.

"We have four car platforms in operation and one for commercial vehicles.

"We may move to three car platforms once the China export order has been completed." *(63)*

Mr Smith says VWSA increased productivity by 32% last year "and will continue the effort this year".

Volvo drives two luxury models back into SA

21 Day 2213194

GOTHENBURG — Volvo has officially re-entered SA after quitting in the 1970s, with about 70 luxury cars already on sale nationally.

Volvo Cars Intercontinental AB marketing director Jan Jurland said the fully built Volvo models arrived in Durban about 10 days ago and another shipment was on its way.

The Swedish company announced late last year it had appointed Combined Motor Holdings (CHM) to handle its distribution, marketing and service.

Jurland said the Volvo 850 would sell for about R170 000. The price of the Volvo 960, which would be on sale later this year, had yet to be determined. Import duties of 115% precluded the export of fully built vehicles of lower specification.

"We wanted to be one of the first Swedish companies to return to SA, having been one of the first to withdraw. Our competitors are well established in SA, but we are convinced we will be offering SA car buyers a good alternative."

Jurland said the company expected to sell about 500-600 Volvos in SA this year. It hoped gradually to increase its share of the luxury car

SYLVIA DU PLESSIS

market to 15%. CMH had established a subsidiary — Swedish Car Distributors — to distribute the imported cars in SA's main centres.

"When we are established in SA we may use the country as a launching pad for exports to Namibia and Zimbabwe," Jurland said.

Meanwhile, SKF public affairs director Lars Malmer said his bearing group, which stayed in SA during Sweden's prohibition of investment there, was planning to upgrade its Uitenhage factory. (63)

"We have been losing money in SA, due in part to the SA recession, but we are now planning to spend a few million kronor on bringing in new technologies," he said.

Malmer said the ban on trade between SA and Sweden, only recently lifted, had cost SKF market share, and the group was now fighting to win it back. "We intend to stay in SA and are committed to the country. But all our decisions will be business decisions and not politically motivated under a new government. We have always seen SA as a base for exports to southern Africa."

Business Report

Germans bullish on SA economy

By ARI JACOBSON

63

AS many as 81% of German company representatives stationed in SA, rate the local economic climate as "good, satisfactory or sufficient", according to a research survey released this week by the South African-German Chamber of Commerce.

To signify the large jump in confidence — in January, when the first survey was conducted, some 58% of German company representatives considered the economic climate as "good, satisfactory or sufficient".

In addition 28% of German corporations have now increased investment in the country and 22% have created further jobs.

A further 51% and 56% respectively, indicated they were considering expanding their financial investments and/or increasing the number of jobs in the country.

This is the second such survey conducted in conjunction with consultants Pabst & Pabst, which attempts to track the mood of some 55 000 German employees, currently working in the country.

The first survey took place in January and the second survey has been released this week — to gauge, more specifically the mood of German citizens after the elections.

The survey compilers add "its important to note that all the 20 biggest companies have responded favourably (in the second survey)".

CT 25/10/94

SA's BMWs for world markets

BMW SA will start exporting its cars early next year.

By DON ROBERTSON

The German parent has given its approval for the move because its SA subsidiary's vehicles meet its own high standards.

About 1 000 3 Series cars will be exported to south and south-east Asia, initially in right-hand drive, but eventually in left-hand drive as well. The plan is to build up exports to between 5 000 and 6 000 within four to five years.

BMW will become the first, by far, of SA manufacturers to meet recommendations of the government-appointed Motor Industry Task Group (MITG), which among other proposals, requires that the industry become globally competitive and that exports be increased.

About R110-million has already been spent at BMW's Rosslyn production plant to upgrade facilities and a further R40-million to R50-million will be required

next year for the final touches.

BMW is the largest SA exporter in the industry and sales this year are expected to rise to about R650-million compared with the forecast industry total of about R1,8-billion.

The SA operation is the largest supplier of leather seats to the BMW world market and is the only manufacturer of BMW cars outside Germany. A second world manufacturing plant will open in America next year and a third is being considered in Mexico.

"Our move into the world market is a healthy process and something we have to do if we are to survive in the long term. We cannot rely on protection forever," says managing director Rainer Hagemann.

It will, however, not be an easy process.

"Our product costs about R10 000 more than the Ger-

man car a year ago. We have brought this down to about R5 000 and we hope to reduce the difference further. The cost of transporting cars to Europe would further reduce our competitive edge, hence the decision to sell to Asia, where transport costs are at about a break-even level," says Mr Hagemann.

It is hoped that the cost of local components will also be stabilised. BMW has spoken to suppliers and has asked them to keep prices down. This can be achieved if volumes are increased through exports.

"We have shown them how German component manufacturers have kept costs down. Some have come over, others have not. If they are unable to meet our demands, we import the components," says Mr Hagemann.

Labour costs more in Germany than in SA, but the lower cost of components far outweighs this benefit, he says.

The export of compo-

nents from SA for inclusion in German vehicles has caused no problems in the past, but the export of fully built-up cars is a another matter. (63) (4767)

"The perception is that SA is at the bottom of the line in car production. We have researched this and we hope to overcome it as we have in the case of leather seats. Auditors come over from Germany every four to six weeks to check our quality standards. We also hope to be given the internationally accepted ISO9000 quality standard rating in July," according to Mr Hagemann. (172)

"We will also have to prove that we can deliver, and on time."

Also in line with MITG proposals, 7 Series production will be discontinued towards the end of the year. The new 7 Series will then be imported in fully built-up form. The 5 Series will be run out next year.

This is in line with plans to stop the production of low-volume models.

BMW adding an extra R100-m to SA operation

BY JOHN SPIRA
in Munich

Munich-headquartered BMW is currently investing an additional R100 million in its South African operation.

This raises the German company's SA investment to R1 billion, in the process demonstrating the group's confidence in South Africa's long-term future. (63)

These were the sentiments expressed yesterday by Wolfgang Reitzle, BMW's director of research and development.

"During the most difficult times in South Africa's history, we have remained firmly committed to the country. And we are committed to remaining there and helping contribute towards stabilising the political situation."

Reitzle confirmed BMW SA's intention of increasing export volumes.

"We are concentrating on improving the quality of the components produced by our suppliers in order to ensure that BMW vehicles produced

in South Africa fully comply with world standards."

BMW is in the process of constructing a plant in the US which will produce roughly twice the number of vehicles manufactured by BMW SA.

Would this new facility detract from the importance of BMW SA, at present BMW's only manufacturing facility outside of Germany?

"Not at all," said Reitzle. "On the contrary, it will complement our worldwide production capacity, because all plants, wherever they are, will be part of BMW's global manufacturing network."

Reitzle revealed that the German group's fresh investment of R100 million would go towards upgrading and expanding the Rosslyn plant with a view to shifting the emphasis from producing a wide range of models for the domestic market to fewer models in greater volume for export.

Commenting on Monday's violent outburst in Johannesburg, Reitzle was confident that this was a temporary situ-

ation and that in the longer term South Africa would prove to be a reliable source of supply.

"However, if the unrest shows no sign of abating, we shall have to turn to suppliers in other countries for our component needs."

Announcing group results in Munich yesterday, chairman Bernd Pischetsrieder said BMW had adjusted in good time to the global economic downswing and was the only German car manufacturer to show a profit in 1993.

"For the first time, BMW was the leading European car manufacturer in the US market and was again the world's most successful marque in the top market segment."

Group 1993 sales totalled R60 billion (7,5 percent down on the 1992 figure), from which it earned a net R1,03 billion (R1,4 billion).

Following BMW's takeover of Rover Cars UK, Rover director John Pullen said no discussions had taken place with regard to Rover's possible return to South Africa.

Commerzbank to open SA branch

BD 13/2/95

BEATRIX PAYNE

GERMAN banking group Commerzbank would open a branch in Johannesburg in May and planned to concentrate on wholesale and commercial banking and corporate finance, assistant representative for southern Africa Thomas Roznovsky said at the weekend. (63)

The bank set up a representative office in Johannesburg last year

First National Bank (FNB) group treasurer Peter Carroll said a number of large foreign banks were in line to set up operations in SA. Other market sources named the Bank of Tokyo and Netherlands-based

Internationale Nederlanden Bank (ING) as being among the most likely candidates.

Roznovsky said Commerzbank had a number of large German industrial companies on its books and was also planning to target a number of internationally active groups based in SA. He would not disclose how much the bank intended to invest in its SA operation.

Commerzbank, through its global exposure, would be able to offer new business

To Page 2

Commerzbank

(63)

(EK)

BD 13/2/95

From Page 1

and expertise to local companies.

FNB's group treasury and international division GM John Moses said a "steady stream" of international banks had expressed interest in setting up operations in SA. However, their entry into the country "might be some way off".

He said most foreign banks were likely to establish corporate finance and merchant banking operations in SA.

It was difficult for banks to migrate their retail operations to new countries. The SA banking industry was well established and there were "huge" barriers to

entry in terms of electronic banking.

Carroll said a flood of foreign banking operations could lead to a "feeding frenzy". Local banks would need to improve their operating technologies in order to compete. Foreign banks, which were likely to view SA banks as "small fry", could afford to absorb operating losses if the environment became highly competitive.

US banking group CitiBank, which announced last week that it would have SA operations in place by July, had proved itself extremely agile in competitive markets and able to develop niche markets.

COMPANIES

Munich to take over business

(63) 20/3/95

MUNICH Reinsurance SA (MRSA) would be taking over all of Munich-based Munich Reinsurance Group's Africa business south of the Sahara from the end of the year, MRSA said at the weekend.

MRSA CE Clement Booth said political factors had previously been behind the company's inability to take full responsibility for the group's Africa operations.

But SA's transition to democracy had opened the gateway to MRSA's re-entry into sub-Saharan Africa, with the company's new role spurring an internal restructuring that would be "substantially complete by the end of 1995".

MRSA's capital had also been "substantially increased" in anticipation of the company's expansion into Africa, Booth said. The company's capital employed of R65m as at the end of 1993 had enjoyed a

SAMANTHA SHARPE

further R30m injection to help fund the African growth.

He said MRSA's enhanced regional presence had further inspired a name change. It would be changing its name to Munich Reinsurance Company of Africa (MROA).

"The challenges of the future for MROA are considerable, but given the development of our infrastructure over the past 27 years, we are confident of our ability to provide our business partners throughout Africa with a high level of professional service.

"The geographical proximity of SA to countries in Africa, especially taking into account enhanced communications and improved travelling possibilities, are surely important factors in the equation."

Commerzbank secure in SA office

BY JOHN SPIRA
BUSINESS EDITOR

Commerzbank, Germany's third-biggest bank with total assets of R910-billion, has an exposure of nearly R5-billion to South Africa.

The German bank's huge involvement in this country was revealed in Johannesburg yesterday by Martin Kohlhaussen, chairman of the Frankfurt-based Commerzbank's board of managing directors.

Commerzbank has converted its representative office in South Africa into a fully-fledged branch — the first branch of an international bank to see the light of day in this country for a great many years.

Kohlhaussen said much of his bank's funds that were at



Words of comfort . . . from Martin Kohlhaussen, chairman of the board

risk here related to German multinational trade. About 20% of this was financed by Commerzbank, compared with between 13 and 14% worldwide.

(b3) sfav 15/6/95
"However, our activities in South Africa will not be confined to bilateral trade with Germany. We hope to do business with third countries, bearing especially in mind our involvement in a large number of countries throughout the world."

Kohlhaussen said that during the first five months of 1995, Commerzbank had been the leading international bank raising Euroloans for South African organisations.

On foreign perceptions of South Africa, Kohlhaussen believed this country was not doing enough to sell itself to the world.

"There's been little marketing of your achievements. What you need is a strong sales pitch."

He said the South African

government shouldn't complain about the absence of any meaningful foreign investment.

"True, you have 40-million people, a good infrastructure and offer opportunities to the north. That's why we are cementing our presence her. Yet you are competing with several other countries for international capital and you don't offer a great deal in the way of incentives. Your productivity is poor and you do not boast a large pool of skilled labour.

"You can't do much about the two latter factors in the short term. But what you can and should do is offer incentives to the foreign investor — as do several other countries.

Such incentives can take a variety of forms, among them tax breaks and the provision of land at attractive prices for manufacturing purposes."

German bank opens in SA

CT(BR)15/6/95 (b3)

BY JOHN SPIRA

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open business in this country for many years.

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Daimler-Benz buys Leadership magazine

Amanda Vermeulen

(63) 603/7/95

GERMANY-based Daimler-Benz, Europe's largest industrial company had bought Leadership magazine for an undisclosed sum, publisher Hugh Murray said at the weekend.

The magazine would be launched internationally in the last quarter of this year.

Executive editor Paul Bell said the new title Millenium would offer "opinion and debate on economics, technology, science and the issues of the day".

Leadership, established 14 years ago, was in the Times Media (TML) stable for two years, before TML asked publishers Churchill Murray Publications to run it on TML's behalf, Murray said.

Germans in SA textile deal

(197)
(b3)

COROVIN, the world's fifth largest manufacturer of nonwoven textiles, is investing R55-million in a joint venture with leading SA textile manufacturer Industex. Corovin is the first new German company to invest since the elections.

A new company, Cordustex, is to build a plant in Port Elizabeth for the initial production of 2 000 tons of nonwoven products, representing South Africa's annual requirements. In the second phase, an additional production line will produce 3 000 to 4 000 tons of composite materials.

The imported range of Corovin products is used by converters in the medical, disposable nappy, quilting, hygiene, furniture and bedding industries.

Cordustex managing director Philip

By DON ROBERTSON

ST (PT) 30/7/95
van Niekerk says at least 30% of production will be exported as local production is cheaper than in Europe, largely because of lower labour costs and because the capital intensive nature of the plant is a large user of electricity, which is also cheaper in South Africa.

Local raw materials will be used.

The first phase of the project will cost R30-million and although providing jobs for only 25 people, it will have a larger impact downstream in the conversion industry. Cordustex staff are presently being trained in Germany.

Lufthansa flying high in SA market

■ BY JON BEVERLY

The South African market has developed so well for the German airline Lufthansa that the capacity framework envisaged in the German-South African air accord "is no longer sufficient", the 1994 Lufthansa annual report says.

The growth of this market is demonstrated by the 71,4 percent utilisation of the 858,6 million ton/kilometre capacity

available. In 1993 capacity was 750,9 million ton/kilometre with a 66,2 percent utilisation.

African passenger traffic was 10 percent up on 1993 and cargo and mail traffic was up 27 percent. South Africa provides the bulk of the business in the African zone.

Africa's operating results are slightly ahead of South America's, much higher than the Middle East but well below the main markets of Europe,

Germany, North America and the Asia/Pacific region.

Lufthansa is talking to South African Airways after agreeing to a co-operation agreement earlier this year that will cover passengers and cargo services. Task teams are busy examining each aspect.

The agreement, which will include the two airlines' frequent-flyer programmes, is expected to come into operation early next year.

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Lufthansa flying high in SA market

CT(BR) 28/8/95 (63)

By JON BEVERLEY

SPECIAL WRITER

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Hoechst SA lifts earnings to R21,4m

By ANDY DUFFY

STAFF WRITER

Hoechst SA, the German-owned chemical company which listed on the JSE last month, lifted attributable earnings 36 percent to R21,4 million for the six months to June.

The company pinned the rise on strong trading conditions and said it had lifted its year-end income forecast 5 percent to R60,5 million — a 26 percent pro forma gain on the year to December last year.

But Hoechst said growth in its mainstay polymer and derivatives business was tapering off, while its healthcare business faced tough market conditions.

Sharp increases in volumes and prices for its polymer and chemicals divisions helped lift sales 27 percent to R883,3 million, while operating profit surged 60,5 percent to R39,3 million.

Finance costs up 93 percent at R23,4 million left pre-tax income 31,5 percent higher at R18,3 million, but Hoechst dipped into deferred tax to keep its tax bill at R4,7 million from R4,5 million last year.

Higher input from associates left share earnings ahead 36 percent at 15,3c. There was no interim dividend — in line with the company's prospectus statement — but the full year dividend would be about 7c,

ET (MR) 30/8/95
against the 6,6c forecast in the prospectus.

Richard Traub, the managing director, said the healthcare business would be responsible for future earnings growth, as the polymer division's engine slowed.

The healthcare division faced pressure on margins and uncertain government policy but would reply with a stream of new drugs from the second half.

The chemicals division was expected to continue its strong performance for the rest of the year, spurred by strong speciality and commodity product demand.

Traub said the R69,7 million raised through the JSE listing would cut Hoechst's gearing from more than 70 percent to just under 40 percent. Net borrowings stood at R157,3 million at the end of June.

Traub was also relinquishing his position at the company.

He had been appointed executive chairman and would become non-executive chairman from next year when he would move to Germany to head the parent company's polyolefin unit.

The new managing director would be Steffen Beuthner, who steered Hoechst's Colombian operation through the South American country's attempts to restructure its industry.

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SA-GERMAN TRADE

TUNING IN TO THE RDP'S AIMS

GERMAN companies in South Africa are set to play a major role in the reconstruction and development programme.

The SA-German Chamber of Commerce and Industry says future opportunities for German companies in South Africa are particularly bright in telecommunications and other infrastructural development.

Klaus Schuurman, the chamber's chief executive, says that given the SA government's commitment to the national housing programme, for example, there are likely to be spin-offs for the construction industry in areas such as electrification and sanitation — as well as in the supply of equipment required in these projects.

As the housing programme develops in the medium to long term, there will also be a demand for more sophisticated equipment such as geysers, refrigerators and items of electrical

equipment — which German companies are well-placed to supply," says Mr Schuurman.

Klaus Doering, chief executive of Siemens SA, says opportunities beckon in such sectors as telecommunications, power transmission and distribution, transportation, energy and medical engineering.

"We have the technologies to develop these markets and the project know-how for business solutions and to be able to integrate different products.

"We feel confident that we can contribute and at the same time gain a stake in the growing market in these fields," says Mr Doering.

He cites as an example Telkom's call earlier this year for proposals for the installation of 1-million telephone lines in rural areas and townships as part of the RDP, which aims to have several additional million telephone lines installed within the

next five years.

"We have submitted not only a very sophisticated technical proposal, but also an innovative financial proposal," he says.

"In addition, we have brought black business partners into this proposal as a contribution to the empowerment of black business throughout the country."

Mr Doering sees electrification as another area in which Siemens can play a major role.

With the support of European aid funds, Siemens has embarked on an electrification project for 13 000 homes in squatter camps and towns north of Pretoria.

Mr Doering sees the challenge of improving transport facilities as one of the priorities facing the country and suggests that an appropriate first course of action would be to improve the connection between Soweto and central Johannesburg.

"This is a typical infrastructure project in which Siemens

would gladly become involved,"

Mr Doering says.

He says that Siemens, one of the largest electronic and engineering companies in the world, is also one of the two leading world companies in transportation systems and can offer a range of items including rolling stock, locomotives and signalling equipment.

Siemens has a telecommunication factory near Pretoria and a power transmission and distribution factory at Isando. Together, the two factories employ more than 2 000 people.

Siemens' local operation is very much part of the international marketing concept of parent company Siemens AG of Germany, which has a turnover approaching R240-billion and some 370 000 employees in more than 190 countries.

The southern African operation has a turnover approaching R3-billion. It employs just under

5-000 staff and is owned by Siemens AG (52%), Sankorp (32%) and the Industrial Development Corporation (16%).

Mr Doering says Siemens has always looked on South Africa as an important part of its worldwide activities.

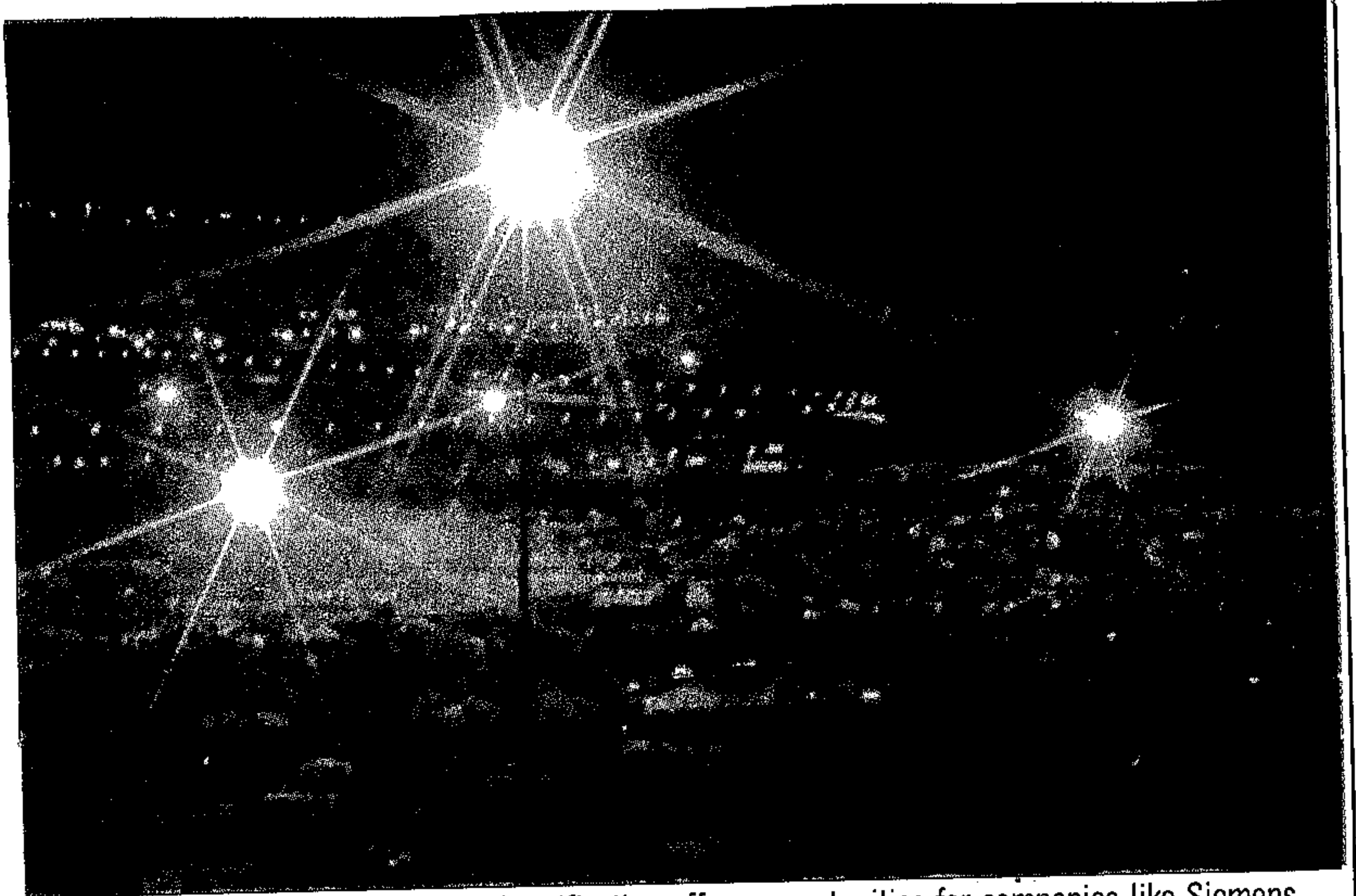
The group made its mark in southern Africa as early as 1860 with the installation of the country's first telegraph line, from Cape Town to Simonstown.

"We will appropriately celebrate the completion of our century, planned in March next year, to coincide with the excitement of settling in our new corporate head office in Midrand," says Mr Doering.

"We continue to be committed to the future of South Africa and our investment in buildings, plant and equipment of more than R250-million over three business years speaks for our intentions to continue with growth and employment."

ST(BT)10/9/95

(63)



SHEDDING LIGHT . . . township electrification offers opportunities for companies like Siemens

Siemens plans to build for future

AT a time when international organisations and Germany's trade unions were putting pressure on companies to disinvest from South Africa, Siemens decided to stay.

"Siemens has tried to contribute to change in the country and we were among the first companies to eliminate race barriers in employment," says Klaus Doering, Siemens' chief executive.

"We instituted various training programmes in the late 1970s and early 1980s through which we trained large numbers of blacks as artisans, technicians, engineers and electricians.

"We are proud of that achievement and it is a sign of our commitment to South Africa," says Mr Doering.

Foreign staff members are

brought in on special short-term assignments only, and the ratio between South Africans and German-seconded employees is 99% in favour of local appointments.

Siemens also has an affirmative action programme in place with clearly defined targets.

"I would like to see more employees other than white in our middle and senior management before the year 2000," says Mr Doering.

"During the last 10 years we have invested close on R100-million on human resource development and loans of more than R15-million were granted to mainly black employees in the lower income bracket, as supporting finance to build more than 850 homes.

"This we would not have been able to do if we did not have our

feet on the ground right here in South Africa.

"We would also like to establish Siemens Ltd of South Africa in those fields of technology through which we could become competitive in world markets," says Mr Doering.

He says there are niche markets not covered by the German or American Siemens factories, for which Siemens could manufacture products for export in addition to supplying the SA market. Such products include medium-voltage switchgear, which has been developed locally and is also made in South Africa.

Mr Doering says that in the six months he has been in South Africa, one of his major findings is that despite the impressive international orientation of many of the country's leaders, there is of-

ten an inability to compare the SA situation with achievements in other countries — such as in south-east Asia and Latin America.

"Only by competing successfully against these regions will South Africa be able to raise the level of employment and contribute to the final successful transition of South African society."

Although there was enormous pessimism about Africa in general, he believed South Africa could be the catalyst in turning the development of the African continent into a success story.

"For South Africa to contribute to the stabilisation and development of neighbouring countries — and eventually those further north — will benefit the whole world and offer big opportunities for global players, including Germany," says Mr Doering.

ST(BT) 10/9/95 (b3)

Boon for SA if Kohl is Big Brother

(63) CT 13/95

FOLLOWING the excitement and euphoria generated by South Africa's first democratic election last year, this country has all but faded from the popular consciousness in Germany.

South Africa barely registers as a subject on the radar screens of most German media. German correspondents working in this country have an increasingly difficult time convincing their editors back home that the South African transition remains a gripping story worthy of special consideration.

At first glance, the lapse in interest is perhaps a little surprising. There are 1,5-million people living in South Africa who can claim to have some German blood and 230 000 residents who have the German language as their mother tongue.

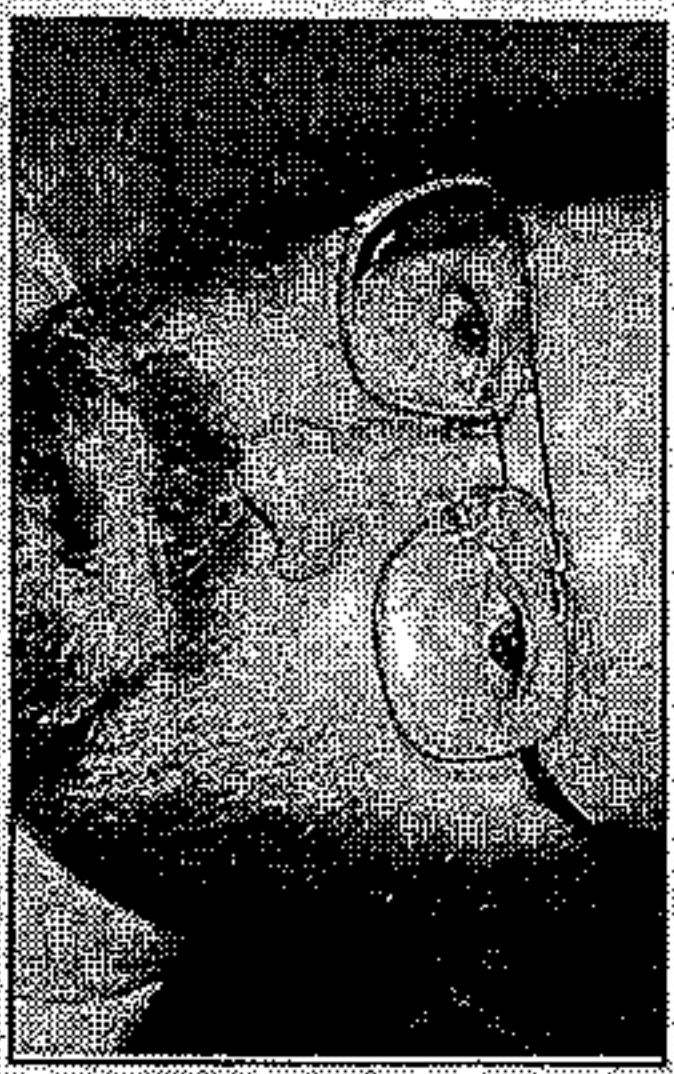
Germany is South Africa's biggest trading partner and is the second largest foreign investor in this country. There are 360 major German companies in South Africa offering employment to more than 60 000 workers.

Dramatic changes

There are also many fascinating parallels to drawn between two countries which are currently embroiled in major efforts to reconstruct and unify their nations after a history of four decades of post-War division and enmity.

But at the end of the day, the rapidly unfolding and dramatic changes taking place through much of Europe, and the tantalising economic opportunities beckoning in South-East Asia and even Latin America, has understandably resulted in many Germans focusing on places other than South Africa when looking beyond their borders.

MIDWEEK POLITICS



ANTHONY JOHNSON

Yet the decision by Chancellor Helmut Kohl, accompanied by the cream of German industry, business and banking, to visit South Africa this week has seen an apparently dramatic revival of interest in this country.

One cynical senior journalist on a Berlin newspaper explained the plane-loads of journalists who had elected to travel down south to cover the story as follows: "It's a great party and Cape Town is a nice place to visit."

Self-evident

Other well-placed observers in political, academic and media circles in Germany offered widely divergent interpretations for why the man President Nelson Mandela this week referred to as "Europe's senior statesman" had decided to take a week out of his hectic schedule to travel to Southern Africa.

How South Africa stands to benefit from such a visit is fairly self-evident and much of

this has already been spelled out in the protection and promotion of investment and technical co-operation agreements signed this week by the two governments.

Dr Kohl has also promised assistance to South Africa in the form of education and vocational training, the promotion of twinning arrangements between German federal states and South African provinces, and accords promoting scientific and cultural co-operation.

But what the German chancellor has to gain, politically or otherwise, from the trip is less clear.

He is riding the crest of the wave of popular public opinion in Germany and even his political rivals freely acknowledge that he does not "need" the trip to boost his status or to improve his standing in Germany by basking in the reflected glory of someone such as Mr Mandela.

Consolidate influence

The official government briefing on the Kohl visit in Bonn promoted the argument that the chancellor would visit South Africa as a mark of respect for Mr Mandela and to show support for the process of peaceful reform and development in South Africa.

But privately, the trip is characterised as part of a carefully planned push by Germany to extend and consolidate its influence in Southern Africa as a whole.

The first visit by a German chancellor to South Africa is linked to a more assertive stance by Bonn towards foreign policy matters in Africa in general and South Africa in particular.

But politicians and officials close to Dr Kohl say he has become seized with the idea of developing a "special relationship" with South Africa because he regards this country, and possibly its neighbours, as the only hope for Africa.

If things work out and the relationship bears fruit, he will be seen as a statesman with foresight.

Members of the party travelling with Dr Kohl to South Africa noted in Cape Town this week that he had been uncharacteristically emotional and apparently moved when making references to Germany's evolving bond with the new South Africa.

Some German observers see Dr Kohl regarding South Africa as one of his pet projects as carrying major potential benefits for this country in the medium to long term.

Having the heavyweight of European politics battling for South Africa in the European Union would have obvious benefits, particularly when it comes to easier access to European markets.

Dr Kohl may not want to adopt a high profile on too many burning issues affecting the EU, particularly at a time when sensitivity is increasing about the political and economic clout Germany is assuming in the new Europe.



HELMUT KOHL: South Africa could benefit greatly if the German chancellor makes the country his pet project.

But if he is prepared to accept the risks of using his good offices to play "Big Brother" and loyal advocate for South African causes in Europe, this is a relationship, if properly handled, that could prove both creative and fruitful for Pretoria.

Germany looking to create (63) (74B) jobs in SA ARL 28/12/96

JOHANNESBURG - German investors were looking to create jobs through long term investments and partnerships in South Africa, German ambassador to South Africa Uwe Kaestner said yesterday.

Speaking at the opening of the German Industrial and Technology Trade Fair, Made in Germany at the Nasrec exhibition centre outside Johannesburg, Mr Kaestner said Germany had made South Africa its number one priority in its relations with Africa and was looking for long term productive partnerships.

"We are looking for a privileged partnership with the new South Africa, based on long-term confidence, on open markets, on fair opportunities, and last but not least on social responsibility."

He said German investment had an impressive track record in the country and was primarily concerned with the creation of productive jobs rather than portfolio investment.

Mr Kaestner said while Germany welcomed the creation of a Free Trade Agreement between the European Union and South Africa, nothing would impede the promotion of our bilateral trade "full steam ahead".

In his address, North Rhine-Westphalia Economic Affairs, Technology and Transport Minister Wolfgang Clement said the German federal state would open a trade office in Johannesburg to promote trade links between South Africa and Germany.

North Rhine-Westphalia is Germany's most populated state with 17,7 million people and is the country's largest contributor to gross domestic product, contributing \$457,8 billion to Germany's \$2047,8 billion GDP.

Mr Clement said that the Made in Germany fair would intensify economic relations between the two countries and invited German business, particularly small and medium-sized enterprises to utilise the opportunities offered by the exhibition.

He named the tourism industry as a potential growth area and said Germany was well placed to provide the support for further development of the industry.

While tourism from South Africa to Germany increased by an impressive 42 percent in 1995 from the previous year, tourism from Germany increased by 105 percent over the same period.

Mr Kaestner said he welcomed the statements by President Mandela, Finance Minister Chris Liebenberg and Reserve Bank governor Chris Stals that exchange controls would be lifted in the foreseeable future.

He was also encouraged by Mr Mandela's announcement at the opening of Parliament that 1996 would be the year to fight crime.

The trade fair is the largest German exhibition in South Africa with over 200 exhibitors and representatives from numerous German Regional Trade Offices. It runs until March 2. - Sapa.

SA 'a priority' for Germany

BD 28/2/96
Lucky Madikiza

GERMANY is SA's main trading partner and is fast becoming the biggest investor in the country, trade and industry director-general Zava-reh Rustomjee says.

He told the Made in Germany trade fair at Nasrec yesterday that an important aspect of the economic tie between the countries was the exchange of technology and expertise, which, coupled with German firms' investment, would help alleviate joblessness.

(b3) (b3)
"Last year we went to Germany to set the target of attracting DM1bn of direct investment within a year. We are well on the way to reaching that target."

SA was in a "harsh world" of competition and globalisation. To gain a competitive edge, the trade and industry department planned to steer SA from self-sufficiency and import substitution to international competitiveness.

German ambassador to SA Uwe Kaestner said Germany had made sure

(b3) (b3)
SA was a priority in Africa and was considering long-term investments and partnerships.

"We are looking for a privileged partnership with the new SA, based on long-term confidence, on open markets, on fair opportunities and on social responsibility."

Kaestner welcomed recent statements by President Nelson Mandela, Finance Minister Chris Liebenberg and Reserve Bank Governor Chris Stals that exchange controls would be lifted in the near future.

German car makers deny pullout

Lukanyo Mnyanda (b3)

BMW SA and Mercedes-Benz SA, two of the biggest German investors in the country, denied they were considering pulling out following the murder of a local businessman in Johannesburg, but warned that violent crime would jeopardise any future investment.

"Government must

decide whether its main objective is anarchy or creating employment. If anarchy is the objective, then we're doing a good job," Daimler-Benz SA head Christoph Kopke said yesterday.

His comments follow the murder in Bryanston of Erich Ellmer, an executive of AEG, a leading German company. His murder again highlighted SA's high crime rate

and fuelled speculation about international companies pulling out of SA.

Kopke said MBSA was not considering pulling out of SA, but would be more careful about new investments as "we can't send people where we think they're going to be shot".

SA lacked technical expertise and this had to be imported. However, escalating crime would make it difficult to attract skilled people into SA unless they were enticed with "ridiculous" salaries, he said.

"We're not scaling down our involvement in SA, but we believe that this (Ellmer's murder) was a step in the wrong direction," said Kopke.

"They are not even trying to tackle crime seriously. Just look at what's happening at the Western Cape," he said.

BMW SA spokesman Chris Moerdyk said although the company was not considering pulling out of SA, he stressed that "the future of BMW in SA is in the hands of the politicians and the criminals".

The company had to increase the value of its exports if it was to survive in the country; it would not be able to do that unless its suppliers set up operations within SA.

"If crime keeps on getting worse, it's going to be difficult to persuade them to come here," said Moerdyk.

Safety and security ministry spokesman Maxwell Mulaudzi expressed regret at Ellmer's death and committed government to the creation of a "safe and secure environment conducive to attracting investment".

Kathryn Strachan reports that a spokesman for foreign affairs said that although a tragic incident of this nature obviously had a detrimental effect on foreign investment, trade and tourism, the department believed potential investors would be watching carefully to see if the culprits were speedily apprehended and brought to book.

"We believe the police are leaving no stone unturned in their effort to do exactly that," the spokesman said.

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By Order of the Board
W.A.R. WENTELER
Chairman

16 August 1996

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Boehringer Mannheim opens headquarters in SA

Business Day Reporter

BOEHRINGER Mannheim, the German pharmaceutical manufacturer, confirmed its commitment to SA yesterday by opening its new R7m headquarters in Randburg, but called for renewed efforts to re-establish the confidence of investors.

Boehringer Mannheim SA CE Knut Seifert chided government on its attitude to the pharmaceutical industry, "as shown in the recent Sarafina 2 controversy" and rejected claims that prices in SA were unreasonably high.

"The average unit price of our products is far below the European price

levels," he said.

Boehringer Mannheim, which has a worldwide turnover of \$3,2bn, specialises in therapeutics, laboratory diagnostics, diabetes care, point-of-care testing and biochemicals.

Seifert said the pharmaceutical industry had always offered to co-operate with the health department, and would do so in the future.

"It seems that our efforts are not always appreciated. One should keep in mind that the industry employs a lot of people, including many who are highly skilled. Together we are investing millions of rands. If the industry is not welcome in a country, then companies

have to think about down-sizing their operations and moving into a more friendly environment," he said.

Seifert said SA had been received by potential investors with a great deal of goodwill, but two years after the national elections it was time for SA to prove that this goodwill was justified.

Recently, largely because of the high crime rate, investors and the financial markets had taken a wait-and-see attitude. As a result, the rand had lost between 15% and 20% of its value.

Seifert called for the scrapping of exchange controls, and a comprehensive economic strategy to gain the confidence of investors. SA had great po-

tential, and "right here and now there are opportunities for entrepreneurs who take their destiny in their hands".

Seifert said SA spent 8% of GDP on health care. "If we look at the outcome, we spend more money than other countries, but are less efficient."

Despite the current negative environment, "we as a multinational research-based company have a contribution to make to SA's development."

Boehringer Mannheim's commitment to Africa was stressed by CE Gerald Möller during a brief weekend visit. Head of European operations Joachim Langer attended the opening of the new headquarters yesterday.

BD 17/9/96

(23)

German companies poised to invest in SA

Melanie Sergeant

MUNICH — A flurry of new German investments and partnerships are to follow in the wake of a recent top-level business delegation visit to SA.

Albeit on a small scale, several of the 90-strong Baden-Wuerttemberg delegation say they are set to invest in a bid to ensure they are not left out of the southern African market.

Sudwestdeutsche Landesbank's Siegfried Jaschinski, whose bank handles trade and other financing for many Baden-Wuerttemberg-based companies with operations in SA, said:

"We are now investigating the possibility of setting up an operation in SA in order to assist small and medium-sized companies wanting to finance trade or facilities in the region. This would be in line with our new worldwide strategy of establishing a presence in markets outside Germany."

He said high levels of criminality were evident in parts of SA, so it was

important to "look at the different areas independently. However, we got the impression that the government is now putting in extensive efforts to stem this problem."

Professional Training Systems president and official representative of the Baden-Wuerttemberg association of companies involved in the educational field Helga Guttman said her company planned to set up representation in SA. Investigations were also under way to find companies in SA to handle licensed manufacturing of language laboratories and deskling for the education market.

She said that while SA's peaceful transition continued to be a source of wonderment, "it will be interesting to see how the integration of people will play out; it may be difficult to integrate those who have not been educated in the past, for example."

The DM200m-turnover industrial seals and gaskets company Busak & Shamban was planning to send a full-

time representative to SA to handle large accounts, and could possibly open a subsidiary in the future.

MD Heinz Kisingen said: "We have lots of confidence in SA and the general opinion is that government will be able to handle the challenges ahead."

Toy and publishing company Ravensburger's Armin Boeckeler said that while manufacturing in SA was not feasible, the group would seek partners to handle product distribution.

He echoed the views of most of the visitors when he said that the difference in security between Johannesburg and Cape Town was like day and night. "Although there is crime world-wide, I believe it is a real problem in Johannesburg and a great hindrance for foreigners looking at setting up business there."

Like most of the delegation, he said discussions held with high-level politicians, including Deputy President Thabo Mbeki and Finance Minister Trevor Manuel, had left the impression

that people in SA were co-operating to build a better country.

Delegation head and Baden-Wuerttemberg prime minister Erwin Teufel said SA had a good chance to develop well, and that this would have a positive effect on development in southern Africa and the African continent.

He signed letters of intent for partnerships with Kwazulu-Natal and the Eastern Cape that will be formalised in a year. These will mainly focus on trade development and investments in the small and medium-sized business sectors.

Baden-Wuerttemberg government spokesman Hans Koch said that while high crime rates were undoubtedly SA's biggest problem, there were also concerns about the country's future even though the reconciliation which has taken place was showing "highly positive signs of being long-lasting". He said the consensus among many delegates was to enter SA now rather than to risk being left behind.

(63) BD 2/12/96

German group invests in Cape

BUSINESS REPORTER

ARG 29/5/97

~~ARG~~ (b3)

German laundry group Bardusch has taken on South African partners and is opening a branch in Cape Town in July.

Bardusch's head office is in Ettlingen, Germany, and it also has offices in the United States and South America.

The South African branch is its first investment in Africa.

Bardusch SA will be based in Montague Gardens.

The company specialises in leasing and laundering of hospital and hotel linen and workwear in ultra-hygienic conditions.

It has already invested R2,5 million in a new laundry machine that has been imported from Germany.

Managing director Carina Redelinguys said Bardusch operated a "barrier laundry" system that prevented cross-contamination of garments.

The laundry would create about 50 employment opportunities.

German investment in S Africa to continue

(63) (7/13)
GERMANY will continue investing in South Africa to promote economic and political stability as a means of underpinning social peace in the region, Daimler-Benz chairman Jurgen Schrempp said at the weekend.

In remarks prepared for an address to leading South African and German businessmen at a Chamber of Commerce and Industry banquet in Johannesburg, Schrempp said the move would counteract prevailing pessimism and help integrate the Southern African Development Community states.

"While pessimists may regard Africa as the lost continent, we see it as a market of the future," said Schrempp, who heads the Southern African Initiative of German Business (Safri) aimed at strengthening investment ties between Germany and the region.

He said Safri would support the initiative by providing know-how, technology and advice on trade and business.

sewelan 3/6/97

German firms take a hard line on crime

ET (52) 316/97
About 85 percent of German companies in South Africa said in a recent survey they were considering altering their investment strategies, 15 percent had already stopped their investment because of the crime problem, Jurgen Schrempp, the chairman of Daimler-Benz, said at the weekend. He said this was "not surprising as quite a number of German company executives and employees have been subjected to criminal brutality".

Speaking at the annual banquet of the South African-German Chamber of Commerce and Industry in Johannesburg, Schrempp said the study surveyed 82 German firms. They identified "fighting crime" as the government's highest priority. However, he said while pessimists may regard Africa as the lost continent, "we see it as a market of the future". But he said it was vitally important the government stuck to its macroeconomic strategy and curbed the growing crime rate if the country were to lead the way to prosperity in the region. — Roy Cokayne, Pretoria

(63) (316) (316)

Bridgestone injects R220m into SA

JONATHAN ROSENTHAL

(127) (66)
Johannesburg — Bridgestone, the Japanese tyre multinational, has approved a R220 million investment in its South African operations, the group said in a statement at the weekend.

This is substantially more than the group's previous statements that it would need to invest about \$10 million to bring quality in line with the rest of the group.

Bridgestone acquired Fedstone, the holding company for Bridgestone and Firestone in South Africa, from Murray &

Roberts for R290 million early this year.

Katsuhiko Yamamoto, the chairman and chief executive of the South African operations and a board member of Bridgestone in Japan, said the cash injection would allow the company to increase its production capacity at both its manufacturing plants in Port Elizabeth and Brits.

"Our biggest challenge is to be world-competitive ... With this additional production capacity we will be in a position to expand both our domestic and export markets," he said.

CT (OR) 30/6/97

Yamamoto said the company would also improve its quality systems and strengthen its financial status.

The 1 800 employee group has previously said Bridgestone and Firestone brands account for a claimed 24 percent of domestic sales but the group said it planned to seize the dominant South African market position from rival Goodyear.

At the time it said it hoped to increase tyre production by 30 percent within two years and double production over five years.

US direct selling company opens

General manager predicts R70-m in turnover in

THABO MABASO
BUSINESS REPORTER

One of the world's largest direct selling companies, Amway Corporation, yesterday announced that it was setting up a South African branch with headquarters in Montague Gardens.

General manager of Amway, South Africa Peter Beaumont said the branch represented an investment of R35 million. Amway hoped that the South African

branch would expose the American corporation to the African market, he said.

The corporation had also opened a distribution centre in Johannesburg.

Mr Beaumont said 50 jobs had been created as a result of the corporation setting up in South Africa. The expansion was its first in Africa.

"All South Africans will have the opportunity to get involved in the Amway business," Mr Beaumont said.

He was confident that the South African chapter of Amway would be successful and

projected turnover of over R70 million for the first year of operation.

He estimated that 10 000 independent distributors would join the corporation in South Africa and would sell and promote Amway products.

To become an Amway distributor,

'Individuals can establish their own independently-run businesses without major capital outlays'

from all professions, education levels and cultures. Through Amway, individuals

interested people would have to apply to the corporation and on the payment of R400 would receive five products and literature on how to run the business.

"As in other countries, Amway welcomes distributors from all professions, education levels and cultures. Through Amway, individuals

first year of operation

(B3)

REG 19/8/99

can establish their own, independently-run businesses without major capital outlays."

The corporation had a core distributor force of over 2.5 million in the 43 countries in which it operated.

Mr Beaumont said all the goods supplied to the distributors would be manufactured in the United States, South Korea and China.

Amway has survived several challenges on its multi-level marketing mechanism in the United States.

One of those challenges questioned whether Amway was an illegal pyramid scheme.

Amway survived the challenge as its sales mechanism is backed up by a range of products and does not charge people to become members of the sales force.

The US Federal Trade Commission does, however, require that Amway label its products with a message that 54 percent of Amway's distributors make nothing, and the rest earn on average less than \$85 a month.

Cape Town

Sowetan (Bus) 25/9/97

63

German entrepreneurs show keen interest in joint ventures

By Steven Moti

A VISITING German business delegation has expressed an interest in starting environmental projects in South Africa, including a German tourist centre in the Eastern Cape.

Lower Saxony assistant minister of economy, technology and transport Heino Heierberg told *Sowetan Business* yesterday that German entrepreneurs wanted to venture into South Africa's lucrative environment and tourism industry.

Heierberg, who together with Lower Saxony minister of economy, technology and transport Peter Fischer led a high profile delegation comprising representatives of 30 German companies, said some of the projects being considered by the visitors included tech-

nical energy purification plants.

The delegation was hosted by the South African-German Chamber of Commerce and wanted to establish trade links and other economic relations with their South African counterparts.

Positive results

More than 30 local companies were engaged in talks with the group this week, 50 percent of which were black-led and involved in industries such as construction, sugar plantations, vehicle logistics, law consultancies and aircraft.

Heierberg said: "In our delegation, each company has met over five companies and the results are positive. We have also met with Minister of Tourism and Environmental Affairs Peter Mokaba's delegation and we dis-

cussed issues of mutual interest."

Responding to the question of crime, Heierberg said: "Crime is not much of an obstacle to our business interests. As far as we are concerned the market matters most."

Gunter Dangel, general manager at Wiedemann KG, a German equipment, plant and engineering firm, said: "Our products enjoy a high ranking on the world market. Exceeding the delivery of spare parts, our technical engineers are engaged with planning, solving problems and drafting for complete sugar plants."

The Wiedemann group employs over 600 people. Its turnover was more than R1 billion last year and it has vast experience in cane and beet sugar that could be of particular benefit to South Africa's sugar cane industry.