MANUFACTURING - MOTOR INDUSTRY

1984

JANUARY —— DEC.

Ford

To work or not to work?

192 ~~152~~ ~~170A~~ ~~739~~

City Press 8/1/84

By MONO BADELA

STRIKING WORKERS at Ford's Struandale Assembly plant near Port Elizabeth will hold a meeting in KwaZakhele tomorrow to decide what strategy to adopt when the factory reopens on Monday after a three week shutdown.

The workers, who are members of the National Automobile and Allied Workers' Union (Naawu) and the Motor Assemblers and Component Workers' Union of South Africa (Macwusa), have been off work since December 13.

The 700 workers downed tools in sympathy with a suspended worker When the plant shut down for the Christmas period, the workers collected their pay and bonuses.

Ford industrial relations director Mr Fred Ferreira was not available for comment this week whether the suspended workers would be reinstated on Monday.

However, it is learnt from sources close to the two unions that the workers will report back on Monday, but will not take up their positions if the suspended worker at the Sierra plant has not been reinstated.

The striking workers have received the backing of the Port Elizabeth Civic Organisation (Pebco)

Star 7/1/84

Big developments in pipeline

Toyota driving for 25% of the market

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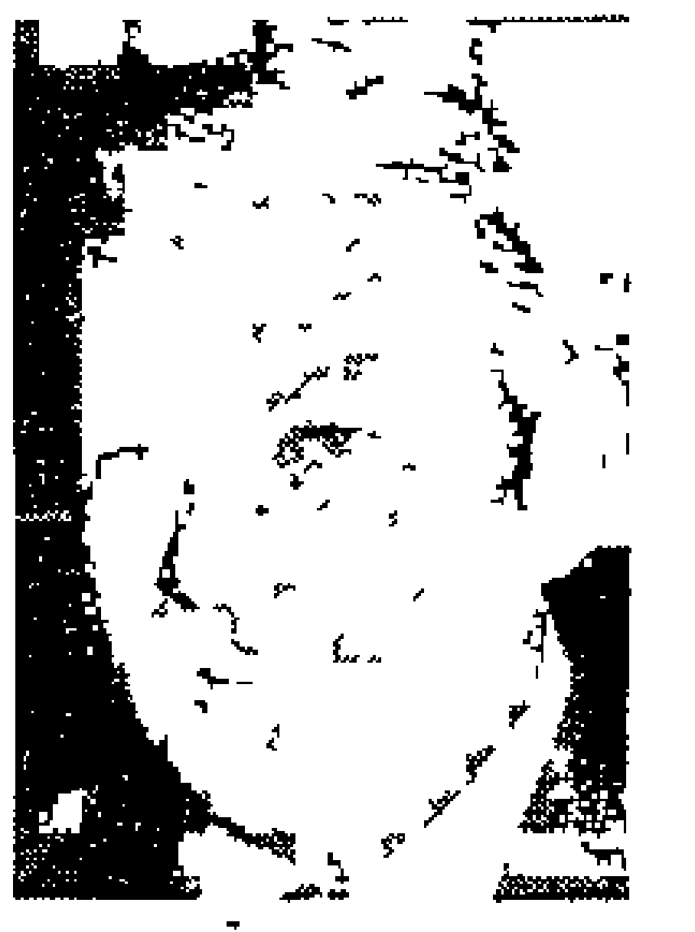

MD Colin Adcock . . . no stopping growth

By Malcolm Fothergill

After a year in which Toyota increased its market share without introducing new lines, MD Mr Colin Adcock is confident everything will keep going right for South Africa's premier motor maker in 1984.

Among big developments in the pipeline are the launch in April of at least four new trucks in the Hino and DA Super Dolphin range, the probable launch of a front-wheel-drive Corolla late in the year and a move into making components

Details of the move into components will be announced "fairly soon", but plans for the next car launch are being kept under wraps for the time being.

Mr Adcock makes no secret of his end-of-1985 target — 25 percent of total SA vehicle sales This might sound ambitious, but given Toyota's steady growth since the late 1970s it need not be beyond reach.

An idea of how quickly it has grown in 1973, when it was basically a commercial vehicle operation, it sold 6,5 percent of all passenger cars By November 1983 (the latest figure available) it held 20,4 percent, against 18,6 percent a year earlier

NOWHERE NEAR LIMIT

Its share of the total vehicle market had grown to 22,7 percent by November, against 21,6 percent in November 1982, while its share of the total commercial vehicle market remained 27,4 percent

Is the company not approaching the limit of its market penetration? Mr Adcock thinks not.

"I don't believe there needs to be a point at which we have to stop growing. In any market, you reach a point where it's hard to increase your market share, but we're nowhere near that point yet," he says

Reasons for Toyota's success? Mr Adcock lists them as producing highest quality for lowest price, which implies getting the production line running smoothly, and marketing

He also notes that except for Renault, every other car maker has at least three lines, against Toyota's two

He believes that far from being an advantage extra lines could dilute his competitors' marketing efforts while denying them some economies of scale.

Much of Toyota's efforts in the coming year will be to establish its Super Dolphin trucks, which at 10 to 15 tons capacity will slot in above its present F series

The long-term aim is to achieve in trucks the same position in South Africa as Toyota has internationally — No 2 to Mercedes-Benz

Again, the target looks well within range In the first month after the F series was introduced last year, Toyota moved from eighth to third in truck sales charts.

A long-time fighter for equal pay for equal work, Mr Adcock is proud that pay and promotions at Toyota have been based on merit only since 1973, the year after he took over

Inter-racial friction has been all but non-existent, he says, but the chauvinism of many South African men has caused some problems

"I'm not really a philanthropist. At the end of the day it's a business decision — in return for better pay I expect better productivity."

Quality circles, introduced at senior levels and moving down the line, have reached middle management, including shop floor black supervisors.

KEEPING THEIR JOBS

Next, Mr Adcock hopes to move towards another Japanese idea — guaranteed lifetime employment.

Black men tend to favour "last in, first out" during hard times, he says But in the 1977/78 recession, Indian women who make Toyota's seat covers all asked to work short time rather than have anyone sacked.

On the national scene, Mr Adcock believes gold will improve slowly in 1984, finishing the year above $400.

He also expects American interest rates to ease, bringing a small improvement in the rand/dollar rate

Since exchange rates began floating in the early 1970s they have caused headaches for companies like Toyota which deal daily in foreign currencies

If Toyota SA made no attempt to correct the swings in foreign exchange rates it could theoretically lose R17 million a year So it closely watches exchange rates, buying forward where necessary to protect its position

"We don't aim to make money out of managing our currency; we just aim to match our budgeted targets"

Mr Adcock, who rates 1983 as the most fascinating year of his career, expects to see "real growth across the board" in the second half of 1984 after a pedestrian first half.

Etheredge's retirement will lead to busy new role

Mr Denis Etheredge retired at the end of 1983 as chairman of Anglo American's gold and uranium division. Peter Farley spoke to him about his contribution to South African mining.

Dennis Etheredge . . . hanging up his pick and shovel.

It's not often one comes across someone like Dennis Etheredge, an academic turned businessman — almost by accident — who rose from part-time clerk to chairman of the world's most powerful gold mining group

And, somewhat surprisingly, he is the archetypal favourite uncle.

He shows no outward sign of the power which his position as head of Anglo American's gold and uranium division commanded

His retirement last week will therefore leave a much more difficult space to fill than might otherwise have been the case.

Mr Etheredge's career has been well documented, from his active days as secretary of the United Federal Party in the then Southern Rhodesia through his efforts during the "Zambianisation" of the Copperbelt

He is a director of many organisations, ranging from president of the Bureau of Literacy and Literature to the Atomic Energy Corporation. They mainly embrace his longstanding commitment to improving the quality of life for all races

Predictably, retirement will not entail a withdrawal from the public stage. In many ways he will probably be busier now than ever before

In fact, he still has something up his sleeve — that cannot be revealed at this stage — which will involve becoming chairman of a rather influential organisation.

Given his continuing commitments he feels the aspect of Anglo he will miss most is his secretary. "I will now have to do all my own filing, buy my own stamps and pay my own telephone bill"

Not one to be put off by new challenges, he went to pay his 'phone bill the other day for what must be the first time in 20-odd years "I was amazed how easy it was"

But that is the lighter side of a man respected worldwide for his honesty and professionalism

As a regular speaker at international gold and investment conferences, he is often accorded the accolade of being at the top of his field

But he has no illusions about such a billing being ephemeral

Recently asked to address yet another conference later this year in the US, he politely declined and suggested selection of someone closer to the pulse

Candid as ever, Mr Etheredge says "I no longer matter" While some of one's experience is relevant for a long time, he says, "a lot of it becomes outdated very quickly."

His early days with Anglo, amid the torrid politics of Southern Rhodesia, taught him a lifelong lesson.

He says there are many illusions about the power of big business Many people believe, and often expect, that a corporation of Anglo American's size is omnipotent.

But, he says, the big companies and, ultimately, the people who control them, can have little impact in politics — unless individuals are ready to forsake all and join the party they believe will bring change.

"Businessmen of goodwill, however important, can do very little in direct political matters."

For this reason he has played no part in the political arena since his return to SA from up north almost 10 years ago — and has no intention of becoming more active.

One certainty he will not be playing any golf in the few spare moments he will get during retirement.

With good reason he well remembers December 15 1975, about 5.15 He had just completed a round of golf at Vaal Reefs gold mine's Orkney course as the last fourball in a hit and giggle tournament — where the men and women play together.

He returned to the clubhouse with a meagre eight points Bad enough to have come last, but then the final blow — to be told his wife had won with 38 points Enough to make even the mildest chauvinist hang up his clubs for good!

Other occupations during the next few years — as if he doesn't have enough already — will be keeping a closer watch over the trout farm he runs and more careful tending of his collection of Japanese miniature bonsai trees

Certainly few men can deserve a break as much as does Mr Etheredge. His wife Meg will readily agree

But there is no doubt that those whom he leaves behind at Anglo would rather see him back at his desk on Monday morning

BMW workers down tools

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RDM Mail Reporter 18/1/84

ABOUT 1 500 workers at BMW's Rosslyn plant near Pretoria downed tools yesterday while negotiations for better wages were being held

According to a joint statement released by the company and the National Automobile and Allied Workers Union (Naawu) the workers have promised to go back to work today while negotiations continue

The statement said production on about 80 cars had been disrupted, but that they would have no problems in supplying customers

Ford silent as PE workers meet

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E Post 19/1/84

Post Reporter

A BLANKET of official silence surrounds a meeting attended by an estimated 1 200 workers from Ford Motor Company last night in New Brighton

The issues raised were workers' grievances and speculation that a large number of workers would be retrenched, beginning tomorrow.

Attempts today by the Evening Post to obtain official comment from Ford and the two unions said to be involved, the National Automobile and Allied Workers Union (Naawu) and the Motor Assemblers and Component Workers Union (Macwusa), failed

Mr Bob Kernohan, director of public affairs for Ford, declined to comment

When specifically asked about the talk of possible retrenchments, Mr Kernohan still declined to comment

Informed sources in the motor trade said they found it hard to believe Ford would lay off workers at this stage, because the Sierra was selling very well

Workers at Ford are believed to have submitted a set of grievances to management on January 9, and a reply was due yesterday.

Further representations were made by the workers to the management a week later, about a certain employee's alleged "anti-black attitude and poor human relations"

Last night the workers are reported to have re- [illegible] retrenchment. They gave the two unions

● Turn to Page 5

Silence on Ford workers meeting

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● From Page 1

mandate to investigate the issue

The unions were asked to report back at a meeting to be held at the Holy Spirit Hall, Kwazakele, on Saturday afternoon

No comment could be obtained from Naawu today, and a spokesman for Macwusa declined to comment

The managing director of General Motors South African, Mr Lou Wilking, said today that according to current production schedules the company did not envisage any changes in their labour force complement

"We are hopeful this trend will continue throughout 1984," he said

No comment was available from Volkswagen on the company's labour position

Sigma retrenches 850 employees in Pretoria

(192) (BMT) Star 19/1/84

About 850 employees at the Sigma Motor Corporation here were told today they were to be retrenched.

The employees, about 120 salaried staff and 725 hourly-paid workers, were told it had "regrettably become necessary" for them to be retrenched so the company could compete on the market

Managing director Spencer Sterling said "I am afraid there is no alternative if this company is to achieve a competititve cost structure"

He said with professional dedication and a willingness to make short term sacrifices to achieve long term objectives, the company would be able to take advantage of the expected economic upswing later this year.

A Sigma spokesman said although its market penetration had improved progressively in the first three quarters of 1983, severe supply problems in the fourth quarter as well as the lack of adequate dealer representation, resulted in disapointing sales.

The retrenchments were a "realistic response to the difficult economic environment and highly competititve industry".

Sigma, with a staff of about 7 000, is the biggest private employer here

The company, owned jointly by the Anglo American Corporation and Anglo American Industrial Corporation, had a loss of about R50 million last year and is heading for another big loss this year

20/1/84 (192)

Sigma lays off 850 workers

PRETORIA — Almost 850 workers at Sigma Motor Corporation were retrenched yesterday

The workers, about 120 salaried and 725 hourly-paid workers, were told it had "regrettably become necessary" for them to lose their jobs as a result of the giant motor manufacturer having to reduce its fixed and variable costs in a drive to meet competition

The managing director, Mr Spencer Sterling, said "I deeply and sincerely regret that some people have to lose their jobs, but I am afraid there is absolutely no alternative if this company is to achieve a competitive cost structure which is a vital prerequisite to the creation of a stable and profitable business"

A Sigma spokesman said last year had been a period of reorganization and expansion at "tremendous cost"

The spokesman said severe supply problems in the fourth quarter and lack of adequate dealer representation had resulted in sales volumes not reaching expectations

Sigma, with a present staff of about 7 000, is the biggest employer in the private sector in the Pretoria area

The company, owned jointly by the Anglo American Corporation and Anglo American Industrial Corporation, in equal shares, recorded a loss of about R50-million in the past financial year and is reported to be heading for another major loss in the current year

A company spokesman said the retrenchments would be on a "last in, first out" basis

All affected workers had received statutory notice redundancy benefits, and for those who qualified, additional benefits in terms of the corporation's supplementary unemployment benefits fund

Should there be a possibility of re-engagement, priority would be given to retrenched workers — Sapa

Ford retrenches 490 — union upset

Argus 20/1/83

(192)

Argus Bureau

PORT ELIZABETH — Nearly 500 workers have been laid off by the Ford Motor Company following retrenchments by the Sigma Corporation in Johannesburg yesterday

Ford's director of public relations, Mr Fred Ferreira, said in a statement today that the company saw no prospect of the present depressed market for car sales improving in 1984.

As a result, 490 hourly-paid Ford workers had been retrenched and would be paid off today.

FEWER CARS

He said Ford anticipated building fewer cars this year than it did last year and felt it could not economically work fewer hours instead of laying off staff

However, the general secretary of the powerful National Automobile and Allied Workers' Union (Naawu), Mr Freddie Sauls, said his union was unhappy with the way Ford had effected the reductions

"We received only one day's notice of the layoffs and have had no opportunity to consult our members on any possible action," he said

DEPARTURE

"This is a complete departure from normal practice at Ford, where in the past we have sat down with management and tried to find solutions to any problems they foresaw.

"It appears that Ford has adopted a new strategy with respect to industrial actions which may be better designed to out-manoeuvre the unions but is definitely a turn for the worse in industrial relations practice at Ford"

Mr Sauls said the next general meeting of the union was scheduled for next Thursday He thought the layoffs had been timed to catch workers off guard and short of funds after the Christmas recess, and he did not expect any industrial action.

Spokesmen for the other major vehicle manufacturers in the area, General Motors and Volkswagen, said they did not anticipate any layoffs in the immediate future

Ford lays off 490 workers

E. Post 20/1/84

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By SHIRLEY PRESSLY

THE Ford Motor Company in Port Elizabeth announced today that 490 hourly paid workers in the city were being retrenched. E. Post 20.1-84

The news was released in a short statement from the company's director of industrial relations, Mr Fred Ferreira

Production at Ford's Struandale plant ground to a halt today when about 50 workers on the main Sierra line refused to work in sympathy with the retrenched workers at Neave and Struandale

Because they were not working, there was a ripple effect on the other lines and production stopped at Struandale

At 1pm all the workers at Struandale were given their pay packets and sent home. Fewer than 100 of the workers at Struandale were among those retrenched The rest were retrenched at Neave

It is believed that workers held a meeting in New Brighton after leaving Struandale

The closure at Struandale was confirmed this afternoon by Mr Bob Kernohan, director of public affairs at Ford

The official statement released earlier today confirmed a report in the Evening Post yesterday that a large number of workers would be retrenched from today.

In his statement on the retrenchments, Mr Ferreira said "This action has been taken because vehicle markets are anticipated to remain at low levels for at least the first half of 1984 and the company has, therefore, had to reduce its production schedules.

"Despite depressed market conditions and, therefore, a difficult financial climate in 1983, Ford made no reductions in personnel.

"However, as no improvement is in prospect for 1984, we decided to reduce personnel by the minimal amount

"We have considered a number of alternatives in order to prevent the retrenchment, including working extended short time at the end of last year. We have now reached the point where we can no longer absorb these penalties

"We have consulted with the unions and they have been advised that retrenched workers will be given preference when positions become vacant"

Mr Freddie Sauls, secretary-general of the National Automobile and Allied Workers Union (Naawu), said the union had been told only on Wednesday afternoon by Ford management that workers would be laid off today

He said that in the past Ford management and the unions had sat down and discussed problems. But this time there had only been a brief statement that workers would be retrenched and there had been no consultation with the unions

"It appears that Ford has adopted a new strategy over industrial actions. This is definitely a turn for the worse in industrial relations practice at Ford," Mr Sauls said

The other two big Eastern Province motor manufacturing plants, General Motors South African in Port Elizabeth and Volkswagen in Uitenhage, have no plans to retrench workers

Mr Lou Wilking, managing director of General Motors South African, said yesterday the company did not envisage any changes in its labour force

A spokesman for Volkswagen said the company had a full complement of staff and no retrenchments were planned for 1984

Today's lay-off at Ford comes about two months after Ford's director of vehicle sales and marketing, Mr Keith Butler-Wheelhouse, confidently predicted that passenger vehicle sales could exceed the 300 000 level this year.

● In Pretoria, the Sigma Motor Corporation retrenched about 120 salaried staff and 725 hourly paid workers yesterday

Mr FRED FERREIRA

21/1/84

E. Post

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Ford workers hit at 'lack of consultation

By JIMMY MATYU

RETRENCHED Ford workers today strongly criticised the company's management for "failure to consult with their unions" before they were laid off on Friday

Some 500 African and coloured workers attended a meeting in Kwazakele today

It was organised by the Ford Workers' Committee

The workers rejected their retrenchment, speakers saying it was especially unfair as it coincided with parents having to pay school fees and for school books

They said in times of recession it was always the black workers who suffered most, they being the most prone to retrenchment

Reports were presented by the different Ford plants and workers claimed they were told of their retrenchment two days beforehand

They expressed shock that the National Automobile and Allied Workers' Union (Naawu) and the Motor Assemblers' and Components Workers' Union of South Africa (Macwusa) were kept in the dark by management

The committee's chairman, Mr R Bucwa, told the meeting workers were angry because management did not adhere to agreements it had reached with the unions Instead it had bypassed the two unions

He said workers felt management had been trying to create mistrust and disunity among its workers and towards the end of last year this resulted in strained relationships between workers and management, especially at the Sierra plant

He said in this time discussions between management and the unions were held in an effort to avert a retrenchment of workers "Because of the situation (car sales) not improving, workers usually accepted retrenchment although not wholeheartedly," Mr Bucwa said

He said this time there was no such communication between the unions and the management Instead retrenchment was first heard of by way of rumour

The latest machinery is used to check component specifications at Rosslyn, near Pretoria.

Training teams are active at all levels

Manpower competency is key to quality

22/1/84 (192) ~~179~~ S. Times

IN March, Nissan South Africa launches the final phase in a training programme, explaining to new black employees the fundamentals of the private enterprise system, the workings of a modern car production line, the meaning of quality — even how a white man thinks.

"It's all a question of helping blacks to adapt to what might be a strange environment, one in which they do not properly understand and in which, as a result, they are unable to produce their best efforts," said Dan Kruger, general manager, manpower development.

It is one more indication of the thoroughness and depth in which Nissan approaches its manpower development policies, and the way in which the company attains high product levels through sophisticated management techniques.

TRAINING

Training is given at every level, including the company's directors. Said Kruger: "Training is directed at improving the competence of all employees Our training philosophy is all competency-based.

"This philosophy centres around improvement of ability and skill to perform any job. Because of the cultural difference between race groups, we are also putting a lot of emphasis on attitudinal training. After all, if we are going to produce a quality product, the foreman and the people reporting to him need to understand the culture differences between them as well as the similarities that also exist between black and white.

"This understanding leads to improved communication between the foreman, better quality of employees and fewer labour dificulties in the factory."

Nissan employs 6 000 employees, to which should be added another 6 000 in the dealer network, making 12 000 in total.

OBJECTIVES

"The bulk of our operating staff is made up of 3 500 people. This is why line management have to be trained to the level of where they can do some of the training themselves The training department deals with all sectors of the company, including marketing, financial and accounting, as well as the production side. We cover all this with 40 training personnel, plus clerical staff.

"Our objectives are to establish the terminal need, the learning process involved, and business considerations, such as quality, schedule requirements and reduction.

"There are five main lines of approach. First management defines the problem; the training department analyses and proposes training support; agreement is reached with management on measurement of results; training programmes are developed by the training department, and approved in content; and then comes final implementation and actual measurement of result with on-going assistance from the training department for line management.

"Our reaction time to a specified problem is exceptionally short because of our organisation structure. Our account managers, who work in their own areas with line management, have in-depth knowledge of the areas in which they operate. Once they have identified the need we then have a team of people who analyse and develop appropriate courses. We run a lot of courses having short-term objectives, such as for welders and other production line skills that have a major impact on product quality.

Training amounts to more than just group training of people. All line managers are involved in the training and transfer of knowledge to the worker on the job. Line management identifies the training need, after which the training department devises a programme which the line manager approves.

"We would also get him to contribute to the content of the courses, and incorporate his views as to how he sees the training. In many instances the line manager might present the content of the training programme to his subordinates which is what we call our 'top-down' process.

"We also link training to indices in the organisation, as an overall objective to be aimed at. These would include such aspects as labour peace, decreased absenteeism, decreased labour turnover, increased productivity and promotional responsibility. If a manager has a programme in plant, we assess how it will influence a final result. We then ensure that he has the training back-up needed to attain that result.

"We further believe that the strength and quality of a training programme largely rest in the training technology used. Selected training managers research different training technologies and trends in America and Europe, and find out how they can be applied in South Africa. They also generally look at ways for training the company's training officers."

Star

23/1/84

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Car plant closes after strike

Pretoria Correspondent

The BMW car manufacturing plant at Rosslyn, Pretoria, has been closed down indefinitely by a "wildcat strike" involving about 1 500 workers

It is the second time this month that the BMW plant has been closed down by labour unrest

The strike started yesterday after wage negotiations between management and National Automobile and Allied Workers' Union representatives ended in deadlock

A statement by BMW management said production was halted after threats and acts of violence against black supervisory staff

"The plant will remain closed until management is confident that the intimidation of fellow workers will not recur," the statement said

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E. Post 23/1/84

Union to seek meeting over retrenchment

By SHIRLEY PRESSLY

OFFICIALS from the Motor Assemblers and Component Workers' Union (Macwusa) are to seek an urgent appointment with Ford management and have also received a mandate to meet the other union representing Ford workers, the National Automobile and Allied Workers' Union (Naawu)

The Macwusa general secretary, Mr Dennis Neer, said today that an appointment would be sought with Ford management

Mr Neer confirmed that workers feared further retrenchments

On Friday, Ford management announced that 490 hourly paid workers would be axed.

At Saturday's meeting of 1 500 Ford workers, there was a strong undercurrent and speculation among workers that further retrenchments might follow

In a statement issued after the meeting, Mr Neer said the Macwusa officials had also been instructed to discuss the issue of Ford management having informed the unions of the retrenchments "at the 11th hour".

A second resolution asked that Ford management should reconsider the retrenchments within 14 days

Mr Neer said the workers refused to accept the announced retrenchment and saw it as a form of retaliation emanating from the stoppage before the holiday shutdown last year

Mr Bob Kernohan, Press relations manager for Ford, said this afternoon Ford's Neave plant was working a four-day week and was closed today Production at Struandale was normal. He declined further comment

24.11.86

Unionists due to consult

E. Post

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Post Reporter

OFFICIALS from the Motor Assemblers' and Component Workers' Union (Macwusa) were due to meet Ford management today

The organising secretary, Mr Government Zini, was to lead the delegation, which was given several directives at a meeting attended by 1 500 Ford workers at the weekend

One resolution asked that Ford consider the retrenchments within 14 days.

Mr Dennis Neer, the Macwusa general secretary, said a general meeting would be held tomorrow in the Great Centenary Hall, New Brighton, at 6pm at which the union officials would report back.

Star

24/1/84

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Second strike at car plant

Pretoria Correspondent

About 1 500 workers at the BMW car manufacturing plant in Rosslyn, Pretoria, went on strike today — for the second time in eight days — after negotiations for a pay increase broke down

The strike started a day after the talks between the plant management and the National Automobile and Allied Workers' Union (Naawu) representatives ended in deadlock

A spokesman for the union said today the workers were not happy when they reported the outcome of the negotiations yesterday The management cited the present economic climate as a reason for its "unwillingness" to meet the demands of the workers

REFUSED

This is the second work stoppage to hit the plant in a week About the same number of workers refused to enter the workshop last Tuesday in protest against the 10c an hour, across-the-board wage increase offered by management

They vowed not to resume work until the dispute was settled but returned to work the next day pending the outcome of negotiations between Naawu and management.

The union spokesman said Naawu had been trying to reach management to propose a new round of talks to solve the dispute.

BMW management could not be reached for comment

● Hundreds of OK workers at three branches in Johannesburg downed tools yesterday in sympathy with 180 Sandton Hyperama workers who were dismissed last week after striking

Ford lay-offs bring new model plant to standstill

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RDM 2/1/84

By PHILLIP VAN NIEKERK

THE Ford Sierra plant in Port Elizabeth was closed down early yesterday after hundreds of workers downed tools in protest against the retrenchment of 490 colleagues.

A company statement from Port Elizabeth said the retrenchments had been decided on because vehicle markets, which were quiet in 1983, were expected to remain at low levels in 1984

The retrenchments follow close on the heels of the laying off of 850 workers by auto manufacturers Sigma in Pretoria on Thursday

However, officials of both the National Automobile and Allied Workers' Union (NAAWU) and the Motor Assembly and Components Workers' Union (MACWUSA) accused the company of using the retrenchments to weaken the unions

A few hundred workers in several sections at the Sierra plant, formerly the Cortina plant, stopped work in protest against the retrenchments, after which the company closed the plant and paid the entire workforce of 1 500 early.

Mr Fred Ferreira, the company's industrial relations director, said Ford had made no reductions in personnel in 1983, despite difficult market conditions

Replying to the union allegations, Mr Ferreira said:

"We have considered a number of alternatives in order to prevent the retrenchment, including working extended short time at the end of last year. We have now reached the point where we can no longer absorb these penalties."

Mr Ferreira said unions had been advised of the move and had confirmed that retrenched workers would be given preference when positions become vacant.

This was denied by Mr Fred Sauls, NAAWU'S general secretary. In response to Mr Ferreira's assertions, Mr Sauls said the union had been advised of the impending retrenchments at the last moment.

He said the union had been told there was no possibility of deferring them until the union had been able report back to their members

Both Mr Sauls and Mr Denis Nair, general secretary of MACWUSA, said the retrenchments had come soon after a strike by about 1 500 workers at the Sierra plant in December

They claimed that by the current retrenchments the company was "hitting back" at the unions

The last time Ford retrenched workers was in August 1982 At that time there were widespread strikes in the Port Elizabeth motor industry

Mr Nair said "Ford has a new approach as far as communication with the workers is concerned. In the past it was agreed that if there were retrenchments pending we should be informed but now they spring this on us at the last moment."

1 500 workers strike at BMW Rosslyn plant

Argus 28/1/86

1928

Argus Correspondent

PRETORIA — About 1 500 workers at the BMW car-manufacturing plant in Rosslyn here went on strike today — the second in eight days — following a breakdown in negotiations for a pay increase.

The strike started a day after the negotiations between the plant management and National Automobile and Allied Workers' Union (Naawu) representatives ended in a deadlock.

A spokesman for the union said the workers were not happy when they reported the outcome of the negotiations yesterday The management cited the economic climate for their "unwillingness" to meet the workers' demands

It is the second work stoppage to hit the plant in a week. About the same number of workers refused to enter the workshop last Tuesday when they were unhappy about the 10c an hour across-the-board wage increase offered by the management

The workers decided not to resume work until the dispute was settled They returned to work the following day pending the outcome of negotiations between Naawu and the management

The union spokesman said Naawu had been trying to reach the management to propose a new round of talks

The BMW management could not immediately be reached for a comment

Meanwhile, hundreds of OK workers at three branches in Johannesburg downed their tools yesterday in sympathy with 180 Sandton Hyperama workers who were dismissed last week after a strike

SOWETAN, Thursday, January 26, 1984 Page 3

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WORKERS OUT AT BMW

THE BMW car manufacturing plant at Rosslyn, Pretoria, has closed down indefinitely following a "wildcat strike" over wages involving about 1 500 workers.

This was disclosed to The SOWETAN by the company's spokesman, Mr Michael Brandt, who said that production at the plant was halted yesterday after "threats and acts of violence against black supervisory staff during a wildcat strike."

More workers were reported to be on strike over wages in the Transvaal yesterday, and labour relations consultants warned that 1984 seems set on a torrid course.

BMW's spokesman said: "It would appear that some employees have been misled by their leaders into believing that unreasonably high wage increases could be expected because of the exceptional demand for BMW.

The plant will remain closed until management is confident that the intimidation of fellow workers will not recur.

By JOSHUA RABOROKO

- About 300 workers at Vulco Latex Company in Industria went on strike yesterday over wage demands. The workers were told to leave the company's premises and to report for work today

The company's director, Mr S Lipschitz, said the workers made wage demands in the morning and the management was having discussions with the workers

- About 450 mineworkers at Ucar Mine in Bophuthatswana went on strike again yesterday, after the Government had put pressure on the company, Union Carbide, not to talk to the National Union of Mineworkers (Num), which represents the miners
- Other strikes were at OK Bazaars Carlton Hotel, Promex Plastics in Wynberg, Reliable Products in Johannesburg and Powerlines in Springs The strikes are over the dismissal and retrenchment of workers.

Cape Times 26/1/84

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BMW plant closes down

Own Correspondent

JOHANNSBURG. — The BMW plant at Rosslyn near Pretoria — where about 1 500 workers are out on strike over wage demands — remains shut until further notice

BMW closed the plant on Tuesday after the workers had downed tools for the second time within a week, rejecting management's offer of a 10c across the board increase

A spokesman for the National Automobile and Allied Workers' Union (Naawu) said they had met with their shop stewards and general membership yesterday and that they would be attempting to reopen talks with the company

A BMW spokesman said there had been no further talks with the union and the plant would not reopen "until we are satisfied our people will be safe when they report for work".

Meanwhile, members of the Metal and Allied Workers' Union (Mawu) downed tools at three Rand plants yesterday.

A spokesman for Mawu said workers at Promac Plastics in Wynberg stopped work yesterday morning over the retrenchment of eight workers, but returned to their jobs yesterday afternoon

He said that at Reliable Products at Herrietdale about 100 workers downed tools over the dismissal of three workers A spokesman for the company said it was a "minor problem" and the dispute had been settled within half an hour.

The Mawu spokesman said about 400 workers were on strike at Powerlines in Springs over the dismissal of a union shop steward

~~(192)~~ ~~(1424)~~ ROM

BMW talks in limbo as plant stays shut

26/1/87

By PHILLIP VAN NIEKERK

THE BMW plant at Rosslyn near Pretoria — where about 1 500 workers are out on strike over wage demands — remains closed until further notice

BMW shut down the plant on Tuesday after workers had downed tools for the second time within a week, rejecting management's offer of a 10c an hour across the board increase

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He said that at Reliable Products at Herrietdale about 100 workers downed tools over the dismissal of three workers — but the dispute was settled within half-an-hour.

The Mawu spokesman said about 400 workers were on strike at Powerlines in Springs over the dismissal of a union shop steward The Mail was unable to obtain further comment yesterday

Nissan factory retrenches 700

Star

Pretoria Correspondent

26/1/84

192

About 700 workers at the Nissan car factory in Rosslyn, Pretoria, have been retrenched

This brings the number of workers retrenched in the motor vehicle industry so far this year to 2 050

A spokesman for the United African Motor and Allied Workers' Union said today it was dissatisfied with the retrenchments because an attempt by the workers to share working hours had been rejected by management

Nissan management could not be reached today for comment.

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ROM

Nissan lays off 700 workers

27/1/84

By PHILLIP VAN NIEKERK

NISSAN SA yesterday announced that about 700 workers at their plant at Rosslyn, near Pretoria, have been retrenched — becoming the third major motor manufacturer in a week to lay off workers

Last week Ford and Sigma each laid off hundreds of workers as a result of economic conditions in the motor industry.

A statement by Nissan's managing director, Mr J E Newbury, said it had taken the action "with regret"

"During the past few months, we have used other methods such as working short time to avoid laying off workers, but now we have had to take this action to safeguard the interest of the company and the majority of its employees "

Mrs Dora Nowathu, general secretary of the United African Motor and Allied Workers' Union, however, said there was widespread unhappiness among workers about the way the retrenchments had been handled

Mr Newbury said the workers affected would be put on the record to be reconsidered for employment as soon as the economic situation improved

"All affected workers will receive severence benefits based on their length of service We trust that the actions which we have implemented will prevent further reductions in our work force."

● The BMW plant in Rosslyn — where about 1 500 workers went on strike on Tuesday — remained closed yesterday

Business Day/MOTORING

RDM

192

Model delay for BMW

27/1/84

By SIMON WILLSON
Industrial Editor

THE debut of two new models in the BMW 3 Series will probably be delayed by a month because of labour problems at BMW's Pretoria plant.

The waiting list for the only 3 Series model in production, already between three and four months long, could lengthen to between five and six months as a result of the disruption.

The manufacturer's production complex at Rosslyn, near Pretoria, has been shut for the last three days following the breakdown of talks between the company and the National Automobile and Allied Workers' Union over working conditions.

All the company's South African car production comes from the Rosslyn complex, the only plant outside Germany that makes BMWs.

With normal output at Rosslyn totalling about 70 cars a day, and prices in the luxury BMW range averaging about R25 000, the dispute must be costing the company at least R1 750 000 a day in lost sales.

There has been a waiting list of at least three months for the compact BMW 3 Series since it was launched in South Africa last October.

BMW tends only to manufacture cars against firm orders so that delivery is not always immediate.

By the time of the launch the company had substantial orders for the 3 Series. This put production at Rosslyn behind the clock from the start.

The BMW 320, a member of the BMW 3 Series

Since then Rosslyn has been manufacturing only the 320 model in the 3 Series range The variants in the range — the 318i and the top-of-the-range 323i — were due to roll off the assembly line this February and March

'It is now highly likely that production of the 318 and the 323 will be set back by at least the same period that Rosslyn is closed," the company spokesman said yesterday.

"It means longer waiting lists for the 3 Series range, but we are not unduly worried. We believe people feel strongly enough about BMW cars not to be put off by a delay of a few months."

A BMW dealer on the East Rand said customers ordering a 3 Series model would have to wait between four and five months, and a month longer if the Rosslyn shutdown extended into February.

More than 2 000 3 Series models have been sold in the three months the range has been on the market. Last month sales totalled 802 units, giving the range 3,6% of the market

The model's success has helped BMW to rise two places in sales rankings among South African manufacturers

Before the 3 Series launch, BMW was ninth, with 905 sales and 3,5% of the market. Last month the manufacturer held seventh place in the rankings with 1 517 sales and 3,6% of the market.

● The labour problems which have caused the shutdown at Rosslyn do not involve a dispute over pay, as has been reported in some quarters.

The company spokesman said the plant's labour force was the best-paid in the motor industry, earning a minimum of R2,60 an hour. Workers had accepted last June's 10c an hour across-the-board increase.

The dispute arose from disagreements over working conditions, which had resulted in supervisors being physically threatened by some workers The plant had been closed until assurances were received that the violence would end, the spokesman said.

Nissan lays off 700 workers

CAPE Times 27/1/84

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Own Correspondent

JOHANNSBURG — Nissan SA yesterday announced that about 700 workers at their plant at Rosslyn near Pretoria had been retrenched — becoming the third major motor manufacturer in a week to lay off workers

Last week Ford and Sigma each laid off hundreds of workers as a result of economic conditions in the motor industry

A statement by Nissan's managing director, Mr J E Newbury, said they had taken the action "with regret"

"During the past few months we have used other methods, such as working short time, to avoid laying off workers, but now we have had to take this action to safeguard the interest of the company and the majority of its employees "

However, Mrs D Nowathu, general secretary of the United African Motor and Allied Workers' Union (UAMAWU), said workers were unhappy about the way in which the retrenchments had been handled

"The company did not consult us until after they had taken the decision," she said "The workers were told they were to be retrenched when they went to collect their clock cards on Wednesday afternoon

"We feel the company undermined us by not consulting with the union, by not giving us time to report back to the workers and by not considering alternatives The workers would have been prepared to work two days a week if it meant keeping the others' jobs "

Mr Newbury said the workers affected would be put on record to be reconsidered for employment as soon as the economic situation improved

"All affected workers will receive severence benefits based on their length of service," Mr Newbury said

- The BMW plant in Rosslyn — where about 1 500 workers went on strike on Tuesday — remained closed yesterday

(192) RDM 28/1/84

How SA's motor industry got it wrong

By SIMON WILLSON
Industrial Editor

THE MOTOR industry underestimated burgeoning national demand for new cars in the fourth quarter of last year, and total 1983 sales could have been even higher if enough vehicles had been in the showrooms.

This is the conclusion to be drawn from the official new car sales figures for December, which put the month's offtake at 22 229 units.

The figures, published by the National Association of Automobile Manufacturers of South Africa (Naamsa), showed total 1983 sales of 272 822 units which, despite the general economic recession, represented the motor industry's third best year ever in terms of sales volume.

The 1983 total is only 3,7% down on 1982 and 9,5% adrift of the record sales year of 1981.

Last year's sales could have been even higher if the motor industry's forecast for the year's offtake had been more accurate.

Even in mid-year, most manufacturers were thinking in terms of 1983 sales being at least 10% lower than those of the previous year.

Last year was, accordingly, considered to be the ideal point in the car market's three- to four-year sales cycle for the introduction of new models

Because demand was expected to fall or, at best, to be more or less static at its lower level due to the recession, manufacturers reasoned that the disruption to assembly lines and marketing that new models always cause would not hinder sales unduly

But the new models triggered a totally unexpected spending spree in the second half of last year

The nation's car-buyers made nonsense of the industry's earlier forecasts and rushed to ill-prepared dealers, chequebooks at the ready.

Many makers were caught unawares by the sudden rise in demand and had insufficient stock on hand to meet the requirements of their new customers.

Long waiting lists developed, with little chance of being whittled down as factories were still some way off full production as they tried to solve the inevitable teething troubles associated with new models and new processes.

It was only in December, as fleet buyers received their new budgets and private motorists headed for their dealers with their year-end bonuses, that production of the new models finally hit something near full capacity

This supply hiccup goes a long way to explaining the unusually buoyant end-of-year sales registered in 1983, and the disproportionate rises in sales posted by some models.

December sales of General Motors' Rekord-Commodore-Senator marque, for example, shot up by 183% over the previous month as GM finally got into gear and met the showroom demand for the models

The slack taken up so dramatically last month had developed as the company brought in its new Rekord-Commodore-Senator bodyshell.

"We were virtually out of Rekords during the last few months of 1983 because we were using up the old-shaped stock," a GM spokesman said at the weekend.

"We had a gap between the introduction of the new-shaped model and the using up of the old one, and waiting lists really began to develop.

"Demand for the Rekord range, particularly from fleet customers, was well-established but we were unable to meet it due to the model change-over"

Much the same story lies behind the 40% rise in sales of the Mercedes 123 range. From a total of 877 units in November last year, sales leapt to 1 234 in December.

"We have been in short supply of Mercedes models for a long time now due to model changes," said Mr Morris Shenker, chairman of UCDD, South African manufacturer of the Mercedes

"This has been partly due to the introduction of the Honda range, which took up some of the Mercedes production capacity, and partly to the commissioning of a new paint shop and the teething troubles that went with it

"These problems were solved towards the end of the year and production is now closer to the required level.

"The demand for our models was there last year, it was just a question of meeting it."

BMW is losing R1,7m a day

RDM

28/1/04

192

By PHILLIP VAN NIEKERK

THE strike by about 1 500 BMW workers at the Rosslyn plant near Pretoria has entered its fourth day and the demand for higher wages remains unresolved

There is still no end in sight to the dispute, which began on Tuesday and is costing the company an estimated R1 750 000 a day in sales.

But a spokesman, for the National Automobile and Allied Workers' Union (Naawu) said they were attempting to meet management on Tuesday.

A spokesman for BMW said the company was "being held to ransom" by people demanding even higher wages.

It had "every reason to regard such demands as unreasonable and not worthy of further consideration".

The company paid the highest minimum wage in the industry, R507 a month

And the depressed motor market made retrenchments and short working weeks the order of the day, elsewhere in the motor industry

He emphasised the company was not conducting wage negotiations with Naawu and the current wage increase had been announced last June

The Naawu spokesman said the workers were holding to their demand for R3,50 an hour — which they regarded as a "living wage" — though they were open to negotiation if the company wished to discuss the issue

He said 16 workers had been taken aside when they went to collect their pay yesterday and told to report for disciplinary hearings on Monday morning.

After a general meeting yesterday, the workers decided they should not report for this hearing as this constituted "victimisation"

Debate over local content is expected

192

E. Post 28/1/84

THE contentious issue of local content versus relatively cheaper imports and the outcome for jobs in the South African motor industry is likely to come under the spotlight at a Port Elizabeth business seminar next month

Among the key speakers who will sketch their views of the 1984 business climate at the Midland Chamber of Industries' traditional new year review will be Mr Lou Wilking, managing director of General Motors (SA) Pty Ltd

Coming against a background of increasing importation of fully-assembled vehicles, contracting expectations in the motor industry, and the recent retrenchments of motor industry workers, Mr Wilking's speech is bound to attract considerable attention — not least from those critics who have singled out GM itself as a major "culprit" in the trend towards absorbing the 100%-plus duty "penalties" and importing fully-assembled vehicles

Mr Wilking's speech will be on *The Local Content Programme — a Re-assessment*

Keynote address at the seminar — which opens at 8 30am at the Hotel Elizabeth on February 29 — will be delivered by Professor Gordon Hewitt, a management consultant based in London

Prof Hewitt will talk on *The Changing Balance of World Trade and Economic Power*

Dr Johan Cloete, chief economist for the Barclays Bank group will assess the pre-Budget SA economy and Mr P L Campbell, managing director of Metal Box SA Ltd, will talk on mergers and acquisitions *Challenges and Opportunities*

Prof Chris van Veijeren, of the University of South Africa's School of Business Leadership, will present some new concepts in marketing and planning in the '80s

Chairman of the seminar is Mr Adam Bage, financial director of Volkswagen SA Pty Ltd

In a statement released yesterday, Mr Bage noted "The bright prospects for economic recovery in 1984 as predicted by most economists and business leaders at the end of last year have recently become clouded

"Higher interest rates, the lower gold price, weaker rand and the drought have all had a negative effect on confidence and many companies are reassessing their forecasts for 1984

"Expectations of the timing and extent of the upswing are being lowered"

It is against this background, says Mr Bage, that the MCI, in association with Barclays Bank, had arranged the seminar "so as to enable the local business community to hear the views of leading experts on the issues that will have to be addressed over the next few months"

The morning-only session will be followed by a lunch hosted by Mr Jules Opperman, general manager (Eastern Cape) of Barclays National Bank

92 152 30/1/84

Sowetan

We pay well — BMW

BMW paid its employees the highest wages in the motor industry, but it was being held to ransom by people who demanded even more, a spokesman for BMW South Africe has said.

He was reacting to a strike at the company's Rosslyn plant, which remained closed for the fourth successive day on Friday following a wildcat strike last Tuesday

"Worker leaders have a duty to explain to their members the economic facts of life. In our case, these facts are: Our employees earn a minimum wage of R507 per month, which is the highest in the motor industry and substantially higher than in most other industries

"Secondly, due to the depressed state of the car market, retrenchments and short working weeks elsewhere in the motor industry are the order of the day," he said

The spokesman said BMW was still investigating threats and incidents of violence during last Tuesday's strike

"The safety of a number of workers, in particular black foremen, was endangered by violent elements We cannot re-open the plant until employees can be assured that those who intimidated them, have been brought to book," the spokesman added. — Sapa

Ford chief on PE lay-offs

31/1/84 ~~335~~ 192 ~~62~~ ~~74~~

E. Post

By LOUIS BECKERLING
Business Editor

FORD management would adopt a strictly business approach to importing fully-assembled vehicles into South Africa should its situation demand such a strategy, according to the company's international chief executive

In Port Elizabeth for "an in-depth review of Ford's operations in South Africa", Mr Philip Caldwell, chairman of Ford's board of directors and chief executive officer, made this observation during a Press conference yesterday

During the course of a wide-ranging series of questions in the boardroom of the Ford (SA) headquarters in Albany Road, Mr Caldwell also defended the retrenchment of workers — whether in the United States or in South Africa — as a pragmatic business principle

"The only thing that counts at the end of the day is a sound and profitable company and the only way in which a company can continue remaining sound and profitable is to deal with the realities with which it is confronted

"Governments may, but private companies simply cannot provide jobs when there's no useful market demand for their product," said Mr Caldwell

His visit follows days after a similar fact-finding and familiarisation tour of South Africa by the president and vice-president in the United States of the separately administered Ford Motor Credit Company Company

Introduced by Ford (SA) managing director Mr Brian Pitt, Mr Caldwell began the conference in the presence of several international and local directors — and a camera crew from SATV — with a brief statement on his impressions of the Ford (SA) operation

"I was last here for a complete review 10 years ago and I have come to listen and see and learn of the opportunities, hopes and aspirations of Ford of South Africa," said Mr Caldwell

Observing that the South African division (wholly owned by Ford of Canada, which in turn is 89% owned by Ford in the US), was "the largest vehicle producer in the company operating outside of the US or Canada", Mr Caldwell said the parent company was "specially proud of the fact that Ford (SA) has produced two of its own products — the Ford 1-tonner and the Bantam"

"And another fact which has impressed me is that it's no overstatement in any way to say that Ford (SA) is making the highest-quality products of any manufacturer in South Africa — as is the documented case in the US

"I am pleased that the quality goal is on top of the list in South Africa"

Mr Caldwell said Ford's strategy was a simple one to manufacture high-technology products offering the latest modernity and value for money

This strategy had ensured that "our pipeline has more new products in it yet to come than we have ever had before and our planning horizon is now 10 years ahead"

Questioned after his statement on Ford's attitude to local content regulations, Mr Caldwell said sovereign countries had a right to their own rules

"We have followed the path of respecting whatever these rules are and operate under varying conditions — in some cases local content requirements of up to 90%

"If we were living in a perfect world I think we'd all be best off with a minimum of restrictions, but the realities are that we don't live in such a world and I respect the pragmatism of the Government

"We have to decide whether we have to make a contribution under the ground rules and if we cannot, of course we don't need to compete"

However, management would regard the payment of penalties incurred in order to import fully-assembled vehicles as a "purely economic consideration and such a decision would be taken on a business basis"

DAILY DISPATCH, MONDAY JANUARY 23 1984 — 11

Daimler-Benz to acquire control of UCDD

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JOHANNESBURG — Daimler-Benz of Germany is to acquire control of its South African franchise holder UCDD Limited

A company statement said this development had been entered into in full agreement between the shareholders of UCDD because of the growth and still growing level of importance of the South African market to Daimler-Benz in respect of sales and industrial activities

UCDD which manufactures and distributes Mercedes-Benz cars and comercial vehicles in South Africa and also holds the Honda car franchise is one of the largest firms in the South African motor industry and one of the country s largest private companies

UCDD is currently owned 39 9 per cent by Volkskas 36 7 per cent by Daimler-Benz and 23 4 per cent by the Gohner Foundation of Switzerland

As a result of an expansion in UCDD's share capital effective by June 1984 at the latest, the Daimler-Benz shareholding will move to 50 1 per cent Volkskas moves to 26 5 per cent and the Gohner stake remains at 23.4 per cent

The UCDD group and its dealer organisation around the country is in the last stage of a R200-million expansion programme started in 1981 which has effectively more than doubled the car production capacity at its CDA assembly plant in East London substantially increased commercial vehicle production and increased the capacity of the parts operation

The manufacturing and assembly operation in East London is one of the largest Mercedes-Benz car and commercial vehicle activites outside West Germany

South African sales of Mercedes-Benz cars are expected to total 13 600 in 1983 Commercial vehicle sales will be about 4 200 and the sales of the Honda Ballade introduced in October 1982, are expected to be about 10 000 units for 1983

With the higher assembly capacity presently coming on-stream, increased passenger car sales can now be provided for, which is intended to overcome the short-supply position existing over the last three years

The statement said the Daimler-Benz investment signified its confidence in the ability of UCDD to build upon its leadership in the top end of the quality car and commercial vehicle markets

The move has particular significance for the East London/Border development area where UCDD is one of the largest established industries with an annual contribution to the regional economy of more than R75-million

UCDD s East London wage and salary bill (including bonuses and employee benefits) for the 3 900 employees at its CDA plant is about R34 million a year

The company spend a further R33 million a year on local content purchases rates and utilities in the Border/Ciskei area and pays freight and wharfage charges to the East London port authorities of some R9 6 million a year

The managing director of CDA in East London Mr Leo Borman said he had nothing to add to the statement. — SAPA

UCDD takeover will cost R30-m

92 Star 23/1/84

Financial Staff

The deal in terms of which Daimler-Benz of Germany gained control of its South African franchise-holder, United Car and Diesel Distributors, was worth R30 million.

UCDD, which is owned 39,9 percent by Volkskas, 36,7 percent by Daimler-Benz and 23,4 percent by the Gohner Foundation of Switzerland, makes and distributes Mercedes-Benz cars and commercial vehicles and also holds the Honda car franchise

As a result of an expansion in the firm's share capital, the Daimler-Benz shareholding will increase to 50,1 percent, the Volkskas share will decline to 26,5 percent and the Gohner stake will stay at 23,4 percent

UCDD chief executive Mr Morris Shenker said the R30 million involved in the deal was being injected to re-arrange the shareholdings.

"It's business as usual This was not done with any new developments in view on the horizon"

Volkskas, he said, was happy for Daimler-Benz to take the controlling shareholding in an operation in which it is so heavily involved

UCDD has reached the final stages of a R200 million expansion programme started in 1981

The programme has more than doubled car production capacity and substantially increased commercial vehicle production at the CDA assembly plant in East London

1,92

It's D-Day for car plant's 1 500 strikers

Star

1/2/84

By Carolyn Dempster, Labour Reporter

BMW is to decide today whether to fire the 1 500 workers who went on strike at the motor manufacturer's Rosslyn plant in Pretoria last week

Talks between the National Automobile and Allied Workers' Union (Naawu) delegation and management deadlocked yesterday and the fate of 19 union members charged with intimidation and violence is still uncertain

A crowd of about 400 workers, reportedly Nissan employees retrenched last month, gathered at the gates of the BMW plant this morning seeking work.

Mr Pierre de la Rey, communications manager for BMW, confirmed that application forms were given to the queues of waiting workers "in the event of a decision to dismiss the striking Naawu workers"

He said the fate of the 19 union members was a separate issue and a decision on whether to dismiss them was pending

"We met the union yesterday and they could not give us any assurances that if we reopened the plant they would help to prevent further unrest," said Mr de la Rey

"We strongly believe there is a political motive behind this whole thing and have come to the conclusion that there is enough evidence to prove this is not a normal dispute," he added

A spokesman for Naawu denied that there was any more to the strike than dissatisfaction over management's refusal to budge over its wage offer, which resulted in deadlocked negotiations last week

He also said the claims of "intimidation and violence" by certain union members were untrue

STRIKE TURN: BMW personnel are placed . . .

UNDER GUARD

By
ALINA DUBE

HOUSES of black BMW personnel living in Mabopane have been placed under guard.

Sources close to employees said security guards were posted after the safety of workers, particularly black foremen, was "endangered by violent elements"

Both the Rosslyn and the Ga-Rankuwa plants were closed down as a result of the strike

The public relations officer of the company, Mr Michael Brandt, confirmed that security guards were being employed to keep a close watch on some of management officials and foremen He said threats of violence were made against them and that the company found it necessary to have security guards at their homes.

"No violence will be tolerated by us," he said

Mr Brandt said BMW had identified a number of people accused by fellow workers of having been responsible for intimidating and assaulting employees who did not wish to participate in last Tuesday's wildcat strike at the company's Rosslyn plant.

"Evidence will be submitted and those found guilty will be dismissed.

"We intend keeping the plant closed until offenders have been dealt with. Protecting the lives of loyal employees is a higher priority than resuming production immediately," he said

The strike, allegedly caused by some workers who were dissatisfied with their new wages (an average of R567 a month), was accompanied by violence directed particularly at black foremen

(192)

1 2 84 BDay

Talks fail to end BMW strike deadlock

Labour Correspondent

TALKS aimed at ending the deadlock at motor company BMW's Rosslyn plant — which the company closed over a week ago after a wage strike by 1 400 workers — failed to settle the dispute yesterday.

The company met the National Union of Automobile and Allied Workers, to which most strikers belong, at a Pretoria hotel NAAWU accused BMW of going back on an undertaking concerning wage negotiations and said workers would not return unless BMW agreed to negotiate.

BMW spokesmen replied that the company was not prepared to reconsider a 10c an hour wage rise which, NAAWU charges, sparked the strike It also said it was unwilling to re-open the plant unless workers returned

In another development, the company issued a statement saying it was preparing to employ new workers because it might fire some of the strikers BMW closed the plant after alleging that some of its staff had been subject to intimidation

On Monday, it said it had identified some workers who had been accused of intimidation and had summoned them to disciplinary hearings If they were found guilty, they would be fired, it added The plant would not re-open until these hearings were over

According to NAAWU, 19 workers have been summoned to appear at hearings In the statement, BMW said firing some strikers might be necessary.

A union spokesman, Mr Brian Fredericks, said yesterday NAAWU was opposed to the hearings "Simply picking out 19 workers in this way can only inflame tensions"

BMW might seek new workforce

31/1/84 Star

192 ~~63~~ ~~152~~ [illegible]

Pretoria Correspondent

The management of the BMW plant at Rosslyn — closed after labour unrest — is considering hiring new production staff

"This might become necessary in the event of union leaders or the attitude of our current employees forcing us into a position where we have to dismiss a part of the labour force," said a BMW spokesman

, The plant, which opened last November after a R100-million expansion, remained closed for the sixth consecutive day since a wildcat strike was staged

The strike by about 1 500 workers centres on dissatisfaction with a 10c-an-hour across-the-board wage increase introduced at the beginning of January.

There have been allegations of violence and intimidation during the strike and the BMW management has refused to reopen the plant until those responsible have been dealt with

"The continued intimidation of black supervisory staff had necessitated special security precautions at the homes of people involved," said a statement

An inquiry into the allegations started yesterday and continued today So far 15 people have been charged

A spokesman for the National Automobile and Allied Workers' Union (NAAWU) denied the allegations of intimidation and violence

"Violence and intimidation have never been condoned by this union and it has never been our method of working in the past," he said

He added that BMW was using the allegations to avoid the real issue of the strike — pay negotiations

BMW management and representatives of NAAWU were due to meet today to discuss the situation

2/2/84 47

192 Sowetan

Striking workers must 'sign'

MORE than 300 sacked strikers at Vetsak, Isando, have been forced to sign documents undertaking not to go on strike again as a condition of re-employment.

This claim has been made by the Metal and Allied Workers' Union representing workers who said that they felt threatened by having to sign the forms which they regard as "a means to stifle our union activities"

The workers were dismissed by the company after they had been on strike in demand of the recognition of Mawu, increased wages and stop order facilities on Friday.

They were ordered to leave the premises of the company and to report back on Monday.

Some of the workers have accepted the offer while others have gone to the union to help them in this regard

The company's spokesman said that three-quarters of the workforce had turned up for re-employment yesterday and "we are busy screening those we have taken".

BMW UNDER FIRE

THE National Automobile and Allied Workers' Union (Naawu) has accused BMW of adopting an attitude of non-negotiation before the central labour problem could be solved.

Speaking from Naawu offices in Pretoria North yesterday, the national secretary, Mr Fred Sauls, stressed that the company was responsible for the closure of the Rosslyn plant last week For the company to have closed negotiations before the dispute was resolved was enough proof that management collaborated with other industries where retrenchments were the order of the day

Strikers' fate still hangs in balance

192 ~~63~~ ~~140A~~ Star 2/2/84

By Carolyn Dempster,
Labour Reporter

The fate of the 1 500 striking workers at BMW's Rosslyn plant was still hanging in the balance as the factory remained shut for the eighth day today

In the latest twist in the saga, helicopters distributing pamphlets reportedly attacking the National Automobile and Allied Workers' Union flew over three Pretoria townships yesterday

Later in the day thousands more pamphlets were distributed inviting the striking workers and their wives to a party at the Garankuwa Community Hall on Friday at 2 pm Videos on soccer and music will be shown and free cooldrink and food has been promised, to be followed by a discussion on the strike

The decision whether or not to dismiss the striking workers has not yet been taken, but BMW's communications manager, Mr Pierre de la Rey, said yesterday it was likely a "skeleton" staff would be employed to start up operations before the factory was placed on line once again

Now the union is threatening BMW with legal action, saying the first of the two pamphlets distributed in Mabopane, Soshanguve and Garankuwa was defamatory

A union organiser said workers would be advised not to attend the party which, he claimed, was nothing but a blatant attempt to sweet-talk workers into returning to work without negotiating wage demands

A final decision on the future of the 19 union members charged with alleged intimidation and violence has not yet been made

The dispute began when wage negotiations deadlocked last Monday Naawu demanded a R1-an-hour increase across the board, while management refused to go higher than a 10 c increase The lowest minimum wage is R2,50 an hour

Management has accused certain union members of intimidation and violence

Naawu assistant general secretary Mr Brian Fredericks also denied management allegations that there were "political overtones" to the strike

"If management is not prepared to recognise that the workers have legitimate needs, then it is behaving in a totally unrealistic way," he said

(192)

2/2/84 E. Post

Black buying power potent for car trade

By LOUIS BECKERLING
Business Editor

THE burgeoning buying power of South Africa's black population presents "mind-boggling" potential for the motor industry, according to managing director of General Motors South African, Mr Lou Wilking

However, while sketching a bright long-term future for motor manufacturers at a Trek Petroleum dealers' meeting in Port Elizabeth yesterday, Mr Wilking added that current optimism needed to be tempered by the realities of a continuing economic adjustment process

Nothwithstanding the bullish impact on the SA economy of recovery in the United States economy which saw an inflation-adjusted increase in GNP for 1983 of 6,1% — "stronger than during any of the past four recoveries" — a weak gold price, inflation and high interest rates would continue to exert limiting influences on business conditions

"And the prospects of a sustained upward sales cycle in all three sectors of the industry is unlikely until the latter part of 1984"

Assessing the impact of the motor industry on the national economy, Mr Wilking produced the following statistics

- Some 48 200 people were directly employed in the manufacture of all classes of vehicles, a further 104 000 were employed by manufacturers of component supplies, and between 125 000 and 150 000 were employed by the country's 2 300 vehicle dealers
- The value of annual retail sales of all vehicles last year was some R3 400 million — or 4,25% of gross domestic product.

Forecasting long-term prospects for the industry, Mr Wilking focused attention on the "mind-boggling" potential presented by the growth of spending power among black South Africans For the three different market sectors his forecasts were

- **Passenger cars:**

Having grown annually on average almost 5,5% since the '50s (though shrinking almost 4% last year), sales in this sector, Mr Wilking said, "should resume the steady long-term growth trend from the third quarter of 1984"

Earlier in his speech Mr Willking told the dealers' meeting that General Motors forecast the sale of 440 000 vehicles in 1984 — some 35 000 units, or 8,6%, up on the 1983 figure

- **Light commercial:**

In this sector sales were likely to grow at an average annual rate of some 4% during the '80s

- **Heavy commercial:**

In recent years sales in this sector had shown the greatest sensitivity to local economic conditions.

The average long-term growth rate of roughly 3% should, however, be maintained during the '80s

Mr Wilking pointed out that white new car ownership, at 470 per 1 000, was "high and almost at saturation level", suggesting that the market could not sustain real growth and would be dominated by replacement sales

By contrast in 1968 blacks owned 53 000 cars, and at an estimated 222 000 units in 1983, the participation by black South Africans in the motorcar market, represented only 18 units per 1 000 of the black population

"At current market levels we have an additional market potential of 10 million vehicles, and that is three times the number of vehicles on South African roads at this point in time," said Mr Wilking

At current levels purchases by blacks represented only 1,5% of all new vehicle sales in the passenger market and about 3,8% of the commercial and truck market — some 8 500 vehicles

192

RDM

2/2/84

Legal action threat in BMW strike

By STEVEN FRIEDMAN
Labour Correspondent

RELATIONS between motor firm BMW and the National Union of Automobile and Allied Workers which represents strikers at its Rosslyn plant deteriorated sharply yesterday as both sides threatened the other with legal action

In key developments yesterday at the plant, which the company shut nine days ago after a wage strike by about 1 400 workers·

- BMW said it was allowing a skeleton staff to begin work aimed at re-opening the plant, but said no date had been fixed for restarting production.

Earlier in the day, NAAWU had written the company a letter asking when it would re-open the plant.

- The company dropped notices by helicopter over three black townships in the area sharply attacking the union. NAAWU charged the pamphlet was "defamatory" and said it might take legal action.
- BMW said it had told NAAWU it reserved the right to sue it for damages resulting from the strike and to end its recognition agreement with the union
- The company later dropped a second pamphlet over the townships inviting workers and their wives to an "entertainment" at which free cold drinks would be served, videos shown and the strike discussed

A company spokesman said yesterday the decision to allow staff to begin maintenance work meant simply that the plant would be able to re-open as soon as management decided this was necessary. It did not necessarily mean that a re-opening was imminent

He confirmed that BMW had dropped pamphlets over the townships accusing NAAWU of not representing the "true feelings" of workers and of not being in control of its members.

It said it had done this after a meeting with the union on Wednesday at which NAAWU had been "unable to give any assurance that it could get workers back to work or end the continuing violent intimidation of workers".

"We decided that if we could not achieve a re-opening by talking to them, we would do so by talking directly to our workers," he said

But a NAAWU spokesman, Mr Brian Fredericks, said the pamphlet showed BMW was "totally out of touch with the feelings of their workers"

"They do not realise that our demands come from the workers and that pamphlets like these simply anger them further," he said

Mr Fredericks said NAAWU had "tried every means at our disposal to keep talks open but BMW has flatly refused to even discuss wages"

The company's spokesman reiterated BMW's refusal to negotiate pay until mid-year, saying this had been accepted by NAAWU in negotiations

Chief praises motor giant

Mercury

African Affairs Correspondent

2/2/84

(192)

THE Chief Minister of KwaZulu, Chief Gatsha Buthelezi, has told the chairman of the Ford Motor Company, Mr P Caldwell, that his company had the courage to 'act out of its convictions' in labour matters before being 'pressurised' to accept trade unions

Chief Buthelezi met Mr Caldwell and several international and South African directors of the giant United States company at Ulundi

The Chief Minister said Ford had recognised black trade unions before it was 'the accepted thing' to do in South Africa

He said trade unionism was 'vitally important' to the goals of liberation

'But trade unionism loses its very particular value when it is regarded as the sole, or perhaps even the dominant vehicle of liberation '

He urged Western industrialists to support organisations with a constructive and 'multi-strategy approach'

(192)

RDM

Disenchanted strikers quitting union — BMW

3/2/84

By STEVEN FRIEDMAN
Labour Correspondent

WORKERS at motor company BMW's Rosslyn plant, closed early last week after a wage strike, are resigning from their union, the National Automobile and Allied Workers Union (NAAWU), in protest at its handling of the dispute, the company claimed yesterday

But a NAAWU spokesman told Sapa the union had no knowledge of resignations

And a meeting of about 1 400 workers has voted not to return to the plant until management guarantees that 19 strikers, who were summoned to disciplinary hearings for allegedly "intimidating" workers, will not be fired

The company summoned the workers to appear at the hearings, after charging that it had evidence they had assaulted or "intimidated' supervisory staff, and said they would be fired if found guilty

NAAWU says this has angered workers and raised tensions in the dispute

BMW's statement comes in the wake of a sharp deterioration in relations between it and NAAWU, a union it recognises

A meeting between the two sides on Tuesday led to this escalation of tension In its wake, NAAWU attacked BMW for refusing to negotiate on pay, while BMW criticised the union for refusing to guarantee workers would return to work and that alleged "intimidation" would end

The dispute flows from the workers' rejection of a 10c an hour wage rise granted by the company Workers initially demanded a R1 an hour rise, but the union has since said this is negotiable

BMW, which says it refuses to negotiate on wages until mid year because NAAWU has agreed in negotiations that pay should only be negotiated then closed the plant in reaction to the strike

The company has announced that staff have been appointed to prepare the plant for re-opening but says no decision has been taken to restart production

In its statement, BMW said ' the first batch of resignations from people apparently disenchanted with NAAWU's handling of the current labour problems arrived yesterday" It gave no details of how many workers had resigned

It added that, in terms of the company's agreement with NAAWU, workers wishing to resign from the union hand in their resignations at the plant and the company then passes them on to union headquarters

MOTOR INDUSTRY

Tough talking

192

Following the lay-off last month of 390 Ford SA workers, US parent company chief executive Philip Caldwell did some tough talking during his visit to Port Elizabeth this week

"A private company simply cannot provide jobs when no useful market demand exists for their product," he said "When the business isn't there, the jobs aren't there and you shouldn't consider this harsh

"The only thing that counts at the end of the day is a sound and profitable company, and the only way in which a company can remain sound and profitable is to deal with the realities with which it is confronted In 1979, we had to cut back considerably in the US because demand wasn't there"

Financial Mail February 3 1984

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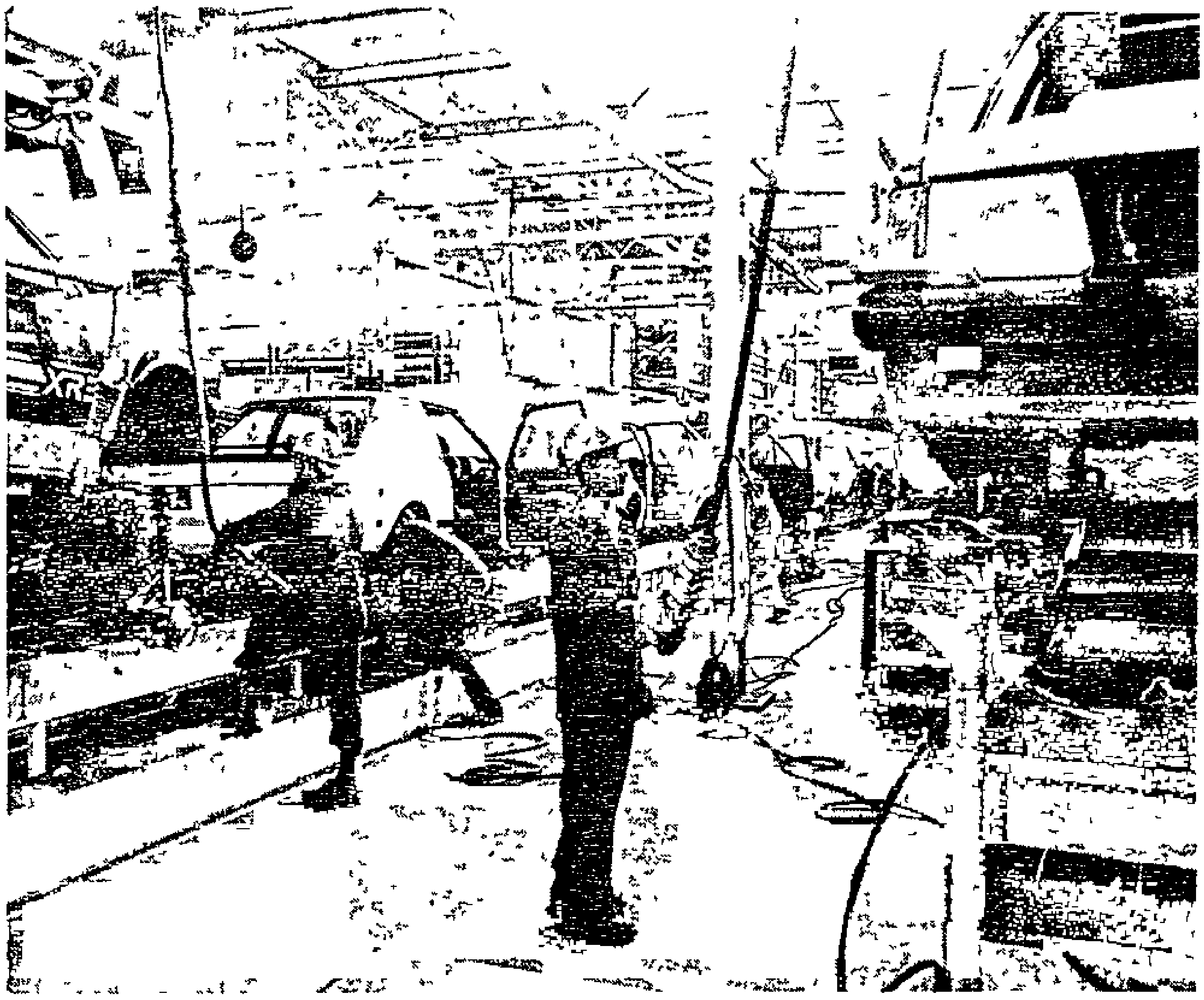
335 192 62 FM 3/2/84

On the subject of local content, Caldwell was equally pragmatic While Ford would respect the right of a sovereign country to make its own rules and would operate within those rules, should corporate strategy demand it, mass importation of fully assembled vehicles would be considered on its business merits

This suggests that Ford may well take advantage of the recent scrapping of import control on new cars

It appears that Ford has not been afflicted by the recent rash of disinvestments Ford SA is wholly owned by Ford of Canada, which, in turn, is 89% held by Ford of the US And judging by Caldwell's remarks this week, there's no intention of changing

"Our general practice is to own 100% of our divisions — though we are pragmatic about it," he says "To my knowledge, we have not had an approach to sell our SA operation and I suppose we would simply have to think about it But it's not something that would make me want to jump out of the window"



Ford's PE plant ... pragmatism the order of the day

computers

BMW workers sign 'ballot'

192 Star 3/2/84

By Carolyn Dempster
Labour Reporter

The whole BMW workforce gathered outside the gates of the company's Rosslyn plant this morning to find out whether management intends reopening the factory which has been shut for nine days

At a meeting called by the National Automobile and Allied Workers' Union yesterday, the 1 500 workers, who went on strike last Tuesday, resolved to respond to a management request to come to the plant

According to a union spokesman monitoring the situation at the plant this morning, workers were asked inside the plant and made to sign a declaration saying they were prepared to return to work under the conditions of employment stipulated by management

"The shop stewards told management this was unacceptable and are meeting them to find out what BMW's plans are about opening the plant," he said However, according to a statement released by BMW, an overwhelming majority of plant workers voted in favour of returning to work under the ruling wage conditions and employment policies of the company

Hundreds signed the "ballot" indicating they were prepared to accept the ruling wage scales and policies of the company, said Mr Michael Brandt, public relations director

Once the workers had signed the form, the conditions would be binding on them, he confirmed

Small groups of workers were already performing maintenance and preparation work in the plant and management would decide during the course of the day when to resume full scale production

Naawu has refuted reports of union resignations "We have received at least 300 applications for membership from BMW workers since the plant shutdown last week," said a union organiser

BMW confirmed today that the resignations had come from the small group of employees performing maintenance work in the factory over the past two days

The union has also levelled accusations of an unfair labour practice at BMW for refusing to continue negotiating with the union

BMW announced on Tuesday this week that it was no longer prepared to negotiate with the union and would continue to liaise directly with the workers Reasons given by management were that it felt the union no longer represented the interests of the workers

LABOUR NEWS 192 ~~63~~ ~~110A~~ ~~153~~

BMW plant set to re-open

RDM

4/2/84

By STEVEN FRIEDMAN
Labour Correspondent

BMW's Rosslyn motor plant, which has been closed since early last week after a wage strike, is set to begin re-opening early next week

Workers returned to the plant yesterday to tender their services and were told to report for work on specified days next week

This indicates that the plant is to resume production in stages next week, with groups of workers reporting on different days It is not yet clear when the plant will be fully operational again

However, the return to work does not mean the end of the dispute between the company and the National Automobile and Allied Workers' Union

A union spokesman said yesterday that NAAWU would now take legal action against the company for allegedly "locking out" workers by closing the plant It would also take action alleging that BMW had been guilty of an "unfair labour practice" by refusing to negotiate with NAAWU on pay

The dispute which closed the plant began when workers rejected a 10c an hour wage increase granted by the company and demanded a R1 an hour rise

Since the plant closed, BMW has refused to negotiate on pay, saying it had already agreed with NAAWU that wages would be negotiated in mid-year only

After a stormy meeting on Tuesday, BMW said it would not negotiate with NAWU on a return to work but would deal directly with workers

In a statement yesterday, BMW claimed that workers flocked to the plant yesterday to take part in a company-organised ballot on whether to return to work "under the existing work conditions stipulated by the company"

This meant, it said, that they had voted to accept "the ruling wage scales and policies of the company"

BMW said groups of workers were already performing maintenance and preparation tasks and a decision on when to resume production was imminent

But a NAAWU organiser, Mr Brian Fredericks, said the workers' decision to return to the plant and offer their services was taken by about 1 400 BMW workers at a union meeting on Thursday and was communicated to the company in a telex from the union office

"By the time workers began arriving at the plant, the company was well aware they had decided, under the auspices of the union, to return No ballot was ever held," Mr Fredericks said

He said that, on arriving at the plant yesterday, workers were asked to fill in forms agreeing to work under existing wage rates and work conditions

They had not been prepared to sign these until they were advised to do so by NAAWU shop stewards, he added

Mr Fredericks also replied yesterday to a company statement claiming that workers were resigning from NAAWU in protest at its handling of the dispute

"It appears now that at most 15 out of 1 400 workers resigned The majority remain strong and committed to their union," he said

Strike-time is party time at BMW

5/2/84

C.Pres

192

~~L40A~~

IN WHAT must be regarded as one of the most determined efforts to break a strike, BMW in Pretoria have used their company helicopter to drop pamphlets over Mabopane and Garankuwa inviting workers and their wives to a party today.

The offer of free drink, videos and a chance to discuss the possibility of the plant re-opening is seen as part of BMW's effort to avoid dealing with the National Automobile and Allied Works' Union (Naawu).

Last week 1 500 workers downed tools when BMW refused to continue negotiations over workers' demands for a rand an hour increase.

By BRIAN TILLEY

BMW closed the plant and demanded that 19 workers — six of them Naawu shop stewards — accused of "intimidation and violence" during the strike face a disciplinary hearing

Naawu responded by asking BMW to defer the hearing until the plant re-opened, maintaining that while workers were locked out any disciplinary procedures would constitute unfair labour practice

BMW refused to defer the hearing and in turn accused Naawu of neglecting to assist its members

Talks between Naawu and BMW on Tuesday ended in deadlock, with BMW claiming that Naawu no longer had control of the situation

The pamphlets from BMW's helicopter urge workers to "come to the main entrance of the plant where notices will be handed out daily"

Approximately 900 workers at a Naawu meeting in Soshanguve welcomed the helicopter with stones and chants of "We are not afraid"

In their latest statement BMW maintain they reserve the right to terminate their agreement with Naawu and sue the union for damages in respect of the wage dispute, as their agreement with the union specified that salary adjustments would not be considered until June

Naawu are also contemplating legal action, claiming the BMW pamphlet distributed on Wednesday is defamatory

Meanwhile, BMW says it has begun receiving union resignations from some striking workers

A company spokesman said the first batch of resignations from people apparently disenchanted with Naawu had arrived on Wednesday.

A BMW employee studies a pamphlet dropped on workers this week.

words...

BOP Manpower Minister Rowan Cronje, a former member of Ian Smith's Rhodesian Front Cabinet, has apparently changed his tune about trade unions

The homeland's recent ban on SA-based trade unions is in glaring contrast with Mr Cronje's utterances at a conference of the Institute of Personnel Management last year

He said at the time· "Many people regard trade unions as a monster I believe that a trade union is an essential and a most important part in the process of industrial stability and sound relationships "

In grand fashion he continued "In the field of industrial relations the obvious objective ultimately is industrial peace and harmony. However, if 'peace' means to an employer a humble, docile labour force, peace could never be a possibility."

Mr Cronje said that Bop's new industrial relations legislation would "actively encourage and assist with the establishment and training of these unions "

Trade unionists might be wondering if he rather meant "assisting in the neutralising and taming" of these unions

gime and its misguided advances"

The Cusa statement also warned the giant multinational Union Carbide, which owns a number of mines in the homeland – including Ucar, which is refusing to grant NUM recognition – that it was "prepared to raise the issue at every local and international forum"

Cusa also alleged that the Bophuthatswana government had come to a deal with the white mineworkers of the Minework's Union, and warned that this would sow the seeds of discord and suffering among workers

It also slammed Mr Cronje for his "pious and sanctimonous utterances" in supporting the homeland ban

"For some time now we have been expecting the so-called government of Bophuthatswana to take this action," said Cusa

"Many of our members daily cross the road to work in so-called Bophuthatswana Cusa has constantly maintained that this charade will

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Don't come back, Ford boss told

192

EASTERN Cape trade union leaders in the motor industry slammed the recent visit of Ford's Worldwide Chief Executive Officer Mr Phillip Caldwell of America to Port Elizabeth

C. Press 5/2/84

By MONO BADELA

The National Automobile and Allied Workers' Union (Naawu) and the Motor Assemblers' and Component Workers' Union (Macwusa) said they were not informed of his visit and also condemned the remarks he made

Mr Caldwell told reporters Ford could not manage labour affairs from 9 000 kms away, and left these with Ford management in South Africa Naawu regional secretary Les Kettledas described this as surprising

"We believe there are principles which are basic to labour relations all over the world This includes consultation with trade unions before workers are retrenched," he said

"Mr Caldwell's statement amounts to divorcing Ford's headquarters from labour issues at its subsidaries "

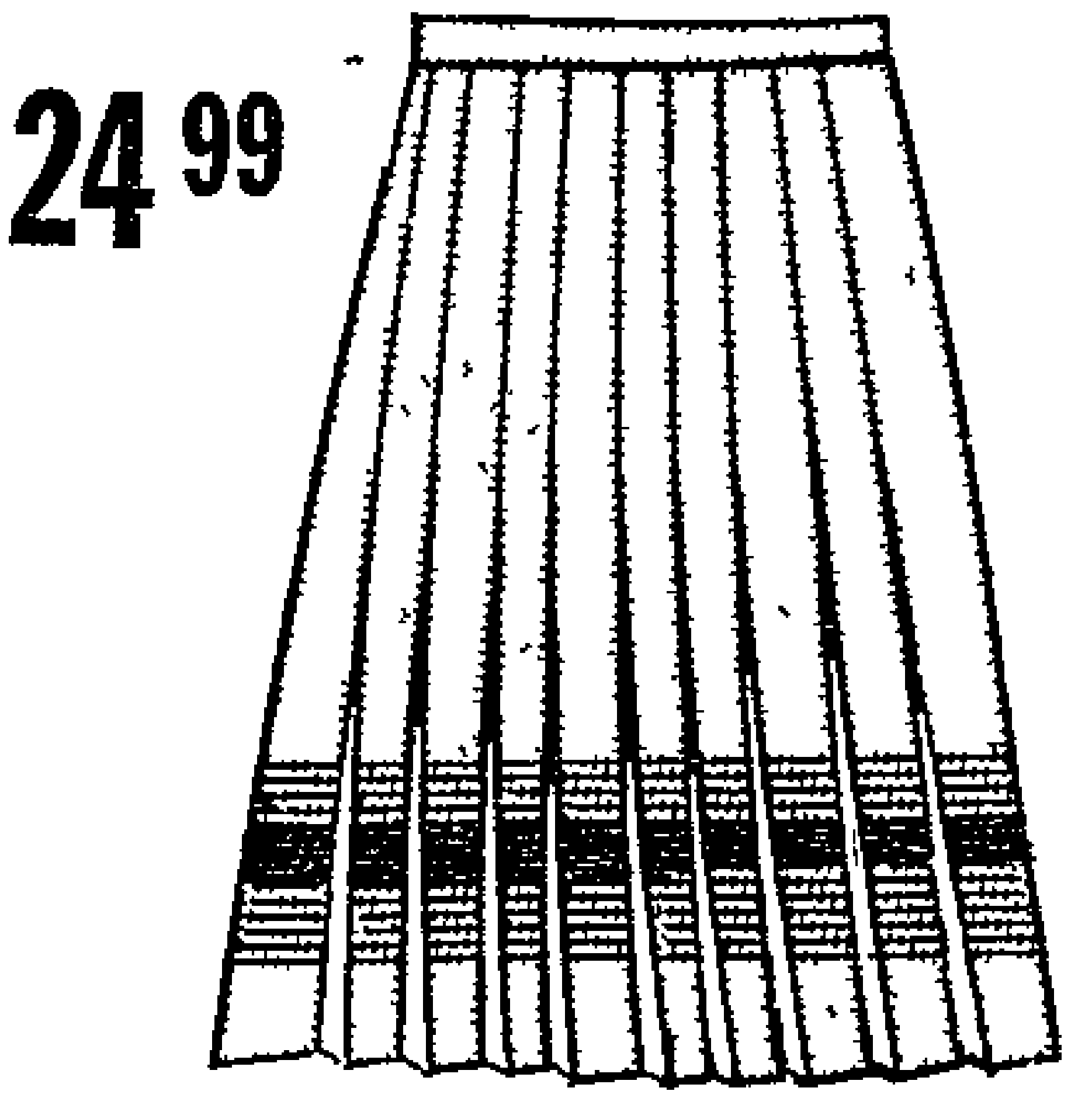
Ticket inspector 'told me to strip'

BY BENITO PHILLIPS

A RAILWAYS ticket controller ordered a 14-year-old to strip and then assaulted her after querying her train ticket, an East London magistrate heard this week

The controller, Carl Albertus van Rensburg, was fined R300 or 50 days for indecent assault

The girl told the court she had been taken into a second-class compartment by the controller, who said he wanted to speak to her about her ticket



Labour unrest cost BMW R1,6-m in lost production

(192) ~~1108A~~ Star 7/2/84

Pretoria Correspondent

The labour unrest at BMW's Rosslyn motor plant cost the company about 800 cars or R1,6 million in income.

Employees are back at work after a stoppage, the result of a pay dispute, which shut the plant for 10 days

Workers were dissatisfied with the increase of 10c an hour across the board offered by management and demanded an increase of R1 an hour.

The plant resumed production when the employees decided to accept the company's existing wage scale and employment conditions

Management and workers also resolved a dispute over the manner in which workers would return

Mr Pierre de la Rey, BMW's public relations officer, said the 19 workers charged with intimidation would be retried and the National Automobile and Allied Workers' Union (Naawu) had been invited to the hearings

8/2/84 Star

192

Union set to go to court

By Eugene Saldanha

The National Automobile and Allied Workers Union (Naawu) is considering legal action against BMW in Rosslyn, despite an agreement reached yesterday which brought to an end a two-week dispute at the Pretoria plant

The threat of legal action arises from a claim by Naawu that BMW defamed the union's leaders in certain official statements, and that the company "refused to deal with a representative union and instead chose to deal with union members in an unequal face-to-face situation in the plant"

The Rosslyn plant returned to full production yesterday after being shutdown since January 24 after the workers' rejection of a 10c-an-hour pay increase Naawu asked the company to enter into negotiations for wage increases, but BMW said it had previously agreed with the workers that pay talks would only take place during the middle of this year

The parties have also agreed that the company will not dismiss any workers without an impartial inquiry at which Naawu shop stewards will be present

In a letter to BMW, Naawu states that the dispute arose "because of wages and working conditions which are the result of unilateral decisions by management after consultation with a puppet Works Council"

A BMW statement said the company had reached agreement with Naawu that the existing wage structure would not change before July 1.

Business Day

BMW gets back into gear after pay dispute

V2IOM

8/2/84

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By SIMON WILLSON

PRODUCTION started again yesterday at BMW's strike-hit motor assembly plant near Pretoria.

The Rosslyn factory was shut for 10 working days by an industrial dispute.

It is estimated to have cost BMW at least R17m — the value of the 800 cars that would normally have been produced during the closure

Rosslyn, the only plant outside West Germany that manufactures BMWs, was closed by the company on January 25 after some workers allegedly threatened supervisors with violence during a pay dispute

A company spokesman said yesterday that the 10 days' lost production would delay launch of the latest variants in the 3 Series range — the 318i and the 323i.

Since the 3 Series appeared late last year only one model — the 320 — has been produced. Others were scheduled to make their debuts this month and next month

The 3 Series has proved to be the company's best-selling marque with more tha 2 000 units taken in its first three months on the market

Waiting lists already range between three and six months and the spokesman said yesterday that these were bound to lengthen BMW is looking at ways of making up the backlog but is reluctant to speed production line in case quality suffers.

Before launch of the 3 Series BMW was ranked ninth among manufacturers with sales of 905 units. The December national car sales figures showed that the company had risen to seventh place with 1 517 sales

The spokesman said that the dispute would prove worthwhile in the long run. Expectations of higher pay being conceded by the company under duress had proved unrealistic. A new agreement had been signed between the company and the trade union involved — the National Automobile and Allied Workers' Union (Naawu) — governing this financial year's pay rates

The union also recognised the company's right to take disciplinary action against workers who went on strike

Ford retrenches 30 salaried workers

(192) E.Post 8/2/84

By CLAIRE PICKARD-CAMBRIDGE

THIRTY salaried employees at the Ford Motor Company in Port Elizabeth were today told that they would be laid off at the end of March

This was confirmed today by the director of industrial relations at Ford, Mr Fred Ferreira, after rumours had been circulating for the past two weeks about the expected retrenchment of salaried staff at the company

The move follows the retrenchment of about 460 hourly paid workers at Ford on January 20

Mr Ferreira said Ford had made an error when they informed newspapers that 490 hourly-paid employees had been laid off

Only about 460 hourly paid workers had been laid off on January 20 and the 30 salaried workers who had just been informed of their pending retrenchment in March now formed the balance of the official figure quoted, he said

Mr Ferreira said the unions had been told that salaried workers from various sections of Ford would be included among the hourly-paid workers laid off

He said this had been part of the rationalisation programme which Ford had been compelled to implement because of reduced production

He stressed that the company would give preference to retrenched employees if re-employment opportunities occurred

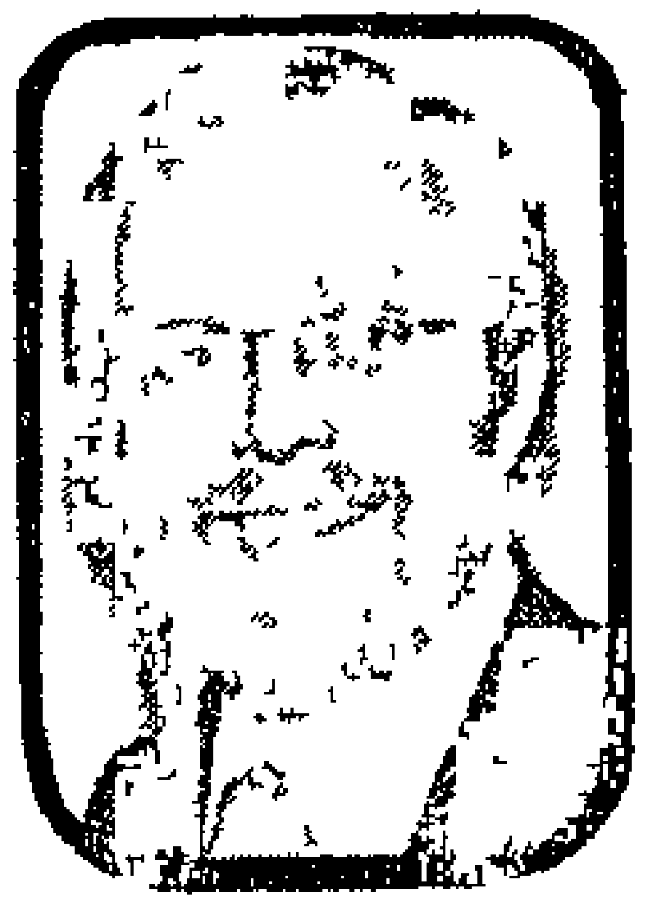
Mr Ferreira was earlier quoted in the Evening Post as saying that retrenchments had been made because the motor vehicle market was expected to remain at a low level for at least the first half of 1984 and the company had consequently been forced to reduce its production schedule

Ford had considered several alternatives to prevent the retrenchments, including working extended short time at the end of last year But they had reached the point where they could no longer absorb these penalties

Auto boffins for 'tech' talks

192

E. Post 11/2/84



By Louis Beckerling

Business Editor

MOTOR industry boffins from throughout the country will converge on Port Elizabeth next week for a technical review of automotive engineering in South Africa

In a first-ever seminar focused exclusively on the technical aspects of automotive engineering, a panel of eight speakers will examine the current state of the automotive art in South Africa

"With the inception of the local content programme in 1967, South African mechanical engineers have done a tremendous job in adapting and developing designs to suit unique local conditions," explained Mr Don Gillard, chairman of the SA Institution of Mechanical Engineers — organisers of the seminar

"Among the novel demands placed on local designs," said Mr Gillard, are

- "The fact that 60% of our market is situated at an altitude of 1 800 metres above sea level
- "A motoring public which is among the most discerning and demanding in the world
- "A commonised component industry
- "Our climatic conditions"

Another feather in the cap for SA mechanical engineers, says Mr Gillard, is the successful engineering production of prototype vehicles locally

"This is the first seminar of a purely technical nature where automotive engineers in South Africa will meet to advance their learning and dicuss common problems," said Mr Gillard

The seminar will be held in the Great Room of the Hotel Elizabeth and starts at 8am with a welcome from Mr Gillard and an opening address from Professor H G Hattingh of the University of Stellenbosch

First speaker to follow will be Mr D H Barnes, of Ford (SA), who will talk on *Planning Cars for the SA Market*

An abstract of Mr Barnes's paper indicates that he will discuss the role of product planning with special reference to the limitations imposed on planning by the SA market These include aspects of investment, volume, local content, timing, model proliferation, rationalisation, environmental, and legal factors

Mr J A Reynhart, executive vehicle engineer (product engineering) for Ford (SA), will then discuss the development and testing of vehicles designed and manufactured for the SA market

"The paper discusses the various types of tests necessary to achieve a high level of engineering confidence prior to the commencement of volume production," explains Mr Reynhart

An address from Prof D G Kröger, of the University of Stellenbosch's Bureau of Mechnical Engineering, will focus on the performance characteristics of radiators, while a departmental colleague, Mr N J Theron, will talk on *Behaviour of Vehicle Ride and Handling*

"It is very useful, during the design stage of a road vehicle, to predict the behaviour of its suspension system," explains Mr Theron, assistant engineer at the Bureau

"A simulation programme has consequently been developed, which considers only the ride aspect of a rigid-body, multi-axle vehicle.

"The results of the simulation are compared with practical measurements made on a real vehicle similar to the model vehicle used in the simulation."

In the last address before lunch Mr J Bester, of General Tire (SA) Ltd, will talk on tyre design and testing for the SA market

The three addresses after the lunch interval will be devoted to

- The design and development of a light pick-up truck for the SA market (by Mr R Geggus, of Ford)
- The development of a plastic fuel tank (Mr J Summersell, of Volkswagen SA)
- Automotive fuels in SA (Mr R Seagrief of Volkswagen SA)

(192)

12/2/84

S. Times

Chopper used to tame a strike

By Angus Macmillan

BMW used unorthodox tactics — including showering a union meeting with leaflets from a helicopter and asking workers to a soccer match — to bring the militant National Automobile and Allied Workers Union to heel this week

Workers returned to the production lines without a single concession from the company

Other methods used by the luxury car manufacturer to secure a settlement varied from delivering letters "on the economic facts of life" to workers' homes and the presentation of an audio-visual in a Ga-Rankuwa hall

After management consultation with shop stewards, workers signed an agreement accepting the company terms The main clause was that wages would not be increased before July — BMW's traditional time for increases

The National Automobile and Allied Workers Union (NAAWU), which has been behind several successful strikes in the Eastern Cape, is up in arms over the company's tactics and is may go to court over what it calls an illegal lock-out, and possible defamation

According to BMW communications manager Pierre de la Ray, the car plant was closed in the last week of January because some workers were threatened with violence

The dispute arose over dissatisfaction with a management offer of a 10c an hour pay increase Workers wanted R1 an hour more — or about 40% — says BMW BMW workers earn R570 a month on average.

NAAWU spokesman Taffy Adler says BMW pegs wages unilaterally, merely consulting a puppet workers' council He claims that the increase offered was less than that granted by other motor companies He says of the company's tactics "God knows what anthropologist they consulted, but they really dropped to the depths of naivety offering cold drinks and dropping pamphlets"

But Professor Roux van der Merwe of the University of Port Elizabeth's industrial relations department says "Management should do its damndest to put its point across to workers BMW has been innovative, but must realise that winning a battle does not necessarily mean winning the peace"

Motor union plans action against six companies

(192)

Star 14/2/84

Pretoria Correspondent

The United African Motor and Allied Workers' Union (UAMAWU) intends taking five companies to arbitration for alleged unfair labour practices.

Mr Peter Mohlaka, organiser of the union, named the companies as Mini Bus (Pty), Rand Rubber Products (Pty), Auto Industrial (Pty), Easy Beat Spray and Panelbeaters (Pty), and Universal Bushes (Pty)

This brings to six the number of companies against which the union intends taking action

Last weekend it announced at a public meeting at Soshanguve that it wanted to take action against Nissan Motor Corporation for the manner in which it retrenched 700 workers.

Mr Mohlaka alleged that Mini Bus failed to adhere to the ruling of the previous Industrial Court sitting

"They failed to pay the retrenched workers as laid down by the court,' he said

Mr J A Walters, manager of Mini Bus, said he was not not aware of the impending action "As far as we are concerned the matter has been settled amicably and all the terms of court action had been met."

Miscalculation on price structure causes R9m loss

Fast-selling Sierra costs Ford dearly

192

RDM
21/2/84

By SIMON WILLSON
Industrial Editor

FORD has lost about R9m in the last five months by under-pricing its newest and most successful model, the Sierra.

Industry sources say the company has miscalculated its costing of the Sierra ever since the model was introduced last September

The company, however, said last night it had "no cost problems" with the Sierra

Ford laid off 490 staff at its Sierra plant at Port Elizabeth last month, citing predictions of low vehicle demand in 1984. But sources say the costing errors on the Sierra lay behind the retrenchments

After a Christmas holiday forecast of a 10% growth rate in the new car market this year, Ford suddenly reversed its projection less than a month later and said the 1984 market would be static, if not smaller than last year's

The Sierra miscalculation is also thought to be behind this abrupt change in outlook

The innovative Sierra has been a resounding success since its introduction last spring, increasing industry suspicions its price has been more than competitive

Ford's finance director, Mr Brian Reyner, agreed last night Sierra sales and product quality had surpassed the company's early forecasts

Last winter Ford was involved in a keen battle with Sigma for second place in the manufacturers' sales rankings behind Toyota

In June, Ford was placed second, but had sold only 464 units more than Sigma, a lead that narrowed to 78 units in July.

Ford eventually fell to third place in August, 237 units behind Sigma, with 12,3% of the market.

All that changed with the launch of the Sierra in September

The model immediately captured 10,4% of the market by selling 2 699 units in its first month in the showrooms and Ford spurted 1 171 units ahead of Sigma by grabbing 18,4% of the market

Although the car's novelty wore off marginally in succeeding months, Ford's market share did not slipp below 14,9% and it has retained its comfortable second place in the manufacturers' rankings

The Sierra has risen to be South Africa's second-bestselling car, according to the motor industry's latest official figures

Only the Toyota Corolla — costing nearly R3 000 less and aimed at a different, more popular end of the market — sold more than the Sierra last month — another statistic that has been raising eyebrows in the motor industry.

Ford's recent price adjustments to the Sierra range suggest that the company is trying to rectify the under-pricing

From R10 090 at the end of last December, the price of the basic 1600 GL Sierra has risen twice in successive months — to R10 390 last month and to R10 600 this month — a total increase of 5,1% in less than three months

The price of the more up-market 2ℓ manual model has also risen by 5,1% over the same period — from R11 300 at the end of December to R11 640 last month and R11 875 this month

Motor manufacturers commonly keep prices deliberately low in the weeks after launching a new car

Every new vehicle out on the road turning heads is an extra advertisement and is worth the uneconomic price to the manufacturer — in the short term — in raising the model's public profile

It is also usual, however, for manufacturers to raise the car's price to economic levels while its novelty value remains Sources say Ford has failed to do this with the Sierra

Picture — Page 3

Toyota lifts earnings to record R40,1m

CAPE TIMES 23/2/84

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By PATRICK McLOUGHLIN

JOHANNESBURG. — Toyota's profits zoomed upwards in the second half, taking taxed attributable earnings to a record R40,1m for the 12 months to Decemember 31, 1983.

This is a massive two-and-a-half times the 1982 bottom-line total of R16,2m and a final dividend of 85c (previously 75c) has taken the total payout by South Africa's top motor manufacturer to 150c — a 15 percent rise on 1982's 130c

On an earnings a share basis, the latest figure of 1 000,54c compares with 398,91c

What makes Toyota's performance all the more remarkable is the fact that it has been achieved in a period when the nation has suffered from a recession and motor sales have been slipping

Dividend cover

Major factors behind the earnings leap were significant productivity gains, increased market penetration which counteracted slightly lower output, and a sizeable reduction in the lifo provision

The fact that retentions have swelled significantly — from R10,9m to R34,6m — has resulted in a hefty increase in dividend cover, from 3,1 times to 6,7 times

Toyota shareholders have not fully participated in the earnings bonanza because the group is gearing up for its huge R200m capital expenditure programme which will span the next few years

The dividend rise is also in line with company policy of systematic growth in payout in line with inflation, applied on a moving average over five year periods

Toyota's chairman, Dr Albert Wessels, said in a statement that the sharp increase in retained earnings further helped to increase cash flow and as a result the group could now finance its capex programme

Another reason, according to Dr Wessels, is that Toyota is anxious to keep funds in hand to "counter competition in the industry" during the capacity expansion phase

Market re-rating

Even with the relatively conservative dividend increase, the share currently standing at R42 yields 3,6 percent on dividends On earnings Toyota now yields 23,9 percent and the price earnings ratio stands at just 4 2

This indicates that the market has clearly been surprised and the results could prompt an upward market re-rating with the consequent effect on the share price

Clearly what will surprise the market, which was already expecting higher results, is the extent of the improvement for the full year

A statement from Dr Wessels said the substantial improvement in operating income was mainly the result of a further improvement in the productivity of all sections of the company "It was also helped by the smooth co-operation and integration with Toyota Motor Corporation in Japan," he said

Japanse productivity systems have been applied to local production and there has apparently been a marked improvement in productivity Staff have been over to Japan for training and plant has been re-organised so that time wastage by workers has been cut to the bone

Toyota's operating income before lifo and tax thus jumped by 65,1 percent, from R50,1m to R82,7m, in spite of the fact that total vehicle sales dipped 0,5 percent last year to 92 386 units (92 831 units)

Inflation rate

The provision for lifo fell dramatically from R23,7m to R8,8m because of the lower inflation rate and the correction of excess stock levels of heavy commercial vehicles which prevailed at the end of 1982

Taxation was substantially higher at R33 1m (R10 2m) leaving attributable earnings of R40,7m This compares with the previous peak performance in 1981 of R32,444m after Lifo

Last year Toyota increased its penetration of the total vehicle market 22,8 percent compared with 21,8 percent previously — a record market share for the group On the passenger side, the Corolla was the best seller for the third successive year and the Cressida ranked number two

RETRENCHMENTS UNRELATED TO SIERRA — FORD

Own Correspondent

PORT ELIZABETH. — Ford yesterday denied that the cost of launching its Sierra had in any way contributed to last month's retrenchment of 490 staff members

It said no further retrenchments or early retirements were being considered.

Referring to industry speculation that Ford had lost R9m on the Sierra since its launch five months ago, Mr Dirk Pieterse, the public affairs manager, asked how this figure was arrived at.

Motor industry sources claim Ford had lost the money by under-pricing the Sierra. They say Ford's recent price adjustments to the Sierra range suggest the company is trying to rectify the under-pricing.

Mr Pieterse said it was not Ford's policy to price a vehicle on a cost basis only. Market factors were taken into account as part of the strategy. "Sierra's costing and its local content have been in line with projections since its introduction, bearing in mind product life and amortisation of costs."

The decision to lay off staff stemmed purely from the way the economy was behaving. The lay-offs had been predominantly in non-Sierra plants.

"Clearly the economic indicators in the last few months have been less optimistic. Unfortunately, the continuation of the drought, the weakening of the rand, general sales tax increases and the threat of further tax increases in the March Budget are not conducive to increasing consumer optimism."

ROM 23/2/84

WEEKEND POST, FEBRUARY 25, 1984

business

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Parts hold-up for ca

Car plants?

SOUTH AFRICAN motor assembly plants may find their production rates severely hampered by shortages of locally produced components, according to Mr Tony Twine, director of the consulting firm Marketing Environments (Pty) Ltd

Mr Twine points out that vehicle manufacturers are dependent on these components to ensure that 66% of the mass of the completed vehicle is locally manufactured

"This local content rule applies to all passenger cars, light delivery vehicles and minibuses," he says

"Theré are some 400 local component suppliers, ranging in size from the very substantial, such as the tyre manufacturers, to the very small, such as companies manufacturing single items like windscreen wiper blades and vehicle badges

"During periods of high consumer demand, bottlenecks caused by the suppliers being caught on the wrong foot have been known to bring production lines in the country's largest assembly plants grinding to a halt"

Mr Twine said that motor industry forecasters had always had their task complicated by this factor

Not only had they to assess future consumer demand, but they had also to rely on their intuition in determining the cut-off point beyond which the industry would not be able to supply

A new measure of precision is now available to motor industry planners

The on-line interactive econometric model made available by Econometrix (Pty) Ltd on the Infonet network of Computer Sciences has recently been amended to take account of supply constraints in the market place

Mr Twine said Marketing Environments worked closely with Econometrix in providing services to the motor industry and that he believed that this was the first time that the supply side had been adequately represented in any statistical model of the motor vehicle market

In addition to this refinement, Professor Frank Shostak, the mastermind behind the Econometrix model which simulates the interrelated performance of 110 variables in the South African economy, has also added a variable to the motor vehicle equations which reflects consumer confidence — a vital factor in determining the number of new vehicles sold each year

According to Prof Shostak "the adjustments to the model" have produced some significant changes to the forecasts of sales of new vehicles during the expected economic upswing during 1985 and '86

"Without the effect of supply bottlenecks 315 000 and 340 000 new passenger units could have been expected during each of these two years respectively In its new version the model expects 304 000 and 325 000 units respectively"

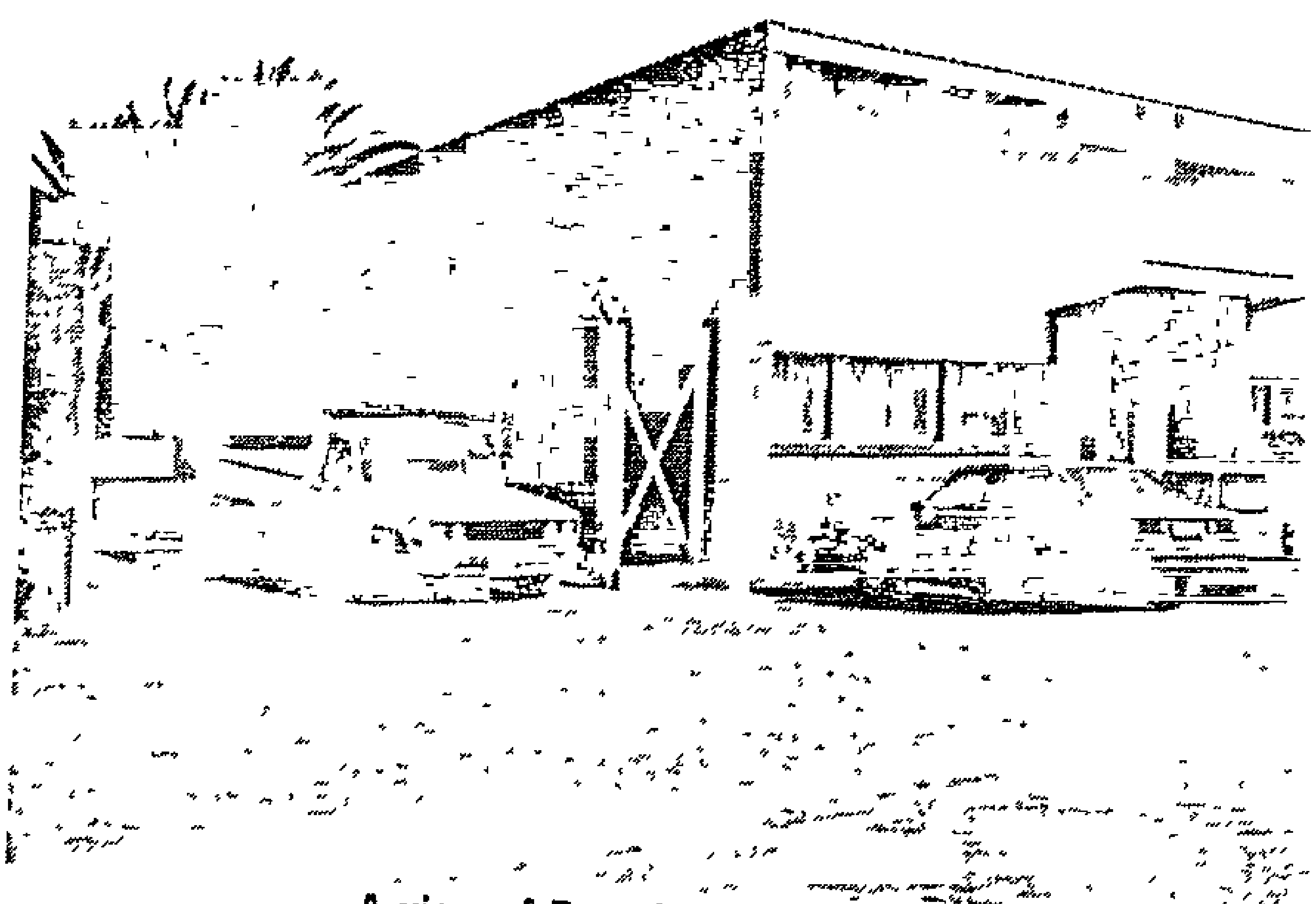
"Virtually all of the decrease is a result of component suppliers not being able to keep up with the demand

"A repetition of the situation which prevailed during 1980 and '81 appears highly likely during the next upswing in sales

"To avoid this situation component suppliers will have to begin gearing up almost immediately For many smaller organisations currently faced with production cuts, the interest rates on the bridging finance required cannot look very attractive"

The Econometrix model is available via desktop terminals or new-generation microcomputers using ordinary telephone lines to link into Infonet's mainframe in Johannesburg

Premier Metal op



A view of Premier Metal's expanded premises in :

SA money mar

highly sophistic

Since opening a regional office in Port Eli beth last year, investment broker National A ceptances has re-routed millions of rands investments from Port Elizabeth to the co try's complex money markets

In this article National Acceptances bran manager Mr Gary Scallon introduces BUS NESS POST readers unfamiliar with the markets, to the investment opportunit awaiting them.

THE South African money market has developed into a highly sophisticated system comparable in its mechanism to the New York and London markets

Estimates indicate that the daily turnover in fixed interest investments is more than 10 times greater than the daily turnover in quoted share investments on the Johannesburg Stock Exchange

It is therefore clearly vital for corporate managers and private investors to be aware of the workings, opportunities and terminology in the money market

The money market is divided into two distinct areas, the primary market and the secondary market

"Instruments", or secur-

a daily call or short-term basis

- The short-term asset market, where fixed interest prime securities are traded, with maturity dates of less than three years
- Capital market trading of prime securities with maturity dates in excess of three years (normally gov-

Units of R100 000 are normally considered a mini mum in this market b concessions are made certain geographical area where units as low a R10 000 are accepted (PE included)

The short-term market offers investors the oppor-

Call for taxation of

LABOUR LAW

~~185~~ FM 2/3/84 (192) ~~183~~ [illegible]

When the court is not a court

A landmark decision this week by the Transvaal Supreme Court has thrown doubt on the status and powers of the Industrial Court (IC) In essence the ruling, by Judges Enslin and Bliss, is that when it decides on unfair labour practice matters the IC does not have the authority of a court

Labour lawyers say the finding casts doubt on when the IC does act as a court, and when it does not The enforceability of its rulings is also called into question Because the Supreme Court ruled only on the specific matter before it, and did not consider the overall functions and powers of the IC, it is not possible to say how the ruling could affect other areas of IC activity

However, deciding on claims of unfair labour practices constitutes one of the most important areas of the IC's jurisdiction Its powers are now in doubt

The Supreme Court ruling came in an appeal from the IC in the case of the United African Motor and Allied Workers Union vs Fodens (SA) (Pty) Ltd In the IC hearing the union established 37 unfair labour practices by Fodens against its members and won compensation for some of them

Appeal

However, the IC refused to grant costs against Fodens on the grounds that there was no specific statutary provision for it to do so The union appealed to the Supreme Court in an effort to get its costs

The Supreme Court, in ruling that the IC did not function as a court when considering unfair labour practice matters in terms of Section 46/9 of the Labour Relations Act, said it had no power to grant costs The advocate for the union, Dan Bregman SC, immediately applied for leave to appeal to the Appellate Division in Bloemfontein

A labour lawyer, Rod Harper, tells the *FM* that the decision "whether right or wrong, introduces legal chaos It will have substantial repercussions on the development of labour law and its effect on the IC"

He adds that it is of interest that the IC "surprisingly" can, in terms of the relevant legislation, grant an order of costs where a frivolous application for an interim order concerning an unfair labour practice is concerned — but now may not do so when making a permanent finding

More seriously, the decision casts doubts on the IC's powers and on the development of labour case law

The ruling that in one of its major functions the IC is not a court leaves open the possibility that it also does not function as a court in other functions The closest labour lawyers have so far been able to come to deciding what the IC is when it is not a court is that "it is some sort of quasi-judicial body — such as a tribunal"

In addition, no one now seems sure whether an IC ruling can be enforced if it is not the decision of a court

It also seems that IC decisions in unfair labour practice cases cannot now form part of what had become a rapidly-developing body of labour case law The decisions — not being the decisions of a court — cannot form precedents and are not binding in subsequent cases

And, Harper says, the Supreme Court seemed of the opinion that the Minister of Manpower could "clarify or vary" IC decisions in unfair labour practice cases If that is so, the IC in such cases certainly does not function as a court whose decisions could only be varied on appeal to a higher court

Harper says that part of the problem is that the Labour Relations Act is extremely badly drafted and that amending acts — of which there have been an average of one a year since 1979 — have been built onto the existing badly-drafted measure

The result, he says, is confusion both among attorneys and laymen — and in the workplace, where an understanding of the Act is essential to both workers and employers

Motor company fires workers

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By ALINAH DUBE

Sowetan 7/3/84

TWENTY-FOUR workers have been fired from the BMW Rosslyn plant near Pretoria, according to the company's Public Relations Officer, Mr Michael Brandt.

The dismissals came as a result of disciplinary hearing after a strike for better pay by about 1 200 workers, a month ago. About 200 employees were identified by management as having been responsible for the labour unrest at the plant. It was then decided that inquiries be held to establish what action to take against such people.

Mr Brandt refused to discuss the matter further because of an agreement his company has with the National Automobile and Allied Workers' Union (Nawu). He said a joint statement would be made.

A spokesman for Nawu confirmed that some of the workers had been fired from work after inquiries were held. He said, however, the union would meet BMW soon to review the situation. "I would not like to go into details as we have an agreement to always make a joint statement," he said

NEWS EXTRA

3-day week

Sowetan 8/3/84

THE working week for about 250 employees at the Auto Plastic Car Seat Manufacturing factory in Rosslyn, Pretoria, has been reduced to three days.

Workers told The SOWETAN that they were presently working Tuesdays, Thursdays and Fridays only. Most of the affected are machinists.

The manager of the company, Mr Gordon Musgrave, said the short time was for purely economic reasons and that it was not permanent.

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Asked if the reduction of hours came as a result of the recent retrenchments at most of the car manufacturing companies, he said: "We are dealing with motor industries and each time there is a dive in the trade, we become affected."

UNIONS

Fm 9/3/84

Naawu's progress

(192)

Firestone and the National Automobile and Allied Workers' Union (Naawu) have signed a wage agreement covering the company's plant at Brits

According to the union, the settlement gives workers an across-the-board increase of 25c/hour and brings the minimum wage at the factory to R2,37/hour. Naawu says this is the highest rate in the tyre manufacturing industry and is in sharp contrast to the current minimum wage agreement reached by the Industrial Council for the Tyre and Rubber Industry in the eastern Cape — R1,38/hour.

Naawu points out that it was not a party to the industrial council agreement, but says it has now been admitted to the council. Its admission, it says, means that the union representatives on the council will, for the first time, represent the majority of eastern Cape workers in the industry.

The union has obviously set its sights on the eastern Cape and Natal as areas for expansion — despite resistance from established unions — and particularly on the Dunlop factory in Ladysmith Naawu claims the minimum rate at the Dunlop works is R1,31/hour — an amount it contrasts with the minimum negotiated at Firestone's Brits plant

The unions says it will "now take steps to ensure that the agreement (in the eastern Cape) more fully represents the needs and aspirations of our members, something which was not the case when a minority union sat alone on the council

"In addition, together with our sister unions in the Federation of SA Trade Unions (Fosatu) which are involved in the tyre and rubber industry, Naawu will be looking at ways of improving conditions for our members in (both) the Transvaal and Natal. In addition to the wage increase negotiated at Firestone, the company and the union are continuing their discussions related to the implementation of a new grading structure which will replace the current incentive payment scheme."

Fosatu unions have strong representation in both the motor and motor-components industries. The Naawu statement indicates that they will be taking a tough line with both rival unions and managements.

Business Day/MOTORING

RDM 9/3/84 (192)

Car-part export plan

By SIMON WILLSON

PART of the South African motor industry is about to perform the automotive equivalent of selling ice to Eskimos or exporting sand to Saudi Arabia.

Two local subsidiaries of major German luxury car-makers are preparing to export South African-made car parts back to Germany.

Whether they can or not still depends on the Government, which has to alter some import regulations to make it worth their while.

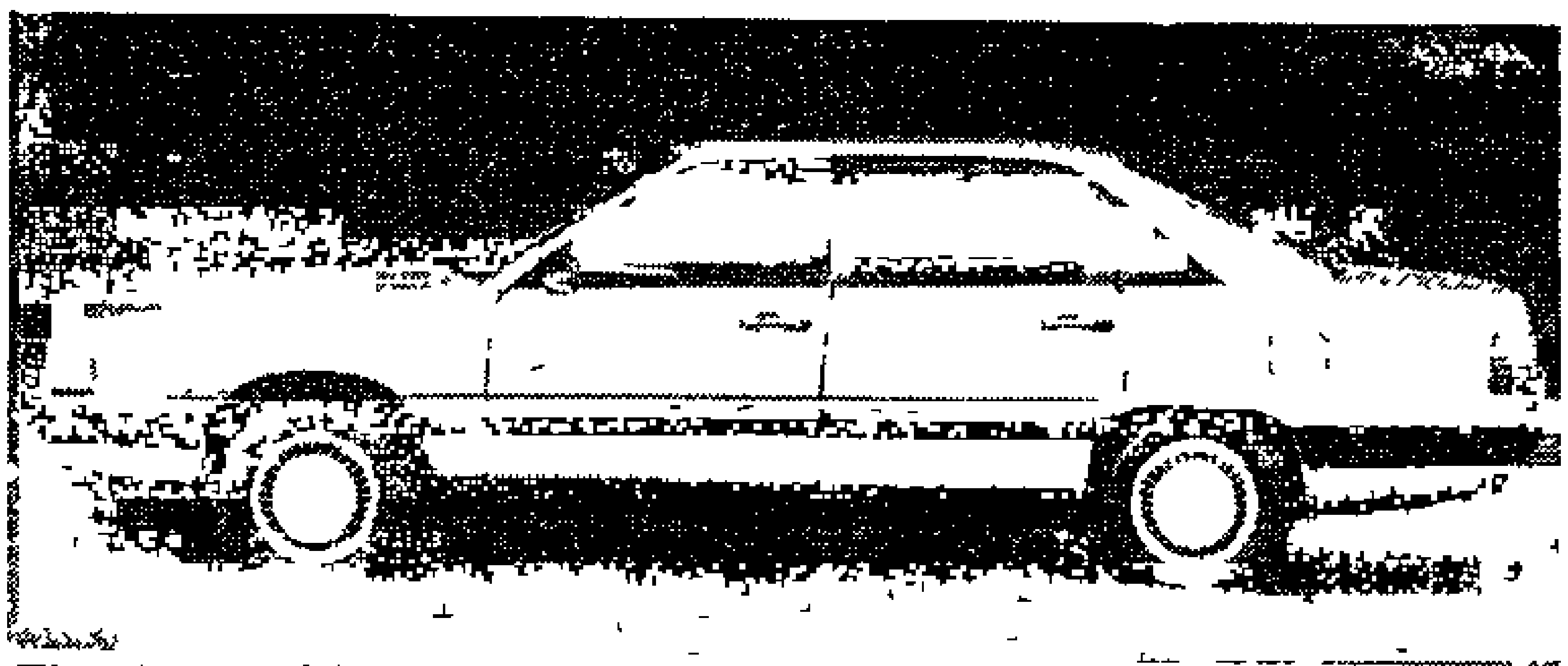
But indications are that the authorities will clear the way for the operation, because it will encourage much-needed domestic investment and job-creation.

The two companies involved are BMW and Audi, which manufacture up-market executive sedans that are selling well on the South African new-car market

BMW made the first move in approaching the Government for the go-ahead to export parts back to its parent company in Germany

But although BMW has done most of the preparatory groundwork for the novel export operation, Audi will be awaiting the Government's decision with as much anxiety as its rival

Audi has in the pipeline a plan to launch exactly the same export scheme, and will need the same alteration in the existing importing regulations as BMW to be able to operate the scheme effectively



The Audi 500 ... Audi may follow BMW's example and export locally-made parts if the Government gives the go-ahead.

South Africa forms a unique manufacturing location for each company BMW's local assembly plant is the only one outside Germany, and the Audi complex in the Eastern Cape is the only one outside Germany producing the company's new flagship, the Audi 500.

Exporting parts back to the country where they were designed has been made economically viable by the peculiar characteristics of the South African car market

The market's intense competition and its limited size have imposed awkward volume ceilings on each company's local production The ceilings are turning out to be somewhat lower than the optimum levels of production of the expensive plant BMW and Audi have installed

It makes sense for them, therefore, to overcome the high-cost implications of low production volume by exporting parts and, ideally, cars — thus stretching the use of local plant to its most economically efficient level.

As Mr Bernt Pischtsrieder, BMW's technical director, explained· "We could, for example, manufacture bumpers for all Series 3 BMWs built here and in Germany and, in turn, import the bumpers required for our Series 5 cars.

"The main advantages for us are foreign exchange savings on imported tooling and reduced production and parts costs"

Audi chairman Dr Walter Habbel said the company was giving careful consideration to the local Audi management's suggestion that domestically-manufactured parts be exported back to Germany

But first the two companies need an amendment to the local content regulations governing the motor industry.

They will need the rules adjusted so that the weight of imported components is offset against that of similar, South African-made exported components assess its volume and then multiply that by the accepted weight per cubic metre

SATS says the merchants takes exception to this and weighs the bundles before they are railed Should they be lighter than claimed that's worth another penalty And penalties can amount up to about 100% of railage

Merchants also charge that SATS provides no timber storage facilities and that therefore should it rain while their consignments are on the quayside, they absorb water — 'and we have to pay more to rail Durban rainwater to Johannesburg"

The real problem, according to the other H Cobb & Sons MD, Charlie Cobb — who is chairman of the Timber and Allied Trades Association (Tata) — is that SATS usually only notifies merchants about penalties months after their timber has arrived in SA "This often means that it has been sold and delivered before we get the final bill from the Railways," he says

Local board manufacturers, claim Tata members, import a certain type of Brazilian board through Poland, which was secured in a barter deal, for R1/m³ at the warehouse One SA manufacturer charges R1 40/m³, ex-factory, for a similar product

And agents, they complain, are bypassing merchants and selling direct to the larger users leaving them with only the smaller ones — who give the most trouble and are a credit risk Action, by way of bypassing some member agents, is threatened

❑ SATS says it is not aware of any penalties referred to by the merchants For revenue protection reasons, manifests of imported traffic are routinely inspected, a spokesman says

The object of this is to compare masses and descriptions with those declared on landing orders These inspections take place after dispatch and give rise to undercharges and penalties being collected late

"However this aspect is being investigated with a view to eliminating delays," he adds

BRICKS

Push-pull situation

(192)

The lifting of price control on bricks has helped to cushion the industry in the current recession But there have been strains

New profit opportunities, as well as possibilities for substantial new investment have been opened up As Cedric Savage, MD of Toncoro — which controls about half the brick market — points out a 10% extension of industry manufacturing capacity in the next two years will outstrip growth over any comparable period in the past decade "There will be no repeat of the severe 1980-81 shortage, which brought matters to a head and culminated in the removal of controls," he says The building industry is underpinned by the growing shortfall of 500 000 homes for blacks and 160 000 homes for other groups

Bricks ... cushion or crunch?

Major new brick manufacturing capacity, costing more than R70m, is already committed at Rietvlei, due on stream in December, Sasolburg in March, Paarl in August, as well as Olifantsfontein, Springs, Brackenfell, in Swaziland and elsewhere Planning has started on more clay brick and concrete brick projects Indeed, a temporary surplus of face bricks is expected in the Transvaal in November

Stockpiling because of softening demand is expected to start in Natal in July Toncoro stockpiles will this time round, be allowed to increase, after the scramble for bricks last year which quickly depleted reserves

Savage says planning future capacity is difficult because the lead time in bringing a new factory to production is four years Fluctuations in demand are enormous In Natal the eastern Cape and OFS, sales rose 24%, 26% and 34% respectively in the nine months to December 1983 "I think this gives some idea how brick supplies were increased Not many businesses are asked suddenly to increase supplies by these magnitudes' says Savage

"There is a limit to what can be done and we must simply come to terms with the problem of stockpiles and shortages which cannot be licked," he adds

There are still serious problems — as builders facing delivery delays in the Transvaal and the western Cape will testify Another problem that will be felt more acutely in future is the production emphasis on face bricks They cost three times more than plaster bricks, and are more profitable

The feeling is that the present price of plaster bricks does not justify new factory investment But substitutes are more expensive and clay qualitites are still strongly favoured by the construction sector Supply and demand must eventually push up plaster brick prices, adding more impetus to building costs

MOTORCYCLES

Trade-ins, trade-offs

After a four-month widely advertised one-third price cut on 10 of its models Suzuki Distributors (SD) claims to have cleared excess stock But trade sources claim this has been at the expense of trade-in value

SD promotions manager Steve Swanepoel says objectives were met sooner than expected However, in a bid to bring its stock level back to par, SD is still running a 20%-off retail price discount campaign "At present," says Swanepoel 'we are holding our position in the market and with the introduction of new models in the near future, we hope to consolidate our position'

SD was overstocked when the motorcycle sales boom tailed off two years ago and, since then, it has been forced to adopt drastic measures to improve sales

The introduction of SD s new line comes shortly after the announcement that the Japanese parent company is to officially withdraw from all forms of competition in the foreseeable future "The motivation behind the withdrawal was to develop the model line from the lessons learned on the

LONE SHIPPERS SAIL

Independent operators on the US-SA trade sea routes have not enjoyed a happy history Last year Cape Lines came to grief after trying for 18 months to break the stranglehold the conference has over the market

Confident it can succeed where others have failed, Durban-based Bulkcharters says it will now enter the market Its newly-formed States Africa Line (SAL) will offer a "competitive service" with regular monthly sailings, says MD Norman Stobart

Using its dual purpose bulk/container vessels, the plan is to ship bulk cargoes on north-bound trips and container loads southwards Stobart says SAL s tariffs "will be geared to our costs" If SAL's rates undercut the conference, he says, "it will be more by coincidence than design, a rate war is the last thing we want"

The way Stobart sees it, there is room for both conference operators and independents

FM 9/3/84

Some tractor concerns now facing collapse

12/3/84 Star

192

By Hannes Ferguson
Farming Corresspondent

Some sections of the South African tractor industry face collapse following the almost total failure of the country's maize crop

Tractor sales last year declined and market prospects for 1984 are extremely bleak

Sales in a "normal" year total about 14 000 units During the bumper season of 1981 as many as 24 000 tractors were sold

In 1983 only 8 381 units were sold.

Ford had the largest market share with 23 percent, followed by Massey-Ferguson with 19 percent, John Deere with 18 percent and Fiat with 17 percent

Seven other makes between them shared the 23 percent remaining market slice

It is now generally believed only about 6 000 tractors may be sold this year

THE END FOR SOME

Some of the tractor manufacturing firms may have to throw in the towel.

Ford can lean on its motor car business, Fedmech which markets Massey-Ferguson is backed by the powerful Federale Group.

Vetsak may count on the backing by all the large co-ops except OTK, the Eastern Transvaal Co op which favours John Deere

At market upper end John Deere stands rather alone

Malcomess which sells the Landini tractor is part of the Malbak group which is strong in motor parts.

But in 1983, the Landini market share was only 7 percent and Malcomess may therefore have heavy overheads

The survival chances of the National Harvester, Deutz, Case, Same, Mercedes Benz and Volvo in the tractor market are not rated very high.

All circumstances point to the dire need for mergers The question is, however, who may be marrying whom

One important factor is the overseas tractor market which also finds itself in the doldrums

Massey-Ferguson, the Fedmech European partner, also owns Landini This would make a Fedmech/Malcomess combination an obvious possibility.

John Deere, rated a powerful manufacturing programme but may find it difficult to realise its ambitions may possibly be viewed as another eligible for marriage

A sign of the impending shake—out was the recent decision by the tractor manufacturers not to participate in the prestigious annual National Maize Producers' Organisation (NAMPO) Harvest Day Exhibition.

Mr Bill Pascoe, chairman of the South African Tractor Manufacturers' Association, said it would cost the industry R500 000 to take part and this the tractor industry could not afford,

The general manager of NAMPO, Dr Pieter Gous commented that in any case farmers contemplating buyng another tractor should ensure that they bought from a reputable firm with staying power Otherwise they would invite trouble with spare parts and service

All is not gloom however. Vetsak, the central co-op which sells Fiat tractors, is very strong in Natal, about the only area where farmers are scoring bumper crops

Vetsak is said to be also making inroads in the John Deere preserve in the Eastern Transvaal

With the leverage of co-ops increasing in a credit-starved year, Vetsak hopes to increase its market share to 30 percent

Workers' wrath

Unions warn the motor men after big retrenchments

By Barney Mthombothi

TRADE union leaders have accused the motor industry of putting profits before the livelihood of its employees and have warned that anger and bitterness caused by recent retrenchments will destabilise future industrial peace

More than 2 000 workers have been retrenched in the industry so far this year — 850 at Sigma, 700 at Datsun Nissan and 490 at Ford In addition, 24 workers were fired after a crippling strike by 1 500 at the BMW's Rosslyn plant in January

Union leaders say these massive retrenchments so early in the year underline the inherent insecurity of workers in the industry and agreements are therefore needed to buttress them against the financial risks of working in the industry

Decent severance and unemployment pay arrangements will also have to be made

Coming in for harsh criticism, surprisingly, is Ford, long acclaimed as one of the most progressive employers in the country.

Union sources say there has been a change of attitude to unions at Ford and that the company has recently been "a source of considerable conflict"

General secretary of the Motor Assemblers' and Component Workers' Union, Dennis Neer, said this week his union heard of the retrenchments at Ford a week before they were to be carried out "almost as a rumour".

"We contacted Ford and they confirmed the rumour was in fact true," he said

"A meeting was arranged at which we put forward some suggestions as alternatives to avoid retrenchments Our suggestions were all rejected It was a matter of 'take it or leave it' They said the matter was not negotiable"

Mr Neer said workers had interpreted the retrenchments as a retaliation by management to a strike in December after a worker was fired

"Workers are angry and I don't know what will happen should such a thing be done again The whole manner of approach has changed at Ford"

Also critical of Ford was Fred Sauls, general secretary of the National Automobile and Allied Workers' Union, who said since 1980 Ford had been a source of considerable conflict.

He said the union was informed by Ford only two days before the lay-off A meeting was held only at the union's request and Ford refused to consider alternatives or to delay the retrencments until after a union meeting

He said the difference between the way Sigma and Ford handled the lay-offs was quite startling

Although his union was not at all happy with the retrenchments at Sigma, ample discussion had at least taken place between the union and the company before the actual lay-off

"In addition, the long-standing agreement between the two parties ensured that the 'last-in, first-out' principle was adhered to and that workers who were retrenched received a week's notice, and one to three months' severance pay"

Ford's Press Relations Manager Bob Kernohan said there was "no particular legal obligation" to inform the unions about the lay-offs.

"It's an abnormal situation We don't retrench often, and this is the first major retrenchment since the energy crisis of the early Seventies"

Mr Kernohan said Ford alway co-operated with the two unions but the retrenchments were a non-negotiable issue

"We informed the unions about it, but only once the decision had been made And we gave an assurance the retrenched workers will get first option should conditions improve"

Mr Ruben Els of Sigma also said the workers would be given preference should the situation improve

"The decision to retrench was arrived at after a thorough investigation"

BMW spokesman Mike Brandt said none of their workers had been laid off, but 24 employees had been fired "for reasons related to their activities during the strike They were involved in intimidation and violence against members of staff"

He said all BMW workers had gone back after the strike "at our rate"

"We told them they are to work for the money we are offering them or they can go and look for work somewhere else It was as simple as that, and they went back at our rate"

RDM 16/3/84

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Union acts on BMW sackings

By STEVEN FRIEDMAN
Labour Correspondent

MOTOR firm BMW and Fosatu's National Automobile and Allied Workers Union, who clashed in a recent strike at BMW's Rosslyn, Pretoria, plant are at loggerheads again — this time over the firing of 37 workers in wake of the strike

The union's general secretary, Mr Fred Sauls, says he has called on German unions to act in support of the fired workers and says NAAWU does not accept the sackings

And BMW said yesterday it had postponed indefinitely a meeting scheduled for Monday at which fired strikers were to have appealed against their sacking

The company says it did this because NAAWU twice failed to provide it with a list of names of fired strikers who it believed had been unfairly dismissed.

The 37 workers were fired after two sets of hearings held during and after the strike.

They centred around BMW charges that some workers "intimidated" supervisory staff and that supervisors had to be protected against assault.

According to the company's figures, a total of 97 workers appeared at hearings, of which 37 were fired

According to NAAWU, as many as 150 workers were originally to have appeared, but it says the company agreed to scale down this figure.

The workers appealed against their sacking and NAAWU says they are still due to appear at an appeal hearing on Monday.

Mr Sauls said that, at this week's meeting of the South African council of the International Metalworkers Federation, to which NAAWU belongs, the IMF's general secretary, Mr Herman Rebhan, pledged overseas union support for local unions

NAAWU had asked a major German union, IG Metall, to act in terms of that commitment.

A company spokesman said yesterday the appeal meeting would not be held until NAAWU submitted the list BMW requested

Accord in motor industry 'war'

(192)

23/3/84 E.Post

By LOUIS BECKERLING
Business Editor

IN the spirit of Nkomati, a unique accord has been thrashed out between the "warring" parties in the South African motor industry

A joint statement released today after a meeting at Jan Smuts Airport commits the signatories, Naamsa (representing car makers), and Naacam (representing car component makers), to combined action for the first time in the history of the industry

The conflict between the two bodies centres on the belief by Naacam that more South African-made components should be included in locally made vehicles, while Naamsa resists this because locally produced components tend to be considerably more expensive than their overseas equivalents Naamsa contends that car prices are pushed up beyond the ability of many potential buyers

In terms of the statement released today, however, the two bodies have now undertaken to form a join action committee to investigate a principal cause of the higher prices of South African-made products — inflated costs of the local raw materials

The implication is that a new combined lobby will be formed with two alternative objectives

- Pressuring the Government into allowing imports of cheaper raw materials such as steel, copper, plastics, and rubber
- Pressuring bodies such as Iscor to reduce its prices in line with world prices

"It's ridiculous that Japanese ore carriers can load iron ore into their ships in Port Elizabeth, ship it halfway across the world, convert it into steel and ship it all the way back — at prices which are lower than those charged by Iscor to do the job locally," commented one industry spokesman today

The statement observes that the first in a planned series of meetings of the executive committees of both bodies was held in Johannesburg on March 20 to consider the findings of the investigations conducted independently by each association into the future direction of local content

● To Page 2

Motor trade sections reach accord

(192)

E Post 23/3/84

● From Page 1

for Phase V motor vehicles

It says "The deliberations were conducted in a positive and constructive manner, and the respective parties agreed that consideration should be given to the development of a formula to provide effective incentives to motor vehicle manufacturers voluntarily to increase local content in their vehicles

"It is also intended to research the question of providing some form of encouragement for the exportation of local automotive components and vehicles

"The meeting resolved furthermore to initiate and implement a joint productivity action programme with the object of bringing about possible industry-wide cost reductions through increased rationalisation in such areas as industry release documentation, invoicing procedures, warranty conditions, etc

"Moreover it was decided, with immediate effect, to form an automotive industry action group, comprising three representatives of Naamsa and Naacam

"The first project to be undertaken by the action group, on a priority basis, will be to examine the impact of administered prices in respect of raw materials, (particulary steel), transport and energy on the production costs of local components and motor vehicles"

BUSINESS

Ford looking for profits from its SA operation

Star 23.3.84

192

DETROIT — The Ford Motor Company had its best sales outside North America last year since the record year of 1979, maintaining its position as the dominant firm in international markets, according to a senior executive.

Combined Ford car sales in Europe, Latin America, Africa and the Asia-Pacific region rose five percent over 1982 to a record 1 741 400, though lorry sales of 282 700 declined six percent.

Though Ford — the world's second largest motor company — made no money in South Africa last year despite a small gain in volume, the company intended to become profitable there this year, said Mr Robert Lutz, the company's international chief.

Ford made substantial gains in Asian and Pacific markets and increased its overall share of international sales from 10,1 percent to 10,4 percent, he said.

Though Ford ranks behind General Motors when US and foreign sales are combined, its 1983 sales kept it ahead of its competitors for sales outside their home countries.

However, Ford said last month that its earnings from its overseas operations declined by $109 million to $35 million last year.

The company blamed the slide on the dollar's strength, the cost of new model introductions and one-off costs of European plant closures.

Despite increased competition from General Motors and Japan's Toyota company, Mr Lutz said 1983 was his company's second best international sales year in 81 years of doing business, with volume almost a million units ahead of Toyota.

Records were set in Britain, France and Taiwan and sales also increased in South Africa, West Germany, Brazil, Argentina, Malaysia and the Philippines.

Ford announced earlier this week it would cease operations in the Philippines in August because of losses and problems in the local industry.

Sales declined from 1982 levels in Spain, Italy, Venezuela, Australia and New Zealand, even though Ford increased its market penetration in some of these countries.

Looking ahead, Mr Lutz said he expected Ford's sales outside the United States and Canada to improve again overall with the Asian-Pacific countries showing the best growth.

Latin America remained a "problem area," he said, because government anti-inflation measures made it unlikely the company would make adequate profits there in the near future. — Reuter

(192) Hansard 22/2/84
Q. 61. 286

Atlantis Diesel Engines

*12 Mr R R HULLEY asked the Minister of Industries, Commerce and Tourism

(1) Whether he or his Department monitors the operating results of Atlantis Diesel Engines, if not, why not, if so what was the operating profit or loss of this concern for the latest specified period for which figures are available

(2) whether Atlantis Diesel Engines is able at present to meet the requirements of the South African market in respect of the sizes of engine it produces, if not, why not?

†The MINISTER OF INDUSTRIES COMMERCE AND TOURISM

(1) No, but the Department keeps itself posted of the operating results of ADE Normally the operating results of private companies in which the State together with outside interests has an investment are not divulged In view of the special position of ADE I am, however, prepared to furnish the honourable member with the information on a confidential basis

(2) Yes

Aflatoxin

*13 Mr S P BARNARD asked the Minister of Health and Welfare †

(a) How many containers of peanut butter with levels of aflatoxin exceeding the legal permissible limits according to his reply to Question No 15 on 15 February 1984 were withdrawn from the market recently and (b) what was the estimated value of the contaminated containers?

Atlantis could break even this year 'with a little luck'

(192) Star 2/3/84

Mr Hartmut Beckurts, MD at Atlantis, sees tremendous potential for exports if the current peace accord with neighbouring states is confirmed.

By Bill Levitt

Atlantis Diesel Engines' market stranglehold has begun to pay off The company, hit by huge losses in its first two years of operation, could break even this year "with a little luck".

That's the view of Mr Hartmut Beckurts, Atlantis MD, who denies that the ADE's government-protected monopoly — and its high-priced engines — forced up truck prices by 30 percent.

Admitting that his engine prices had increased to cover inflation and foreign-exchange losses, Mr Beckurts accused truck manufacturers of making Atlantis a scapegoat to hide hefty increases for improved braking systems, control panels and cab layouts.

Price rises had been below increases in the consumer and wholesale price indexes, he said

In an interview with The Star, Mr Beckurts said peace efforts in Angola and Mozambique could lead to economic co-operation with other African countries and open up export markets for its truck and tractor engines.

Exports could some day find their way to Europe and the US

He hinted at the possibility of Atlantis asking the Government to gradually reduce protective tariffs on imports as Atlantis market penetration increased

The company estimates it has about 80 percent of the truck market and about 70 percent of the depressed tractor market

Mr Beckurst said that despite international objections to import sanctions by signatories to the General Agreement on Tariffs and Trade (GATT) — which includes South Africa'a major trading partners — the Government had to use barriers to stimulate local development and create skilled jobs

"To compete against imports we must become more productive," Mr Beckurts said "We can no longer rely on gold to cover our debts. We must develop an industrial base"

The idea of a local diesel engine manufacturer with a government-sanctioned monopoly was conceived in the late 70s as the answer to the threat of international boycotts.

Mr Jimmy Carter, then US President, cut the flow of some American truck exports to South Africa on grounds that they were intended for military use

That triggered the decision to create ADE, and Mr Beckurts denied that the move had backfired Atlantis still imported two key components — turbochargers and diesel fuel pumps

"If the push came, we could manufacture them" ADE's local content by value was about 75 percent.

The Government laid out R400 million to set up ADE in 1978, and gradually raised tariffs on imported truck and tractor engines to 50 percent in some cases.

ADE began production in 1982 only to be hit by three major setbacks. a recession, drought and a glut of cheaper imports rushed in by truck manufacturers to beat tariff increases

Those factors, combined with a growing stockpile of diesel engines as truck-makers cancelled orders with ADE as their sales plummeted, put the firm deeply in the red.

But things seem to be turning around. Cheap imports no longer abound, and embarrassing stockpiles of ADE engines have been cleared away.

Although total truck and tractor sales are likely to remain at last year's levels, ADE stands to gain because "it's now the only show in town".

The company, which manufactures Daimler-Benz and Perkins engines under licence, sold 15 500 truck and tractor engines in 1983 — down from the 19 000 originally forecast. Its two plants worked at a 31 percent capacity

Revised forecasts for 1984 show the plants will operate at close to 55 percent capacity, have a turnover of R200 million and produce a total of 27 000 engines — up from an earlier projection of 22 000.

MORE WORKERS

The combined figure for 1985 will be 35 000, and that could be the first year Atlantis shows a profit, Mr Beckurts said

ADE has hired another 200 employees — bringing its work-force to slightly over 2 000 — and plans a second eight-hour shift on its truck line by May.

Another 100 workers may be needed when the tractor market picks up. The company has a new computer system to help reduce lead times.

Mr Beckurts said "Two years ago, people said we wouldn't make it, and ADE would become one of South Africa's biggest white elephants.

"I'm out to prove to the market that we can build a product that South Africa can be proud of."

Mr Colin Adcock, MD of Toyota SA and one of the projects most vociferous critics, recently gave ADE a strong endorsement. Monopoly and pricing controversies aside, he said, ADE had managed to produce one of the finest engines to date.

Atlantis Diesel could break even this year

Argus 3/3/84

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By BILL LEVITT

ATLANTIS Diesel Engines, hit by huge losses in its first two years of operation, could break even this year "with a little luck."

That is the forecastof Mr Hartmut Beckurts, Atlantis's managing director, who says ADE has hired another 200 employees — bringing its workforce to slightly more than 2 000 — and plans a second eight-hour shift on its truck line by May

Mr Hartmut Beckurts, managing director . . . "with a little luck."

Another 100 workers may be required as soon as the tractor market picks up

Revised forecasts for 1984 show the truck and tractor engine plants will operate at close to 55 percent capacity — up from 31 percent last year, have a turnover of R200-million and produce a total of 27 000 engines — up from an earlier projection of 22 000

The figure will be 35 000 for 1985 — which could be the first year the company shows a profit

Forced up prices

In an interview this week Mr Beckurts rejected allegations that the company's government-protected monopoly — and its high-priced engines — had forced up truck prices by 30 percent

Admitting that his engine prices had increased to cover inflation and foreign-exchange losses, Mr Beckurts accused truck manufacturers of making Atlantis a scapegoat to hide hefty increases for improved braking systems, control panels and cab layouts

He said price rises had been below increases in both the consumer and wholesale price indices

He hinted at the possibility that Atlantis would ask the Government to reduce gradually its protective tariffs on imports as the company's market penetration increased

He said the company estimated it had captured about 80 percent of the truck market and about 70 percent of the depressed tractor market

In spite of international objections to import sanctions by signatories to the General Agreement on Tariffs and Trade — which includes South Africa'a major trading partners — the Government had a responsibility to use barriers to stimulate local development and create skilled jobs

"To compete against imports we must become more productive We can no longer rely on gold to cover our debts We must develop an industrial base"

Peace efforts in Angola and Mozambique could lead to economic co-operation with other African countries and open up export markets for ADE's truck and tractor engines Exports could some day find their way to Europe and the United States

The idea of a local diesel engine manufacturer with a government-sanctioned monopoly was conceived in the late 70s as a solution to the threat of international boycotts

Mr Jimmy Carter, US President at the time, had cut the flow of some American truck exports to South Africa on grounds that they were intended for military use That triggered the decision to create ADE

Mr Beckurts rejected the contention that the move had backfired because the firm still imported two key components — the turbocharger and the diesel fuel pump

"If the push came, we could manufacture them," he said

Local content

ADE's local content by value is about 75 percent

The factory at Atlantis, consists of two ultra-modern engine plants, a training centre and technical school, two foundries, two warehouses, three spacious cafeterias, an administration building and an energy building

The Government put up R400-million to set up ADE in 1978 and gradually raised tariffs on imported truck and tractor enginess to 50 percent in some cases

ADE began production in 1982 only to be hit by three major setbacks — a recession, the drought and a glut of cheaper imports rushed in by truck manufacturers to beat the tariff increases

Loss figures

Those factors, combined with a growing stockpile of diesel engines as truckmakers cancelled orders with ADE as their sales plum-

To Page 14.

Atlantis

From Page 13.

metted, shoved the firm deeply into the red. Official loss figures are confidential

But things appear to be turning around Cheap imports no longer abound and embarrassing stockpiles of ADE engines have been cleared away

Although total truck and tractor sales are likely to remain at last year's levels, ADE stands to gain because "it's now the only show in town"

The company, which manufactures Daimler-Benz and Perkins engines under license, sold a total of 15 500 truck and tractor engines in 1983 — down from 19 000 originally forecast

The company has added a new computer system which will enable it to reduce lead times significantly

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Union wins pay rise

Star 27/3/84

~~140A~~

By Carolyn Dempster, Labour Reporter

The National Automobile and Allied Workers' Union yesterday achieved a 62 percent pay increase for its members at Miller Engineering, a components manufacturer in Pretoria

The wage agreement, which raises wages from 80 c to R1,30 an hour has been hailed by the union as a significant increase in view of the recession It will come into effect this month and is operative until next March

A spokesman for the Fosatu-affiliated union said the agreement was the start of a drive by NAAWU to organise the components manufacturing industry

Star

192

23/2/84

Motor industry accused of putting profits before people

By Carolyn Dempster
Labour Reporter

Massive retrenchments in the motor industry since the beginning of the year have resulted in a backlash from the National Automobile and Allied Workers' Union

In the latest issue of Fosatu Worker News, mouthpiece of the Federation of South African Trade Unions, NAAWU accuses the motor industry of putting profits before the livelihood of people

More than 2 000 workers have been retrenched since December, 500 at Ford, 850 at Sigma and 700 at Datsun-Nissan Mr Freddie Sauls, general secretary of NAAWU, said that insecurity fuelled by retrenchments did not ease industrial relations, and discussions on the issue needed to be handled with sensitivity

"We are formulating proposals to ensure that workers in auto plants will not be at such a disadvantage through factors over which they have no control," he states

"Agreements need to be made to buttress workers against the financial risks of working in this industry, and decent severance and unemployment pay arrangements must be made"

There was also a substantial difference in the way companies handled the retrenchments In the case of the Sigma layoffs, the company began talks with NAAWU as early as December over the possibility of retrenchments and the policy of last-in, first-out with a week's notice and one to three months' severance pay was followed

In contrast, states NAAWU, Ford informed the workers that they were to be retrenched two days before retrenchments took place.

Mr Fred Ferreira, industrial relations manager at Ford, said that the retrenchments were "a factor of the current economic situation" A total of 490 workers had been laid off this year, but he refused to comment on NAAWU's allegations that workers were not given due notice

"We have a separation clause in our contract with NAAWU and advised the union well in advance of the retrenchments," he said It was not possible to say whether Ford would be retrenching more workers, as it depended on the economic situation

Mr F F Lemmer, human-resources director for Sigma, said that the assumption made by the union was not necessarily true in respect of profits before people Sigma had to "curb losses" as a result of the economic downturn and it was primarily economic trends that had led to the situation

"We are not responsible for the drought, the high inflation rate or the position of the rand," he said In response to criticism that the motor industry should have planned for the effects of the recession, Mr Lemmer said that the situation was in a constant state of flux.

"In 1983, the economists predicted an upturn in the first quarter of 1984 Then it became the second quarter and now mention is being made of 1985.

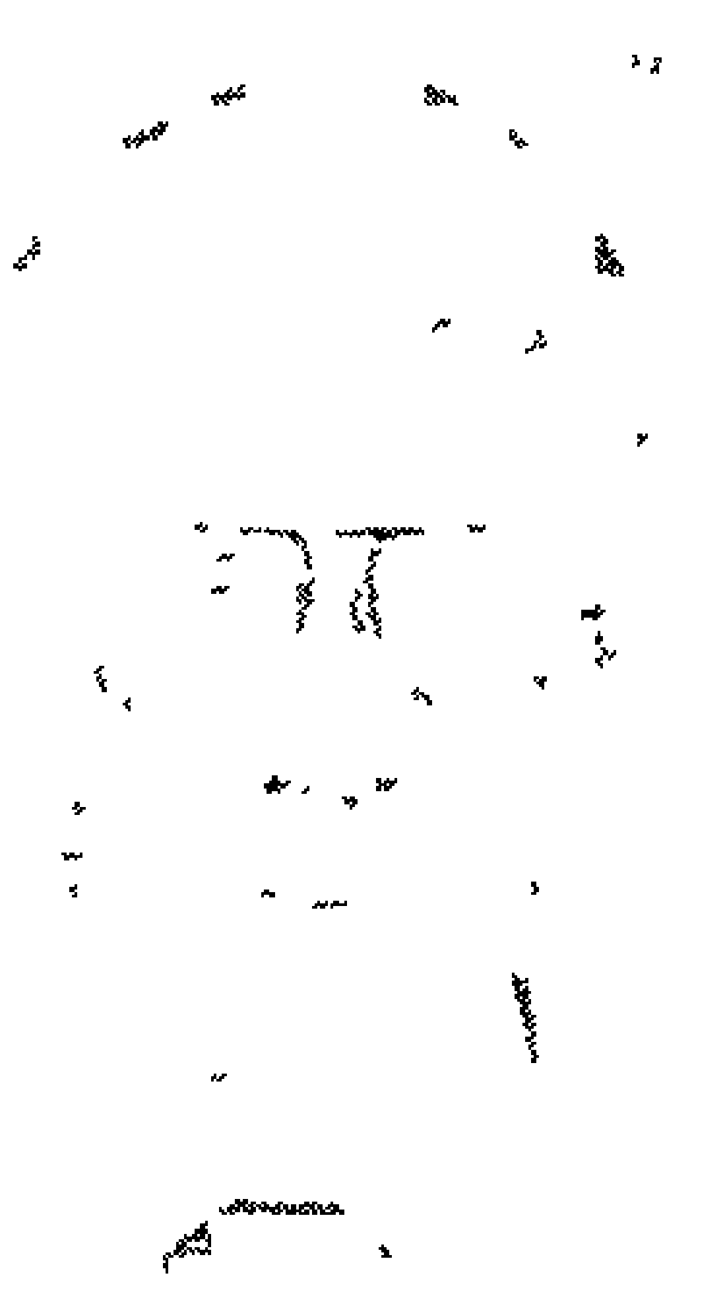
Worker News also describes the recent shutdown by BMW at its Rosslyn plant as a vivid example of union-bashing

Methods used by BMW, including distribution of anti-union pamphlets from a helicopter in Pretoria's three black townships, were a clear attempt by the company to undermine NAAWU The effects of the tactics used by management in the strike and subsequent shutdown would undoubtedly contribute to a worsening in worker-management relations, adds the union newspaper

Motor industry prospects are far from bleak

(192) Star 21/2/84

In recent weeks hundreds of workers have been laid off by motor manufacturers, sparking speculation that all might not be well in the industry. Max Braun, fleet management and marketing consultant to the industry and a leading trade journalist in the field, explains why 1984 may not be a bad year and how the sector can look forward to strong growth in the medium to long term.



Max Braun   vehicle sales must come off the boil

Judging from the January sales of cars and commercial vehicles, it would seem the motor industry is not in the doldrums as is widely believed Most industry watchers believe the sector did considerably better than was widely expected

The main reasons for this include the launch of a plethora of new passenger models (some of which were very exciting), the abundance of relatively cheap and easy-to-get credit, and fierce competition among dealers

Truck sales in 1983, down more than 20 percent on 1982, were propped up by large sales concessions motivated by huge inventories Sales might have been lower were it not for the fact that truck buyers, unlike car buyers, tend to be more rational than emotional and, realising that real interest rates were not very high for much of the year, took advantage of the situation and bought

The last of the so-called "thoroughbred" trucks — those with imported engines and gearboxes, rather than locally made components — probably also had a positive effect on 1983 sales

How much of this applies to present circumstances and what is the outlook for 1984?

With the present low gold price, which seems to have little hope of a quick recovery, probably the highest real interest rates since the 1950s and the full impact of the drought not yet fully felt, the long-awaited economic upturn is not in sight

Furthermore, there is the prospect of tax increases in next month's budget Profits are still under pressure and salary and wage increases are unlikely to be more than minimal Even with a lower inflation rate, disposable income is not going to increase more than marginally

These factors, together with the ease with which credit was granted in recent times, has, according to two major banks, resulted in a considerable increase in repossessions — up to 2 000 vehicles a month This has caused a depression of used car prices

One other factor that must be taken into account when assessing the outlook for the industry this year is that it may not rain enough again this year and the vicious cycle of the drought and economic hardship will take another turn

Looking at the car sales for the first month of this year we see that sales were up by 3,58 percent on the last month of 1983 and by 27 percent on January last year, suggesting that the outlook for 1984 is brighter after all

But many vehicles sold in December were not delivered until January and the increase in general sales tax on February 1, although only by one percent, had an effect (remember the record car sales month which preceded the introduction of GST a few years ago)

In spite of its high cost, the demand for financing was strong in January and the banks were pleased to supply It seems that if consumers can afford the instalments they don't care about paying such high interest rates

Common sense tells us that vehicle sales must come off the boil in the next few months and there is no underlying reason why sales should show sustained growth until the economy lifts off Most economic buffs now predict that this won't happen until early 1985

But there are reasons why 1984 may be a much better year than a superficial glance might suggest

For a start, 1984 will be another year characterised by new model launches It will be the year of the "turbos", with at least nine turbocharged cars scheduled to be launched

Other new models of note include the front-wheel-drive Corolla, BMW's four-door Three Series, the Ford Sierra station wagon and two GM Ascona, fuel-injected coupes

Manufacturers will have little option but to increase their vehicle prices The ravages of inflation, expensive money, high real interest rates, the weak rand, the high cost of tooling for new models and expensive labour provide scant alternatives to what has become a customary 14 to 15 percent annual price rise, spread in three or four smaller, easier-to-digest adjustments every few months

Many buyers see this as a good reason to buy now

Recent staff retrenchments by a number of manufacturers — usually viewed by commentators in a negative light — probably indicate that manufacturers have become more efficient in their use of labour rather than depressed economic times As new models are introduced, so are more modern manufacturing skills and techniques

South Africa still has a long way to go when it comes to matching the productivity of the Japanese and Germans in this regard

Do not be surprised if most of those recently retrenched are never replaced

Modern management, with the aid of the most up-to-date technology, aims to reduce inventory and work in progress and tries to improve its use of physical, human and financial resources This is something that trade unions who purport to represent the best interests of automotive workers ought to bear in mind

Most new cars in South Africa, possibly more than 60 percent, are paid for or are financed with company funds The growth of leasing, the coming onslaught of full service leasing and contract hire will play a large part in stimulating the car market

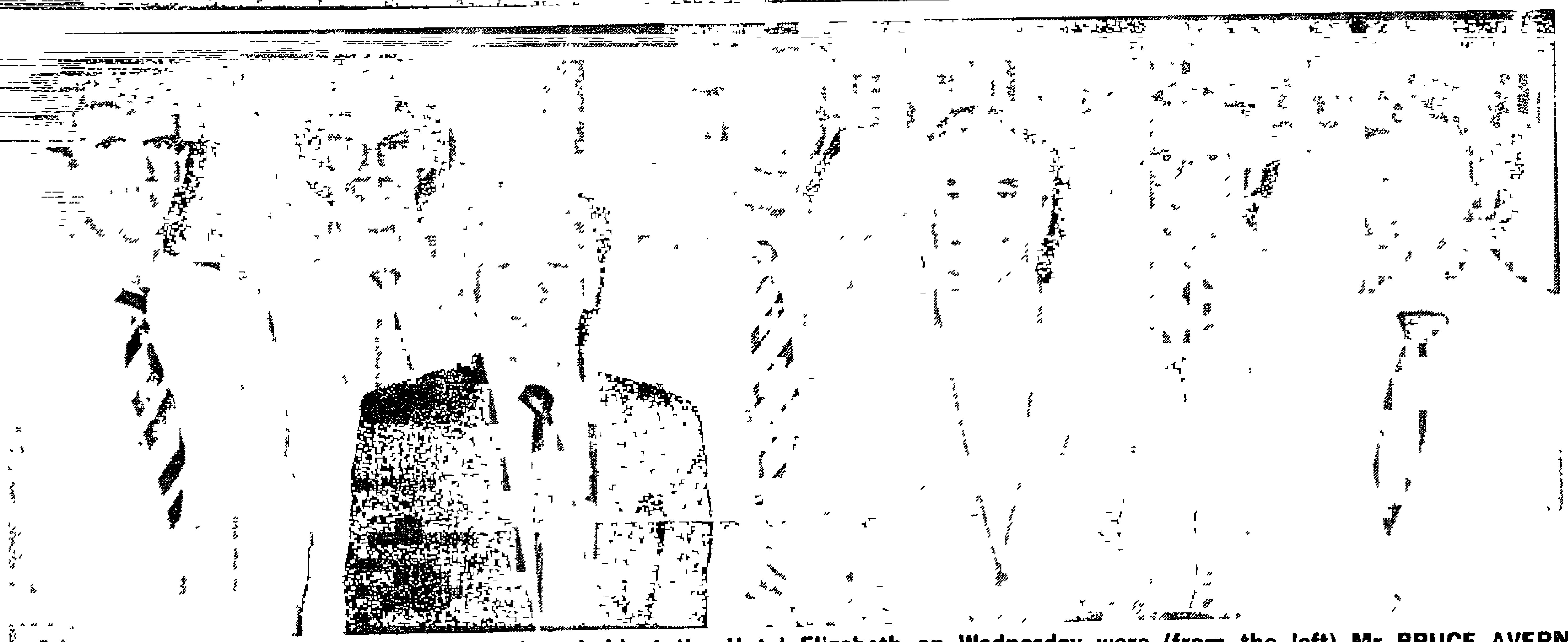
Wider acceptance of alternative methods of financing, structured to suit the specific cash requirements of companies, professionals and individuals makes it possible for all to upgrade their "scale of magnificence", an important and emotional issue among South Africa businessmen

It also means buyers can take advantage of the latest in new models and technology, replacing vehicles more frequently without the burden of disposing of used vehicles

Taking all these things into account, the motor industry should, all other things being equal, fare reasonably well in 1984. Total sales should be at least the same, if not a little better, than in 1983.

In the medium to long term, this industry has a lot to look forward to

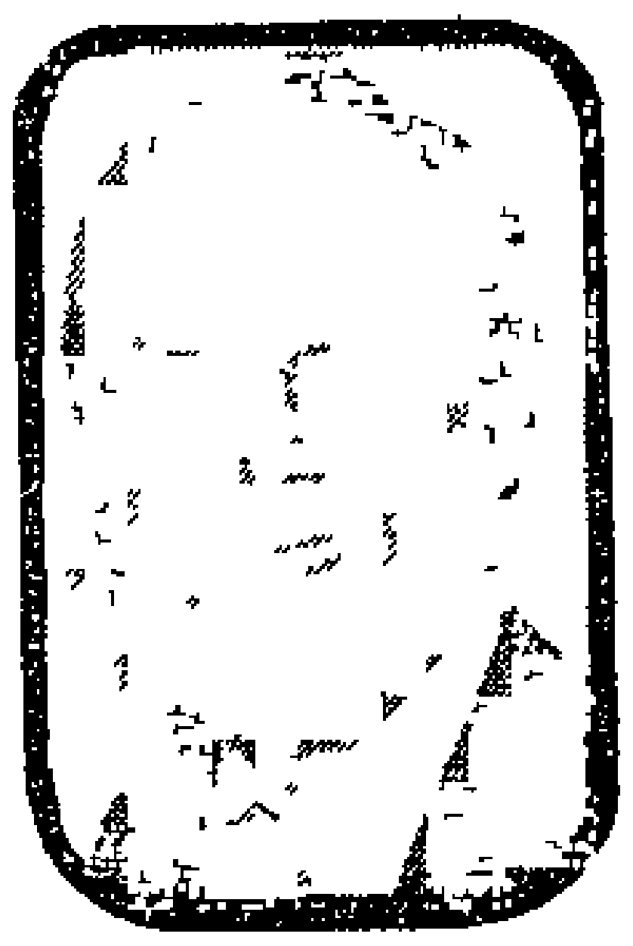
At PE automotive engineering semina



At this week's automotive engineering seminar held at the Hotel Elizabeth on Wednesday were (from the left) Mr BRUCE AVERN TAPLIN, Mr DENVER BARNES, Mr RUDI GEGGUS, Professor VOS HATTINGH, Mr JAN RENHART, Mr JOHN SUMMERSELL and Mr DON GILLARD.

A 'world car' for SA is propose

(192) E. Post 18/2/84



By Louis Beckerling

Business Editor

THE limitations under which South African motor manufacturers operate — both economic and statutory — struck a common chord during a day-long seminar on automotive engineering held in Port Elizabeth this week.

The refrains recurring in the addresses delivered on Wednesday at the Hotel Elizabeth by motor industry engineers were

- ● The constraints imposed on the industry by limited production runs v unlimited model proliferation
- ● The consequences of a statutory obligation to incorporate 66% by mass of local material in passenger vehicles

Other essentially South African problems imposed on engineering design included (according to speakers)

- ● The altitude at which the vast majority of the country's passenger cars operate on the Reef (far higher above sea level than is the case with their prototypes designed for European and US conditions)
- ● The frequency with which these same vehicles commuted between high altitudes and sea level

A hint of the ruinous outcome for investment in the industry of all these factors was provided by Ford's Mr J A Reynhart, who revealed that by European and American standards Ford's investment in South Africa justified a production output 31% higher than was the case

Naturally Mr Reynhart, executive vehicle engineer in charge of product engineering at Ford, did not refer to this figure in the entirely negative context of over-capitalisation in a limited market characterised by extravagant model variations

As far as financial return on investment was concerned, he told some 70 delegates to the conference, Ford SA's "commitment to product quality/integrity is underlined by the fact that a similar investment on the European scale of operation would support a vehicle volume of some 31% over current FSA output"

Speculating on means of improving the return on these investments, another Ford man, Mr Denver Barnes (car planning manager), raised the prospect of common engines in competing models

"Not all the local manufacturers have engine plants and there appears to be scope on a joint venture basis to achieve greater engine volume for a given investment," concluded Mr Barnes after sketching the procedures adopted by Ford in planning cars for the SA market

Interviewed after the meeting, Mr Barnes confessed that his suggestion, while being far from novel in the industry, may be equally far from practical implementation

"It is perhaps a little idealistic at this stage, but there are at least two companies that may be interested in such a venture in the future," speculated Mr Barnes

The two companies are General Motors (which has closed down its engine-manufacturing plant at Aloes), and Sigma, which has no such plant

Significantly, the concluding observation in Mr Barnes' address was on the development towards a "world car"

Referring to the "growing trend of co-operation between US and European companies with Japanese companies and the resultant exchange of technical data such as the Ford agreement with Toyo Kogyo", Mr Barnes observed that "the question for the future is to what extent we will see the principle of hybrid models, both within and outside traditional relationships, applied and developed in this local market"

Under the circumstances where an investment of "anything between R50 million and R100 million" is required to develop a new product on the South African market, in which 11 competitors currently have 41 models and 219 vehicle derivatives, the advantages of such rationalisation are only too clear

Yet another factor causing headaches for the SA vehicle industry, observed Mr J Bester, technical manager of General Tire & Rubber, was the State's sensitivity to "strategic" issues.

Commenting on the tests required to ensure that South African tyres made from locally-produced synthetic rubber products were acceptable, Mr Bester observed

"This enforced substitution for supposedly strategic reasons (of natural rubber for synthetic material) is increasingly becoming a blight on our industry and is tying up extraordinary amounts of time and money which could otherwise have been spent on improving the product."

Car industry faces 'suicide'

(192) E. Post 29/2/84

By LOUIS BECKERLING
Business Editor

PRESSURE on South African car makers to use more locally-made parts "would be tantamount to committing slow economic suicide"

Delivering this blunt warning on the eve of a Government review of its laws prescribing local-content for the motor industry, General Motors South African managing director Mr Lou Wilking alluded in Port Elizabeth today to a creeping withdrawal from the industry by multi-national investors

"The danger of further import replacement in the form of higher local content is the possible denial to South Africa of certain technological developments," Mr Wilking told his audience at the Midland Chamber of Industries economic outlook seminar at the Hotel Elizabeth

Predicting, in effect, a freezing of the investment- and technology exposure of multi-national competitors in the SA market, Mr Wilking warned that "the capital costs of taking local content to its fullest extreme would result in the same vehicles coming off the production line in the year 2000 as we are producing today".

Delivering the closing address at the MCI seminar at the Hotel Elizabeth, Mr Wilking said moves to raise the local content requirements on motor manufacturers would not achieve the primary purpose for which the policy was introduced.

● The capital-intensive methods of production such high levels of local content demanded would require highly specialised labour

In view of the lack of such skilled labour on the local market, manufacturers would be forced into higher levels of overseas recruitment.

● Compounding this depressing impact on local labour recruitment would be the dampening effect a higher-priced vehicle (a natural corollary of higher local content) would have on demand, prompting the overall conclusion that that "increased local content would lead to less, not more, employment"

Mr Wilking's comments come on the eve of releases on the subject of local content by Naamsa (the National Association of Automobile Manufacturers of SA), and Naacam (the National Association of Automotive Component and Allied Manufacturers)

Endeavours have been made by both organisations to compromise on their conflicting objectives, but latest indications are that Naacam, not unnaturally, seeks higher levels of local content, while Naamsa is keen to maintain the status quo

In a barb aimed at Naacam, Mr Wilking observed in his address today that "the local component supply industry should appreciate that a mandatory increase of local content could force most vehicle manufacturers into expensive and sophisticated components which would call for in-plant manufacturing facilities

"To justify such a facility there is a strong possibility that components which are presently bought out would be changed to in-plant manufacture

"A further increase in local content would serve to exacerbate this trend to the detriment of employment levels in the local component industry "

Questioning the justification of increased local content regulations, Mr Wilking said studies had shown that raising requirements from the current level of 66% (subject shortly to a review by the Government), to 75% would increase the local content cost burden on each car from R300 to R750

"When taking into account manufacturer's declared excise rebates above the 66% local content level, the study also confirms that for a high volume vehicle in the small/medium group car range, compliance with the Phase 5 local content provisions beyond the 66% level is 'uneconomic from an industry point of view "

Arguing in favour of maintaining the status quo, Mr Wilking recommended the following five-point plan for the motor industry

● The current 66% local content requirement should remain unchanged

● There should be no switch from the current focus of control — namely over the *mass* of local content

● In view of existing burdens on the industry, excise duties should be reduced or duty rebates increased "as an incentive to manufacturers to increase, on a voluntary basis, the local content in their vehicles"

● The protective customs duty on imported components should be abolished

● Steps be considered to progressively remove controls over administered prices "particularly in the case of steel, transport, and energy costs"

Key talks on path of motor industry

(192) E. Post 10/3/84

By Louis Beckerling

Business Editor

A FIRST round of talks on the development of the South African motor industry will be held at Jan Smuts Airport on March 20.

And the future for Port Elizabeth businessmen and factory workers — some 70% of whom directly or indirectly owe their living to the industry — may be fundamentally rewritten by the ultimate outcome of the talks now to be launched

The two major parties to the industry, in a delicate balance, are

- **vehicle manufacturers** (represented by Naamsa — the National Association of Automobile Manufacturers of SA), and
- **component manufacturers** (represented by Naacam — the National Association of Automotive Component and Allied Manufacturers)

At issue is the amount of local content which should be included (by law) in cars and trucks made in South Africa

Not surprisingly component men (Naacam) want to see a bigger market created for their products, while motor makers (Naamsa), argue that if the Government forces them to use more SA-made components (generally more expensive than imported alternatives), it will push up the price of cars to "suicidal" levels and the industry will stagnate as a result

The man who has to undertake the role of Solomon in this sensitive issue, is Minister of Industries, Dr Dawie de Villiers, and he has, with suitable wisdom, instructed the warring parties to try and make peace before they come and see him

Hence this month's talks

Both Naamsa and Naacam have prepared detailed analyses of the motor industry, and both claim to have irrefutable facts to prove their respective cases

Naamsa director Mr Nico Vermeulen told BUSINESS POST yesterday that his team would go to the talks confident that there was "no economic or other justification for increasing local content requirements beyond the 66% level (by mass) currently prescribed which provisions are already cost-ineffective and are penalizing manufacturers"

Naacam counterpart Mr Bill Hayward, on the other hand, referred to a detailed, independently researched study which proved beyond doubt that increases in local content were economically justified

The organisations have already swopped reports and the first round of talks on March 20 will be no more than "exploratory", intended to set up an agenda

However the ultimate objective of the talks is to try and weld together a united case for presentation to Dr De Villiers, who is due to revise the entire local content programme at the end of the year

During the run-up to the talks and the eventual decision required by the Minister, both parties have — one way or another — made their positions public despite a mutual undertaking not to do so until all private avenues of negotiation had been exhausted

Prominent among motor manufacturers in this regard has been General Motors' managing director Mr Lou Wilking, who has argued in several recent public speeches for *less*, not more local, content, and produced numerous statistics in support of his claim that any further increases in statutory local content (currently set at 66%), would cripple the motor industry

Last week Mr Wilking told the Midland Chamber of Industries' economic outlook seminar in Port Elizabeth that even a 4% increase in local content would impose ruinous investment requirements on motor manufacturers and the outcome of expecting such unjustified capital outlays would be that South Africans would be driving the same cars in the year 2 000 as they did today.

Naacam's Mr Hayward disagrees and claims that during the 1981/82 boom in the industry, component manufacturers met without notice or difficulty a 30% increase in demand on their output

"And Dr Basie Kleu (author of a report on a strategy for industrial development in SA) indicated in his report that only at a level of between 80% and 85% would local content requirements begin imposing cost premiums on the industry," noted Mr Hayward.

(92) Star 24/3/84

The motor manufacturing industry is taking off

By Stan Kennedy

In the past few years, as South Africa's local-content programme for the vehicle industry has advanced, hundreds of industries have mushroomed all over the country

Today, about 50 000 people are employed in manufacturing cars and more than 100 000 in the manufacture and supply of components to the original and the replacement parts markets.

And the impetus this has given to local industry is nowhere near its end.

Sales of cars and light commercial trucks are expected to leap dramatically in the next few years, especially among increasingly more affluent black consumers

As a result, car manufacturers have invested heavy capital in plant and equipment, sales of 10 million or more units between now and the turn of the century are anticipated.

The import substitution industries can be expected to flourish in these booming conditions

So determined is the Government to develop a completely self-sufficient vehicle manufacturing industry that it enforces financial punishment, by way of high excise duties, on any manufacturer failing to meet the required local content

Now at Phase Five, the programme requires manufacturers to include 66 percent by weight of locally-made components

In 1981/82, the value of local components was R850 million This has grown substantially since then and the original and the replacement parts markets, which include parts from overseas, are expected to top the R2 000 million mark this year The value of locally-made cars, light and heavy trucks, and buses, is forecast to reach R4 700 million

Mr Colin Adcock, president of the National Association of Automobile Manufacturers of SA (Naamsa), says the Government is to consider early next year whether a further increase in local content can be justified

What about a totally South African-produced car? . . . those in the know don't want to see it.

However, a recent Naamsa study, presented to the Government earlier this month, shows that it will not be cost-efficient to go further

What about a totally South African-produced car? Mr Adcock says he doesn't want to see the day it happens

"If we were to take that route, we would end up with outdated vehicles We could not afford the reinvestment of a 100-percent South African car

"But more than that, it is essential to maintain contacts with our trading partners and if we were to make a 100-percent local content car, we would shut them out We need their technology."

On the Atlantis Diesel Engine (ADE) project, which has frequently been criticised for raising the prices of trucks, he says Naamsa believes no purpose is served in redebating the price premium of ADE engines

"The factory is built, it is in production and we must now talk of its positive aspects"

The R400 million project at Atlantis in the Western Cape, designed to produce 50 000 engines a year for agriculture, transport, mining and industry, will save the country R260 million a year in foreign exchange

"The engines have made some trucks a little better, some a little worse but, on the whole, they are working well," says Mr Adcock.

What Naamsa fears most is that Government may decide to increase the local content of heavy trucks to a far greater degree than just engines and gearboxes Apart from increasing prices, the move would discourage overseas source plants from supplying components.

Mr Adcock believes the industry should be allowed to settle down and consolidate for a few years In doing so, it would become more productive and efficient, leading to lower costs and higher quality.

mum up to R2.47/hour. It was also agreed that negotiations would be conducted annually in future instead of half-yearly.

Toyota, the only motor company making a healthy profit, has its plant in Natal. There the company has been paying a R2 65 real minimum wage since the beginning of July. Naawu has 35% membership at the plant. A union spokesman tells the *FM* wages in Natal are directly influenced by what Naawu has achieved in other areas

By contrast, eastern Cape wages have stabilised largely due to the fact that an 18-month agreement was negotiated on June 7 1983. It expires at the end of this year The eastern Cape motor industrial council's minimum wage is R2.15/hour. This amount swells to a minimum of R2 26/hour if the industry's year-end gratuity of approximately 4% of basic salary and an attendance allowance are included. A union spokesman tells the *FM* that the average actual wage is R2.70/hour.

Far lower

Wages in the motor components sector are far lower. The industrial council minimum is R1.11/hour — agreed in December last year. In terms of the agreement it will rise to R1.50 from October. The lower wages in this sector is largely accounted for by the fact that components manufacture is split between a large number of small companies — who lack both the resources and the vulnerability of the big motor companies.

Naawu and UAMWU both have presence in the motor components sector as has Fosatu's Metal and Allied Workers' Union (Mawu). But the key union is the Trade Union Council of SA's Motor Industry Combined Workers' Union (Micwu). These unions are all committed to increasing wages.

Signs of co-operation have already become apparent. Last year, in an unusual display of Fosatu-Tucsa co-operation, Naawu publicly backed Micwu's wage demands This year Micwu, Mawu, Naawu and UAMWU met to discuss future co-operation. Micwu and the Fosatu unions are all affiliates of the SA Co-ordinating Council of the International Metalworkers' Federation. Naawu and Mawu have also applied to join the sector's industrial council. This could spell trouble for the council's two dominant unions — the Motor Industry Staff Association and the Motor Industry Employees' Union of SA. Union strength will also be enhanced if the current unity talks initiative succeeds in creating a single union out of Naawu and UAMWU.

Naawu's Taffy Adler tells the *FM* the union has a short-term aim to increase the component sector's minimum wage to R2 Its aims for the assembly industry are clear it wants a R3.50 minimum wage But this demand is unlikely to meet favour among employers struggling with increased costs and low rates of exchange.

One employer told the *FM* "If they are going to to call for R3 50/hour they may be prepared to back off at R3/hour or lower. Otherwise they'll have to strike for a long time."

MOTOR INDUSTRY

192

Assembling strength

Management in the motor industry has been complaining about tough times — but their assembly line workers are sitting pretty They are among the country's highest paid workers Whether they will be able to maintain their position now depends on a combination of economic conditions and union strength

Until recently it was the militant eastern Cape motor workers who topped the wage scale for unskilled labourers That position was won after a number of strikes in the Uitenhage area at the end of 1980 in which the National Automobile and Allied Workers' Union (Naawu) called for a minimum R2/hour wage Some of the union's success can be attributed to the fact that, as signatories to foreign employment codes, many of the companies — Ford, GM, Volkswagen and BMW — are obliged to pay more than minimum wages

But in the last year the wage gap between the eastern Cape workers and those in the Transvaal and Natal has closed This too came about largely through concerted union activity and a number of strikes

The two important (mainly black) unions in the motor assembly industry are Naawu, an affiliate of the Federation of SA Trade Unions (Fosatu) and the United African Motor Workers' Union (UAMWU) which is affiliated to the Council of Unions of SA The Motor Assembly Component Workers' Union of SA has a small presence in the eastern Cape but it has recently been affected by internal dissent

Naawu is the dominant union with significant representation in every motor assembly plant in SA except Nissan near Pretoria, where UAMWU holds sway

This year the union's members have been involved in a number of major strikes At BMW's Rosslyn plant 1 500 workers struck for ten days in late January over dissatisfaction with an interim increase the company awarded after discussions with a works council They returned to work after obtaining a management commitment to negotiate wages with the union

In negotiations with Naawu BMW agreed on a minimum across the board increase of 33c/hour — bringing the minimum wage in the factory to R2 73/hour Other conditions included a compulsory year-end bonus, the introduction of an attendance allowance ranging from 5c-12c/hour depending on length of service, voluntary overtime rates and the adoption of procedures to be followed in the event of overtime work The agreement expires at the end of June 1985

Workers at Alfa Romeo's Brits plant struck for six days in July over a wage dispute In the end they won a 16c across the board increase effective from July 1 to October 1 with an additional 4c from October 1 to December 31 From October the minimum wage will be R2 44 an hour Negotiations with the Naawu for next year's wages open in September

In April Naawu negotiated a minimum R2 20/hour wage with Sigma (now Amcar) management Due to a productivity deal workers are actually guaranteed a minimum wage of R2 40/hour and can earn up to R2 56/hour, depending on productivity

UAMWU too has been involved in a major strike In late June 7 000 workers at Messina's Nissan, Magnus Truck and Motorware complex struck in support of union demands for a 45c/hour increase Management had offered between 8c and 10c In negotiations after the strikers returned to work, the parties agreed on an 18c across the board increase effective from July 1 and further 2c/hour increase from September That will bring the mini-

FM 3/8/84

RDM 1/8/84 192

More for less in motor industry

By PRISCILLA WHYTE
Financial Reporter

EARNINGS by motor industry workers jumped 33% during one period in which productivity stagnated

Statistics produced by the National Productivity Institute show that motor industry average wages per capita increased from an index of 100 in 1970 to 552 this year.

Over the same period the index of production per capita increased from 100 to 129 in 1984.

Mr Mof Lemmer, director of human resources at Sigma Motor Corporation, comments "This is indeed an alarming state of affairs in which we are annually paying roughly 33% more for almost the same work"

He adds that the ratio between wage input and production output means that, while workers continue to milk more out of their employment, little extra effort is being made to ensure that results are correspondingly increased.

"Wage increases, salary adjustments, cost-of-living increases and benefit package improvements must be accompanied by corresponding increases in productivity.

"If not, business can make up the difference only be raising prices, which means more inflation.

"South Africa has to break this vicious circle otherwise we are economically doomed"

According to Mr Lemmer, it is muddled thinking to say unemployment can be reduced by allowing the inefficient use of labour simply because more can be employed.

Managers who complain that their workers are not motivated or productive should look at their own management styles, he says

"Union leaders who complain that managers are unsympathetic should ask whether their one-sided strategies prevent the thorough discussion of problems and needs of both parties."

Mr Lemmer also believes the multitude of regulations and legislative limitations on the free enterprise system has had a negative influence on productivity.

These elements have absorbed business resources, time and money that could have been better invested in facilities, equipment and technology

He says much time is spent trying to understand and interpret the mass of legislation and limitations surrounding business activities

It could have been more productively employed in training and managing workers effectively.

The Star 24 October - 1984

Motor industry mergers are key to survival

Crunch is near in SA car wars

Fourteen years ago the American Chrysler Valiant was South Africa's top-selling car. It and all American cars have disappeared from the local market. Eleven years ago, the 4,1 litre Cheyrolet 4 100 from General Motors was the top-seller, emphasising South Africa's love affair with big cars. The fuel crisis changed that dramatically and today, as sales plunge, there is further realignment in our besieged motor industry. HARVEY THOMAS reports.

The "car wars" in South Africa have reached a crucial stage Only three companies — Toyota, Mercedes-Benz and BMW — are profitable And while the market is hopelessly overtraded, no single company is ready just yet to throw in the towel

But, behind the scenes, pressure is building up for mergers that simply have to happen if the motor trade is to survive

Already Ford and Amcar have announced that they are holding talks and these are most likely to result in certain Ford models being assembled at Sigma Park, near Pretoria

The insurance giant, Sanlam, has bought effective control of the Messina Corporation which, in turn, owns Nissan South Africa and the Magnis Heavy Truck Corporation — Africa's biggest truck plant

Apart from manufacturing Nissan Diesel and Samag trucks, Magnis has the lucrative contract to produce Samil "heavies" for the South African Army

SPECULATION

Today, in an industry where rumours are always rife, there was intense speculation that the present sales crunch would be a catalyst to form more "motor marriages" which would provide more efficient utilisation of assembly plants and a streamlining of parts supply that would help cut costs

It is against this background that the perspective of the motor industry has to be viewed

While General Motors has issued repeated denials that it does not intend withdrawing from the South African market, the company has twice been offered for sale to groups controlled by South African capital

On both occasions the overtures led to nothing, but GM South Africa is a company in need of a suitor It is an open secret in the motor industry that the company's car operations have been losing money for years

And its pricing policy for the Japanese-sourced Isuzu bakkies is a cause of concern for executives in rival boardrooms who privately claim that GM is "giving the Isuzus away"

When the then Sigma Motor Corporation was formed out of a union of Illings and Chrysler (which disappeared from the South African market), the then chairman, Mr Chris Griffith, made the often quoted prediction that the South African motor industry would ultimately shrink to seven companies, later he reduced this to six, possibly even five

This has not happened as the only "major" manufacturer to have withdrawn from the market has been Fiat

After a lengthy courtship Fiat was finally taken over by Alfa Romeo South Africa and the Fiat name has effectively vanished from this country

Toyota South Africa is rampant as it sells about one in every three new vehicles in this country The other manufacturers are scrambling for a slice of the diminishing cake

But, if they are losing money heavily and have little prospect of becoming profitable, why don't they simply close up shop?

The reasons are complex Japanese cars and bakkies have established a stranglehold on the South African market but history has proven this market to be cyclical and Toyota's dominance cannot last for ever

With one eye cocked towards the emerging importance of black purchasing power, companies such as Nissan and Amcar (Mazda and Mitsubishi) are trying desperately to put together that elusive formula for sales success that will enable them to mount an effective challenge to Toyota

It is a long and complicated process involving, above all, better utilisation of their assembly plants which in turn indicates rationalisation, management reshuffles and a major play for strong dealer networks

In the process it would seem most likely that Port Elizabeth's image as South Africa's "motor town" will slowly be eroded as manufacturing emphasis shifts to the Transvaal with the notable exception of Toyota which makes its vehicles at Prospecton near Durban

Motor industry analysts foresee cars sourced in Europe losing even more ground to the Japanese in the years to come

Britain is no longer an important source of vehicles both General Motors and to a lesser extent Ford depend on Germany for their most popular models.

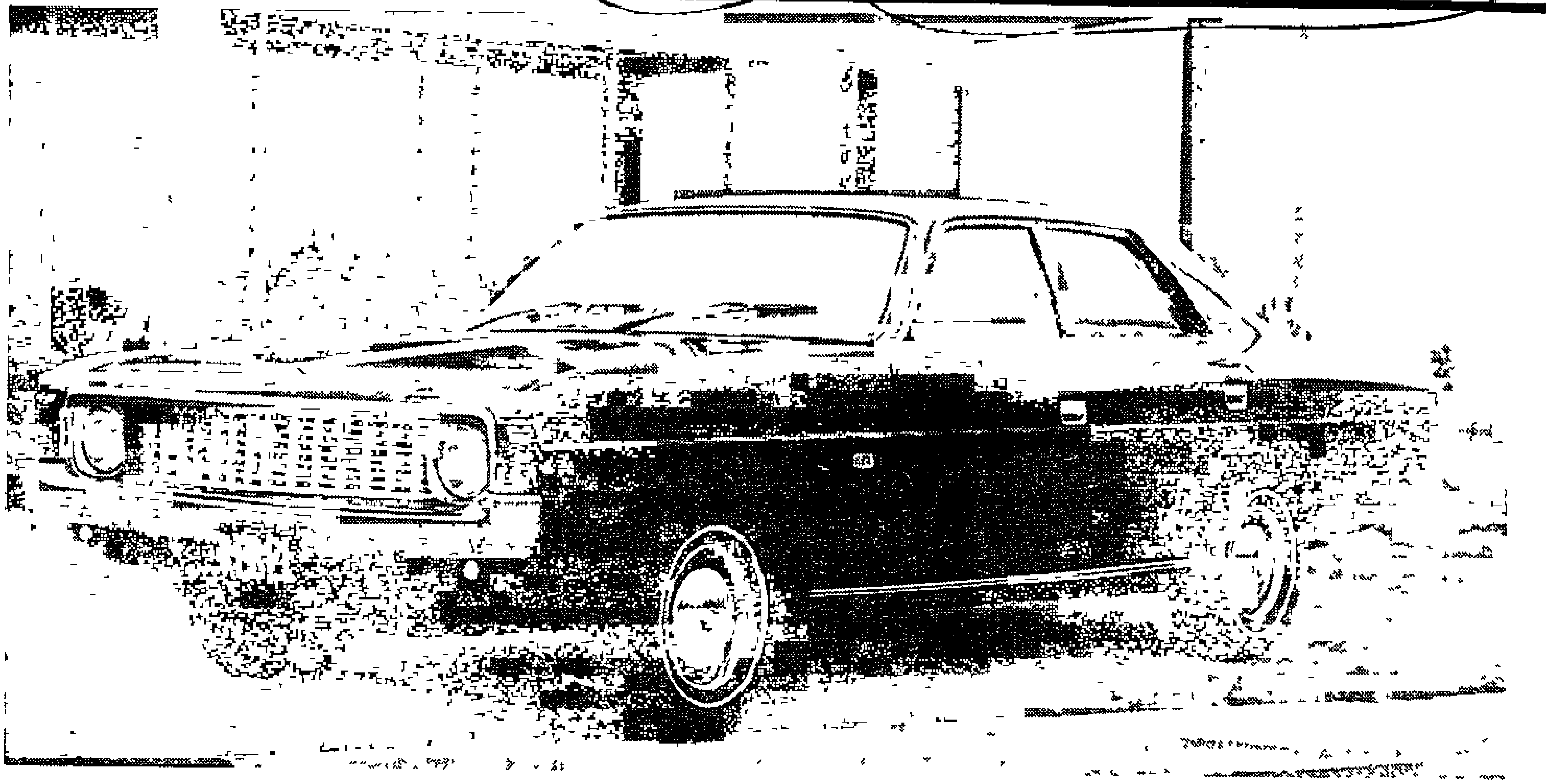
Only Volkswagen remains as a lonely challenger to the might of the orientals But whereas the legendary V W Beetle dominated the small car market in South Africa for so many years, its successor, the Golf and now Golf II has not had as strong an impact

TOO SMALL

Curiously the Europeans have grabbed the luxury car market to themselves and this explains the success of Mercedes-Benz and BMW

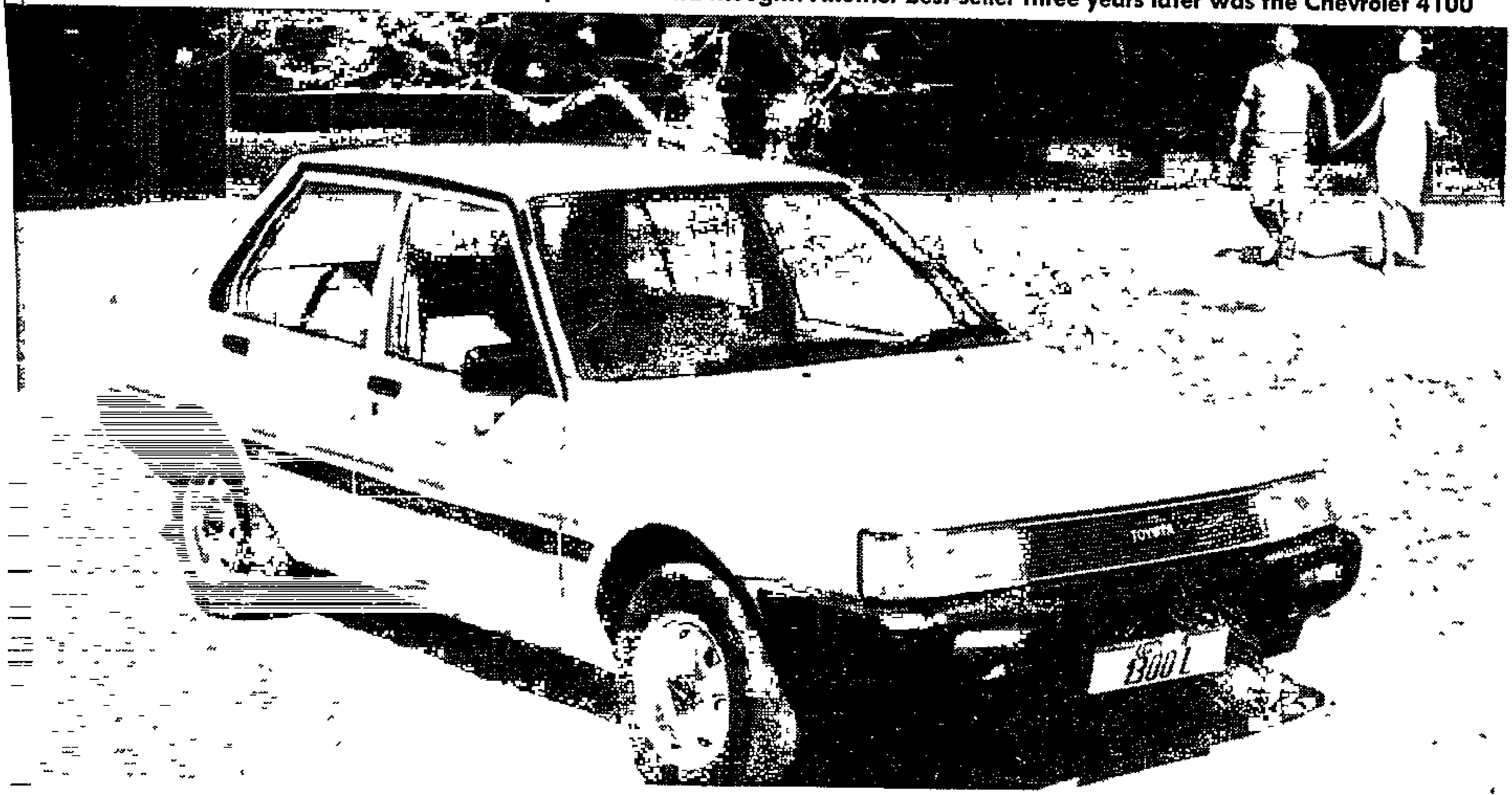
Behind the talks now going on — and likely to start between other companies — is a simple fact of life in the South African motor industry the present new vehicle market is too small to sustain so many different assembly plants

It does not necessarily mean that well-known car names will vanish but it does point to the fact that there is likely to be consolidation into three or four major groups which will then each form an umbrella for the marketing of a product.



The Old

Fourteen years ago the best-selling car models in South Africa were Chrysler's Valiant and Rebel In those days South Africans were enjoying the luxury of driving the larger American cars and didn't give fuel consumption a second thought. Another best-seller three years later was the Chevrolet 4100



The New

Fuel-efficient — the Toyota Corolla 1300L. Toyota has dominated the SA car market for several years in all but the luxury ranges which are still the preserve of Mercedes and BMW, forcing many other manufacturers to think in terms of survival.

The Sta

Thousands paid off, others on short-time as manufacturers review their positions

Motor industry in turmoil as recession bites

15/9/84 Star 192

By Alan Russel

Only one of South Africa's 11 motor manufacturers is in full production of its entire range of cars amid speculation that at least one manufacturer may be reviewing its position in the South African market

All other manufacturers are either shut down for varying periods, working short time or curtailing production of certain models as reports of takeovers strengthen

Manufacturers have resorted to massive redundancies and have cut back on salaried staff with more cutbacks expected if the position does not improve soon

TAKE-OVER

Speculation in the industry is that Nissan South Africa, based in Rosslyn, is the target of a takeover bid with parent Messina taking a hard look at its loss-making investment

Insurance giant, Sanlam and financial giant Anglo American, are reportedly the main parties interested in taking total control of Nissan

CUT-BACK

Nissan has suffered heavily in the present recession and has adopted a three-day week after earlier cuts to a 42½-hour week Black hourly-paid contract workers have been laid off, salaries staff have been retrenched in all levels and, although market share has held up, outlook for the immediate future is bleak

Nissan's managing director, John Newbury, is now in Japan But details of his visit are not available

Amcar Motor Holdings (formerly Sigma) makers of Mazda, Nissan and Peugeot cars, has closed its plant for six weeks Salaried staff will take an early week's leave on Monday Hourly-paid black staff have been laid off and there has been some retrenchment of employees

The Amcar plant, the biggest in the Southern hemisphere has been working well below capacity although the company was moving significantly towards recovery after three disastrous years

Some quarters in the industry believe Amcar is open to producing for another manufacturer In recent weeks it has been suggested another Japanese range could be switched to the former Sigma plant in a rationalisation of interests

Amcar already operates on the principle of marketing its three present ranges independently

Speculation in the eastern Cape revolves mainly around intentions of Ford where salaried staff have been put on leave after some redundancies and hourly-paid workers have been paid off

Again, the talk here is of closing certain sections of the operation and some form of merger with another manufacturer to rationalise output

General Motors, also suffering from staff cuts and reduced production, has made no secret that it would consider a South Africa partner This is partly due, however, to pressure from disinvestment groups in the United States

Amcar's group managing director, Mr Spencer Sterling, recently noted in an address to the Institute of the motor industry that some form of production and marketing rationalisation was overdue

SMALL MARKET

He said about 11 car makers and 14 commercial vehicle manufacturers were competing for a market of about 400 000 vehicles a year

In Australia, a market of some 750 000 vehicles a year, there are only five markers and authorities still consider this too high The aim was to reduce them to three by 1990

In the past 10 years, Mr Sterling said, the cost of tooling new cars and light commercial vehicles in the Republic under the Phase V local content regulations had escalated from R3 million to between R30-R40 million, depending on the size, complexity and origin of the model range

Competition at retail level was vicious Acceptable profits and profitability had become extremely difficult in the motor industry in most cases and totally impossible in some

CO-OPERATION

On co-operation and rationalisation between manufacturers, Mr Sterling said "I believe this development is more than possible"

"In fact I believe it is highly probable But once again, the exact form and timing cannot be predicted Suffice to say the pressures are escalating and, sooner or later, something is going to give"

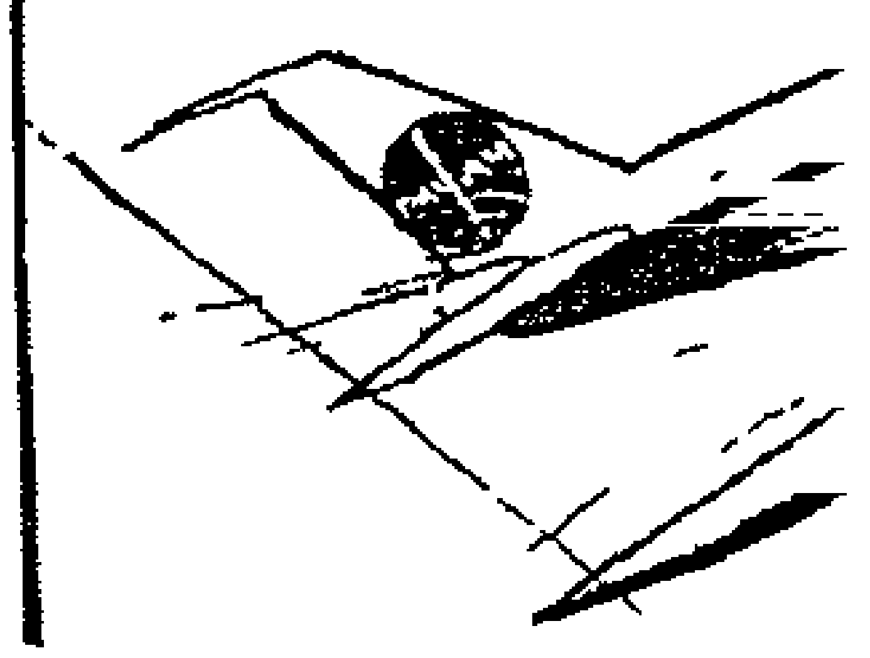
Potential exchange losses

Pan A

By Trevor Walker

Pan American is exper
phenomenally successful
flying out of Johannesbu
the United States, despite
fall in the rand and the
weakness of the economy

Mr Doug Davison, dir
Pan American World A



Sugar now triple the free marke price

By Trevor Walker

The government has seen
raise the price of South A
sugar to three times that
open market in London

The price has been
24 percent in the last 12
and one cannot but feel
for Mr Hennie Viljoen,
of the SA Federation of
Drink manufacturers
asks why the soft drink

RETRENCHMENTS

Luddism resurgent?

FM 28/9/84

Motor assembly companies have been accused of failing to give sufficient consideration to the human and social costs of attempts to increase profits The charge comes from the National Automobile and Allied Workers' Union (Naawu) following publication of figures showing that the industry is attaining the highest productivity levels since the 1981 boom

While 1984 motor vehicle sales are expected to be the third highest ever — more than 12 000 up on last year — the average workforce is likely to be down by almost 4 500 Productivity for the first six months of the year surpassed that of 1980 and 1981 (see graph).

Hundreds of union members have been laid off and thousands of others are working short-time — or being forced to take unpaid leave while plants are temporarily closed. Ford laid off 425 workers recently and closed its three plants for a week. One of these is now working a four-day week General Motors has retrenched 129 employees and is working a 36-hour week while Alfa Romeo has been on a four-day week since the beginning of the year.

In August Nissan decided not to renew the contracts of 240 temporary workers and is now working a three-day week Projected workforce figures indicate that the declining trend is likely to continue for the rest of the year

A spokesman for the National Association of Automobile Manufacturers of SA (Naamsa) says the impact of recent monetary and fiscal measures has "regrettably led to a decline in economic activity and a fairly sharp reduction in the demand for new motor vehicles" This has forced many companies to reduce costs

Other company sources say this is a result of the 1981 boom when most companies took on extra staff to cope with increased production What is occurring now is a "correction" of the situation Companies now have to make better use of labour to survive (*Business* September 14)

A Naawu spokesman describes this as "nonsense" He says "This phenomenon has less to do with the cyclical nature of the economy and more to do with investment and production patterns of the companies who look to increasing profit margins by using more productive machinery and techniques regardless of human and social costs"

Normal procedures inadequate

He adds that the union is intensively engaged in working out ways of combating the consequences of the current "productivity drive by management" Normal retrenchment procedures are no longer seen as adequate

Naawu recently made participation in a productivity scheme at a particular factory conditional on no jobs being lost as a result of productivity improvements But, says the spokesman, the problem is deep-rooted and more comprehensive and permanent solutions will have to be found Hence the far-reaching discussions within the union

Ford's Fred Ferreira says that the figures belie the accusation regarding the industry's lack of social concern He argues that the relatively high employment figures in 1982 and 1983, when sales were dropping, show precisely that this concern is "foremost in the minds" of companies in the industry This is also indicated by the regular talks on the subject held with the union The Naamsa spokesman supports this viewpoint. "Retrenchments are a last resort, and such decisions are never taken lightly If, however, an employer does not adapt to the prevailing situation the whole enterprise could be at risk, and this could, in the long term, lead to more rather than fewer retrenchments"

"The short working week is a responsible attempt by companies to come to terms with social problems caused by retrenchments," he adds

He argues that it is necessary to look at sales figures in greater depth Of this year's expected 417 500 vehicle sales, 267 352 occurred in the six months to June, before gst and interest rate increases Prospects in the second half of 1984 are not encouraging The industry says the creation of job opportunities remains a top priority and hopes the current high interest rates and severe monetary measures will be of short duration

Nelis Strydom, Nissan's human resources director, says the company has negotiated an agreement with the United African Motor Workers' Union (UAMWU) whereby no permanent workers will be retrenched before the end of the year

Short-term contracts

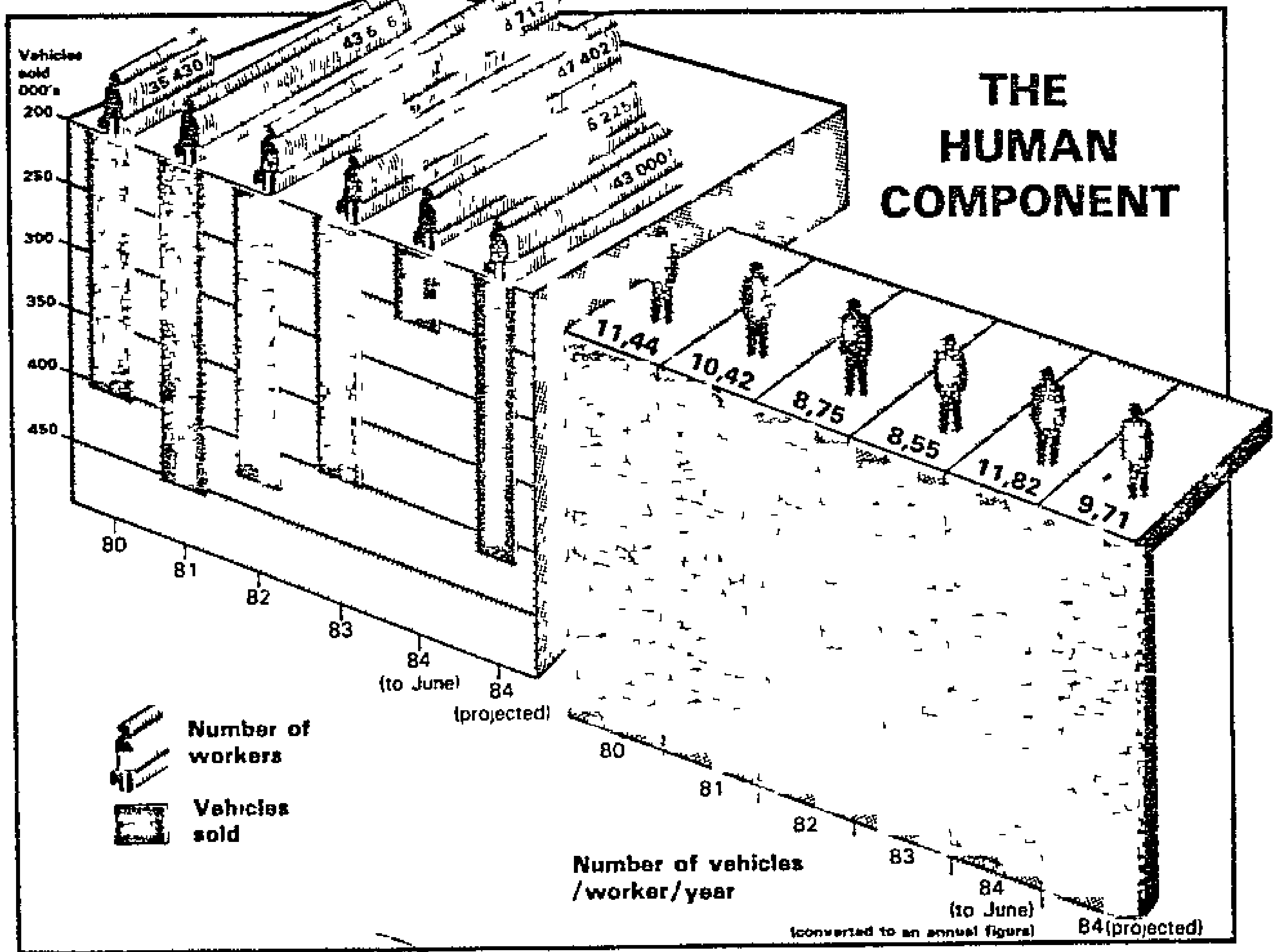
However, the agreement allows the company to employ workers on short-term contracts These workers' contracts are renewed only if circumstances permit Nissan considers this to be a satisfactory solution

The Naawu spokesman sees the short-term contract system as an "additional evil" He argues that it allows workers to accumulate a lot of service with the company — new temporary workers are often the same people who had previously been laid off — but because they are considered temporary employees they forfeit many of the normal fringe benefits

UAMWU general secretary, Dora Nowatha, whose union has majority membership at Nissan, would not comment.

As the recession bites deeper, retrenchment promises to be a controversial issue Unions will continue to fight for the job security of their members while companies attempt to maintain or improve profit levels by, among other remedies, the more productive use of labour

Naawu is not convinced by managements' arguments, which it sees as failing to address retrenchment as a long-term social and economic problem The union sees a conflict between the industry's economic decisions and its social responsibilities Time will tell whether the union, in its deliberations, will be able to find mutually acceptable solutions



Financial Mail September 28 1984

Motor industry 'baby'

(192) 3 ST 19/7/84

By Louis Beckerling

Business Editor

STUNNED automotive component manufacturers listened in silence this week as one of the chief architects of the Government's industrial policy — the chairman of the Board of Trade and Industries, Dr Basie Kleu — delivered some blunt truths on the state of the domestic motor industry

Many delegates had come to the fifth annual meeting of Naacam (National Association of Automotive Component and Allied Manufacturers) in Port Elizabeth with the hopeful expectation of news that the Government might be persuaded to further increase protection for their local industry

At one stage during the run-up to Wednesday's meeting of the component manufacturers' association there was talk of the Government being persuaded to raise local content targets from the current 66% to 80% or more

Instead, delegates heard from Dr Kleu.

- That managerial deficiencies which existed 20 years ago were "still prevalent"
- It was "seriously" to be questioned that after 20 years' encouragement as an "infant", the industry still required protection
- That productivity and efficiency gains — particularly from improved management and training techniques — were now to be preferred by Government to "making life difficult for foreign competitors"
- That the future of the component industry "lay in the hands of the industry itself, and not in Government's hands"

Reaction at the lunch which followed Dr Kleu's speech was mixed.

Delegates from Grahamstown-based National Lamps said they heartily agreed with the principle of Dr Kleu's address and had already introduced progressive training methods as a response to productivity problems

Mr Angelo Dashwood of PE-based Afcan Muffler argued that the circumstances in which the industry found itself meant that its future was tied up with Government policy

A lone delegate rose to make this point during the question-time which followed immediately after Dr Kleu's speech

"Surely the industry's future lies in *our* hands — that is Government and industry — rather than simply just industry's hands?" asked the speaker

In reply Dr Kleu said that unlike the Japanese model, where private sector and public sector worked closely together "like ants in an ant-heap", the domestic industry was characterised by individualism — "and this should be encouraged as our strength since it leads to innovation"

During his address Dr Kleu pointed out that industry in South Africa remained a net user of foreign exchange and that consequently its growth added a burden to the balance of payments

"So when we consider applications for protection, the Board of Trade and Industries has to consider the overall benefits accruing to the country's balance of payments"

Dr Kleu said deficiencies he had discovered in the motor industry during personal research conducted 20 years ago remained prevalent despite great improvements in some areas

"You must make the necessary technological innovations — which does not mean you must have the most modern technology available, but the most appropriate combinations of technologies for our domestic circumstances," said Dr Kleu

"Here you'll have no choice You'll either keep up with appropriate technology or you'll go under"

Dr Kleu devoted a considerable part of his address to Japanese industry, referring in detail to the explosion of "myths" regarding Japanese workers and management by US researcher Prof J Weiss

"Prof Weiss found that contrary to popular belief Japanese workers were no less prone to absenteeism than their American counterparts, were no more 'loyal' to their companies, and did not work at a greater pace than their US counterparts

"And Weiss came to the conclusion that Japanese industry was more productive not for romantic 'Oriental' reasons, but because of more mundane aspects of management," said Dr Kleu.

The realities of Japanese production, as opposed to the popular myths, were that Japanese companies

- Employed more engineers per worker

"And a high return on engineering effort may also explain the commonplace observation that cost reductions are strongly correlated with cumulative output with a fall in unit cost caused not by producing a large volume of output, but by the engineering efforts that accompany large-scale production runs"

- Recruited the elite of the labour force

"This careful selection contributes to the high level of technological innovations suggested by employees"

- Paid high wages to experienced workers and low wages to new employees — "a policy which leads to low labour turnover"

Dr Kleu said it was argued that the SA market was too fragmented and should be rationalised — "but one must take care not to place the full blame for uncompetitiveness on the market structure alone".

"It seems unlikely that a large measure of rationalisation of models and manufacturers will soon occur in South Africa

"It is not the Government's policy to enforce rationalisation and it was never the intention of the local content scheme to do so"

Given that the South African market was small and would remain so for the foreseeable future, said Dr Kleu, "has not the time come to adjust our objectives and to consider the world market as part of our plans?"

"One of our problems in this area may be the restrictions on exports placed on local subsidiaries of multinational firms

"The board would be willing to consider proposals by vehicle and component manufacturers regarding possible assistance in getting an export drive established"

ARGUS 28/3/84 ~~181~~ 192

Big Naawu pay rise

Argus Correspondent

JOHANNESBURG. — The National Automobile and Allied Workers' Union this week achieved a 62-percent pay rise for members at Miller Engineering, a components manufacturer in Pretoria

The wage agreement, which pushes salaries up from 80c to R1 30 an hour, has been hailed by the union as a significant increase considering the recession It will come into effect this month and is operative until next March.

A spokesman for the Fosatu-affiliated union said the agreement was the start of a drive by Naawu to organise the components manufacturing industry

KDM 30/3/84 (192)

Union to hold strike ballots

Labour Correspondent

THE unregistered National General Workers Union says it will hold strike ballots at two Pretoria motor parts dealers because the motor industrial council has failed to intervene in recognition disputes between the NGWU and the dealers

The union's general secretary, Mr Donsie Kumalo, said the NGWU had referred to the council recognition disputes with Nationwide Motor Spares and Pretoria Tyre Centre, as labour law required it to do

One dispute had been referred to the council in January, and the other last month, he said In both cases, the union alleged the companies were guilty of an "unfair labour practice"

"Labour law says the council must try to settle the dispute within 30 days — but they haven't even replied to our letters This means we are entitled to go to the Industrial Court or hold a strike ballot," he said

He said the union had opted for a ballot and added "The council does not seem to be interested in settling disputes if union recognition is involved"

A spokesman for the council denied that it was unwilling to settle certain types of disputes "We always make sure we carry out our disputes-settling duties in terms of the law," he said

He added that he could not comment on the NGWU's claims because he did not have details of the specific dispute

"But there is nothing in the law which says we must settle a dispute — it merely says that if we do not the aggrieved party can take action," he said

N Mercury 31/3/84

200 lose jobs as plant closes

192

Finance Reporter

ALONG with their pay packets yesterday, 200 bus building plant workers in New Germany were informed the plant was to close at the end of April

Employees, some with 24 years' experience, were informed of the shock decision by Dorbyl Bus and Vehicle Division, under which Busaf now falls, quite unexpectedly

The plant's production load is to be passed on to its other plant in Letaba Gazankulu It has another production facility in Port Elizabeth

The executive director of the Bus and Vehicle Division of Dorbyl Automotive Products, Mr J H Herdman, said yesterday that the current depression in the bus market had necessitated the closure

Retired

All workers have been given either early retirement or varying amounts of redundancy payments, he said

'Nobody likes to see something like this happen after the 25 years we have been there, but the bus market has been the worst we have seen it in recent years and we do not foresee any upswing until about 1986

'It was necessary for us to close '

One of the workers affected, Mr Henry Dunn a shop floor supervisor, said the news had been a shock to the workers 'It has been very confused lately with the little incidents of unrest we have been experiencing among workers, but this is something we cannot believe '

Germans r

(192) (163) 1/4/84

☐ **From Page 1**

pressed a complete lack of interest in turbo engines

"Our engines have enough power One goes for turbo only when one is limited in engine size, as in grand prix racing," said Dr Hasselkus, whose marque won the world Formula 1 championship last year.

"Turbo is in fashion right now," said Dr Liener, "but we don't believe in turbo-charging petrol engines. We are more interested in quality than performance and are spending R1 000-million a year on research and development. This should keep us ahead and is concentrated mainly on fuel consumption, weight reduction, pollution reduction, safety, reliability and comfort"

Dr Hasselkus did not envisage any new model from BMW for some time and said the Three, Five and Seven series would continue in up-

S. Times

ise stake

dated form for some years

Dr Liener told Business Times that Mercedes had factories in Brazil, Argentina, Spain, Turkey, Saudi Arabia, India, Iran and Indochina. The South African operation had overtaken Brazil as the biggest outside Germany.

Investment so far in South Africa was about R240-million and Mercedes employed 4 500 people in this country. Its factories at East London covered 53ha, of which 13,6ha was under roof. Mercedes made and sold about 10 000 Honda cars a year.

The company planned to spend another R140-million in the next five years, mainly on the dealer network. Mercedes' investments over the years by far exceeded dividends taken out.

Dr Liener said the local content programme preclude production of the Mercedes 190, a smaller, lighter car recently unveiled in Europe.

Mercedes changes name, lifts investment

BMW challenge follows R200-m spending

192

German car-makers step up SA stake

S. Times 1/4/84

By David Carte

GERMAN motor giants Mercedes-Benz and BMW achieved sales of more than R950-million last year as well as large profits in a small, overcrowded South African market in which most contenders struggle to break even.

After grabbing nearly a quarter of new-car revenues last year, the arch-rivals in luxury cars both announced new top men this week

With retail car, truck and bus sales of R700-million last year, Mercedes-Benz was second only to mass producer Toyota In rand terms, Mercedes boasted 14% of total sales even though it sold only 7% of vehicles by number (see table)

Mercedes-Benz main board director, Gerhard Liener, tells Business Times that the SA company is to change its name to Mercedes-Benz of South Africa from United Car & Diesel Distributors

Importer

This follows increased investment in the company by Mercedes-Benz of Stuttgart. Mercedes of Germany now has 50,1% of the SA company compared with 36% before its most recent purchase from Volkskas Volkskas now has 26,5% and the Ernst Gohner Foundation of Swit-

This comes after a R200-million investment programme by BMW

Taking into account that it does not sell trucks and buses, BMW's performance in the past decade has been as impressive as Mercedes'. After being nearly bankrupt and on the verge of being taken over by Mercedes in 1966, it claims to have been the fastest-growing motor company in SA — and the world since then

Target

Dr Hasselkus said BMW aimed to sell 20 000 cars in SA this year compared with 13 000 last year and its record of 15 000 As BMW now had the capacity to make 85 cars a day, it would have no problem in meeting this target — provided there were no labour upheavals He forecast a total market of 285 000 cars this year and 305 000 next year

Dr Hasselkus said there would be no radical changes at BMW It would continue to

Cont ↓

BMW'S new boss Dr Walter Hasselkus with the company's newest model — a four-door Three Series

Picture: Dave Attwood

S Times 1/4/84

IMPORTER TARGET

zerland 23,4% Before 1966 Mercedes of Germany had no interest in UCDD which was purely an importer

Dr Liener named Jurgen Schrempp to take over the reins of Mercedes SA from Morris Shenker on his retirement next year.

At BMW, Walter Hasselkus has taken over the reins from Eberhard van Koerber.

BMW this week announced a four-door version of its hot-selling Three Series.

style", and would always concentrate on expensive cars and motorcycles

The company could start making components it was now buying from SA suppliers. BMW's plan to export components to its German parent would also receive emphasis. There was particular scope in leather upholstery.

Neither of the two makers expects to unveil a new model soon and both have ex-

☐ To Page 3

MOTOR INDUSTRY 1983 — SALES AND TURNOVER*

1983 Position	Manufacturer	Passenger Cars Rm	LCV (-4000 kg) Rm	HCV (+4000 kg) Rm	Total Value	% By Value	Sales	% By Units
1	Toyota	564	316	71	951	19,0	92 386	22,8
2	Merc SA	478	3	212	693	13,8	27 951	6 9
3	Nissan	290	228	107	625	12,5	57 323	14,1
4	Ford	411	133	49	593	11 9	56 073	13,8
5	VW	371	142	—	513	10,3	44 420	10,9
6	Sigma	311	65	75	451	9,0	44 689	11 03
7	Gen Mot	217	131	78	426	8,5	38 225	9,44
8	BMW	267	—	—	267	5 3	13 168	3,25
9	Leyland	58	10	59	127	2,5	6 253	1,54
10	Alfa	116	3	—	119	2 4	11 560	2,85
11	Renault	89	1 5	—	90,5	1,8	10 983	2,71
12	MAN	—	—	54	54	1,1	754	0 19
13	Int Harv	—	—	27	27	0 5	374	0 09
14	Malcom Scan	—	—	18	19	0 4	209	0,05
15	Erf	—	—	16	16	0,3	211	0,05
16	Vetsak	—	—	13	13	0,3	288	0,07
17	Oshkosh	—	—	11	11	0,2	134	0 03
18	Fodens	—	—	2	2	0 1	41	0 01
19	Tak (Lancia)	2	—	—	2	0 1	103	0 03
20	VSA Mot Dist	—	—	5	,5	—	5	—
		3 174	1 032,5	793,5	5 000	100	405 139	100

Total revenue of all car- and truck-makers in South Africa. Sales were calculated by multiplication of units sold by average 1983 price. Mercedes-Benz of SA did the calculations

11/4/84

New industry making seat belts in EL

192

D. Dispatch

BY TOM LOUW
Business Editor

EAST LONDON — The Border's newest industry has started producing seat belts for motor vehicles in East London

Yesterday guests from the city and from the motor industry attended an opening ceremony at the Autoflug South Africa factory in Woodbrook, formerly the property of the Saurer company

They heard the managing director of Autoflug SA Mr H G Kuster explaining that within a few months the firm will be producing 30 000 inertia reel seat belts a month in East London Previously its entire production has been concentrated in its factory in Krugersdorp in the Transvaal

All plastic parts will be made in the East London factory and metal parts will come from Krugersdorp

Belts are already being assembled in East London from parts supplied by the Krugersdorp plant

Also to be made in East London are control cables and speedometer cables When the machinery for this part of the enterprise is installed it will be necessary to extend the factory, and plans have already been drawn up for the extensions

Also in East London for the occasion yesterday was the chairman of the parent company in West Germany, Dr G Sedlmayr He and Mr Kuster told me that Autoflug is confident of markets and already holds substantial contracts with motor manufacturers

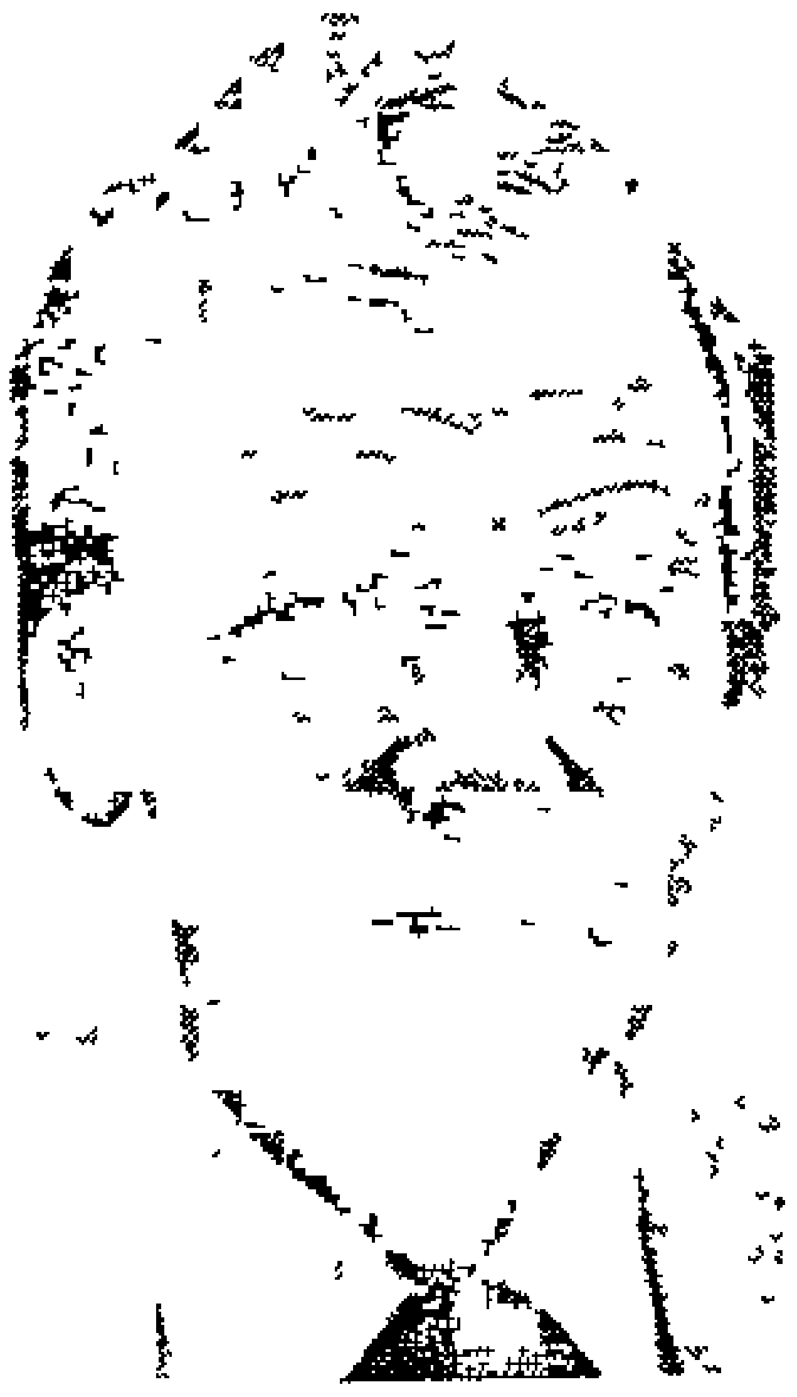
Mr Kuster said the intention is that the East London plant will produce all plastic parts and Krugersdorp will make all metal sections This will provide transport economies, for trucks will travel with full loads in both directions

The East London section will supply belts to all the coastal motor manufacturers, from Cape Town through to Durban, while the Krugersdorp factory will provide belts to the Transvaal factories

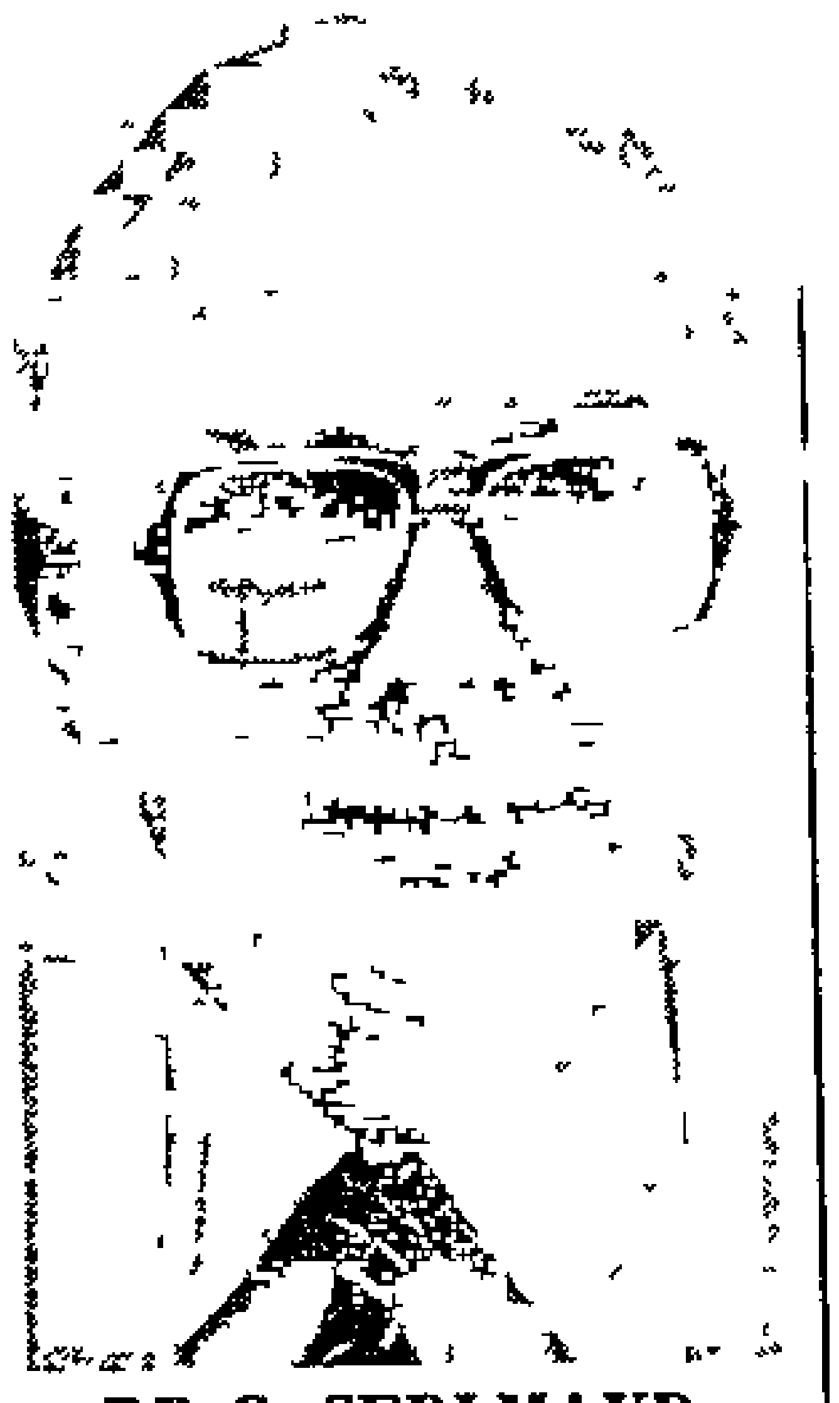
The reason for this, he explained, is that motor manufacturers have reduced their stocks of components to 24 hours' supply and so it has become important for the component supplier to be close to his markets to ensure quick response to orders

In East London, Autoflug will employ between 60 and 70 non-whites and about 10 whites Mr Kuster commented "That means 600 or 700 hungry mouths that we will be helping to fill, and this is important to us"

When the control cable operation is under way, the labour force will increase by about 35



MR H G KUSTER



DR G. SEDLMAYR

92

D.P. Dispatch

2/4/84

CDA name changes to Mercedes-Benz

PRETORIA — One of the giants of the South African motor industry UCDD (Pty) Limited, has been renamed Mercedes-Benz of South Africa

This name change will apply to all the operating companies in the group, including the wholly owned CDA assembly plant in East London

The new Mercedes-Benz SA had a turnover in 1983 from sales of Mercedes-Benz cars and commercial vehicles and Honda cars, of almost R700 million

The company's manufacturing and assembly operation in East London is one of the largest Mercedes-Benz car and commercial vehicle activities outside West Germany

The decision to change the name of UCDD to Mercedes-Benz of South Africa has been taken following the acquisition by Daimler-Benz of Germany of a 50,1 per cent controlling stake in its South African franchise holder The decision has been taken together with the other major shareholders, Volkskas Industries Limited (26,5 per cent) and the Ernest Gohner Foundation of Switzerland (23,4 per cent) and has been welcomed by the Honda organisation in Japan

Daimler-Benz acquired control of UCDD as a result of a R30 million rights issue earlier this year in which Volkskas elected not to follow its rights in full

Chairman of the board of directors of Mercedes-Benz SA, Dr Tom Muller, who is also vice-chairman of the Volkskas group and a director of Volkskas Industries said "The move to allow Daimler-Benz to assume control of the company has had the fullest support at all times of the Volkskas group , and we welcome the advert of the illustrious Mercedes-Benz name to the ranks of South Africa's motor manufacturers

"The Mercedes-Benz group and its dealer organisation around the country are in the completion stage of a R200 million expansion programme started in 1981 in order also to accommodate the new Honda passenger car franchise, Dr Gerhard Lienar Daimler Benz," said

At its assembly plant in East London, Mercedes-Benz South Africa has effectively more than doubled the car production capacity and substantially increased commercial vehicle capacity, as well as increasing the scope of the parts operation

"Honda has been an outstanding success since its introduction in October 1982, and its activities will be continued on an extended basis With sales in 1983 close to 10 000 units, Honda achieved a 3,6 per cent share of the market," he said

● "Mercedes-Benz has announced the name of the successor to Mr Morris Shenker, when he relinquishes the position of chairman of the company's management board towards the end of 1985

He is Mr Jurgen Schrempp, a former senior executive who became vice-chairman of the management board with responsibilities for marketing.

Mr Shenker has now also been appointed to the shareholder board and Mr Schrempp rejoins the management board — DDC

D. Mercury 7/4/84

192

Company recalls 4 000 vehicles for correction

Motoring Reporter

TOYOTA South Africa is recalling 4 000 HiAce vehicles with incorrectly assembled brake pipes

According to Toyota, braking efficiency is not impaired under normal operation, but instead of having a safe dual circuit system, the HiAces have a single circuit system

The dual circuit system ensures that should the front or rear brakes fail, two wheels will still have brakes

The fault has, instead of a 60-40, front-rear wheel braking ratio, caused the vehicles to have a 50-50 system

Toyota public relations manager Mr Flip Wilkin said the 4 000 vehicles were being recalled for a visual inspection and rectification if necessary

'The rectifications can be effected within a few minutes by repositioning the brake pipes at the load sensing proportioning valve assembly,' explained Mr Wilkin

He added that Toyota had sent out personal letters to owners of all potentially affected vehicles to return them to their nearest dealer

NATIONAL/INTERNATIONAL ARGUS 12/4/84

192

27 024 SA car sales set record for March

Financial Editor

NEW-CAR SALES rose sharply last month by 3 326 to 27 024 — the highest monthly figure since June 1982, and the best March sales' figure in the industry's history

Sales of light commercial vehicles and trucks also showed a significant improvement

Toyota was again leader with sales of 5 529 cars, giving it 20,6 percent of the market Ford was second overall with 3 967 sales and a 14,7 percent market share.

Sigma was third overall in car sales with 3 121 and 11,5 percent of the market, while Mercedes-Benz moved up to fourth place with 3 072 and 11,4 per cent

The only other manufacturer to get into double figures on market share was Volkswagen with 10,4 percent from 2 802 sales

DOMINATED

Toyota's Corolla dominated the top 10 models with 3 120 sales, followed by its stablemate, Cressida, with 2 351, and Ford's Sierra third with 2 273.

Escort sales in March were 1 436, to make it the fourth most popular model, with the Mazda 626 fifth on 1 422; the VW Golf/Jetta range sixth with 1 341, then the Mercedes W123 range seventh with 1 322, ahead of the 1 170 sales of General Motors' Rekord, Commodore and Senator model range

The Nissan Langley was the ninth best-selling model on 1 087, and the Mazda 323 10th with 1 049.

"March vehicle sales again reflected some underlying confidence in general business prospects," said Toyota's marketing director, Mr Brand Pretorius. "However, there was also some pre-budget buying which inflated the figures"

A total of 11 320 light commercial vehicles were sold, the highest figure since last November Sales of commercial vehicles in the 2-ton to 4-ton range amounted to 611, while 1 232 heavy vehicles were sold.

R2,2-million rationalisation of manufacturing at DAP

192 E. Post

17/4/84

By LOUIS BECKERLING
Business Editor

IN A R2,2-million move, the Port Elizabeth-based auto-components division of Dorbyl Automotive Products (Pty) Ltd has rationalised all its manufacturing operations at new premises in Deal Party

The company's assemblies will continue to be conducted at its Neave Township site, where extensions and improvements amounting to some R900 000 are presently being undertaken

Officially opening his subsidiary's new Deal Party premises at the weekend, chairman and chief executive of Dorbyl Ltd, Mr Keith Jenkins, pointed out that the latest investment by the company came on top of an expenditure of some R26 million over a period of four years at both the Port Elizabeth and Uitenhage plants of Dorbyl Automotive Products (DAP)

"This is not a bad record when one considers that the automotive component business is frequently accused of not investing adequately in capital equipment to meet the future demands of the industry "

On the controversial question of the relatively higher price of SA-made components for the motor industry in relation to cheaper imported components, and implications for employment of higher levels of imports, Mr Jenkins said

"At the risk of being blunt, I must point out that I do not always consider overseas suppliers to be fair competitors — we all know that the take-out price of any component in a CKD kit is equivalent to nothing less than dumping

"The creation of job opportunities is a matter of major national concern and if ever there was a time when this issue should be given urgent attention it is now

"Neither mining, nor agriculture are presently capable of providing sufficient new job opportunities The manufacturing industries in South Africa will have to play a vital role in this regard and this can only be achieved by supporting South African industries."

Mr Jenkins said this support would not only create work "but will also stimulate the development and improvement of local expertise and knowhow, to meet present and future demands".

The contribution by DAP's automotive division to Dorbyl Ltd, said Mr Jenkins, had grown since 1963 from a turnover of less than R500 000 to an expected figure "30 times that" in 1984 More than 1 000 people were now employed by the division in Port Elizabeth

The automotive component division of DAP was established in 1963 as a department within Busaf (Dorbyl's bus- and truck-body building operation, also represented in Port Elizabeth)

Original objective was limited to the manufacture of seats for buses

In the newly expanded and consolidated Deal Party premises of Dorbyl Automotive Compc nents are Mr JEREMY POWELL (left), general manager (Port Elizabeth), and Mr ARC PEARCE, works manager of the PE plant.

"However, the development of this product line into the market for the bench-type passenger car seats was logical, and the first order for such seats was received for the all-South African Ranger motorcar "

Since this development the manufacture of more diverse components for the automotive industry had gradually expanded and with the purchase of Pascor in 1980 the extent of the division's activities grew to the point where "a separate administration and management became a necessity"

"With the subsequent addition of Cosmo Engineering the division, licensing from tried and tested overs manufacturers, and the technological developments seat-manufacture, the site at Neave township bec quite inadequate and we had to find other accommodat urgently "

Coinciding with these developments, Dorbyl Structura Engineering closed down its Port Elizabeth operation the premises at Deal Party became available," said Jenkins

92 27/4/84

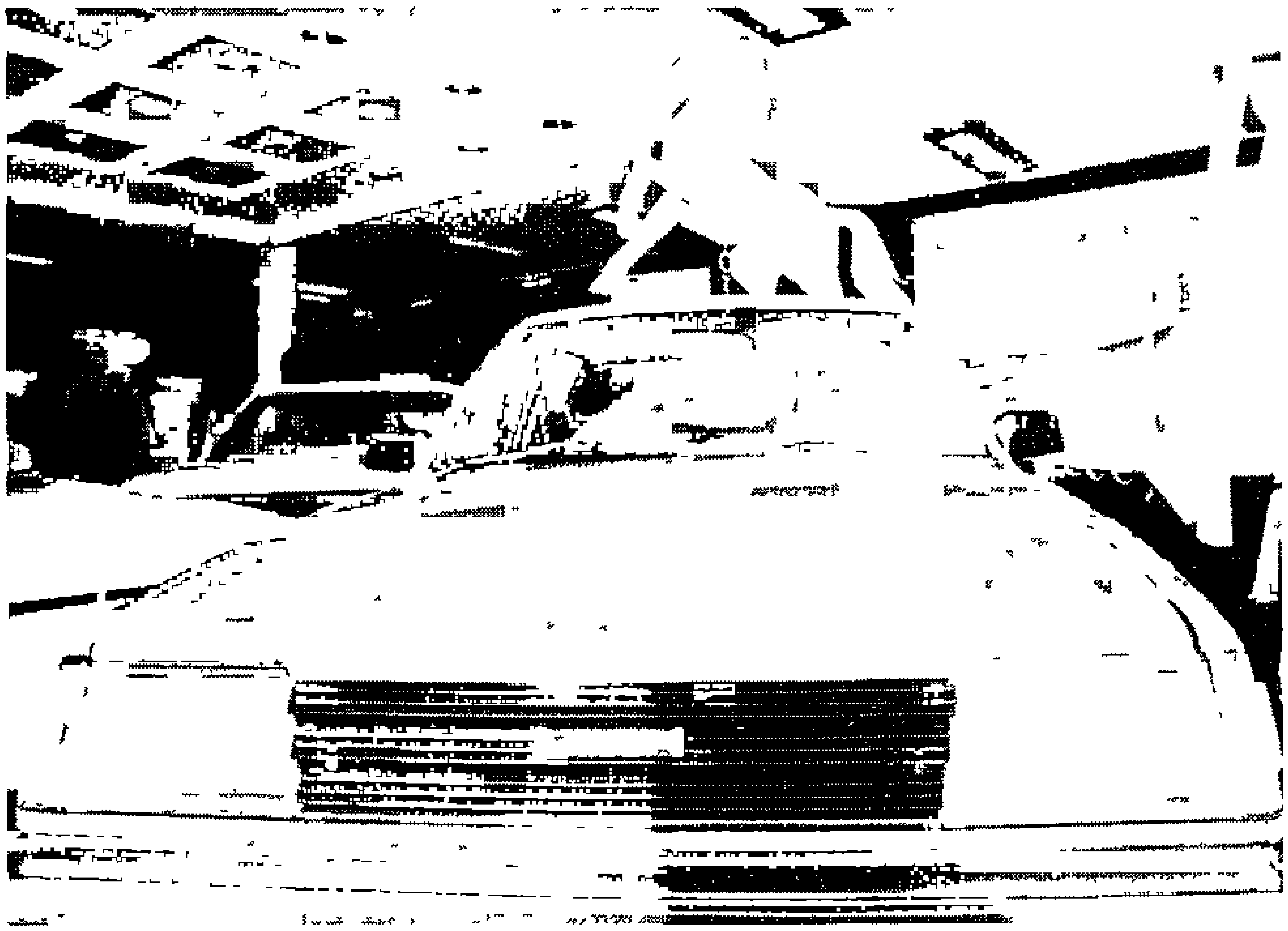
TOYOTA

Success all down the line

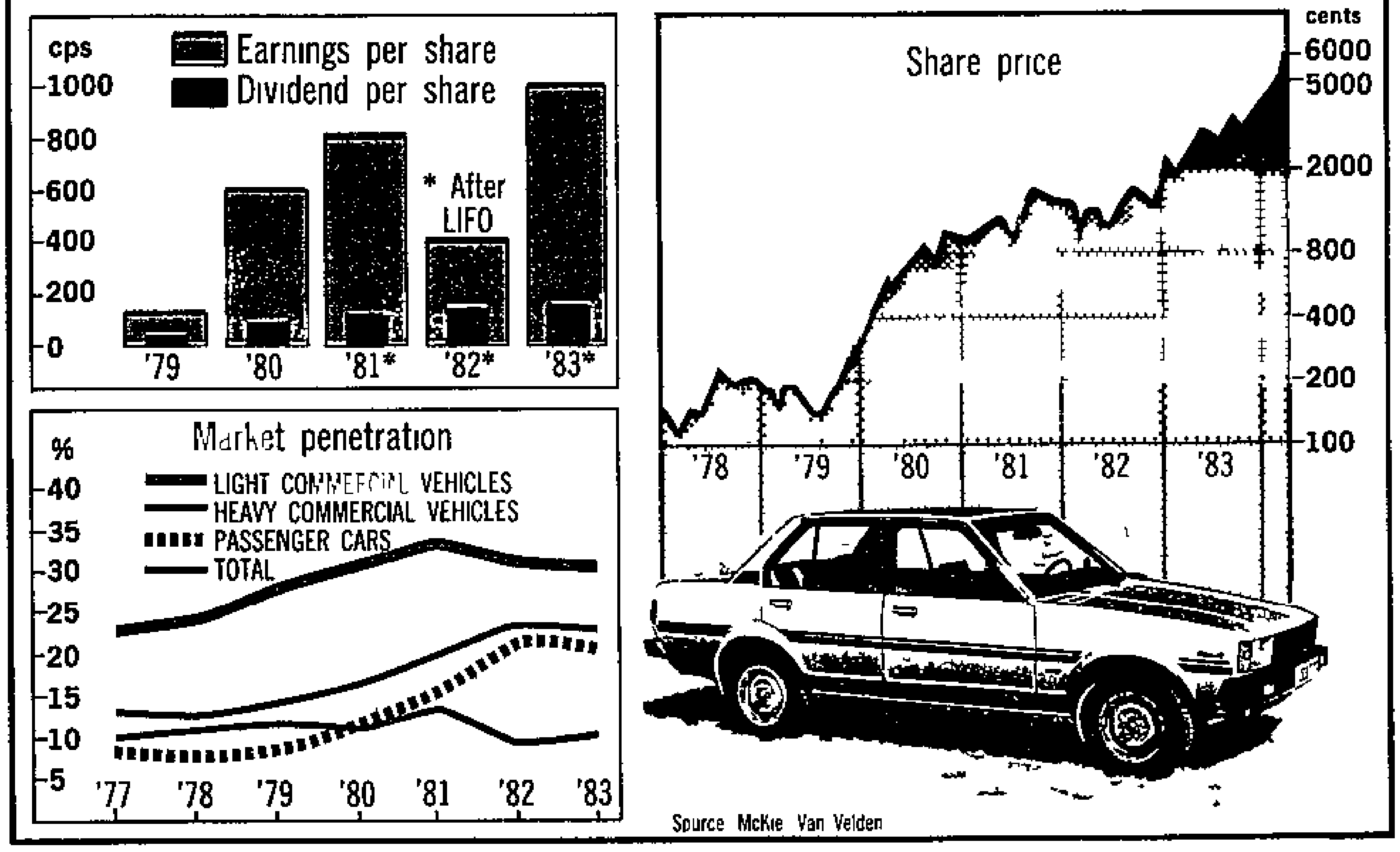
Motor sales have held up surprisingly well in the recession. Given that SA's consumers have an enormous choice of models, the dynamism of Toyota in maintaining expansion and profits has been rewarded by investor confidence and an almost unassailable winner's image. The *FM* assesses some of the background, and looks at the company's prospects.

The risen sun won't set for a long while yet at Toyota The motor manufacturing and marketing group — which unlike its main competitors, is a wholly-owned SA company (50% held by the Wessels family and 20% by JCI) — must rate as SA's most successful car company of all time Its two car models, the Corolla and Cressida, with a respective 11,8% and 7,8% at present of the total passenger car market, are the two best-selling cars in SA — an unprecedented feat for one company.

Toyota's earnings and sales growth rank among the best in the business annals of the Eighties. From 1979 to 1983, turnover raced ahead from R235,7m to R864,1m In the same period, earnings a share soared from 115c to 1 117,4c Shareholders were rewarded with a 450% rise from 28c to 150c in dividends. Even recession-hit 1983 failed to halt the advance Total car and commercial vehicle sales shrank by 4,9% last year. But Toyota limited its sales fall to 0,5%, so increasing its total market penetration to 22,8%, in what is probably the most over-traded motor market in the world



A SUCCESSFUL DRIVE



Source McKie Van Velden

The share price has reflected the market's enthusiasm for the company Five years ago, investors could buy at 135c and in March 1983 at 2 800c At end-March this year, the price reached 6 000c, before falling back to 5 650c For chairman Albert Wessels, the returns are sweet indeed· in the past year alone, the family holding has appreciated by R6,5m

MD Colin Adcock gives a deceptively simple reason for the performance "We use a better and more thorough marketing mix than any other business To Toyota, marketing is a total corporate philosophy Every function, from designing to engineering to selling, is marketing related"

Industry sources see clear reasons for Toyota's marketing success It sells quality products at attractive prices, provides strong after-sales service, rarely sacrifices profitability for bigger sales, and management maintains tight stock controls The corporate image is further helped by snappy, relentless advertising — most of the executives are expert communicators.

New vistas

Management places tremendous importance on productivity "To maintain margins, we must increase productivity," says Adcock "We spend more time at management level studying and improving productivity levels than anything else Every year, we open up new vistas"

The results look convincing Toyota's manufacturing plant in Durban, which turns out 434 vehicles a day, is regarded as one of the most efficient in the industry and has twice won awards from the National Productivity Institute A premium is placed on securing workers' co-operation by avoiding retrenchments wherever possible As an example, Adcock points out that although robots can spray and paint cars and build vehicle bodies, this would be at the expense of job opportunities These functions at Toyota are, therefore, done manually

As a result, labour relations are relatively harmonious Since 1973, Toyota has been hit by only two strikes Last year, a recognition agreement was signed with the National Automobile and Allied Workers' Union Much emphasis is placed on technical training and promotion is on merit alone

Greater productivity from roughly the same number of workers means that more cars must be sold, an obvious fact which helps determine strategy This year,

(192) FM 27/4/84

Adcock wants Toyota to capture 24% and next year 25% of SA's total car and commercial vehicle market Adcock is not too specific about forward projections but indications are that Toyota expects total industry sales to grow by 40% to 1988 — from 1983's 405 000 units. Truck sales are expected to lead this growth, in contrast with the last five years, when passenger car sales accounted for the bulk of the group's expansion

Improved product range

After consolidating its dominance in the car market, Toyota is now turning greater attention to the commercial vehicles sector. It has lagged the field in heavy and medium truck sales but the introduction last year of the Hino-F series and the four-ton Dyna have improved the group's product range This year's first-quarter sales show Toyota, with 15,1% of the market (6,1% a year ago), closing the gap behind nearest rivals, General Motors (GM) and Magnis.

Adcock says the target is to win second place in the heavy-duty stakes by 1985 A challenge against front-runner Mercedes Benz, which at present takes 26,7% of the heavy commercial vehicle market, would be the next step

The light commercial market is proving a tougher nut to crack First-quarter sales showed that Toyota's market share had shrunk to 27,7% from 30,3% a year ago But the company remains the clear market leader as second-placed Nissan saw its market share well down on a year ago A firm market, which caught Toyota unawares, and tough competition from GM, which increased its market share from 12,6% a year ago to 18,5%, were the main factors behind this fall

In the passenger car market, Toyota plans this year to introduce a number of new models Characteristically, Adcock will not give details ahead of the launch The Cressida, though, will be upgraded to the top of the semi-luxury league to capitalise on what Toyota sees as an opening in this segment of the market Future car sales growth, says Adcock, will come mostly from the black consumer as the white market is virtually saturated Much attention is being paid to this

Adcock believes the recession has proved that the motor industry is not as vulnerable to business cycles as it used to be. Black middle class spending, he argues, has remained strong — the fall-off in black demand resulted from unskilled workers losing their jobs, or real wages remaining static According to him, this helped underpin the motor industry Indeed, last year, in the midst of recession, passenger car sales were at their third highest level ever, and only 11% lower than in the record year of 1981

To gear up for future industry growth, Toyota last year committed R200m to improving manufacturing facilities at its plant in Durban Of this, some R70m will be spent on a paint shop and improved assembly facilities. Another R120m has been invested in tooling facilities for planned and new car models. When this expansion is completed by early next year, 520 vehicles will be made each day, compared with last year's 434 units The improvements should cater for increased output for the next four years

Spending to earn

Non-earning capital expansion projects, such as plant extensions, are paid for at Toyota out of internal funds Borrowings are used to finance expenditure which generates revenue — such as model tooling investment Retentions have thus been high in order to finance capital spending. Last year's dividend cover, after the lifo adjustment, was 6,7 The debt equity ratio stood at a healthy 0,35

Reflecting the stock market's expectations for still more growth, the share currently yields only 2,7% on dividend compared with the 3,1% average for the motor sector

Adcock believes that this year the economy will begin moving out of recession, although slowly, and he expects industry sales to perk up 6% to 430 000 units. Wessels, in the 1983 annual report, cautions that profit margins could be subject to pressure from competition And adverse exchange rates could raise the rand cost of motor-part imports from Japan But profitability should remain strong, even if the growth rate does not match that of the last five years

In the longer term, Toyota has to tackle the problem of being the market leader in an exceptionally product-sensitive industry A competitor could well come into the market with a rival product that catches popular imagination A third oil crisis, which could appear as unexpectedly as the previous two, could dampen any recovery in the motor industry But for an unrivalled four years, the company has been SA's market leader Adcock remains convinced that success breeds success

Christopher Marchand

MD Adcock . . . aiming for a bigger commercial slice

Nissan on the road back

(192) S-Times 29/4/84

By Don Robertson

NISSAN South Africa is reducing stocks at its Rosslyn plant and hopes the action will produce a profit in the current financial year and a full recovery in 1985.

Nissan made a small profit in the 15 months to December, on turnover of R608-million The motor-manufacturer suffered a large drop in sales in the last six months, mainly because of quality problems These conditions continued into the current financial period.

Nissan was unable to pay a dividend to the holding company, Messina. It was partly responsible for Messina having to miss its final dividend for the past year.

Nissan hopes to pay a dividend to Messina in 1985

Finance cost

Quality problems left Nissan with excess stock of R70-million which cost R1-million a month to finance At the end of February, the company had 6 804 vehicles in its parking bay at Rosslyn, but this has been slashed to about 3 000 units, or slightly more than two weeks' stock

This was achieved by a cut in production and the introduction of a sales campaign The company is producing about 220 vehicles a day compared with a capacity of about 325

The chairman, Peter Whitfield, says "This large reduction in interest payments will have a major impact on profit performance."

A quality programme was introduced four months ago and marketing director Brian Wegner says "it is now one of the best in the industry"

In the past financial period, Nissan had to make a provision of R7-million for currency losses on a R73-million foreign loan which was not covered by a forward facility. However, because of the lower interest rate on this loan, the company is "ahead of the game", says Mr Whitfield There are plans for partial repayment of this loan soon.

Profitable

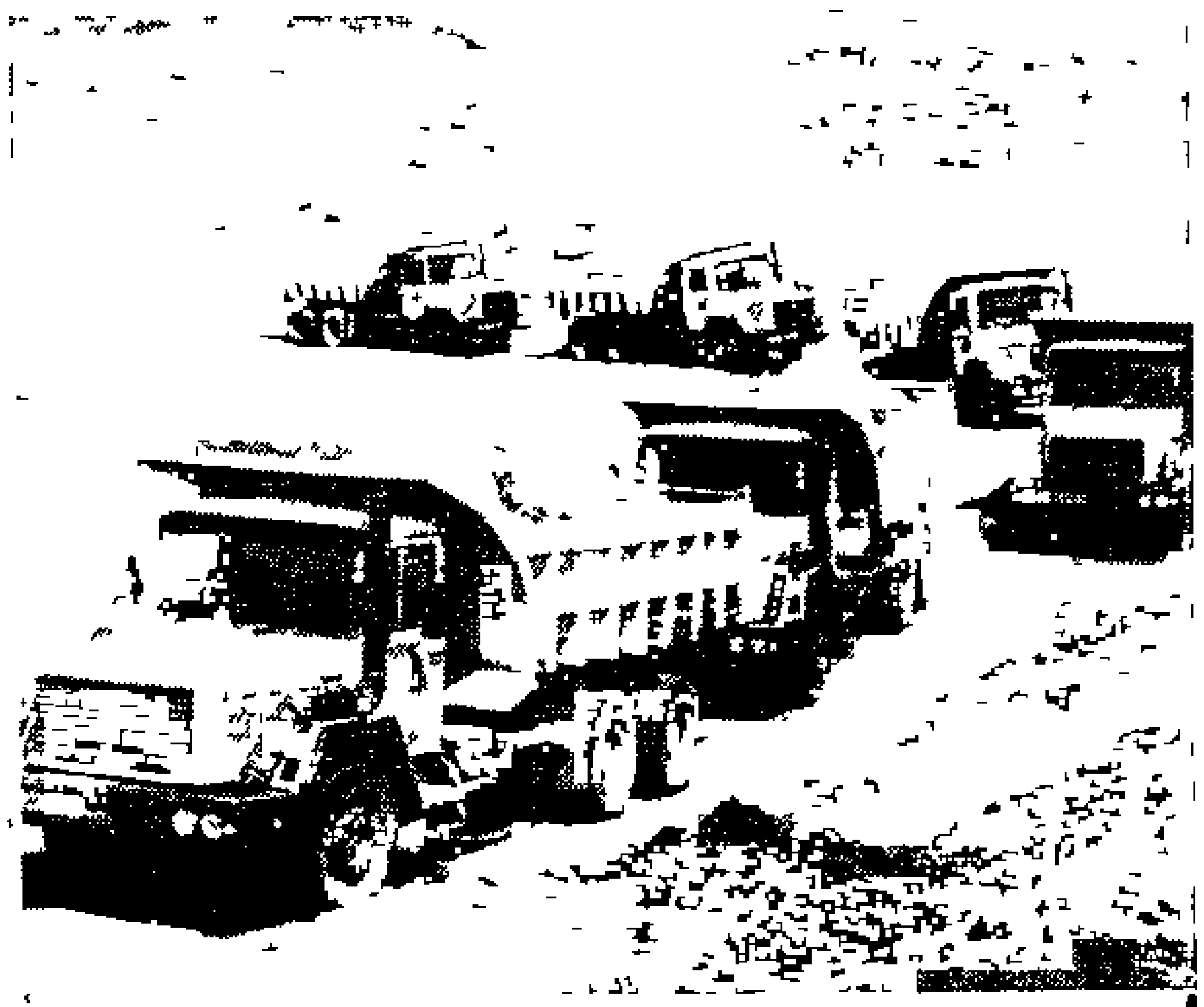
Nissan returned to profit in April

Sister company Magnis Truck Corporation experienced a declining market last year, but was able to achieve a profit An upturn is expected in the market this year, with an improvement in earnings.

The recently launched Exa range, which has attracted considerable attention, has a waiting list of about three months But additional Exa units cannot be produced as the local content is below the required 66%

Production has been curtailed to allow the company to meet its quarterly local content mix The first motors for this model went into production this week and this should help the local content problem

With mining operations running at a loss in the 15 months, the contribution from industrial companies provided the only operating income for Messina However, the company hopes to sell about R90-million of assets this year to raise money



Samag tippers, made by Magnis Truck Corporation, undergo tests by the Peter Faber transport division which aims to standardise its fleet Magnis is South Africa's largest independent truck manufacturer with the biggest production facility. It produces Nissan diesel, Samag and Samil vehicles

Car industry hit by exchange rate

192 E. Post 3/5/84

By LOUIS BECKERLING
Business Editor

CURRENCY fluctuations, rather than cost pressures, provided the motor industry's single largest problem at present, according to Dr Vito Bianco, deputy chairman and managing director of Alfa Romeo (SA) Pty Ltd

In Port Elizabeth to present an award to local Alfa dealer St Croix Motors, Dr Bianco singled out the impact on the industry of such fluctuations — and, more specifically, an "undervalued" rand — as being of greater importance than wage rates or cost-differentials arising from locational problems

Illustrating the problem, Dr Bianco pointed out that at the time he had negotiated for the South African rights to distribute the Charade — initially as a fully-assembled import, and subsequently in a CKD (completely knocked down) kit for local assembly — the rand exchanged at a value of Y233 (Japanese yen)

"That was in May 1982, and today the rand is worth only Y178, which means that we have lost about 24% on the exchange"

Insuring forward against such losses was a calculated risk which involved paying a premium based on the differential between ruling interest rates in the two countries, said Dr Bianco This often negated the benefit of taking such insurance, and Alfa SA had not taken such cover

"Under the current circumstances of high competition for market share, a manufacturer cannot recover losses of this order from the sales price, which can move only in relation to the rate of inflation," he added

Dr Bianco conceded that the deliberate undervaluing of the South African currency was a strategy devised to bolster rand receipts from a depressed gold price, promote exports and discourage imports Its impact on the motor industry, however, was severe

While there was little manufacturers could do to remedy such a difficulty, there was a lot they could do to solve problems arising from high wage rates and other cost-pressures

Increasing wage rates could be matched with increased productivity "In my factory we are increasing productivity by some 20% to 25% a year," said Dr Bianco

Dr Bianco was reluctant to become involved in a clash with Port Elizabeth-based motor manufacturers, but said the impact of the relatively higher wage rates in the city in comparison with the Reef would have a minimal impact on the final selling price of a vehicle.

"Based upon an 80-hour manufacturing period per vehicle, the difference in wages here and on the Reef would amount to about R80 per unit," he said — which was a negligible added cost on vehicles retailing at around R12 000 and upwards

However he admitted that if estimates of an effective "penalty" paid by Port Elizabeth manufacturers of an additional R240 per vehicle in order to land Iscor steel in the city were accurate, this, together with the relatively higher wage rate, would have a considerable impact on the competitive position of PE-based motor manufacturers in comparison with their Reef-based competitors

"That would amount to some 3% — and I can assure you that manufacturers are not operating on the sort of margins that will allow such an added cost burden"

Dr Bianco and Mr Silvano Grimaldi, national sales and delaer development manager of Alfa SA were in Port Elizabeth to present the company's first-ever dealer award

"The award will be presented quarterly to the dealer who in our judgment has the best organisation, conducted the most improvements, and presents the best prospects for future sales," said Dr Bianco

First winner of the award was St Croix Motors, in Port Elizabeth's North End "motor town"

8/5/84

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E. Post

New agreement on service and wage conditions

JOHANNESBURG — A new agreement on wages and service conditions has been concluded between the Sigma Motor Corporation and the National Automobile and Allied Workers Union (Naawu)

Effective for one year from May 12, Sigma said in a statement it included "the first negotiated productivity agreement ..and the first formal maternity agreement in the assembly industry in South Africa"

Covering all hourly rated employees except artisans, the agreement includes a general increase ranging from 10c to 13c an hour, based on the grading of the employee

It also includes a productivity incentive, "guaranteeing a minimum payment of 10c an hour in recognition of the improved productivity already achieved by the labour force over the past quarter".

"The incentive amount can be increased by 26c an hour based on improved performance in relation to the negotiated productivity formula

"Productivity incentive payments will only be made to individuals in respect of actual hours worked

"In view of the mutual benefits to be derived, the union and company are committed to contribute actively and fully in this scheme and will endeavour to remove all aspects which have a detrimental effect on productivity trends among direct and indirect hourly employees

"In view of the interactive nature of their functions, challenges and bottlenecks will be tackled by labour, shop stewards and managers"

The new maternity benefits for female employees will provide 12 weeks unpaid maternity leave

"During this period, the company will pay the full amount of the employees medical aid and pension contributions

LABOUR NE

RDM 8/5/84

192

Better wages contract signed at Sigma

Labour Correspondent

THE Pretoria-based motor manufacturers Sigma, and the National Automobile and Allied Workers Union (Naawu), have signed a new wage agreement which includes the motor assembly industry's first formal maternity leave agreement

It also includes the first agreement in the industry to offer workers wage incentives in exchange for greater productivity

Details of the agreement were released yesterday in a joint statement by the company and union It said the agreement would come into effect at the weekend and last for one year

According to the statement, the two sides have also agreed on a general wage rise of between 10c and 13c an hour, depending on workers' job grades

It said the maternity agreement would provide workers with 12 weeks' unpaid maternity leave.

It is understood, however, that Sigma has not conceded a Naawu demand that women workers be guaranteed their jobs back if they take maternity leave

The statement added that the new productivity incentive would guarantee workers a minimum payment of 10c an hour in recognition of the improved productivity they had already achieved over the last quarter

This could be increased to a maximum of 26c an hour, depending on productivity

A formula had been negotiated between Sigma and Naawu to determine the size of this increase, the statement said

Both the union and company were "committed to contribute actively and fully" in this scheme, it said

Sowetan 8/5/86

192

Motor firm signs accord

SIGMA Motor Corporation has signed a new conditions agreement with the National Automobile and Allied Workers' Union (Naawu).

In a statement to The SOWETAN yesterday, the corporation's spokesman said the new agreement which covered "some significant matters" will become effective as from May 12

The main elements of the agreement which covers all hourly rated employees except artisans are a general increase ranging from 10 cents to 13 cents per hour based on the grading of the employee and a productivity incentive guaranteeing a minimum payment of 10 cents per hour in recognition of the improved productivity already achieved by the labour force over the past quarter

Details of the agreement will be explained at a Press conference in Johannesburg today

New bus service

THE Vaal Bus Company is to introduce its luxury bus service in Evaton in the near future following a public request for faster transport in the area.

management should attend to a list of other

recognise the union on condition they were

day

N.Mercury 9/5/84 ~~132~~ ~~139~~ 192

300 drivers still on strike at motor firm

Mercury Reporter

THE strike by about 300 drivers at Motorvia, a Pinetown motor vehicle ferry service company, entered its second day yesterday with no indication when it would end

The company's premises at Westmead were packed with new cars and trucks waiting to be delivered to garages throughout the province yesterday

The striking drivers were assembled at the offices of the Transport and General Workers' Union while union representatives held urgent talks with the company management to help resolve the pay dispute

Mr PJ Marais, Motorvia's managing director, said negotiations were being held with workers' representatives and a statement would be issued later

The union spokesman, Mr John Mawbey said the workers were striking over two issues — the long delay by the company in reaching agreement with the union over a new pay rating system and a demand for the payment of a basic wage for all drivers

'Drivers were not given a basic wage but instead paid for the number of trips they made We have been pressing the company since last year to pay workers a basic wage and scrap the trip rate system as it is illegal

'At a meeting with the management on Friday the matter was raised again and the company offered to pay drivers a basic wage of R55, but this was rejected as they want a minimum wage of between R70 and R80 a week,' he added

New cars and trucks stand idle at Motorvia's premises in Pinetown as the 300 drivers continued their strike over pay yesterday.

(192)

SALES TAX INCREASE

Car industry is shaken

Star 11/5/84

“This is a shock,” was the reaction of Mr Colin Adcock, chairman of the National Association of Automobile Manufacturers (Namsa), when told of the GST increase

“This means the tax content in the price of cars is beginning to rush upwards ”

He gave as an example a two-litre automatic four-door sedan selling at a retail price of R14 400.

Under the phase five duty system the tax was R900

Under the “ad valorem” tax of 1½ percent introduced in the recent Budget on all cars, and now the 10 percent GST, that two-litre vehicle would carry taxes of R2 050.

“It is a damned unfair blow to the motor industry. It continues to get hit,” said Mr Adcock.

“We will make an approach to the Government to try to get the ad valorem duty removed, because it was absorbed by the motor industry.

“Normally we would have sought a general price increase on July 1 to counter the effects of inflation, but with this tax increase I don’t know how we can

“The effects of this increase could be severe At this stage I have no indication how it will affect parts of the industry but there is sure to be a rush of buying up to the end of June ”

He added “But it is amazing how the South African public just keeps on buying, even in the face of massive interest rates I think people are price punch-drunk.”

Car sales in April near record

ARGUS
11/5/84
192

Financial Editor

CAR sales are holding up well in spite of the recession. The National Association of Automobile Manufacturers reports that South Africans bought 24 584 cars last month

Though this figure is down from the 27 024 sold in March it is still one of the highest sales figures recorded by the industry in recent years

If sales in Budget months are excluded, the April sales figure is the second highest since mid-1982 and 16 percent higher than the 21 185 sold in April last year

Car sales in the first four months of this year totalled 98 328 — up 14,8 percent on last year's 85 639

Light commercial vehicle sales totalled 9 692, which was 1 628 fewer than in March. Nonetheless sales of these vehicles were running 22 percent ahead of last year

Sales of medium commercial vehicles last month dropped to 578 from 611 in March, while sales of "heavies" dropped to 1022 from 1232

Altogether 35 876 vehicles were sold last month, 10,7 percent fewer than March's figure of 40 197 but 16 percent more than the 31 132 sold in April last year

So far this year 146 596 motor vehicles have been sold, 17 percent more than the 125 293 sold in the same period last year

Toyota had 17 percent of the market with sales of 31 793, Ford 14,1 percent with 20 726 and Nissan 13,1 percent with 19 273

Assocom forecasts 11-12 pc inflation

THE Association of Chambers of Commerce expects the rate of inflation to rise this year to between 11 and 12 percent from the present 10,2 percent.

In a memorandum issued at its mid-year council meeting it forecasts a difficult year for the economy with no serious upturn before 1985

It says the weak gold price and the drought are major problems

Assocom believes expenditure on drought relief will far exceed the R460-million budgeted for the present tax year. But economic recovery in the industrialised world should improve prices of minerals apart from gold, increasing South African export earnings.

At a Press conference after the meeting the president, Mr Bill Yeowart, said members were unanimous that the business community should be consulted on means of financing the new tricameral parliamentary system.

Sentrachem forms new chemicals division

SENTRACHEM has formed a new chemicals division which will contain National Chemical Products and Klipfontein Organic Products, with an annual turnover of more than R200-million.

Mr Chris Orpen, a senior general manager at Sentrachem, has been appointed chairman of the new division and Dr John Job its managing director

Mr Dave Marlow, managing director of Sentrachem, said. "The new division will be able to seize opportunities which could not have been contemplated by either KOP or NCP on their own."

A new specialities division has been formed from companies formerly NCP subsidiaries They are Poly Resin Products (formerly NCP Resins), Styrochem, a major polystyrene producer, Sagex, the expanded polystyrene producer and converter, and the NCP Yeast companies

Its chairman will be Mr Bob Larter, formerly managing director of NCP.

Audrey d'Angelo

Gold at $373

GOLD was fixed at $373 (R480,85) an ounce in London today, against the close of $373 in New York and $373,25 in London, Reuter reports

It gained $1,50 in New York yesterday when the dollar weakened on concerns of central bank intervention to halt the currency's rise, dealers said

The rand opened in Johannesburg today at $0,7757 after yesterday's close of $0,7765

London gold fixings were.

	Dollars an ounce	Rands a kg
Today 10 30 am	373 00	15 483 96
Yesterday 3.00 pm	371,75	15 392,31

[illegible]

Wall St steady

NEW YORK — The stock market showed little change late in yesterday's session Trading was active

The Dow Jones average of 30 industrials, which moved within a narrow range for most of the session, edged up 1,67 to close at 1167,19 Declines slightly outpaced advances and volume rose to 101,81-million shares from 100,59-million in the previous session. — Sapa-AP

London retreats

Argus Foreign Service

LONDON — Fears that interest rates would rise still higher undermined confidence on the London Stock Exchange yesterday Leading equities fell for the fourth session in a row and the FT index eventually closed 11,3 down at 884,9, representing a slide of nearly 38 points from the peak.

Rand today

BARCLAYS BANK rates for the rand today

	Sell	Buy
US dollar	0,7725	0,7825
Sterling	180,3885	176,5495
Can dollar	9945	1,0190
Belg franc C	43,2000	44,1500
Belg franc F	43,5000	44,5000

Golds

JOHANNESBURG tended slightly eas on the Johannesburg today in spite of holding firm at a

The easier trend lack of interest, losses ranging to Doornfontein at issues slipped average However, showed similar were down, six up

Mining financials shadowed golds, An to 2275c and Rus 10c to 1490c, but o steady with diamond up 2c at 922c

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From left: Price,

MINING

MIN. - COAL		
AMCOAL	3050	25-
A.T COLL	3100	
ANGLOCOL6%PP	178	
APEX MHN	3000	
CLYDSDL	1685	
MCALPNE	430	
NAT COAL	280	
TRNS NTL	875	
VIERFNT	50	2-
WANKIE	24	
WELGDCT	260	10-
WIT COLS	5150	
MIN. - DIAMONDS		
ANAMINT	11400	A
BRDACRE	440	A 3-
DEBEERS	922	2+
THERON	40	SUSP
TRNSHEX	330	
MIN. - GOLD - RAND & OTHERS		
MODDER	760	
DBN DP	3600	
E DAGGA	640	
E DAGEA OPT	370	
E T CONS	3225	
ERGO	1080	
ERGO NPL	200	
ERGO CD	1475	
E R P M	1800	25
E R P M OPT	290	10-
EGOLI	220	2-
FALCON	400	
GROOTVL	1585	15-
MARVALE	480	
PRIM G M	850	
RANDFNT	18250	
SIMMERS	620	
SALLIES	810	5+
STH RDPT	360	5-
STHRPT10%CPP	350	B
VILLAGE	160	
VLAKS	360	5-
W.R CONS	1075	
W NIGEL	340	5-
MIN. - GOLD - EVANDER		
BRACKDN	387	2+
KINROSS	3275	25-
LESLIE	415	
WINKELS	6550	50+
MIN. - GOLD KLERKSDORP		
AF LEASE	630	
BUFFELS	7625	B 25+
HARTIES	10250	50-
SOVAAL	7725	25-
STILFTN	1825	
VAAL RFS	15200	50-
ZANDPAN	1665	A 20-
MIN. - GOLD - O.F.S.		
FREGULS	4800	
HARMNNY	2650	
LORAINE	685	B 10-
P BRAND	5125	
P STEYN	6500	
ST HELNA	4100	50+
UNISEL	1675	15+
WELKOM	1510	
W HOLDS	5900	B
MIN. - GOLD - WEST WITS		
BLYVOOR	1715	10-
ARO	[illegible]	[illegible]

ADE kills Louisville —others vulnerable

(192) S. Times 27/7/84

ONE of the most famous names in world trucking is leaving the South African scene It is the most distinguished casualty so far of the Atlantis Diesel Engine local content programme.

By Colin Haynes

Ford says the up-market premium Louisville truck from the United States will be pulled out at the end of this year because there is no suitable ADE engine for it

As the Ford Louisville prepares to follow the Oshkosh into the post-ADE sunset, speculation increases that other well-known models at the heavy premium end may follow

In spite of denials, other manufacturers may adopt Ford's reluctant decision that it is not prepared to risk compromising a distinguished name by fitting power units which do not fully satisfy its own engineers in certain applications

Cummins

However, not every manufacturer is in a position to give notice of its intentions in the way that Ford has done

The Louisville, fitted with imported Cummins diesels, has such a high reputation in South Africa that there promises to be a scramble for the few still likely to be available.

Indeed, demand for the last Louisvilles to be sold in South Africa could see the present record price of R111 000 for a Louisville tractor unit surpassed, especially by buyers wanting to get in before increased general sales tax and the inflated dollar push prices up further

Ford's readiness to disclose its policy so early was influenced also by the fact that it has another complete truck range to develop in South Africa

The Cargo from Europe was among the first to fit ADE engines and lends itself much better than the Louisville to expand its coverage of the SA market as both ADE and gearbox-maker ASTAS develop their power train choices

As the world's leading manufacturer of commercial vehicles of all types, Ford not only intends to stay on in South Africa but to take a bigger stake than ever in the trucking scene

This was confirmed to Trucks and Trucking by Ford SA's heavy truck sales and marketing manager, Alan Henderson, who forecast a lot of additional engineering, manufacturing and marketing activity around the Cargo range

He says "Ford is heavily committed to South Africa's truck local content programme and Cargo was the first completely new range fully engineered for ADE We need to go the local content route with the Louisville also, but at present we just cannot package the right hardware"

Larger

Mr Henderson stresses that this is no criticism of ADE or its engines, which have shown up well in extensive Ford engineering evaluation They will be used in an expanded range of Cargo models

"But we need larger engines to meet the demands of the high-speed maximum load applications in which the Louisville has been so successful"

The Louisville will continue to come in for the rest of this year with the American power train centred on the big Cummins engine Ford has pledged to back the premium trucks with a parts and service back-up "as long as there is need for it"

Ford's decision will spark off fresh South African interest in what is happening overseas to the Cargo range and could widen the range of derivatives of the award-winning European Ford

The managing director of Ford's UK trucking operations, Dave Hurst, says a 34-ton Cargo is due this year and more big variants are in the pipeline

He talks from a position of strength — Ford UK has a whopping 40% share of some British commercial-vehicle market sectors

Senior executives confirmed to me in London earlier this year that they saw South Africa as one of their most important export markets with great potential for expansion

What the giant multinational's plans are, Ford SA will not disclose But its rivals are watching closely to see what the development engineers in Port Elizabeth are giving the ADE treatment to next

It is known that the manufacturing resources for Cargo are being increased as forecasts of increased sales require it to be brought into the production mainflow along with the new generation of cars and bakkies

More work for Cargo

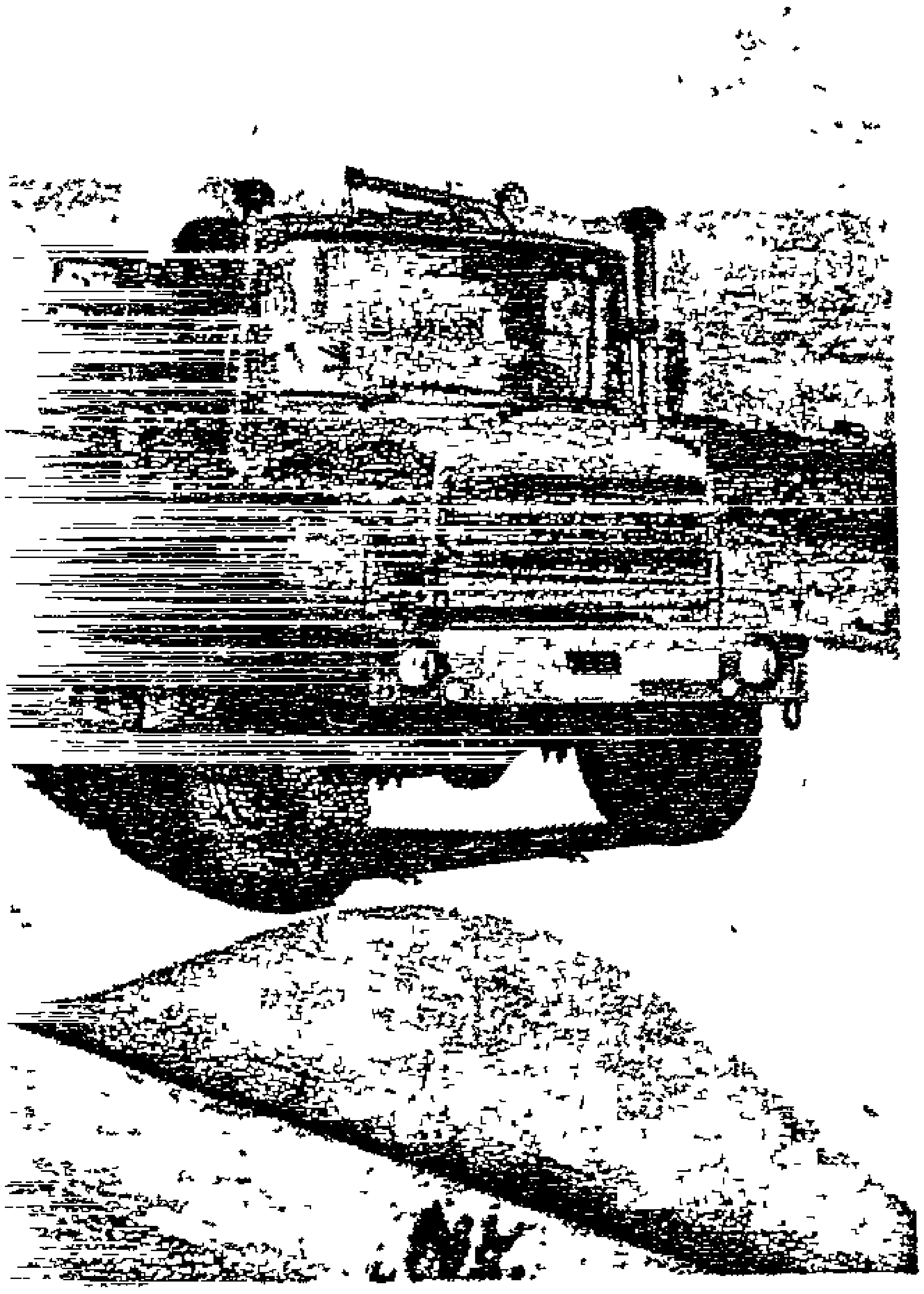
Although the Louisville is due to come off the market at the end of this year because there is no suitable ADE engine for it at this stage, Ford is developing its Cargo range to cover an even wider spread of operator requirements Production capacity is being stepped up and Ford's trucking plans are discussed here by the plant manager, Ken Nolte (left), and heavy truck sales and marketing manager, Alan Henderson. With them is one of 33 Cargo trucks being built for the Cape Provincial Administration

Samils head for export markets

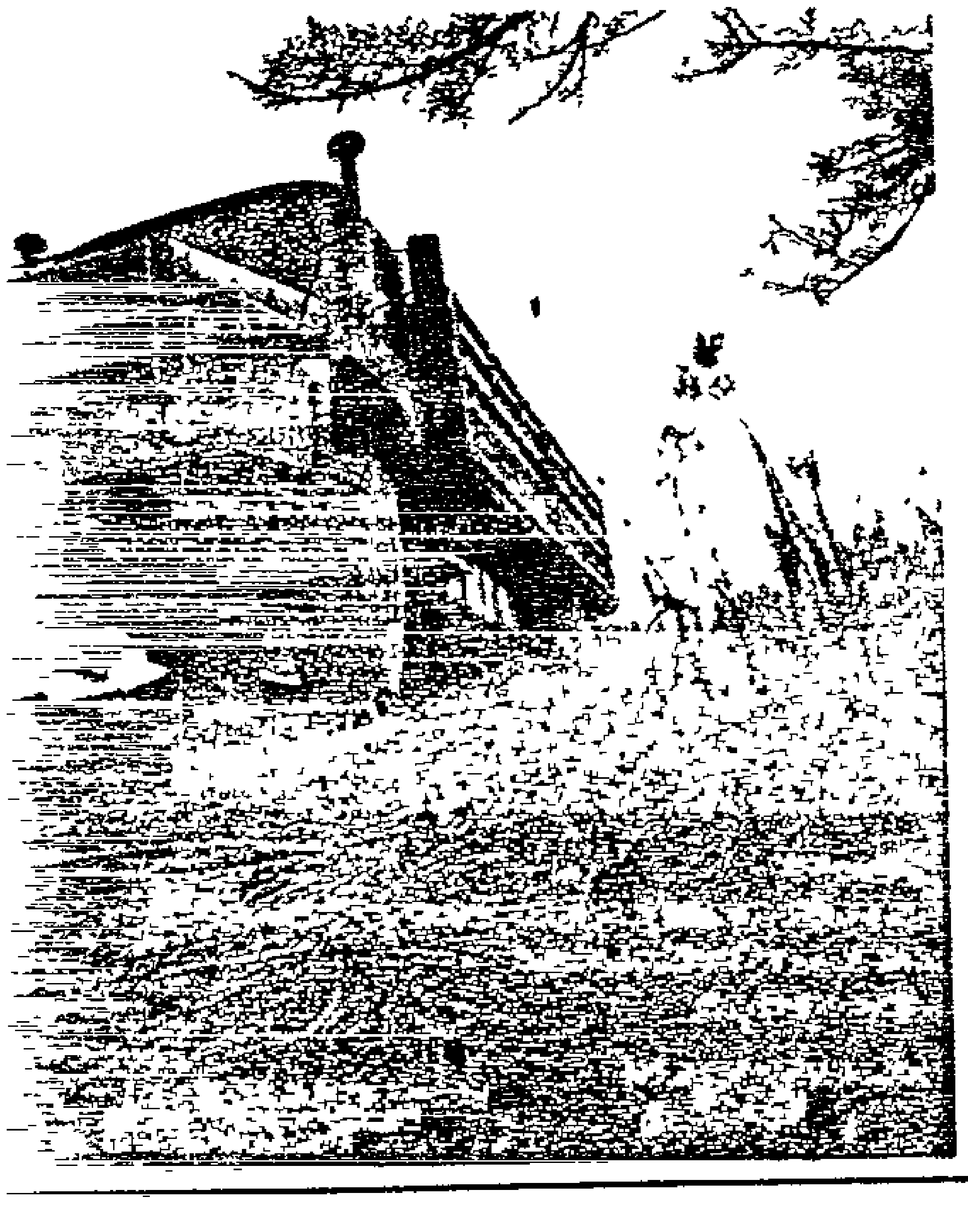
S. Times 27/5/84

192

THIS year marks the 20th anniversary of the start of a programme to change the whole structure of South Africa's most important fleet of trucks



vehicle testing facilities has been established outside of the Samil range of military vehicles. Two of them



In an operation said to be without parallel, the military vehicle division of Armscor has equipped the South African Defence Force with the most remarkable range of vehicles conceived in a single engineering development programme of its type since the Second World War

In 1964, the SADF began a far-reaching survey of its military vehicle requirements The action was taken ahead of the United Nations arms embargo which came into full effect in 1968

Secrets

Twenty years after the start of that survey, SA has three new families of military truck, called Samils and with more than 70 different body variations

Details of the model mix and build numbers at SA's biggest truck-making plant, Magnis, are secret. But estimates published overseas put production so far at about 12 000 units, not counting the civilian Samag range spawned by the military Samils

The real triumph for South African trucking is that the Samils have proved so good that Armscor is developing export markets for them

The authoritative Jane's Review of Military Vehicles says "It should not be long before purchasers appear

"The Samil truck range is without doubt the successful outcome of a long chain of operational experience and expertise The vehicles involved have all been system engineered to meet the very demanding requirements of the South African Defence Forces down to the last detail "

"The Samil range is now 'combat proven' and in that process has proved to be extremely reliable, efficient and tough. To achieve this no remarkable technology has been utilised, or any particular magic formula

"All that has been applied is a thorough systems approach, a simple design philosophy and sound engineering The result is excellent."

High praise

That is probably the highest praise ever to come from abroad for any South African engineering or industrial project.

To celebrate what has been achieved, it seems appropriate to take a closer look at the wheels which keep the SADF trucking We cannot be too specific about engines because of security requirements surrounding an active engineering development programme.

All three basic truck families have diesel units pushing out about 80kW in the Samil 20, 120kW in the Samil 50 and 200kW in the big Samil 100 model range.

These are the three distinct model families, with extensive variations played on their basic themes

Wheel change

The Samil 20 had German Magirus-Deutz and Unimog origins Magnis has developed with Armscor a two-tonner with forward-control cabin, drive to front and rear axles to give a full 4x4 configuration, articulated chassis to cope with extreme terrain and several interesting design details, including a miniature "crane" to enable one man to change a wheel.

There are several distinct forms of the Samil 20, including some offering a remarkably high degree of protection against mines and small-arms fire while preserving payload capabilities

One of the best-known is the Bulldog armoured personnel carrier with open rear body and its brother, the Rhino, with fully enclosed rear

Bulldogs and Rhinos look hairy when they corner at speed, but the centre of gravity and vertical stability are much better than they appear and inexperienced troopie drivers have to come up with good excuses if they are to get away with tipping one over

Human fly

Like the other Samils, it can cope with up to 18 degrees of side slope, ford water well over a metre deep and has a particularly impressive 87% maximum gradability That's not a misprint — the 20 is about the closest in wheeled trucking to the human fly

The five-tonner in the family, the Samil 50, is now also so far removed from its European origins as to become an original South African truck. It is a 4x4 with remarkable climbing and cross-country agility, even when hauling its maximum 4800kg payload.

Gun tractor

Top of the line-up is the Samil 100, derived from the 50 but much longer and more powerful with 6x6 configuration. It has a payload in general purpose form of 10 000kg and there is a particularly impressive tipper truck with a nominal 7,5 cubic metre body

The Samil 100 also comes as a recovery unit and there is a highly specialised gun tractor

In addition to its remarkable achievement in developing so many military trucks, Armscor produces a full family of specialised trailers for them This is believed to total about 80 different types, about half of them semi-trailers, with capacities of up to 60 tons.

Ford's bakkie makes it in UK markets

(192)

Star

(7/4)

28/5/84

Financial Staff

Ford SA is relying increasingly on the export of locally designed and produced bakkies

Motivated by the need for increased volume from highly capitalised tooling, a long-term export programme started in 1982 is now bearing fruit.

Based on the Mark 1V Cortina, the P-100 one-ton pick-up is being exported to Ford UK It is a best-seller in Britain

The Escort-derived Bantam light pick-up might soon be added. It was being sold at the rate of 600 a month on the home market.

The South African bakkie was filling a European market gap previously dominated by European and Japanese manufacturers. The export flow had already reached a level equal to more than 20 percent of local car sales

The spokesman said that increasingly automated manufacturing made the export potential of the company's products more important than ever.

The motor industry would welcome any help the Government could offer in the form of export benefits

~~39~~ 192 ~~153~~ ~~220~~

City motor trade booms in rush to beat 10% GST

Staff Reporter

THE rush for cars is on in Cape Town as buyers climb in to avoid paying hundreds of rands — and in some cases thousands — when GST goes up

Everyone in the motor trade, from those in the second-hand market to those dealing with six-figure jobs, appears to be experiencing a boom, with an even greater rush expecated when the tax deadline approaches at the end of next month.

Mr David Wayne, manager of Market Cars, said that although the GST increase was announced only on Friday, there had already been a general upturn in demand for second-hand cars

LIKE CHRISTMAS

"We are expecting a big rush, like the last weeks before Christmas We had the same thing last time when GST went up by one percent, but this time it's three percent," he said.

On a second-hand car costing R5 000 a buyer would pay R150 more, and would be reluctant to pay the extra cash.

He said he expected three months' business to be squeezed into six weeks and there could be a slump once GST was increased, before the market returned to normal

FLASH IN PAN?

Mr Jack Kerby, franchise director of Porter Sigma, said that an improvement in sales was noticed on Saturday and yesterday following the announcement on Friday that GST would go up in July

"Whether this was a flash in the pan, we must wait and see," he added

On an average R10 000 family sedan the new GST would add R300 to the price This was the difference between buying a good car radio or a sun roof, he added

Mr Piet Slabbert, managing director of Motors WP Porsche, said that since the GST announcement more pending deals had been concluded

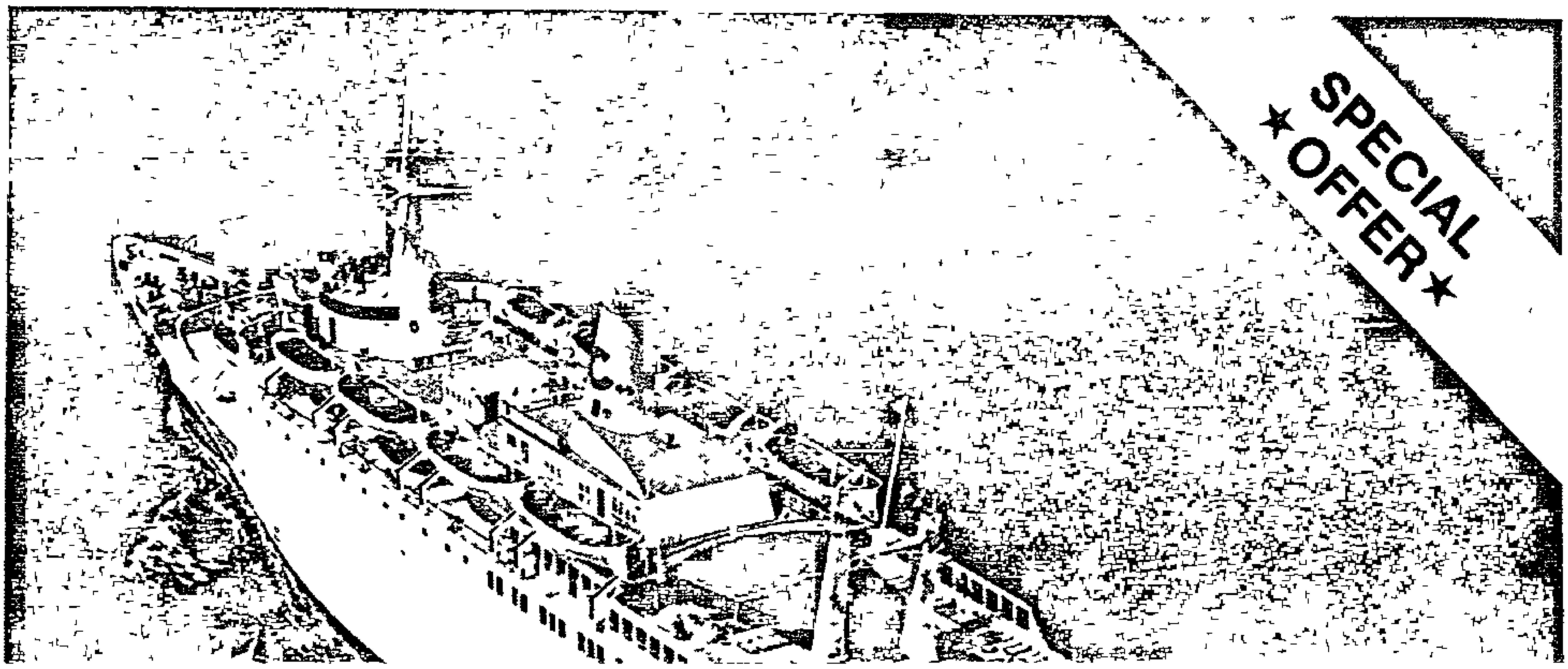
In one case this involved a car costing R102 000 If the buyer had delayed until July this would have added more than R3 000 to the price

Although this might be "peanuts" to such buyers, to people in that income bracket "tax" was a dirty word, he added

40 electrocuted

DELHI — Forty passengers were electrocuted when luggage on top of a bus touched power cables near Allahabad. — Sapa-Reuter

Bazaar, an American magazine, says i
modelling. From left: Paulina, Nancy D
Severance. The magazine made its



German strike: VW can assess impact soon

(192) E. Post

26/5/84

Weekend Post Reporter

VOLKSWAGEN South Africa expects to know by the end of next week whether the metal workers' strike in West Germany will affect production in Uitenhage

There are signs that the West German strike, which will shut down the VW supply plant on Monday, could be over on Friday — in which case work at Uitenhage would not be affected

But if it continues beyond this week, production in Uitenhage could be disrupted by mid-July.

A prolonged stoppage in Germany would shut down the Uitenhage plant

General Motors SA, which draws supplies from Opel, said the strike (which will close Opel in Germany on Monday) would not have any immediate effect on Port Elizabeth production

"We have adequate box stocks at the moment, but the long-term situation depends on the duration of the strike," a spokesman said

A spokesman for Mercedes Benz in East London said in-plant supplies should last four months, hopefully rendering the company immune from a short-term strike

Volkswagen SA's public affairs manager, Mr Ronnie Kruger, told Weekend Post "They are stopping work at our supply plant in Germany on Monday evening, but it's a short week in Germany with the holiday on Thursday, and there appear to be signs the men will go back after Thursday

"In that case it would just be a three-day stoppage

"If the strike continues longer than that we could have a problem in July It depends whether they have sufficient in-plant bits and pieces to satisfy our demands

"If it continues and they don't have enough components to see us through, we won't be able to build cars

"We have different lines for different products, so we may have a shortage on some lines which would shut them down

"We could eventually have a shortage on all lines which would close them all down Or we may have no shortage at all These are the possibilities

"The components we get from Germany are varied but some are critical components, among them transmission systems

"We have stock in-plant to last till the end of June

"I don't know what is in transit at the moment, but hopefully there is a shipment on its way, so that would take us into July"

● In Bonn, marathon talks between West German employers and representatives of the metal workers, who are demanding a 35-hour week, ended last night with no sign of compromise But fresh negotiations were set for Tuesday, Sapa-Reuter reported today

Strategy outlined for black vehicle market boom

192 E. Post

9/6/84.

By LOUIS BECKERLING
Business Editor

RETAILERS of high-ticket durable goods may take a leaf from the dissertation which gained for motor industry executive Mr Ian Thomas a Master of Business Leadership degree from the University of South Africa

"It is suggested . that the next upturn should herald the start of the era when black purchases of passenger vehicles will constitute a worthwhile segment of the market

" it would appear prudent to set marketing plans in action now during the current recession "

The comments are included in a paper titled *A Marketing Strategy for the Expected Growth in Black Purchases of Motor Vehicles*; one of four dissertations presented by Mr Thomas in support of his MBL

Reviewing his industry, Mr Thomas highlights the salient characteristics of the manufacture of vehicles and their potential market (and, no doubt, broader parallels may be drawn with other industries)

He notes that the country has more manufacturers than are economically justifiable, and underlines this with a staggering set of statistics

At the launch of Phase 3 of the local content programme (January, 1971), there were 11 manufacturers producing 110 variants for a 200 000-unit market, today there are 10 manufacturers with 220 variants in a 300 000-unit market

This level of unit demand, he notes wryly, is equivalent to "the volume produced by the smallest division of General Motors in the United States in a good year"

With the limitations of market size aggravated by escalating local content requirements, manufacturers, he argues have been suffering severely

"It is estimated that collective losses were running at up to R50 million per annum in the '70s "

(At a recent seminar held in Port Elizabeth a speaker from Ford (SA) Pty Ltd said return on Ford's South African capital was some 30% lower than would be expected from comparable investment levels in the US)

"In truth it has been stated that there is room for no more than four or five manufacturers, so there must be another reason for them all remaining," observes Mr Thomas in his paper

"This is to be found in the market potential that the black buyer offers "

And what is that potential?

- An analysis of the demographics of the SA market shows the black population increasing by 76% from 20,4 million to 36 million betweem 1980 and 2000

- Disposable income of blacks will increase by 64,7% during the same period, compared with 32,5% for whites

- As a result of these trends and the associated changes in lifestyle, the Board of Trade and Industries estimates that car ownership among blacks will increase 551% over this period, compared with 88% for whites

Having argued the case for a strategy to exploit this burgeoning market, Mr Thomas proceeds to a conventional "swat" analysis and isolates a number of recommendations

- The target market should be narrowed to younger and better educated blacks in the PWV area

In support of this contention, Mr Thomas points out that of the current population of 20 million blacks, nine million are in urban areas with nearly seven million of these in the PWV area

"If 30% of these are in the age group 18 to 34 (the HSRC estimates this will rise to 75% by the year 2000) then we are looking at a prime target of two million in the PWV area with a further 0,75 milion in the other urban areas "

- No manufacturers have developed products specifically for the black market, and indeed there is great danger inherent in doing so, as such black-tailored products are generally rejected as deliberately inferior

- However, given the considerable cultural divide between whites and blacks and problems of differing perception of marketing campaigns, he suggests "a new and separate system for marketing plan development be set up"

- More detailed suggestions regarding advertising include the observation that these should be vigorous and action-packed, of the, "show-and-say" variety, informative, and generally avoid symbolism (much of which is too often interpreted literally, as with the documented case of Black Cat peanut butter perceived as a jar containing cat meat)

Considering the implemention of his theories, Mr Thomas observes that the next economic upturn presents manufacturers with an opportunity to launch such a new strategy

Regarding organisational structure he emphasises that a separate marketing section responsible for the black market should be established

"This should be staffed by professionals and not, as so often happens, by salesmen who see themselves as marketeers or persons from other disciplines who fancy themselves in marketing because of their product knowledge

"This section should, if possible, contain some qualified blacks, not as window-dressing, but to gain insight into the culture of the market, and facilitate communications "

The first job of the new section would be data collection and "this will involve quite extensive market research as there is very little in-depth information available off the shelf

Collection via direct observation is "not a feasible technique for high-ticket items, mail questionnaires are cheap but contain a significant degree of error; telephone interviews are fast and inexpensive but too few blacks have telephones, and this leaves individual, or panel interviews Panel interviews are expensive, and individual interviews are preferred"

Having observed black mistrust of tailor-made products, Mr Thomas offers little specific advice on product differentiation, other than observing that product availability should dictate strengths

Disitribution, he argues, should take place from within the "white" areas as opposed to within black residential areas

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O'Dowd (130)
Vilakazi (131)
Le Roux (132)
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BMW workers now best paid in industry

192

Star 19/6/84

Labour Reporter

Automobile workers at the BMW factory in Pretoria are to receive wage increases averaging 13 percent as from July 1.

The announcement was made yesterday after an agreement was concluded between BMW and the National Automobile and Allied Workers' Union

The increases, pushing the minimum hourly wage at the plant up to R2,73, will mean that the BMW workers will be the highest paid in the motor industry.

Also negotiated in the agreement is an attendance allowance ranging from 5c an hour to 12c an hour depending on length of service, and a guaranteed bonus ranging from four percent to 8,33 percent also depending on service

Sowetan 21/6/84

192

Wage hike for workers

THE National Automobile and Allied Workers Union (Naawu) has signed a wage and working conditions agreement with BMW South Africa covering more than 1,500 workers.

In a statement to **The SOWETAN** yesterday the company said that the hourly-paid workers will receive a wage increase of more than 13 percent effective from July 1984 to June 30, 1985.

This raises BMW's minimum wage to R2,73 an hour — the highest in the country's motor manufacturing industry, according to the statement. The effective average wage has been increased to R3,30 per hour.

BMW was forced to close its plant in Rosslyn early this year following labour unrest sparked-off by wage demands and working conditions The company later re-opened its doors for the thousands of workers

The company has also reached an agreement with the union on certain changes in the working conditions A service attendance allowance ranging from 5 cents per hour to 12 cents per hour depending on length of service will be awarded

The company has also undertaken to pay a guaranteed bonus ranging from 4 percent to 8,33 percent depending on length of service, according to the statement.

The union's branch secretary, Mr Charles Nthite, said that the wage negotiations which took almost six weeks, were "tough" and he was "quite happy with the outcome"

He said that management has shown great co-operation with the union and hoped that they will keep good labour relations with them in future

"This is a major victory for us," he said

German strike hits PE

Star 28/6/84

Own Correspondent

PORT ELIZABETH — The six-week strike by German metalworkers has forced General Motors to begin a four-day working week from tomorrow because of a shortage of vital components.

The assistant managing director of GM, Mr Rod Ironside, said today the situation had been caused by factors completely beyond the control of GM. The company try to minimise the impact on staff

The move would affect about 2 000 workers at GM's vehicle assembly plants, while the truck and commercial assembly plants, which were Japanese sourced, would continue as normal.

Car workers strike over pay demand

Star 192

28/6/84

Pretoria Correspondent

About 3 000 workers from three motor assembly and car parts companies in Rosslyn — Nissan and its two sister companies, Magnis Truck Corporation and Motoware — downed tools today over a demand for a wage increase

Night-shift workers are expected to join their day-shift colleagues to show the management their dissatisfaction with an increase they have been offered.

The strike follows a deadlock in negotiations between the management of the companies and the United African Motor and Allied Workers' Union.

A meeting, attended by about 2 000 workers, was told yesterday that management had said that the companies had been working at a loss and could not afford meet the demands

Union representatives said "We even reduced our 75c-an-hourcame demand to 45c across the board but they told us that, even if we went down to 20c, they would not agree"

Mrs Dorah Nowatha, secretary of the union, said they would meet management again today to try to end the dispute.

A company spokesman refused to comment on the strike.

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192

'German strikes highlight SA industry vulnerability'

E. Post 28/6/84

By WENDY FRAENKEL

THE seven-week-long metal workers' strike in West Germany, which has directly led to General Motors in Port Elizabeth cutting work to a four-day week in their vehicle assembly plants as from June 30, shows how vulnerable the South African assembly manufacturers are

This was the opinion of Mr Bill Hayward, director of the National Association of Automotive Components and Allied Manufacturers (Naacam), who was reacting to the report that about 2 000 workers in Port Elizabeth would be affected by the strike

"If we could have more local content, especially steel items, in the production of our motor vehicles, instead of importing the amount we do, it would prevent problems like this happening in the future," he said

"I would like to see 100% of our components manufactured in South Africa but realise that certain items, like carburettors and other parts, cannot be manufactured here"

He believed that if local industry could be fully supported, prices of vehicles could be held down, job losses could be reduced and in the short term there would be a greater job stability

"I would also like to see the cutting down of the number of models made here — South Africa has far too many models The Australian Government is re-examining the motor industry there and intend to reduce the number of models from 13 to six per manufacturer," he said

A spokesman for the National Association of Automobile Manufacturers of South Africa (Naamsa), said that on the other hand that increasing the local content would be "economic suicide"

"Our market in South Africa is far too small as it is to make the local manufacure of all components viable

"Producing them all locally would prove very expensive and would be detrimental to inflation and would push up the price of motor vehicles," he said

"We are also reliant on overseas research, development and technology in the motor industry and the South African industry reaps the benefit of this sophisticated technology which is both pioneered and applied there."

29/6/84 RDM

Nissan production halts as 5 000 workers strike

~~66~~ 192

By PHILLIP VAN NIEKERK

ABOUT 5 000 workers yesterday brought production to a halt at the Nissan motor plant and at two sister plants, Magnis and Motoware, in Rosslyn near Pretoria, when they went on strike, demanding higher wages.

The action followed a mass meeting of several thousand workers in Mamelodi on Wednesday night, where they were informed of the wage deadlock between Nissan and the United African Motor and Allied Workers' Union (UAMAWU)

Nissan is offering increases ranging from 8c to 10c an hour, while the union is demanding an increase of 45c across-the-board.

The workers have said they will not go back until their demands are met, while Nissan has refused to resume negotiations until they end the strike

The union will be meeting with the company today in an attempt to break they deadock.

About 3 000 workers downed tools at 7am and later assembled outside the plant, where they were addressed by union leaders through a loudhailer They dispersed peaceably, after agreeing to return today to collect their pay

The day-shift workers were joined by night-shift workers yesterday, bringing the total number of strikers to about 5 000

A spokesman for the UAMAWU said they were demanding a wage in a situation where the cost of living was constantly rising, and where the new general sales tax implementation was going to hit the entire black community

Mr C V Strydom, the industrial relations director of Nissan, said negotiations of "normal bi-annual conditions of employment" between the UAMAWU and the company had taken place in the past week

Striking workers outside the Nissan plant in Rosslyn, Pretoria, yesterday.

ris Rea

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ISH pop star s Rea, at pres- n the charts h Africa with ngles and an will join forces erican country the Bellamy ers as a July holiday double ion at the Sun perbowl.

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r a car acci- t last August, ar-old Thinus was in a nd not expected

three months e came round , as a result of ion and in- therapy, he can talk again.

Page 7.

Serfontein

iird time nlucky?

INGBOK Divan fontein, in great again since the tour, leads a rn Province as- against Northern vaal at Loftus tomorrow — the very real of the Blue losing their third match in own paddock.

rtherns sup- have been sent by two success- ts at Loftus in past six weeks —

'Shooting' of hiker: man held

Own Correspondent

CAPE TOWN — A 30-year-old man from Brakpan in the Transvaal has been detained for questioning in connection with the alleged shooting of a hitch-hiker near Beaufort West

Detectives detained the man early today but no charges have been laid.

Police are still engaged in an intensive search for the body of the hiker, allegedly killed by a motorist who gave him a lift.

The hiker is alleged to have been shot almost a month ago and the killing witnessed by a Pinelands schoolboy and his sister, who were travelling with the alleged killer.

Motor strikers resume talks

29/6/84 Star (192)

The management of three motor assembly and car parts companies in Rosslyn, Pretoria, has resumed negotiations with the United African Motor and Allied Workers' Union in a bid to end a two-day strike

Mr Phineus Kgwadi, the union president, said the management of Nissan Company and its two sister companies, Magnis Truck Corporation and Motoware, started negotiating yesterday and the talks were continuing today.

The negotiations follow a strike by about 6 000 workers after dissatisfaction over wage increases offered.

The companies offered increases of from 8c to 10c an hour, but employees demaded 75c across the board — later reduced to 45c.

Most of the striking workers are members of United African Motor and Allied Workers' Union

The decision to go on strike was taken unanimously at a general meeting attended by about 2 000 workers at the YMCA in Mamelodi on Wednesday night.

Today workers said they became suspicious when management delayed issuing notices about July increases — usually issued during the first or second week of June

Workers said they would hold out for their demands — Pretoria Bureau and Pretoria Correspondent

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Topic is pay not unrest — miners

Star

Labour Reporter

29/6/84

The National Union of Mineworkers has turned down an offer to meet the Chamber of Mines to discuss ways of averting possible unrest on gold and coal mines in coming weeks

"We do not have a mandate to meet the chamber on any other issue except renegotiation of wage issues," the NUM general secretary, Mr Cyril Ramaphosa, said today "We are dismayed the chamber do not see their way clear to meet us"

It would be a case of waiting to see what happened when the chamber announced increases to be implemented on July 1

The union asked the chamber to resume wage negotiations this week following the strike by 1 700 at Anglo American's Vryheid Coronation Colliery over wage grievances

The chamber said it would be happy to discuss ways to avoid unrest and violence but not announced wages and conditions

There were wage-related stoppages at Rietspruit colliery and Dover Colliery in Witbank, neither affiliated to the chamber

Mr Ramaphosa said the stoppage at Rietspruit followed management's unilateral wage announcement.

The stoppage by about 800 at Dover occurred this morning when management announced increases after a dispute was declared by the union last week

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Rabies in Natal may get worse than deadly 1980's

Own Correspondent

DURBAN — Natal is on the brink of a serious rabies epidemic that could become worse than that in 1980 when 30 people died

Dr Bill Posthumus, head of veterinary services in Natal, warned today that the latest increase in the number of cases in rabies was of grave concern and that unless immediate action is taken a epidemic is in the offering

CONFIRMED

"In the month of June we have had nine confirmed cases of rabies, three in dormitory areas in Durban

"On Monday staff from our department will start on a whole new inoculation campaign."

He said that in the last 12 months 80 rabid animals had been found in Natal, 60 of them in white areas

"I must point out that we had had fantastic response from the public, but there is a small community of people that we are unable to get to through television and newspapers and this is where our problems come from," said Dr Posthumus

Transvaal holiday-makers have been warned to inoculate against rabies any pets they intend taking to Natal

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SPEAK OUT!

Cigarette smoking is a nasty, anti-social, health-damaging habit — or so the ever-growing anti-smoking lobby believes.

Non-smokers are a bunch of interfering busy-bodies — or so the ever-dwindling band of nicotine addicts maintains.

Which group is correct?

This week, one European country introduced sweeping new curbs on smoking in public places. How do Johannesburgers feel? Should smoking be banned — or confined to certain areas? Is smoking really as harmful as we are led to believe?

Speak out on the subject this afternoon, from 5 to 6 pm Both lovers and haters of cigarettes are invited to ring 633-2206 or 633-2354 and air their views.

SPEAK OUT!

R100 000 cover for Soweto's mayor

The Mayor of Soweto, Mr Ephraim Tshabalala, is insured for R100 000 against "murder or death" while executing his duties The expense is being carried by the Soweto City Council.

In the event of him becoming temporarily incapacitated while carrying out his duties, he will receive R2 000 a month for an unstipulated period.

These insurance figures were yesterday unanimously accepted by the full seating of the at its monthly meeting

They are also insured against any "event of war" taking place (in South Africa).

The council's insurance includes a R1 million cover for the "re-establishment" of records destroyed under any circumstances.

The total annual insurance premiums paid for the councillors, senior employees and other council assets are more than R105 000

The council's decision to insure its mayor and councillors has been taken at a time when several of council members' houses have been petrol bombed

U'hage plant may escape effects of metal strike

192

E. Post 30/6/84

By CLAIRE PICKARD-CAMBRIDGE

WITH luck, Volkswagen's plant at Uitenhage may escape any repercussions from the metal workers strike which has closed down their suppliers in West Germany

Production at the Uitenhage plant has not been affected yet by the strike called by IG Metall in West Germany and no reduction of the working week has been contemplated, according to Mr Ronnie Kruger, public affairs manager at the company

Mr Kruger was responding to queries following this week's announcement by General Motors in Port Elizabeth that it was being compelled to switch to a four-day week

Mr Kruger said that up until now Volkswagen in Uitenhage had managed to secure the component supplies they needed to keep their customers satisfied

Although their plant was sensitive to the strike as a subsidiary of the mother company in Germany, there was no question of laying off any staff, he said

Meanwhile a Sapa-Reuter report says that in Bonn yesterday major West German car manufacturers have stated they were ready to resume production in the next few days after the seven-week strike

The announcements by Opel, BMW, Porsche, Audi, Daimler-Benz and Volkswagen followed the compromise reached by the metalworkers' union and employers to end a dispute over working hours

The deal is for a 90-minute cut to 38,5 hours and a 2,2% pay rise from next April, an interim rise of 3,3% from next Sunday and a single payment of 250 marks (R120)

The union, IG Metall, had sought a 35-hour week without loss of pay but it joined employers in endorsing the deal in the Stuttgart region and negotiators in Hesse state are meeting to decide whether to follow

Union members in the Stuttgart area have begun voting on whether to approve the settlement and early returns indicated a high turnout, officials said

Results are due on Monday night after a second day of balloting but only 25% of the 250 000 voters need say "Yes" to the deal for a return to work by Tuesday

Employers in the region lifted lock-outs yesterday morning

Spokesmen for the car companies said they did not expect to be able to recover all their production losses this year, although some ground could be made up

In Stuttgart a spokesman for Daimler-Benz, where workers have been on strike since May 17, said car and truck production would resume on Tuesday if the dispute ended on Monday

The conflict, described as the costliest in West German labour history, has lost car firms more than nine billion marks (R4,26 billion) in sales, according to industry estimates, and affected production in other European car plants

Pretoria employees want 75c per hour increase

Sowetan 29/6/84 192

3 000 car workers strike

ABOUT 3 000 workers at three motor companies in Rosslyn, Pretoria yesterday went on strike over pay demands.

SOWETAN
Reporter

Workers resolved at a report-back meeting held in Soshanguve on Wednesday night to down tools until management meet their demand of 75 cents across the board hourly increase. The affected companies are Nissan and its two sister companies Magnis Truck Corporation and Motorware (Pty) Ltd.

The striking workers said it was high time companies were made to realise that workers' income had to be considered each time costs of living went up They said it did not mean authorities were unable to meet "a small amount we want " Black people always had to suffer before getting what is theirs

"We are in fact tired of being graded into different sections when all of us are responsible for production These are some of the deliberate actions by authorities to further divide us," they said

A representative for the United African Motor and Allied Workers' Union, Mrs Dorah Nowatha, said management refused to listen to the workers' plight even after the union had come down to 45 cents across the board increase

"We were told that even going as low as 20 cents would solve the problem," she said

Mrs Nowatha said her union would continue negotiating to try and end the dispute

300 VW workers out on strike

E. Post
30/6/84
192

By CLAIRE PICKARD-CAMBRIDGE

ABOUT 300 workers went on strike at the Volkswagen factory in Uitenhage this week following a dispute initially sparked off by a clash with a supervisor.

Mr Fred Sauls, national secretary of the National Union of Automobile and Allied Workers Union (Naawu), said most of the workers involved in the strike were members of the union.

He said the problem had been sparked off about two weeks ago following a dispute with a foreman which led to some workers downing tools in the assembly line.

As a result the body shop could not continue operating and workers in that section had been laid off temporarily without being paid.

He said the dispute had been settled in the assembly line, but workers in the body shop were still dissatisfied with the situation and wanted compensation for the period they had been laid off.

Mr Sauls said Naawu had lodged a grievance with management about compensation for the workers.

This was confirmed by a company spokesman, Mr Graham Hardy, who said the company would make a comment once the matter had been resolved.

protesting against the continuing violence in South West Africa

reases advertising rates

eighth place

The old "Seven Brides for Seven Brothers" came ninth, and "Voyagers", which has just ended its run, came 10th

The SABC does not plan buying more series of "Voyagers" right now, but given its early afternoon slot, the fact that it came 10th is an indication of its popularity with adults.

This factor is almost certain to make the SABC take another look at the time-travel education series with Jon-Erik Hurum and Meeno Peluce.

□□□

A SHORT SEASON of five top-rated movies starts on TV1 on July 12 in the lead-up to the start of the lavish soap opera "Marco Polo"

The first film is Nevil Shute's classic "On the Beach", with Gregory Peck, Ava Gardner, Fred Astaire and Anthony Perkins It has a full four-star rating from the film guides

The second is "Anne of the Thousand Days" (three stars), with Richard Burton and Genevieve Bujold, the historically inaccurate but highly engrossing story of Anne Boleyn and Henry VIII.

The third film is the 3½-star rated "This Sporting Life", with Richard Harris and Rachel Roberts, about a Yorkshire coalminer who becomes a rugby professional

Fourth in the line-up is "Bonnie and Clyde", with Warren Beatty and Faye Dunaway, the four-star rated classic about the two legendary bank robbers The film has spawned a host of imitations but still remains tops.

The fifth film is the classic three-star rated 1978 Ingmar Bergman classic "Autumn Sonata", with Ingrid Bergman and Liv Ullmann

□□□

RADIO 702 yesterday announced that it would be setting up its own studio at the 1984 Los Angeles Olympic Games, to bring full Olympic coverage to its listeners

From Monday, July 2, there will be reports every morning at about 7 50am. There will also be in-depth personality spotlights on athletes with South African connections, like Zola Budd and Sydney Maree

A week before the Games, 702's sports editor, Chris Gibbons, will fly to Los Angeles to establish the station's mini-studio

He will then report every morning and evening from Los Angeles on every aspect of the Games.

And since TV1 can't buy the short feature film "Zola" because it's only for the cinema circuit, it's doing the next-best thing

On Saturday, July 14, at 7 07pm, it is screening a docu-drama called "Die Gimnas" about Ginny Coker, a promising 16-year-old gymnast

She is subjected to a rigorous training programme by her coach, a former Olympics participant

While Afrikaans TV1 is doing something about the Olympics, nothing is known at this stage as to what English TV1 — or English radio for that matter — is doing

Afrikaans radio, as published in the Mail yesterday, is featuring a special series of programmes on the history of the Olympics.

RDM 30/6/84

192

Much of Nissan still on strike

By PHILLIP VAN NIEKERK

A LARGE number of workers returned to their jobs yesterday at Rosslyn's three strike-bound sister motor plants — Nissan, Motorware and Magnis — but production failed to resume at the largest of the plants, Nissan

This happened after more than 1 000 workers at the plant refused to go back to their jobs, in defiance of calls by officials of the United African Motor and Allied Workers' Union (UAMAWU) that they return

More than 5 000 workers at the three plants near Pretoria downed tools on Thursday, after the union and the company deadlocked earlier in the week over wage increases

Management and union representatives met again yesterday, but the company said in a statement that "Nissan is not prepared to negotiate conditions of employment until the total workforce is back"

Mrs Dora Nowatha, the general secretary of the UAMAWU, urged workers who gathered outside the three plants to return to work so that the negotiations could resume

While most of the workers at the Motorware and Magnis plants returned to their jobs, a large number of Nissan workers refused to return, saying that they had taken a decision to remain on strike until their wage demands were met

They had only gone to work to collect their pay

Sources at the plant said production did not continue yesterday, and that those workers who had gone to work had been paid out and had left the premises before 1pm

The UAMAWU is demanding a 45c across-the-board increase, while the company is offering increases ranging from eight cents to 10c an hour

Our Pretoria Bureau reports that an hour after the Nissan workers were told to line up at the main gate for their pay-packets, workers complained that a stamp was put in their payslips, arousing the suspicion that they might be expelled when they reported for work

Members of another motor union with members at the plant — the National Automobile and Allied Workers' Union (Naawu) — stood outside the company's premises

Members of another motor union with members at the plant — the National Automobile and Allied Workers Union (Naawu) — stood outside the company's premises

A union official said that they had decided to adopt a low-key stance as, at this stage they still had minority

Dr Allan Boesak, Bishop Manas Buthelezi and Bishop Desmond Tutu at the conference of the South African Council of Churches yesterday

Picture. TONY NAIDOO

SACC votes to pray or apartheid's end

of the World Alliance of Reformed Churches

A motion approved yesterday at the national conference of the SACC was a modification of Dr Boesak's call to pray for the downfall of the Government

It called for a day of prayer for the abolition of all apartheid structures in South Africa

Twenty seven people voted in favour of the motion with five against and five abstentions

Bishop Manas Buthelezi was elected president and Bishop Desmond Tutu general secretary of the SACC

d fossils are 'spectacular'

were urgently necessary as population pressure on the island would soon make excavations difficult

The first fossils of Proconsul Africanus were recovered on Rusinga Island in 1948 and some of the latest were retrieved from rocks from the same area that had been stored at the National Museum in Nairobi for more than 30 years

Dr Richard Walker, of the John Hopkins Medical School in the US, said a said

The ape-like creature, which some scientists say could have been an early ancestor of man, does not appear to have had a tail

Remains of previously unknown animal species, also dating from 18-million years ago, included part of the skull of a giant carnivore, and remains of a giant hyrax, which would have been the size of a small cow, whereas the hyrax today is

E. Post

3/7/84

192

Striking workers at VW return to work

Post Reporter

ABOUT 300 workers who went on strike at the Volkswagen factory in Uitenhage last week returned to work yesterday.

Mr Fred Sauls, national secretary of the National Union of Automobile and Allied Workers' Union (Naawu), said shop stewards were holding talks with management and trying to clear up the matter through negotiation.

The workers had returned to work against the background of the talks.

The workers went on strike after a dispute initially sparked off by a clash with a supervisor which led to some workers downing tools on the assembly line

As a result, the body shop could not continue operating and workers in that section were laid off temporarily without being paid

The dispute was settled on the assembly line, but workers in the body shop were still dissatisfied. They wanted compensation for the period they had been laid off.

Mr Sauls said this grievance about compensation for the workers was being discussed with management by the shop stewards

LABOUR NEW

RDM 3/7/84

192

Nissan starts pay talks again

Mail Reporter

MORE than 5 000 workers at Nissan and its sister motor assembly plants, Magnis and Motorware, at Rosslyn near Pretoria returned to their jobs yesterday as management reopened wage negotiations with the United African Motor Workers' Union (UAMWU).

But there were unconfirmed reports late yesterday that the entire workforce downed tools again yesterday afternoon after rejecting Nissan's improved wage offer.

The workers downed tools on Thursday after Nissan and the UAMWU deadlocked over wages, with the company offering increases of 8c and 10c an hour and the union demanding a 45c across-the-board increase.

It is understood that the company's improved offer yesterday was 16c an hour.

Most of the workers returned to their jobs on Friday but more than 1 000 at the Nissan plant ignored UAMWU pleas for them to return saying they had decided to stay out until management had made a better wage offer.

Management refused to reopen wage negotiations until all the workers had returned.

After the entire workforce at all three plants were back at their jobs yesterday morning, the company and the UAMWU restarted wage negotiations, which continued until late yesterday.

6 000 strikers back at work

193

Star

3/[illegible]/84

Pretoria Correspondent

Workers at three motor assembly and car parts companies in Rosslyn have returned to work after agreeing to continue with wage negotiations

'The agreement yesterday ended a three-day strike by about 6 000 workers at the three companies who had demanded a wage increase

RDM 4/7/84

Improved wage offer by Nissan

Mail Reporter

OFFICIALS of the United African Motor Workers' Union (UAMWU) yesterday agreed to take an improved wage offer by the Nissan group back to their members who have been on strike at Nissan and its two sister plants, Magnis and Motorware, at Rosslyn near Pretoria

By late yesterday the Mail had not been informed of the outcome of the union report-back and neither management nor the union were prepared to disclose details of the improved offer before the workers had been informed

It was also learnt yesterday that though workers returned to the Nissan plant on Monday, they stood by their machines without working

The strike by more than 5 000 workers at the three plants began on Thursday last week after wage negotiations between the Nissan group and the UAMWU deadlocked, with the union demanding a 45c across-the-board increase and the company offering increases of up to 10c an hour

Mr N Strydom, Nissan South Africa's industrial relations director, said yesterday that everything was back to normal.

RDM 5/7/84

192

Dispute ends at car plants

Mail Reporter

THE dispute in which more than 5 000 workers at three motor assembly plants at Rosslyn near Pretoria, Nissan, Magnis and Motorware, went on strike over wages last week, has been resolved.

A spokesman for the United African Motor Workers' Union (UAMWU) said yesterday the company had made an offer of 20c an hour which the union had accepted.

This was more than double the offer ranging from eight cents to 10c over which the workers went on strike a week ago, and had continued to protest against, during this week.

The UAMWU spokesman said the workers had accepted the increase after being addressed by union officials late on Tuesday.

192 Star 3/[illegible]/84

Car workers on short time

Own Correspondent

EAST LONDON — Nearly 2 000 workers at the UCDD motor assembly plant are working short time because of a strike by German metalworkers which has cut the component supply

The affected staff had their working day shortened from nine to six hours yesterday

A company spokesman said it was hoped that the hourly-paid workers would return to a nine-hour day next Monday In any event they would be back on a normal working day by July 16

(192)
D. Ripstel
27/7/84

industry's case cue operation

eas poses a continual reat of mass immigra- n to the cities with the tendant problem of uatting and inadequ- e facilities'

The sugar industry d a vital role in stabi- sing the rural popula- n Some 20 000 black mers were involved the sugar industry, mers and millers em- loyed directly, 150 000 rkers who supported 0 000 dependants

"Additionally, Natal s one of the highest nemployment rates in country Without the gar industry the eco- omy of Natal would rink dramatically

"Many ancillary activi- es such as transport, ngineering, general ommerce and industry uld collapse with a ther adverse effect on he labour market"

Mr Smeaton said the 980s had been isastrous, with drought in 1983-4 it was the rst in living memory) d low world prices

"I would point out that this industry has had no drought assistance other than Land Bank loans to certain farmers This industry is deserving of better treatment by government"

The vice-chairman of the association, Dr C van der Pol, said the financial situation of a great number of individual sugar growers and millers was precarious to say the least"

Private borrowings had reached record levels and balance sheets in many cases had been weakened to the point of insolvency

While the industry was still working, unlike some other parts of the agricultural industry, it had not mean there was no hardship

The industry was earning an income — but this was not enough to cover operating costs as well as the cost of interest — now R47m a year — on borrowings

"The cash flow is negative and one may well be worse off than those who have no crop"

Dr Van der Pol said the industry's main problem was in the export market where low prices ruled and the collapse of the international talks meant that a re covery was unlikely for some time

Low prices did not stimulate increased consumption, as in many countries consumption had reached saturation and others, where it might be possible could not afford the foreign exchange to import

Dr Van der Pol said that at current world prices, sugar could compete with maize as animal feed and chemical feed stock, and no doubt some of the 40 million tons of surplus sugar would be sold to these markets He added "Not a single country can produce sugar at present prices on a full cost basis" — DDC

Motor assembly robot for EL

BY TOM LOUW
Business Editor

EAST LONDON — CDA in East London, assemblers of Mercedes and Honda vehicles have ordered their first industrial robot

The new machine is due to be installed on the Honda assembly line next week Its function is in application of hot melt bonding adhesive and the suppliers, Arc Engineering-Robotics of Wadeville, Johannesburg, say it is the first of its type in South Africa

The machine, costing approximately R70 000, is the latest and most sophisticated of its type available, combining design and technology from Honda and Arc Engineering It has recently been installed on the Honda assembly line in Japan

The Robotics national manager at Arc, Mr Terry Rosenberg, says the robot will be used for the precision application of a hot adhesive to the outside edge of Honda windscreens prior to installation on the assembly line

By using the machine, the adhesive can be applied in exact quantities within an accuracy of 0 1 mm and at extremely high speeds This will result in savings in time and material and costly cleaning operations

A spokesman for CDA comments that the robot converts a messy, unpopular job into one that requires supervision of the machine's operation by a human operator This upgrades the quality and job content of the assembly worker s task, and at the same time enables the assembly line worker to handle the job more effectively and efficiently and to produce a consistently higher quality of performance

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Meat prices

PRETORIA — Meat prices in East London Market on the 25th July were

BEEF (120) super A 239 2 grade A1 234 5 grade A3 180 9 prime B 218 8 grade B1 217 8 grade B2 210 0 top C 204 9 grade C1 198 9 grade C2 200 6 grade 3 188 1

MUTTON (381) prime B 292 4, grade B1 286 0 grade B2 286 1 top C 289 8 grade C1 283 9 grade 3 263 7

LAMB (423) super 291 4 grade 1 291 2 grade 2 280 6 grade 3 269 2

PORK (43) super RT 271 2 X 258 3 grade 1Y 277 6 grade 2Y 259 0 sausages 250 1

RDM 10/7/84 192 67

Alfa workers down tools over pay dispute

Mail Reporter

MORE than 800 workers at Alfa Romeo's motor assembly plant at Brits, Brits Engineering, downed tools yesterday following a deadlock over wages between management and the National Automobile and Allied Workers' Union (Naawu)

Sources at the plant said there was no production yesterday and workers waited inside the factory gates while management held talks in the afternoon with Naawu representatives.

However, Mr V Bianca, the managing director of Alfa Romeo South Africa, denied there had been a strike at all and said they were still discussing the problem "very, very peacefully".

Talks deadlocked last Friday with the company making a final offer of an 11c an hour across the board increase and the union demanding 50c an hour across the board.

A Naawu statement said yesterday that the company had flatly refused to negotiate other conditions of employment if the workers did not accept the 11c an hour offer.

"The workers have expressed concern over this attitude of management and as a result decided to down tools".

The statement said the company had also refused to allow Naawu officials to take part in the discussions yesterday morning but a union spokesman said last night that union representatives had taken part in negotiations in the afternoon

It is not known whether an improved offer was made by the company, but negotiations are to continue today

Over 800 at Brits down tools for 50c

192 Star

10/7/84

By Carolyn Dempster,
Labour Reporter

More than 800 workers downed tools at the Alfa Romeo plant in Brits yesterday in support of their demand for a 50 c across-the-board increase

Production was halted but negotiations between management and shop stewards of the National Automobile and Allied Workers' Union continued

REFUSED

Wage negotiations deadlocked last Friday when management tabled an offer of an 11 c across-the-board increase which was rejected by workers

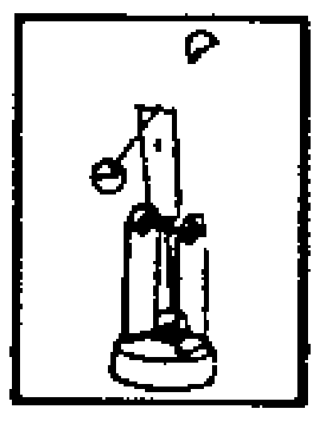
A Naawu spokesman said the management of Alfa Romeo refused to continue discussions with workers in the presence of union officials

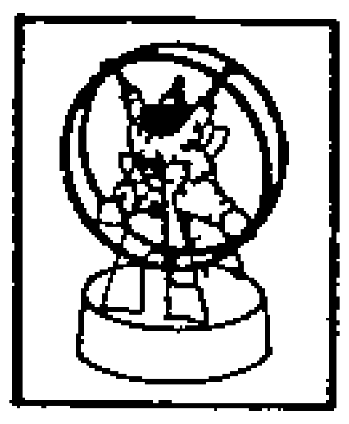
They also refused to negotiate improvements in working conditions if the workers were not prepared to accept the 11 c increase

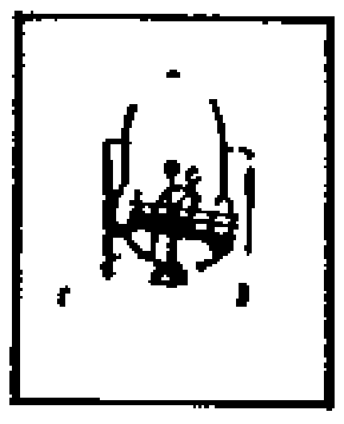
Mr N Bianco, managing director of Alfa Romeo, denied that there had been a stoppage and said there had been no halt in production, no action and no labour unrest at the Brits plant.

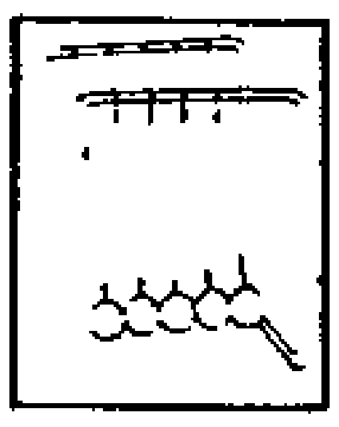
Discussions between the personnel manager of Alfa Romeo and the workers' representatives were continuing peacefully with proposals and counter-proposals being brought to the negotiating table, he said

Electronic balance Toys for 1984


LS—102
Space Ball


LS—105
Circle Clown


LS—110
Lover seat


LS—114
Balance Ball

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173 PRESID
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Star (192)

12/7/84

Alfa workers still on strike

The Alfa Romeo plant at Brits was shut again yesterday as 813 workers continued their pay strike

Production halted on Monday over the increase offered by the management in negotiations with the National Automobile and Allied Workers' Union

After talks yesterday the management increased its offer from 11c to 16c. The union wants 50c. — Labour Reporter.

LABOUR NEV

RDM 13/7/84

Alfa and union deadlock

PI

By PHILLIP VAN NIEKERK

THE Alfa Romeo assembly plant in Brits, Brits Engineering, has been closed down until Monday after the company and the National Automobile and Allied Workers' Union (Naawu) failed to resolve their wage dispute yesterday

This means there has been no production this week at the plant, which was shut down by the company on Wednesday after workers began striking on Monday.

More than 800 workers downed tools this week after wage talks between the company and Naawu reached a deadlock late last week, with the company offering an 11c across the board increase and the union demanding a 50c increase

Yesterday's talks failed again to resolve the dispute after workers rejected an improved offer of 16c an hour.

Mr N Bianco, managing director of Alfa Romeo South Africa, said he had decided to close the plan and that talks with the union would be resumed on Monday

Settlement reached at Alfa plant

191 Sow
17/7/84

The National Automobile and Allied Workers Union (Naawu) and Alfa Romeo have settled the wage dispute which sparked a strike of 800 workers at the company's plant at Brits

The union accepted an immediate 16c an hour increase.

A further 4c increase will come into effect on October 1 this year, bringing the total increase this year to 37c. A 17c increase was granted in January.

This increase is the highest negotiated at a Pretoria motor firm this year.

Naawu expressed satisfaction with the increase and is now looking to September, when negotiations on wages and working conditions for 1985 will begin.

Earlier this month, the Alfa workers demanded a 50c across-the-board increase

This was initially met by a management offer of 11c.

Workers rejected this and downed tools

RDM 17/7/84 (192)

Alfa workers resume

Mail Reporter

THE wage dispute at the Alfa Romeo assembly plant in Brits, Brits Engineering, which closed the plant for the whole of last week, was settled yesterday and the workers have agreed to end their strike this morning

Dr N Bianco, managing director of Alfa Romeo South Africa, said he was "very happy" with the deal because "with the increase in cost of living the workers need more money".

A statement by the National Automobile and Allied Workers' Union (Naawu) yesterday said the union had accepted an offer by the company for an immediate increase of 16c an hour, followed by 4c an hour in October.

A total of 800 workers went on strike on Monday last week, and the company closed the plant on Wednesday

The Naawu statement said the deal brought the total increase at Alfa to an effective 37 cents an hour for the year, the highest yet negotiated

(192)

Alfa Romeo gives way in pay dispute

Sowetan, 18/7/84

THE WAGE dispute involving about 800 striking members of the National Automobile and Allied Workers' Union (Naawu) and Alfa Romeo company in Brits has been settled.

The two parties reached a settlement when the union accepted an offer of 16 cents from October 1 The increase means workers have received pay hikes totalling 37 cents for this year. They earlier received a 20 cents increase

In a statement the union says that this increase is the highest yet negotiated by them and management this year so far.

The workers went on strike in support of wage demands and the company closed the factory on Wednesday

(192)

Strike halts VW production

D. Dispatch

3/8/84

PORT ELIZABETH — Grievances about wage classifications and job gradings for workers in the engine plant of the Volkswagen factory in Uitenhage have resulted in a complete standstill in production.

VW's public affairs manager, Mr Ronnie Kruger, said yesterday that because a strike — involving 140 members earlier this week — took place in the engine plant, production was brought to a halt and the factory's 2 500 workers were sent home.

"It's a case of no engines — no cars," he said

Asked how much money VW stood to lose because of the stoppage in production, Mr Kruger said he could not give a figure but that the plant usually manufactured 200 vehicles a day

He said negotiations between management and workers' representatives were in progress

"We hope production will resume on Monday or early next week."

Asked to comment on the petrol bomb attacks last month on the houses of two VW shop stewards who belong to the National Automobile and Allied Workers Union (Naawu), Mr Kruger said "The bombs did not fall on our premises, so it does not affect us"

Efforts to contact the president of Naawu, Mr Jurie Harris, failed yesterday — DDC

Argus 3/8/84 (192)

Motor industry braced for depression

KEITH MACFARLANE,
Motoring Editor

THE rise in interest rates announced by the Reserve Bank last night will have a depressing effect on the South African car market, according to both the motor industry and the motor trade.

"I would say the rise in rate will have a depressing effect on business," Clive Warrilow, marketing director of Volkswagen South Africa, told me today "It must dampen consumer demand, and remember that more than half our business is done with private buyers, amd most of them will have a car that they want to trade in

"This is just another straw for the camel's back, another blow for the consumer whose after-tax salary anyway has not been keeping pace with inflation I think that all consumer goods are going to be hit — white goods, radio, television, appliances

OPTIMISTIC

"South Africa is traditionally optimistic, but there have been a lot of things recently — the gold price, interest rates, the falling rand — to affect that optimism

"It's still a little early to make a considered judgment What we're building we're selling But it's not going to be easy And what about the small businesses who work on borrowed money? Times are going to become very difficult for them"

Spence Stirling, managing director of Amcar — the new title for Sigma — told me "The new measures will undoubtedly have a dampening effect on the new vehicle sales, which will be reflected in lower production rates — which in turn must have an effect within the industry on employment levels

BANKS' VIEW

Dealers were not entirely pessimistic Brian Porter, chairman of the Porter Group and one of the country's biggest motor dealers, told me that prospects depended on how the banks saw the new situation — whether they were prepared to take greater risks at the lower end of the market to get higher profits

Motor industry reels under curb

N. Mercury 4/8/84

192

Motoring Reporter

FEARS for the future of the motor industry were expressed yesterday as it became clear that the Government's austerity measures would slash sales and lead to unemployment.

But at least one manufacturer thought the answer would be to rocket car prices — by five percent soon and by considerably more before the end of the year

Mr Brand Pretorius, marketing director of Toyota S A, talked, almost in the same breath, of more competitive pricing being necessary for the survival of manufacturers, and of two price increases before the end of the year

Mr Nico Vermeulen, director of the National Association of Automobile Manufacturers of South Africa, said of the Government's measures 'It clearly has some serious implications for employment in the industry and ancillary industries

Decline

'In the case of new cars, the combined effect of the high interest rate and the shortening of the hire purchase period will increase payments by 18 percent in respect of the average car'

The measures meant vehicle sales for the year would probably fall to between 275 000 and 280 000, instead of a predicted figure of 295 000

Between January and June, 159 181 new cars were sold — 26 500 a month, said Mr Vermeulen

'But we expect a poor second six months, with the monthly sales not exceeding 20 000, a fairly sharp decline of 25 percent,' he said

'Notwithstanding a remarkable first six months, the total number of vehicles sold might not surpass last year's total sales of 272 822

'We're in for a tough time — not just the motor industry but everyone'

Naamsa's Mr Colin Adcock said that to cope with the decreased demand, manufacturers would have to give workers shorter hours or lay them off

'While I don't foresee any plants having to close down, reducing production volumes can only be done through retrenchments, however some companies may give their workers shorter hours,' he said

Mr Pretorius said the new measures would increase the average car repayment by R60 a month

'We are surprised and concerned that the motor industry should now be hit four ways as a result of the latest developments,' he said

'We were battling already to keep costs down, and the effective 20 percent devaluation of the rand over the past few months has also aggravated the situation considerably

'About 35 percent of the cost of making a car in South Africa comes from imported components Only by increased productivity has it been possible to avoid passing the full effects on to the consumer

Competitive

'The increase in GST to 10 percent has depressed car sales in particular — perhaps by as much as 35 percent in July from June's record levels Now the new terms on hire purchase agreements must have a negative effect

'The average outstanding balance on a hire purchase account for a private motorist in South Africa is around R6 000 The higher interest rates and shorter repayment period will increase the monthly payments by about R10 for every R1 000 borrowed.'

Mr Pretorius said that with the higher cost of car ownership, buyers would tend to choose smaller cars with fewer additional features

He forecast that the car market would have to become more competitive, with survival being increasingly dependent on value-for-money pricing

'After-sales servicing will also become very important as motorists get more cost-conscious'

In spite of this, Mr Pretorius suggested that car prices would rise by about five percent in coming months

'Inflation, the fall in the value of the rand, and increased steel costs must put up the average price of cars by about five percent in the very near future And there may be another significant increase before the end of the year'

Pressure

The director of the Association of Motorcycle Importers and Distributors, Mr Bruce Johnstone, felt the measure would have a detrimental effect on motorcycle sales

He said 'The industry is already under tremendous pressure The reduced exchange rate means any imported product costs more, which means not so many will be bought, which cuts down consumer spending'

Mr Johnstone said there were dealers who had been struggling for survival and would struggle further

'One must assume it will have an effect on the 550 cm³ machines and bigger,' he said

'The immediate reaction will be a slowdown in sales over a few months.'

'The industry has been going through problems A high stock holding caused by the boom has caused problems, but these were nearly over The industry was looking to an upturn, but it will be slowed down with the fiscal measures'

● See also Page 5

192

VW shutdown over as wage strike ends

6/8/84 Post Reporter E. Post

AFTER a three-day break in production last week, striking workers at Volkswagen in Uitenhage have returned to work

The strike over grievances about wage classifications and job gradings started last week among the 140 engine plant workers, culminating in the factory's 2 500 workers being sent home on Wednesday afternoon

Consequently production ground to a standstill for 2½ days The factory manufactures about 200 cars a day

According to the public affairs manager, Mr Ronnie Kruger, workers had agreed to return to work while their grievances were being disucessed with management

Discussions between management and the strikers, members of the National Automobile and Allied Workers Union would continue, he said.

The return to production would be staged in two parts, with the engine and final vehicle assembly working today and the paint and body shop staff working tomorrow

This was the only way total smooth production could once again be achieved, he said

RDM 8/8/84 (192)

Another union leaves Tucsa

By PHILLIP VAN NIEKERK

THE Motor Industry Combined Workers' Union (Micwu) — whose general secretary, Mr Des East, was next in line for the presidency of the Trade Union Council of South Africa (Tucsa) — has pulled out of Tucsa

This was confirmed yesterday by Mr East, who was not prepared to give reasons as Micwu did not want to become involved in a "public slanging match"

However, the decision had nothing to do with the death last Friday of Tucsa's former general secretary Mr Arthur Grobbelaar, Mr East said

Micwu has followed at least seven other unions which have disaffiliated since Tucsa's congress last year where, among other controversial decisions, affiliation fees were doubled

Other major unions to have left include the SA Boilermakers Society, the Footplate Staff Association and the National Union of Furniture and Allied Workers (Nufawsa)

Mr East said one of a number of reasons for leaving Tucsa was Micwu's dissatisfaction at the admission to Tucsa of a white teachers union.

He said Micwu was opposed to the principle of single-race unions which were contrary to the "spirit of trade unionism today"

Mr East was Tucsa's first vice-president, a post which historically has meant that he would automatically be the next president.

He said he had no regrets, because he was not "in the business for my own reputation"

06 / 09 / 09!

09

A

VW plant closed after string of work stoppages

Star

192

3/8/84

By Carolyn Dempster, Labour Reporter

The closure of the Volkswagen plant in Uitenhage, affecting 4 000 workers, is the latest turn in a two-month running battle between management and the National Automobile and Allied Workers' Union

The string of illegal stoppages, which Volkswagen's industrial relations director, Mr Brian Robinson, cited yesterday as the reason for the closure, began in mid-June

The stoppages were sparked off by an altercation between a white assembly worker and a black worker, and the subsequent handling of the incident

Mr Fred Sauls, general secretary of Naawu, said today that Mr Robinson's explanation for the closure was totally misleading

He said the union had been amazed by the sudden closure of the plant and had sent a letter to Volkswagen requesting the appointment of an arbitrator to resolve the continuing dispute

SCUFFLE

Should management have failed to reply by the end of the day, the union would take up the matter with the Industrial Council

Mr Sauls said the dispute started on June 28 when a scuffle took place between a white worker, Mr J du Toit, and a black worker, Mr Johnson Gaika, in the paint shop

The incident did not lead to a disruption in production and work resumed as normal

The next day, the foreman called in Mr Gaika and informed him that an assault charge had been laid against him

Union shop stewards were told the company was not prepared to accept fighting on the premises

The first stoppage took place in mid-July when management sent Mr Gaika home and workers demanded that Mr du Toit also be suspended

Management acceded to the demand of the workers

The second stoppage occurred at the end of July when only Mr du Toit was re-admitted to the plant

VW shop clash 'not the only problem'

192 ~~152~~ ~~160A~~

● From Page 11

E. Post 8/8/84

paint-shop incident with a white colleague The black worker had been kept out of the factory while the white worker had remained

● July 6 Workers downed tools, demanding that the white worker be given the same treatment as any other employee

● July 12 Their demand was met and they returned to work

● July 27 It was decided that because both employees were on full pay, they should be allowed to return to work while the company's labour relations section considered the matter and a decision was taken

● July 30 The workers returned to work as agreed but the black employee was still refused permission to return to work The white worker "experienced no problems".

Clash at VW shop 'only one of issues'

87 8764 172

E. Post

By CATHY SCHNELL

THE incident between a black and a white worker at Volkswagen in Uitenhage was only one of the issues raised by workers in the past month, the industrial relations director for the company, Mr Brian Robinson, said today

He was responding to an allegation by the chairman of the Volkswagen branch of the National Automobile and Allied Workers' Union (Naawu), Mr John Gomomo, that the month-long spate of work stoppages stemmed from this altercation

This incident had been handled by management strictly in terms of agreement procedures agreed to by the union and the company

Moreover, previous reports had omitted to mention that a second case — involving an alleged assault of a supervisor by the same employee — was under review

Until this case had been heard, the employee would receive full pay, Mr Robinson said

The present situation remained "unchanged" and the plant would continue to remain closed, he said

Two Naawu meetings were scheduled for today

Mr Gomomo said the work stoppages and an alleged altercation involving a black employee and a white colleague would be discussed

A letter outlining the workers' grievances and recommending that the dispute "either be taken care of by an arbitrator or by the Industrial Council" had been sent to Volkswagen management who had promised a reply later today, Mr Gomomo said

He outlined events leading to the walk-outs.

● June 28 Union members were displeased with the treatment meted out by the company to a black worker involved in a

● Turn to Page 2

(192)

E. Post 9/8/84

VW management waits for Naawu

Post Reporter

THE ball is now back in the National Automobile and Allied Workers' Union (Naawu) court with Volkswagen management in Uitenhage sitting tight and waiting to be contacted by the union

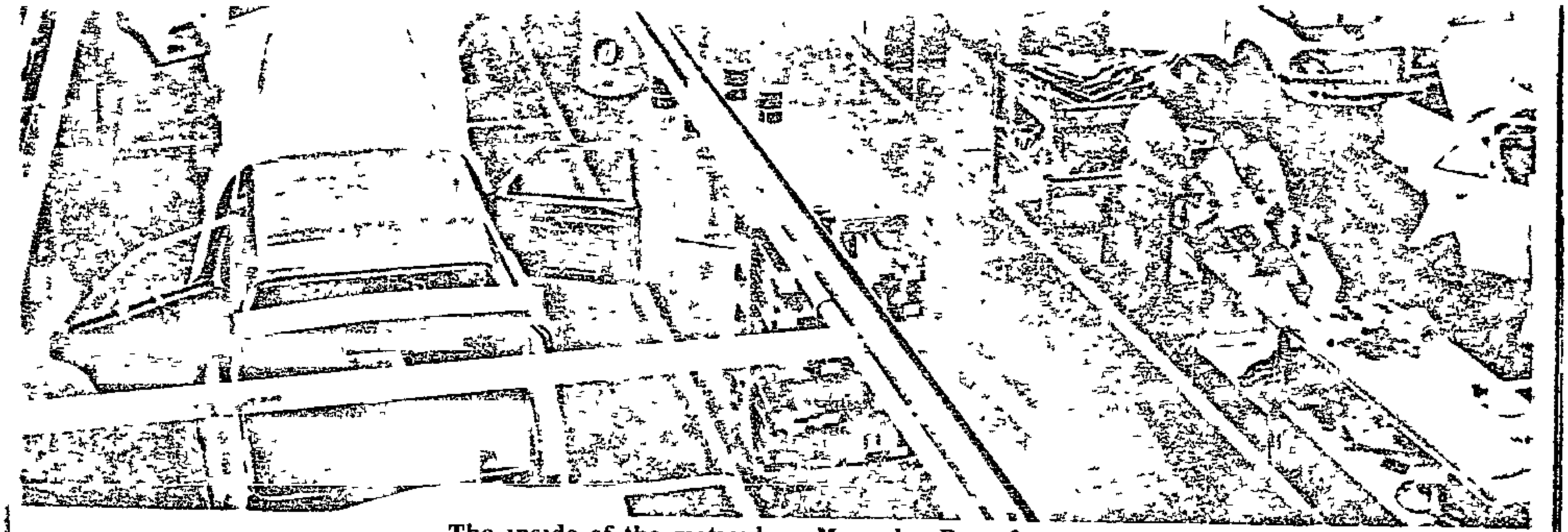
The plant was still closed today, but management was keen to continue negotiatons in order to resolve the situation as soon as possible, the industrial relations director for the company, Mr Brian Robinson, said

Yesterday workers remained resolute not to resume production until they had received a "satisfactory report back" on unresolved issues

They are expected to contact management later today

The plant was closed on Tuesday after a series of work stoppages over the past month

About 4 000 employees, mainly production staff, are affected.



The inside of the meticulous Mercedes Benz factory

192

D. Dispatch 15/8/84

CDA pumps more than R100 million into Border Area

The East London/Border area has one of the highest levels of Black unemployment in South Africa The importance of CDA (Car Distributors Assembly) as the largest employer of black male labour in East London is obvious The company presently employs more than 4 000 people

CDA is a subsidiary company of Mercedes-Benz of South Africa (Pty) Limited, the general representatives for Mercedes-Benz products and Honda motor cars in South Africa

CDA pumps more than R100 million a year into the economy of the East London/Border area in the form of salaries and wages, annual rates, water and lights and on purchases for manufacturing purposes

CDA is also a major user of the East London harbour, having cleared more than 102 000 cubic tonnes in 1983 with wharfage fees amounting to approximately R4 million

The Mercedes-Benz of South Africa Group is at present, occupied in a R200 million expansion programme which is scheduled for completion in 1986

Within this massive expansion programme the areas of development at CDA include

- More than doubling car production capacity, at a cost of some R47 million, to cater for substantial increases in sales of Mercedes-Benz and Honda cars, the latter having been introduced in October 1982
- A 60 per cent increase in commercial vehicle production capacity at a cost of R19 million to push monthly unit production up to 1 000 by 1986
- Installation of additional general infrastructural facilities (R27 5 million) including R18,3 million on a new paint shop and pre-treatment plant .

This investment programme will make Mercedes-Benz of South Africa one of the largest firms in the South African motor industry and one of the country's biggest private companies

TRAINING

Skill and proficiency of workers have also been a priority at CDA and in July 1981 a large multiracial training centre costing R1 3 million was officially opened in Settler's Way

The CDA Training Centre is able to accommodate 100 full-time apprentices as well as groups of in-service employees for training in advanced skills

With the establishment of the Training Centre, CDA is in a position to train apprentices of all race groups in designated trades, as well as to provide specialised courses at semi-skilled and skilled levels

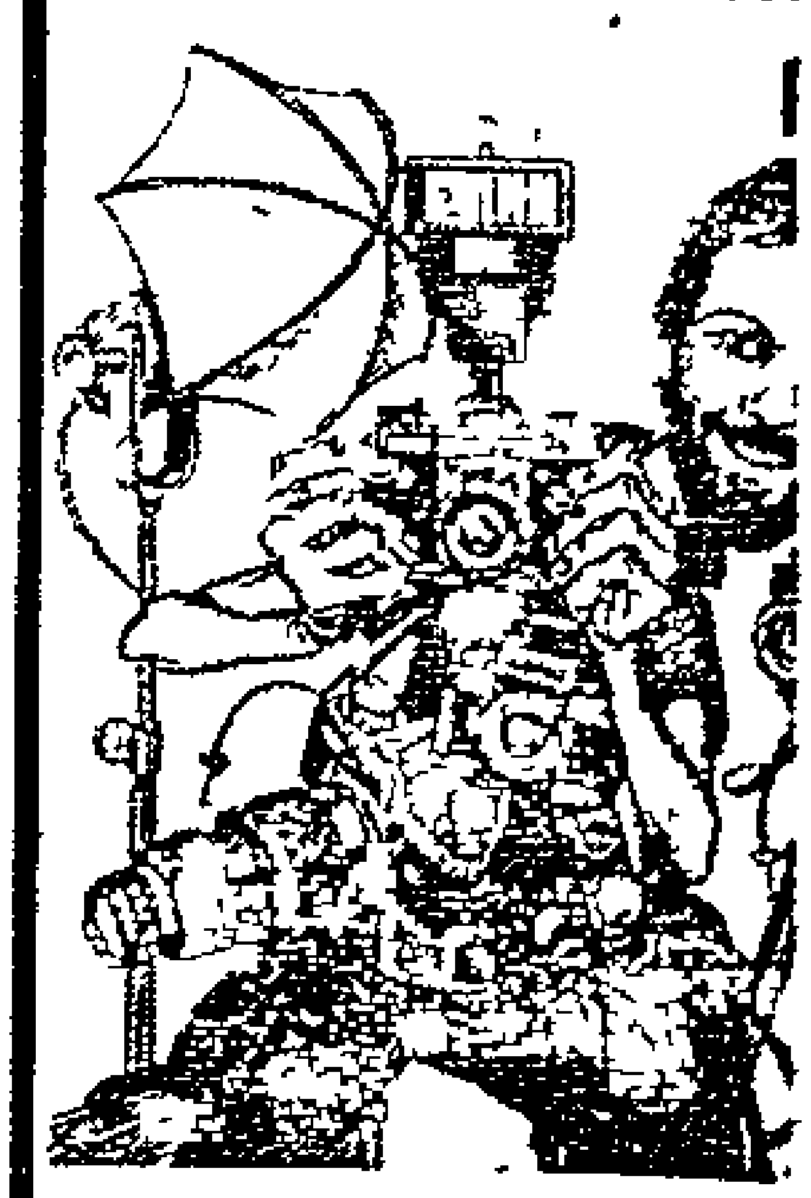
The specialised courses for operators concentrate at this stage on basic metal work, metal finishing, welding and brazing, engine assembly and trim assembly for both passenger cars and commercial vehicles More than 600 trainees have completed these courses to date The workshop will be enlarged in the near future to accommodate additional courses such as upholstery

The expansion of the Training Centre will also provide facilities for training apprentices in electrical work The first apprentices in these trades will commence in January, 1985

The Company's trainee technicians who are studying mechanical and electrical engineering also undergo practical training in the Training Centre in addition to their studies at Technikon and rotational training in various departments in the company

Management and supervisory training courses are offered in the Training Centre on a continuous basis A total of 300 supervisory staff are scheduled for training in 1984 The extensions to the Training Centre provide for additional lecture rooms which will allow for more supervisory courses as well as classes for continuing education

Thus CDA will continue to contribute to the industrial expansion of East London and Border areas



Stoppages force VW shutdown

By CATHY SCHNELL

E. Post 7/8/84

192

THE Volkswagen assembly plant in Uitenhage has been closed until further notice.

This was announced by the industrial relations director, Mr Brian Robinson, today

He said the decision had been taken because of the "persistent unlawful work stoppages experienced during the past few weeks".

He said the actions of workers on the final assembly and engine assembly lines had made it impractical and uneconomical for the company to continue to run the plant.

The strike over grievances about wage classifications and job gradings started last week among the 140 engine plant workers

Mr Robinson said the company was told by NAAWU (National Automobile and Allied Workers Union) representatives today that paint shop employees had refused to resume normal production unless certain worker demands were met

The work stoppages by assembly and engine assembly employees had already affected areas vital to the continued operation of the entire plant

The company remained committed to discussing and reviewing all employee grievances with the trade unions involved It hoped to resolve these problems as soon as it was practically possible to allow the plant to re-open and resume normal production

Mr Robinson declined to comment on how or whether salaried staff would be financially affected during the shutdown

He had no idea at this stage when the plant would be reopened, he said

Last week the strike resulted in a three-day break in production, with all 2 500 workers being sent home on Wednesday afternoon

The plant produces about 200 cars a day

ROM 9/8/84 [redacted] (192) [redacted]

Work stoppage hits Volkswagen production line

By ANDREW DUNCAN

VOLKSWAGEN is losing production of about 200 cars a day because of a work stoppage at its Uitenhage factory.

The 4 000 production staff have been off since Tuesday.

The company said last night the situation was unchanged and the plant remained closed because of persistent work stoppages over the past month.

The public affairs manager, Mr Graham Hardy, said that over the last few months there had been isolated work stoppages in various sections of the factory

A dispute in the paint shop had forced the closedown of the whole plant.

Mr Brian Robinson, Volkswagen's industrial relations director, said the repeated refusal by workers to follow agreed dispute and grievance procedures had made it impractical and uneconomical to continue production.

At issue are two incidents involving the alleged assault by black workers of a white colleague and a supervisor and a number of other grievances

The first case was being dealt with by management strictly in terms of the grievance procedures agreed to by the unions and the company.

The second case involving the alleged assault of a supervisor was still to be reviewed. The employee would remain on full pay while the matter was being investigated.

Volkswagen is meeting representatives of the National Automobile & Allied Workers Union today in a bid to resolve the dispute

Mr Robinson said the company was willing to continue to negotiate with worker representatives in order to resolve the situation as quickly as possible

Spokesmen for both General Motors and Ford said the dispute was confined to Volkswagen and that there had been no impact on their own production.

192 S. Times

12/8/84

HP clamps menace motor industry jobs

INCREASED interest rates and shortened repayment periods mean that monthly repayments will rise by about 18%.

By Don Robertson

The motor industry fears that the latest monetary measures will cause retrenchments and shortened working hours

The reduction in the HP repayment period from a maximum of 42 months to 36 months and the increase in the effective interest rate charged on the balance owed to finance houses will mean that the average monthly repayment a thousand rands will rise to R43,55 from R37,05

Quick

Finance charges have been raised to between 30% ,and 32% from 26%.

The moves come in the wake of an expected 30% drop in cars sales in July compared to June and the increase in general sales tax to 10%

Industry sources believe demand for new cars and commercial vehicles will fall sharply and could result in reduced production by several manufacturers

The stock market has been quick to recognise the threat to the motor industry Toyota, the only quoted motor manufacturer, and listed dealers have retreated sharply on the Johannesburg Stock Exchange

Forecasts

Toyota has moved from a seller's price of 5 925c to a bid of 4 000c in the past week, and Curries, McCarthy Rodway, Williams, Hunt and Sakers have all lost ground.

With the deposit remaining at 20%, the monthly repayment on a car costing R10 000 will be R348,44 over 36 months at a maximum interest rate of 32% In June, the repayment on a similar car over 42 months was R296,43.

A car costing R14 000, which attracts a lower finance charge of 30%, would require the same deposit of R2 800, but the monthly repayment rises to R475,46 over 36 months compared with R402,73 over 42 months.

Colin Adcock, managing director of Toyota and president of the National Association of Automobile Manufacturers of South Africa, says 1984 car and commercial vehicle sales could fall between 15 000 and 18 000 below forecasts made at the beginning of the year

This could result in retrenchments affecting 2 000 workers and reduced working hours The industry's labour complement is about 47 500

Sensitive

Spencer Stirling, group managing director of Amcar Motor Holdings, previously Sigma, says "The move will have a dampening effect on sales which will be reflected in lower production and employment levels"

He believes that customers will become more price sensitive and concentrate on cheaper cars and there might be a switch to second-hand vehicles

Volkswagen, currently experiencing severe labour problems affecting 4 000 workers, expects production to be hit, but hopes that its own sales will be maintained with the launch of the new Golf later this year

Luxury sector

Manufacturers of luxury cars, such as Mercedes-Benz, will be less severely affected as only about 15% of their sales are on HP The rest are generally purchased through lease agreements, which have not been affected, save that the interest rate has increased.

Mercedes-Benz, however, expects sales of the Honda range to be affected

Mercury 13/8/84 (192)

Naamsa president says . . .

Fall in vehicle sales not so dramatic

Mercury Correspondent

JOHANNESBURG—The fall in South African vehicle sales in July is not so dramatic as might at first appear, says the president of the National Association of Automobile Manufacturers of South Africa (Naamsa), Mr Colin Adcock.

'July's figures were exceptional in the circumstances, considering the tremendous boost in May and June resulting from pre-emptive buying before the increase in GST,' commented Mr Adcock

'Car sales in July were 37,9 percent down compared to June, but only 20,6 below the monthly average during the first five more stable months of the year

'Light commercial sales in July were only 12,9 percent below that five-month average, medium commercials 1,1 percent and heavy trucks 3,5 percent.

'Consequently, there is an underlying trend which indicates a reasonably stable demand for vehicles for the rest of this year,' says Adcock

In sharp contrast to the market trends, South Africa's leading motor maker, Toyota, had another record-breaking month and outsold its nearest competitors by nearly two to one

In a month when everything kept going even more right for Toyota, and consequently for the 40 000 South Africans whose jobs depend on the company's success, all three of the country's most popular vehicles came from the Toyota stable

The Corolla car led the industry with 2 579 sales in July Then came the new hilux bakkie range with 2 121, followed by Toyota's other car model, the Cressida, with 1 826 sales

Bullish

Not surprisingly, that makes Toyota more bullish than most of the rest of the industry, with marketing director Brand Pretorius forecasting that total South African car sales in 1984 will still reach 280 000 for the third best year ever

There was considerable re-shuffling in the top ten, with the Pulsar/Langley range fourth with 1 399 sales, Escort fifth (1 270), BMW 3-series sixth (1 067), Golf/Jetta and Mercedes-Benz W123 series equal seventh (922), Renault 9 ninth (744) and the Rekord/Commodore/Senator range tenth (733) Sigma did not have a model in the top ten

'It is still too early for definite trends to emerge in the figures because the full effect of the new hire purchase restrictions and higher interest rates will only be reflected in the august sales returns,' says Mr Pretorius.

'However, it is obvious that the small car is gaining a proportionately larger share of the market away from medium cars and that premium-priced luxury expensive cars are suffering from the economic situation

'Buyers are becoming more discerning about quality and value-for-money and these are now prime factors in reaching a purchase decision

Discounts

'Trying to influence buyers by offering substantial discounts off prices which are initially fixed too high no longer fools the South African motorist That is one reason why the Corolla and Cressida are doing so well — they are priced at realistic value for money in the first place and their reputation for quality is well established '

'Buyers are becoming very quality-conscious and we find an awareness out in the market place that the new hire-purchase regulations are not as bad as they first appeared to be

'Banks are not necessarily charging the maximum interst rates allowed and the total cost of borrowing to buy a car is now less because of the shorter repayment period

'The fleet business remains stable and is not affected by emotional factors This contributes to Toyota's success as we are traditionally very strong in fleet sales '

The effects of the drought continued to depress light commercial vehicle sales in July

RDM 13/8/84 □□□ ~~155~~ 192

THE Trade Union Council of SA has suffered two serious blows

The first was the sudden passing of Mr Arthur Grobbelaar, its general secretary

Mr Grobbelaar held this post for twenty years and so pivotal was his role that his name became almost synonymous with Tucsa

He has left no obvious successor Mrs Ruth Imrie, former assistant general secretary, has been appointed to act in his place but it will be some months at least before the post is filled permanently

Tucsa sources say Mr Grobbelaar's death will lead to a reassessment of Tucsa's future role

This had already begun, largely in reaction to increased competition from emerging unions — Tucsa's conference next month will debate in closed session a document on the organisation's future But it will take on new urgency now

The second blow was unrelated — a key union, the Motor Industry Combined Workers Union, has quit Tucsa

Micwu's general secretary, Mr Des East, was a Tucsa vice-president, and was due to be its next president He may have been a candidate for general secretary had Micwu not quit

The union is saying nothing publicly about its decision

But it has begun to co-operate more closely with non-Tucsa unions in the International Metalworkers Federation and appears to believe that this offers it more than continued membership of Tucsa would

Argus 14/8/84 192

4 000 go back at Volkswagen

Argus Bureau

PORT ELIZABETH — The Volkswagen plant in Uitenhage reopened to 4 000 workers today after being closed by the management for a week

An agreement between management and trade union officials has been reached whereby a white and a black employee involved in a disagreement on the shop floor will both be suspended until the matter is decided by the Industrial Council

Previously only the black worker was suspended

An urgent meeting of the council has been convened for Friday to consider the case, while other worker grievances — over pay and job evaluations — would be resolved through normal agreement procedures, said Volkswagen public affairs manager, Mr R Kruger

Motor Industry

00 jobs in danger

ustry chief warns of retrenchment and leaner pay packets

2000

Argus 14/8/84

192

Argus Correspondent

JOHANNESBURG — Up to 2 000 people could lose their jobs because of the slump in car sales, the president of the National Association of Automobile Manufacturers of South Africa (Naamsa), Mr Colin Adcock, has warned.

"If car sales continue at July levels manufacturers will be forced to either lay off workers or move to a short-time week," he said

In July car-sales figures were 38 percent down from June in the wake of the GST increase from seven to 10 percent

Motor industry executives were not unanimous in their opinions on what this would mean to sales for the rest of the year but, said Mr Adcock, it was "generally accepted" that sales each month would be about 3 000 units less than predicted

"Working on a 23-day month, this means about 130 fewer cars a day If you take into account the fact that about 15 people are involved in the production of each vehicle, then the figure of 2 000 is very possible"

Shorter weeks

However, he said, more factories would probably work shorter weeks rather than lay off staff

Even if this happens it will mean leaner take-home pay packages for thousands of motor industry workers

Most of the major motor manufacturing companies, including Alfa Romeo, Amcar (formerly Sigma), Ford and General Motors, have already gone over to a four-day week.

Thousands of new cars are outside some assembly plants while manufacturers evaluate the situation

"Not possible"

At Amcar industrial relations director Mr S S Lemmer said it was not possible yet to give details of steps the company was likely to take to combat the problems caused by the dip in the market

"Much will depend on what is going to happen in August," he said Any decisions would have to be taken after a review of the 10-day sales figures, and this would be towards the end of the week

The industrial relations adviser for Ford South Africa, Mr Fred Ferreira, said the management was assessing the situation and would have a better picture by the beginning of next week

Other options

Last week the company's Port Elizabeth plant closed on Friday, and indications are the four-day week trend will continue Other options open to the company are short-time, a revolving shift system and retrenchment

A spokesman for the National Automobile and Allied Workers' Union, which has a representative membership at most of the large motor companies, said the union had not yet been officially informed of any lay-offs

But in spite of its woes, some motor industry analysts said the industry was still likely to chalk up its third best year with sales of between 275 000 and 280 000 cars

RDM 14/8/86 (192) (165)

Pretoria firm ordered to reinstate 100 workers

By STEVEN FRIEDMAN
Labour Correspondent

THE industrial court has ordered a Pretoria motor components company CHT Manufacturing to reinstate 100 members of the National Automobile and Allied Workers Union (Naawu) who were fired in late February

In a statement Naawu, which belongs to the Federation of SA Trade Unions, welcomed the decision and said it highlighted the "unacceptable and dehumanising wages and conditions" in many components factories

Naawu is conducting a major recruiting drive in components plants

It has criticised conditions in these plants and vowed to campaign against them

While welcoming the ruling, Naawu said it was disappointed that the court had reinstated the workers from August 7, not from the date they were fired

The workers are to meet this morning to discuss whether to appeal against this aspect of the court's ruling

However, a spokesman for CHT, Mr Lawrence Wilson, disputed the union's charges about conditions at the plant

He noted that the court found that CHT and the union were equally to blame for the dispute. Had it endorsed Naawu's view of the dispute, it would have ordered that workers be reinstated from February.

Mr Wilson said his company accepted the ruling and would reinstate the workers

In its statement, the union labelled the workers' firing as a "lockout"

It said it followed their refusal to work overtime in protest at the company's refusal to negotiate wages with Naawu.

It said the company then tried to get workers to sign a document agreeing to continue working overtime of up to 34 hours a shift.

These hours, it added, were "inhuman" and in breach of the law When workers refused to sign, they were dismissed

Naawu said the court held that workers had a "clear right to refuse to work such overtime" and their refusal to work was therefore not a strike

It had also ruled that they were not compelled to work overtime at all.

Mr Wilson denied workers were locked out or forced to work 34 hours overtime.

He said the company offered the union a 15% pay rise, but Naawu had submitted a "ridiculous" wage demand, which would have raised minimum pay to R3,50 an hour for unskilled workers.

The document the company then asked them to sign simply asked them to agree to work overtime within the limits allowed by the law, Mr Wilson said.

He said as a result of the court order workers at CHT would no longer work overtime at all

Car slump threatens 2 000 jobs

172

14/8/84 Star

The slump in car sales could mean that up to 2 000 people might lose their jobs. This warning was given in Johannesburg today by the president of the National Association of Automobile Manufacturers of South Africa (Naamsa), Mr Colin Adcock.

"It is generally accepted in the motor industry that, if car sales continue at July levels, manufacturers will be forced either to lay off workers or move to a short-time week," he said

In July, car sales figures slumped by 38 percent (in comparison with June) in the wake of the GST increase from seven to 10 percent

Motor industry executives are not unanimous in their opinions on what this will mean to sales for the remainder of the year But, said Mr Adcock, it was "generally accepted" that sales each month would be about 3 000 units fewer than predicted

"Working on a 23-day month this means about 130 fewer cars a day," he noted "If you consider that about 15 people are involved in the production of each vehicle then the figure of 2 000 is very possible "

Widespread layoffs in the motor industry are feared in coming weeks as a result of a sudden drop in motor car sales and production cutbacks

Most of the major motor manufacturing companies, including Alfa Romeo, Amcar (formerly Sigma), Ford and General Motors, have gone over to a four-day week in the wake of the July general sales tax increase and fiscal curbs introduced by the Government at the end of last month

Thousands of new motor cars are stockpiled outside some assembly plants while manufacturers evaluate the situation

Figures released yesterday showed a 38 percent drop in July motor car sales compared to a record month in June, with predictions for a continuing slide in sales

At Amcar, industrial relations director Mr S S Lemmer said it was not yet possible to give details of possible steps

But it was rumoured this week that the company planned to lay off a number of workers at its Amcar plant

Industrial relations adviser for Ford South Africa, Mr Fred Ferreira, said management was assessing the situation and would have a better picture by the beginning of next week

VW shutdown ends: employees return to work

(192) ~~[illegible]~~

E. Post 14/8/84

Post Reporter

THE week-long shutdown at Volkswagen, Uitenhage, came to an end today with all 4 000 non-production employees returning to work

This follows the decision by members of the National Automobile and Allied Workers' Union (Naawu) to resume normal production today after an agreement reached by the union and the company on Friday over worker demands

This decision was received favourably by Naawu members at a report-back meeting in Uitenhage yesterday

In terms of the agreement a white [illegible] ed in an altercation with a black worker would be suspended until finality is reached on the case in terms of the Industrial Council dispute procedure

An urgent meeting of the Industrial Council would be convened on Friday to consider the case, the communications manager at Volkswagen, Mr Graham Hardy, said.

He added that full production would be phased in as soon as possible.

The chairman of Naawu's Volkswagen branch, Mr John Gomomo, could not be contacted for comment.

Staff at VW all back at work

192

E. Post

15/8/84

Post Reporter

PRODUCTION at Volkswagen, Uitenhage was running smoothly with staff back in full force, the communicatons manager, Mr Graham Hardy, said today.

In order to phase the swing back into full production correctly, about half the non-production workers reported for work yesterday.

The entire labour force was present today.

Yesterday passed without incident, Mr Hardy said

However, final resolutions of the dispute between the National Automobile and Allied Workers Union (Naawu) and management still hinges on the outcome of the Industrial Council meeting on Friday.

(192)

EASTERN CAPE

Motor trade fears

FM 17/8/84

The eastern Cape is being hit by deep fears about the bleak prospects facing the motor industry in the second half of the year. The region is heavily dependent on the industry because

☐ A disproportionate contribution to regional gdp — some 40% in the PE-Uitenhage area compared with a national average of 22% — comes from the manufacturing sector; and

☐ Some 70% of regional incomes generated by the manufacturing sector come directly from the motor industry That adds up to a heavy dependence by retailers and job-seekers on the fortunes of the motor trade.

Since the area has also — unfairly, argues labour expert Professor Roux van der Merwe of the University of Port Elizabeth (UPE) — become known as SA's strike centre, the latest threat to motor sales is greeted with some anxiety in Port Elizabeth.

However, a recent study by Martheanne Finnemore, a lecturer at the Institute for Industrial Relations at UPE, suggests that fears of strikes erupting as a result of threatened labour lay-offs might be groundless. In a paper presented to the recent sociology conference at Wits University, she argues that the strike record in the eastern Cape motor industry suggests that during recessionary conditions "management was in a far more powerful position due to the lack of pressure for production."

Plant closures

When there were plant shutdowns enforced by management for economic reasons, her research showed "workers' potential power was severely eroded."

Her findings support mobilisation theorists, who have demonstrated that it is not during periods "of absolute deprivation that a group is likely to mobilise, but rather when conditions are improving

"This hypothesis is supported by events in the auto industry, as the strikes (of 1980, and again in 1982) did not occur during the period of low wages or absolute lack of collective power, but only after the negotiated minimum wage (in 1979) had, for the first time, exceeded the calculated subsistence level."

The perception of such "relative deprivation," according to Finnemore, is one of several factors which contributed to worker mobilisation in the eastern Cape motor industry.

The second of the "structural" factors, and the most important of all, she says, was the changing composition of the workforce and the growing dependence of the employers on black labour

At Volkswagen's Uitenhage plant, for example, the number of Africans employed in

(192) 17/8/84

jobs graded from five to eight (trainee inspectors, artisans, assistant foremen and technicians) rose from 64 in 1977 (1,9% of the workforce in these grades) to 477 last year (8,4%).

At Ford, the changes over the same period saw 237 African workers (or 5,4% of the total) employed in these grades in 1980, compared with none 10 years earlier. If coloured workers are included, the reliance on non-white workers in skilled positions rose from 3% in 1971 to 54% in 1980.

"The increasing power on the shop floor was to raise expectations that some change in the material conditions of black workers was possible," she argues.

Fewer strikes

She told the *FM* this week that the incidence of strikes in Port Elizabeth during the first five months of the year had been relatively low, and it would be "interesting to see whether there will be a further decrease during the second half of the year What is already apparent is that, in the case of the latest Volkswagen strike, there was pressure from workers to get back to work, and it seems, under the circumstances, there is a real need for all parties to find solutions"

opinion

cal party's ticket was widely applauded, as was the selection of Ferraro herself A three-term congresswoman from New York, she brought a solid reputation as a lawmaker and party regular. She also has the personal advantages of being an Italian American catholic who is both a mother, a successful lawyer and a moderate feminist Her husband John Zaccaro was described in the press as being a "successful real estate investor"

That was before the inquisitive press began to investigate the exact properties which Zaccarro owns The 350 rental housing units in the 20 midtown Manhattan properties managed by Zaccaro's firm have drawn hundreds of housing living code violations, and tenants universally complain that he turns the heat off in winter to save on fuel bills

A week later other properties were discovered — including one used as a gambling den in Chinatown and another which is the headquarters of a pornography warehousing and distribution network run by organised crime A third building, which houses Zaccaro's own offices, is shared by the editorial offices of such X-rated magazines as *Smut, Screw* and *Whips and Chains*

Finally, it was disclosed that Ferraro is listed on a number of public documents as an officer of Zaccaro's firm although she, with seeming truth, claimed she had never had a direct involvement in his business

Ferraro promised her husband would make his private firm's tax records a matter of public record He flatly refused to do so

"Gerry, I won't tell you how to run the country Don't tell me how to run my business," Zaccaro was reported as telling the would-be vice-president.

"If you are married to an Italian man, you know what it's like," Ferraro laughingly told reporters Hardly a feminist comment No one else laughed.

Drop out

Should Ferraro drop out of the race, thus sparing Mondale the embarrassment of trying to express sympathy for America's poor while his running mate is married to a slum landlord? To drop her would arouse echoes of the disastrous incident in 1972 when the Democratic nominee George McGovern dropped Senator Thomas Eagleton from the slate after it was discovered he had received psychiatric treatment several years before

But not to drop her risks offending the crucial block of black American voters Mondale needs to attract in full measure if he is to have a hope of winning Just two weeks ago, the first black woman to be named Miss America Vannessa Williams was forced to abdicate after soft-porn photographs of her were published in a girlie magazine.

To keep Geraldine Ferraro after Vanessa Williams was given the sack could be seen as a clear demonstration of "the double standards" which blacks complain of in their dealings with American liberals

The longer the dilemma persists the worse it will be for Mondale, Ferraro and everyone except Ronald Reagan

STRIKES

192

All quiet at VW

An uneasy calm was restored to Volkswagen's Uitenhage plant this week after sporadic work stoppages which culminated in the five-day shutdown ordered by management on August 7.

An agreement reached on Friday between management and the National Automobile and Allied Workers' Union (Naawu) saw the first 2 000 of the 4 000 workers affected by the shutdown back at work on Monday, and the remaining 2 000 back at the fully operational plant on Tuesday

However, a degree of tension remains. The issue which sparked last week's shutdown — an alleged assault by a black worker on a white operator — is to be heard on appeal by the Industrial Council for the industry tomorrow A second inquiry relating to an alleged assault by the same worker on a white supervisor is yet to be heard

Dissatisfaction among black workers about a "final warning" issued to the alleged assailant, and the presence on the shop floor of the white worker during disciplinary hearings (the black worker was suspended on full pay pending the outcome of the hearings), led to last week's shutdown

It is the "final warning," delivered to the black worker in terms of the company's internal disciplinary procedure, which will be heard on appeal by the Industrial Council The second alleged assault has yet to be resolved

Though the alleged assaults provided the flashpoint for illegal work stoppages and the eventual plant shutdown, company industrial relations director Brian Robinson tells the *FM* a number of other issues were involved

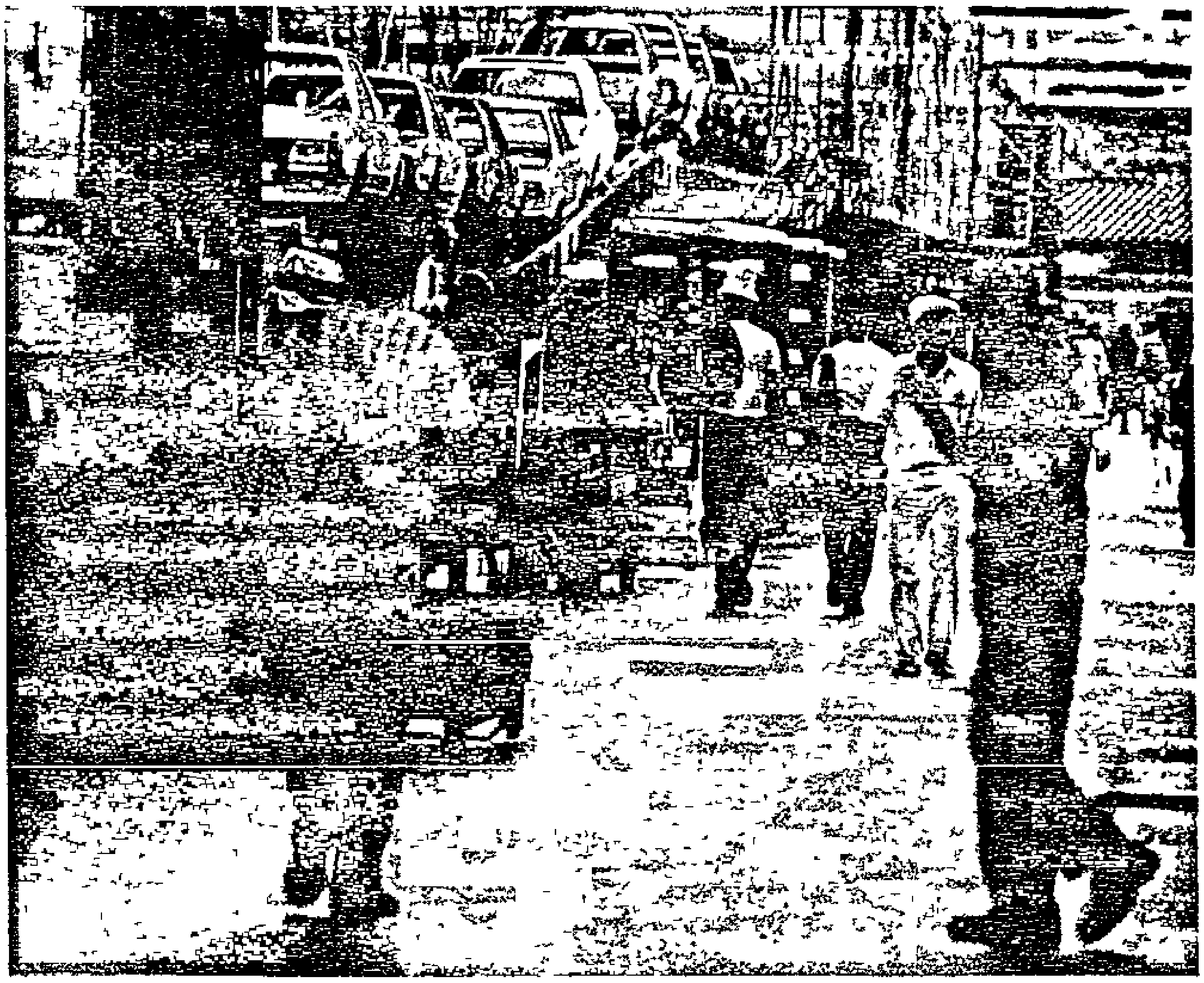
These include grievances by workers over working hours, disputes regarding starting and stopping times, and disputes over pay grades Robinson emphasises, however, that whereas total employment at the Uitenhage plant was 7 300, the disputes arising from the alleged assaults were initially confined to a relatively small number of employees.

Paint shop

Says Robinson "Regrettably, however, the paint shop, along with the engine plant, is a nerve centre, and if work stops at either point, the entire production line is affected, making it unpractical and uneconomical to run the rest of the plant"

Naawu secretary Freddie Sauls was not available for comment, but it is understood that Naawu has taken a strong line on the issue of the alleged assaults

The agreement negotiated with management on Friday resulted in the white worker — accused by the union of racial provocation — also being suspended In turn, the union agreed to encourage its members to return to normal production on Monday, pending the hearings.



VW's works ... scene of 'racial confrontation'?

Strike ends as 200 lead workers fired

192

Star 10/8/84

Labour Reporter

A two-day strike by about 200 workers at Industrial Lead Works in Judiths Paarl, Johannesburg, ended yesterday when the strikers were fired

The workers downed tools on Wednesday and approached management with demands for the immediate recognition of their union — the General and Allied Workers' Union (Gawu) — and a wage increase

A Gawu organiser said the company had been locked in recognition talks with the union since May but had refused to negotiate wages outside of the National Industrial Council agreement

Yesterday, management delivered an ultimatum to the 200 striking workers to return to work by 7 30 am or face dismissal

The strikers were fired when they did not meet the deadline

Mr D Friedman, a senior executive at Industrial Lead, said yesterday that the workforce of 450 had received increases averaging 13,3 percent on July 1 and the company could not meet the workers' further demands

Arbiter to settle dispute

192

E. Post

Post Reporter

18/8/84

VOLKSWAGEN and the National Automobile and Allied Workers' Union (Naawu) agreed to refer their dispute over a shop-floor altercation to arbitration at a meeting of the Industrial Council yesterday.

Naawu's national secretary, Mr Freddie Sauls, said this was the quickest way of finalising the case which had already gone on too long.

During his period of suspension the affected employee would be on full pay, he said.

"The union is adamant that it has at all costs to defend a member who, in the opinion of members in his area, seems to have been unjustly treated by management," he said.

It is not clear when the dispute is likely to be brought before an arbitrator.

Workers on short time after double blow of GST and tough HP curbs

Crisis stalks car industry

192

S-Times 19/8/84

FOUR major motor manufacturers have been forced to reduce working hours by the double blow of increased GST and tougher hire-purchase terms.

By Don Robertson

Vehicle sales slumped in July and after draconian economic measures this month, the outlook has deteriorated The crunch hits not only manufacturers but component makers and dealers and salesmen.

Amcar (formerly Sigma), General Motors and Nissan are known to have been losing millions before the big crunch Now they and others are on short time, and there are widespread fears that some motor-makers will either have to close or rationalise (See Page 9).

Some manufacturers are agitating for reduced local content. This would be an additional blow to the component industry.

Companies, which have bought up to 60% of new cars, have been hit by falling sales and rising interest rates and tax At the same time, consumers are squeezed in numerous areas

The Government has promised to cut spending — spelling further gloom for the motor industry.

Slashed

The soft rand has increased the cost of imported components and motor manufacturers will be hard pressed to pass these on by way of higher prices.

Nissan, Amcar and Ford have slashed production, and General Motors is back on a normal working week after six weeks of short hours.

These companies employ 14 200 production line workers

The shortage of components as a result of the German strike reduced General Motors production GM has laid off more than 800 workers, but hopes to re-employ most now that components are coming in from Germany.

About 3 000 workers at GM were put on a four-day week for six weeks between July and August, but the company is again working a full shift. Daily production has been trimmed.

Daily

Renault is reviewing the position daily. Volkswagen hopes to keep working at full pace to build up stocks of the Golf to be launched in the next two months.

Luxury producers BMW and Mercedes-Benz will continue at current levels to reduce backlogs.

Toyota, which produces Corolla and Cressida, will also hold production levels. Alfa Romeo has been working a four day-week for the past year.

So far, only at GM have workers been laid off.

Since August 1, Amcar has been working a four-day week, but management is uncertain how long this will last.

Hardest hit

Nissan is working only three days this week, says Nelis Strydom, industrial relations director. The position will be reviewed in the next few days. About 3 000 employees have been put on short time.

The entire work force of 4 200 at Ford was put off work at three plants on Friday two weeks ago and again a week ago.

In July, car sales fell to 20 123 — down 37,8% from the bumper June figure of 32 382. Light commercial sales fell 29,5% to 9 271 from 13 161. These figures are about 18% down on the average monthly sales total for the year.

Hardest hit in July were Amcar, General Motors and Volkswagen, sales declines ranging from 59,9% to 43,1%.

Volkswagen was hit by a slump in sales of the Jetta-Golf range. The company says it has run out of old-style Golfs ahead of the launch of a new range

Amcar ascribes the decline in sales to a shortage of popular makes, including the 323 and the 626 models.

Govt free-wheelers

A FREE-spending Government increased its car purchases by 33% in the first seven months of this year compared with a 17% increase in the private sector.

More pain lies ahead for the motor industry if the Government reduces its spending, as promised.

The Government bought 5 317 new cars in the first seven months compared with 3 989 in the same time last year. Private sector purchases rose to 166 000 (142 000).

(192) "Sowetan" 22/8/84

Firm bent on uplifting the workers

AS an equal opportunity company, VWSA are making a massive contribution towards the training, development and upliftment of their employees as well as the significant improvement of the quality of life within the local community.

The company known as Volkswagen of South Africa produced the first two black artisans in the motor industry in South Africa in 1981. The company has since trained many others.

The Employee Advancement Programme, instituted in 1979, is committed to providing equal opportunities for all employees of the company. Education and training are two of the fields where Volkswagen is making rapid strides in a bid to provide black workers with the skills necessary to meet the needs of a 200 million rand expansion programme.

Apprentices

Their Apprentice Training Centre is at present training 36% of all apprentices in the motor industry in South Africa.

VWSA has 300 full-time trainees as against 124 in 1980 with training expenditure currently exceeding R5 million as against R1,3 million in 1980. In terms of apprentice recruitment, VW intentionally pursued the policy of selecting equal numbers of white, black and coloured apprentices and this highlighted certain inadequacies in the fields of mathematics and physical science during selection.

As a result, VW co-sponsored a project whereby video training facilities were donated to black schools in the Uitenhage area.

Centre

A similar endeavour saw the establishment of the VW/Goodyear Technical Centre in 1979 which is run by the Department of Education and Training.

The Centre provides compensatory technical education for local black schoolchildren in standards four to eight. Groups of children are transported to the centre on a daily basis to receive theoretical and practical training in bricklaying, welding, electrical work, metalwork and woodwork.

Educational assistance from Volkswagen also includes the donation of several libraries to black primary schools while black employees are given generous subsidies for the purchase of school books.

Donation

A substantial cash donation towards the building of a black pre-primary school, a comprehensive bursary and scholarship programme, extra lessons programmes for matriculants and the donation of academic prizes are further examples of Volkswagen's educational assistance to the black community.

The Volkswagen Housing Scheme, after an initial investment of one million rand in 1982, has already provided over 50 homes for employees in the black township of KwaNobuhle in Uitenhage.

These upgraded facilities feature electricity and running water and are a significant improvement on existing homes in KwaNobuhle. The total cost of this housing initiative has already reached 2,9 million rand.

An unexpected ancillary benefit has been the dramatic increase in the number of black employees who are utilizing the VW Home Improvement Scheme. In this regard, VW provides both technical and financial assistance and the company is currently establishing a self-help building programme which will further serve to act as a catalyst to the housing activities.

Concern

Volkswagen's interest and concern with matters relating to the quality of life of its employees and the local community is also reflected in the initiation of a number of projects.

A sports complex presently being built in KwaNobuhle, the erection of bus shelters in the township, a new access bridge built over the Swartkops River, the maintenance of school playing fields and the electrification of the Limekaya High School are examples of these projects.

While the above account is by no means exhaustive, it does serve to illustrate the philosophy and direction of Volkswagen of South Africa with regard to community matters outside the confines of normal day-to-day business.

AN employee of VWSA receives the keys to his new house from Mr Peter Searle, Managing Director of the company. The housing scheme of the company has already provided over 50 homes for black employees.

Car plant to close for 38 days

24/8/64 (192) E·Post

JOHANNESBURG — Pretoria's motor giant Amcar Motor Holdings (formerly Sigma) is to lay off 315 workers and cease production for a total of 38 days because of reduced demand.

The steps had become necessary because of the effect over the past eight weeks of reduced credit facilities and increased general sales tax on the motor vehicle market, the company's director of human resources, Mr Mof Lemmer, said in a statement issued here

He said the company's hourly work force would be reduced by 315 on the last-in-first-out principle, while production facilities would close for four weeks from August 27 and for a further 10 working days in October

"These actions are unfortunately necessary if the company is to succeed in reducing its cost structure in response to the fiscal measures that have been implemented," Mr Lemmer said

"These actions are being taken after full discussions between management and the National Automobile and Allied Workers' Union "

Affected employees would receive the statutory notice, redundancy benefits and additional benefits in terms of the company's supplementary unemployment fund

Mr Lemmer said the company would also assist employees to obtain unemployment insurance fund benefits

"The lay-off periods to be implemented, as agreed upon in consultation with the union, will enable us to reduce the number of employees being retrenched," he added — Sapa

Astas nears top gear for local content axles

S. Times 26/8/84

(192)

MOMENTUM of the local content programme for trucks is speeding up. Capital investment of R15-million is planned in an axle manufacturing project due to start this year.

Also being evaluated are SA manufacture of a single reduction axle for heavy trucks and new production facilities for gearboxes for light commercials

The plans could result in another R30-million investment in the next three years in extensions to the R75-million spent to set up the Astas truck gearbox plant at Boksburg. This is in addition to the venture's annual R4-million capital allotment

Policy route

By the end of the year Astas — part of the Sandcock-Austral engineering group and backed by Gencor — will be well into a R15-million axle manufacturing project First off the line will the MAN-AP hub reduction axle for heavies, with the possibility of a single reduction HCV axle following soon if market demand justifies the venture

The 2½-year-old Astas is accelerating along the policy route which it intends will position it to manufacture all the gearboxes required for heavy trucks in SA

A nine-speed synchromesh gearbox is being introduced and heavy investment is being made to manufacture a 16-step Ecosplit box, the latest European transmission technology

Cost rises

The cost of introducing a new gearbox to local manufacture has risen to between R3-million and R4-million, but Astas seems to have little option but to go ahead to expand its range to meet market requirements In spite of being of strategic importance, the biggest private enterprise venture in the local content component programme does not benefit from the large Government protection afforded to Atlantis, the Cape supplier of diesel engines for trucks.

Truck manufacturers have little option but to fit ADE power units, but Astas marketing chief Jan van Niekerk and his team must go out and win their customers in a fiercely competitive environment

Other projects are in the pipeline Jim Turner, the new Astas executive director, says the profitability of boxes for lighter commercial vehicles is being examined and would mean additional capital investment

By the middle of next year, Astas will commission a small plant to manufacture synchronise rings which, being prone to wear, periodically need replacement

Mr Turner says "Astas took the decision early on to increase local content because we realised it was the only way we could become less subject to currency fluctuations and political changes

"We did not want to achieve local content at any cost, but only where we genuinely thought we could beat the imported price

"Frankly, that was not too difficult and it is a policy we will continue to follow. We also want to introduce the nine-speed ZF synchronmesh gearbox to make our range more flexible and adaptable to SA conditions. We are looking also at medium and light commercials of five to seven tons — and possibly below five tons."

First parts

The Ecosplit eight-speed, 16-speed, 16-step gearbox for heavy trucks has captured more than half the market. Forward estimates are for the supply of up to 700 Ecosplit.

Mr Turner says "All our gearboxes will have 90% local content by the end of 1985 We are not using fully the gearbox production capacity in the plant, we can start our axle production project.

"The first axle parts will be in production before the end of this year. There are about eight axle parts to produce locally in manufacturing the 10-ton AP hub reduction axle designed by MAN and Daimler-Benz"

Difficult

Mr Turner says that engineering an axle into a chassis is a more difficult task than fitting a gearbox, but a reasonable market exists in South Africa.

Astas will provide mounting brackets to suit the customer, make any adaption required and supply different ratios Attention will also be given to matching the existing braking characteristics of the vehicle

Court hears of assault with chain in factory

192

E-Post.

28/8/84

VOLKSWAGEN SA (Pty) Ltd discharged workers who fought at the motor assembly plant, a Uitenhage magistrate was told today

Before the court was Mr Johnson Gaika, of Tulis Street, Uitenhage, charged with assault with intent to do grievous bodily harm

He is alleged to have punched, kicked and hit Mr Burger Steyn Delport with a length of chain on June 29

Mr Gaika pleaded not guilty

He admitted that there was an incident that morning but said he grappled and exchanged blows with Mr Delport in self defence He denied kicking or using a chain

Mr Delport said at about 7 20am he saw Mr Gaika talking to a Mr Du Toit who said he didn't wish to make a case against Mr Gaika He was referring to an assault the previous day Mr Delport said he told Mr Du Toit that he could not just drop the matter — such things could not be permited at the factory

He said he then turned and walked away. He heard Mr Gaika swearing at him He said "voetsak, wie is jy-jou"

He turned and asked who he was talking to and Mr Gaika ran and punched him in the face He grabbed him and the two grappled on to the floor where Mr Gaika tried to gouge his eyes with his fingers He asked a Mr Smit for help and the two were separated

He ordered Mr Gaika to report to his office and walked off He was then hit on the back with a chain

At that stage a Mr Mondile grabbed hold of Mr Gaika and a Mr Bezuidenhout took the chain

He walked to his office That was the end of the fight At no stage had he struck back because if he had done so he could not have brought the case

He said he had walked at VW for 15 years and knew the policy of not allowing fights on pain of discharge

He said he received medical attention for the injury to his face and also found that he had a bite mark on his back and that his hand was cut in the fall

Under cross-examination he agreed that the charge sheet included an allegation of kicking He agreed that there had been no kicking

He agreed that he had only been struck one fist blow in the face, that he was not sure where it landed and that he had not been clouted as was alleged in the charge

He also admitted that a civil claim that he had made against Mr Gaika was incorrect in that it alleged there were various fist blows and that he was kicked

(Proceeding)

Mr W Smit was on the Bench Mr F Bothas appeared for the State Mr G Huisamen appeared for the defence

MOTOR INDUSTRY

Plastic plastic everywhere. . .

Not so long ago plastic products carried the image of being cheap and trashy But rational considerations have since led some of the most respected names in the industry to conclude that plastics work better than traditional materials in many applications

This new awareness has prompted several local motor companies to invest in developing the material for the industry Among the leaders in the field are Volkswagen, Toyota and Mercedes Benz

Presently, most local plastic components are injection moulded, although Volkswagen is currently involved in a rotation moulding process for fuel tanks for the new Audi and Golf range

The cars equipped with their plastic tanks should be on SA roads by the end of the year, joining the Passat which has been equipped with a similar tank for the last two years

One of the major problems facing the industry is the substantial capital outlay needed to tool up for SA's relatively short production runs.

Viable proposition

"Rotation moulding is the most cost efficient method we have found," says John Summersell, trim and plastics development manager for Volkswagen "Tooling costs work out at around R15 000 a mould locally, against about R1m for an injection moulding process."

Plastic can be used for components like bumpers, body panels, doorskins, bonnets and boots and valance panels Its advantage is that the vehicles are a lot lighter, will be more fuel efficient, and possibly cheaper

Summersell points out that if locally-made plastic components are to be a viable proposition, they must be cheaper than imported components from Europe

"Volkswagen in Germany has invested DM2m in a blow moulding process The problem is that one day's production there could produce virtually the total SA requirement for the plastic parts The process is just too quick for SA," he says

Others in the industry would disagree however. Toyota is heavily involved in developing plastic components And the work it does here contributes to the effort of its Japanese associate which spends between R340m-R400m annually on plastics research and development

Locally, Mercedes Benz has been the latest to commit itself to plastic components in a big way With Germiston-based Academy Plastic, it has invested in a new plant in Babalegi, Bophuthatswana, to produce injection moulded bumpers for the new Honda and Mercedes ranges which are about to be released

As part of the deal, Academy bought a new injection moulding machine for around R1,3m and spent a further R1,5m on a new factory for local production

"We can justify the expenditure by the amount we save on packaging and handling charges incurred in importing from Europe," says Heinz Te Poel a member of the Mercedes Benz management board for procurement

"Bumpers are bulky to import which makes local manufacture a viable investment," he says

But plastics may have some drawbacks Sources in the industry have called into question the safety of plastic parts used as body panels Says one "Plastic has not proved to have good impact absorption qualities in an accident The material tends to rebound rather than absorb the impact, making it potentially dangerous"

Despite these doubts there are many areas, as yet unexploited, where plastics could undoubtedly be used to advantage. Earlier this year Toyota recorded a world first when it developed a major engine component made of plastic The component passed all Toyota's stringent tests and could soon be in general production.

General Motors (GM) imports most of its plastic component requirements saying that it is too expensive to tool up for the relatively small SA market

"Using plastic depends very much on the model range a manufacturer provides," says a GM spokesman "If the different models have relatively no interchangeability, then tooling costs cannot be justified," he says

GM in the US however produces its top of the line sports car, the Corvette Stingray, using all plastic body panels And it is not the only manufacturer producing top quality cars from the material Lotus in the UK also uses plastic body panels so moving away from the traditional fibreglass bodywork

Although the initial tooling outlay is expensive by today's standards, the general feeling in the motor industry is that plastic is the material of the future And with fuel efficiency still a major consideration, the trend to plastic is likely to accelerate

Plastic bumpers . . . what next — plastic engines?

Mercury 4/9/84

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Big cutback as new car sales plummet

Motoring Reporter

MOTOR manufacturer Amcar, formerly Sigma, has laid off 315 workers, 66 salaried staff and has shut down its production line in Pretoria for four weeks.

The company confirmed yesterday that a further 10 days would be trimmed from the October working schedule by working short weeks

In July, Amcar's sales figures dropped by 60 percent over June from 4 620 cars to 1 851

'The measures are to adjust supply in line with the lower demand,' said a company spokesman'

On leave

He said the action, though regrettable, was a necessary part of the company's programme to reduce its cost structure to levels commensurate with present market demand

Amcar employs 1 300 salaried staff and 3 000 hourly-paid staff

Another company that will join Amcar in cutting back is Ford, which will close its operation from September 10 to 14

'We are all going on leave,' said a Ford spokesman

He said no decision had been taken beyond then, but the situation was being monitored 'It flows out of the present economic situation We do not see it improving before the end of the year'

Other manufacturers have also trimmed their working week.

In Port Elizabeth, General Motors has been working a four-day week for the past nine weeks

In a statement, GM said 'For the past two months because of the German metal workers' strike and the current economic situation, we have been reviewing the situation on a continuing basis

'We have been working short-time for the last nine weeks and experienced a temporary lay-off of employees The possibility of further action cannot be discounted at this time However, any such action will be reviewed with the trade unions

A Nissan spokesman said the company had shed 2,5 hours a week, while BMW had stopped working on Mondays, this week being the third

Alfa Romeo has been working a three-day week.

Overtime

Toyota S A and VW S A are working a full week.

A Volkswagen spokesman saw no reason to reduce time as they were running on pre-timed schedules and building 430 units a day

'In fact, we're working overtime in some areas We have fairly strong orders and we are building stock of Golf 2'

Mercedes-Benz is also working a normal week.

Some of the manufacturers were following the June-July 1984 trend over the July 83-July 84 period with a sales drop of as much as 65 percent.

Renault's figures were down 46,5 percent, VW 38,5, Alfa Romeo 37,3, Peugeot 62,9, Mitsubishi 65,8, and GM 20

600 retrenched in PE, Leyland also expected to lay off workers

Car jobs crisis

Argus 7/9/84

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By KEN VERNON and PIPPA GREEN, Staff Reporters

ALMOST 600 people have been retrenched by General Motors and Ford, and car industry workers in the Western Cape are waiting for news of layoffs at Leyland plants.

The Port Elizabeth companies' moves today push up to almost 1 200 the known number of workers made jobless in the recession-hit South African motor industry in less than a month.

In a black Friday for the Eastern Cape's "motor city", Ford announced that they had laid off 425 hourly and salaried staff, and General Motors said they had retrenched 129 workers.

Two days ago Leyland's manufacturing director, Mr G Morris, said that the company management in Cape Town had been negotiating with the trade unions involved and that the workers would know by the end of the week what had been decided

But today senior company officials were said to be unavailable for comment.

"List of employees"

However, Mr Joe Forster, regional secretary of the National Automobile Workers' Union (Naawu), said Leyland shop stewards had been given a list of employees facing retrenchment today

The union's retrenchment agreement with the company allows worker representatives to make special application on behalf of those who might suffer undue hardship, and provides for retrenchment pay.

Last month Nissan South Africa retrenched 244 contract workers, and Amcar (formerly Sigma) laid off 330 employees.

The move at Ford comes in addition to a planned shutdown of the production facility next week, forcing all staff to take a week's leave

Economic climate

General Motors will continue to work a nine-hour day in a four-day week, said its public relations officer, Mr Mike Killeen.

Both Port Elizabeth companies said the retrenchments had been forced on them by the economic climate, which has hit new-car sales drastically

Mr Fred Ferreira, industrial relations manager at Ford, said the employment situation would be monitored weekly, but no further layoffs were expected "at present"

Mr Killeen said General Motors did not expect further retrenchments.

Ripple effect

Mr Brian Robinson, director of industrial relations at Volkswagen, said his company had not retrenched any workers and did not expect to in the near future

Today's layoffs have deepened the gloom in Port Elizabeth The ripple effect of car sales goes beyond the car manufacturers — component suppliers are also beginning to feel the pinch

Guestro Industries, a subsidiary of the Dorbyl Group, says its Uitenhage plant, which supplies parts to the industry, is to lay off 54 workers in coming weeks

Mr John Ryan, marketing manager for the headlight manufacturer Hella SA, said that so far his company had not had to retrench workers, "but we expect to reschedule production downwards soon"

Makers of batteries and tyres, especially retreads, expect to sell more as pressed consumers opt to keep their cars on the road rather than buy new models

PE car plants to lay off 554

Post Reporters

E. Post

7/9/84

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A TOTAL of 554 workers, including salaried employees, will be retrenched at the Ford Motor Company and General Motors SA in Port Elizabeth today.

The retrenchment figures released today were 425 at Ford and 129 at GM.

Mr Fred Ferreira, director of industrial relations at Ford, said in a statement it was regretted that this drastic measure had to be taken

It had become necessary because of the combined effects of the recently introduced economic measures which were depressing the South African economy in general and the motor industry in particular

"We see virtually no prospect of improvement in the short and medium term," said Mr Ferreira

Vehicle sales in August were expected to follow the low trend started in July, when the figures were well below the market average of the first six months of this year

He said the decision to retrench workers had been taken in consultation with the unions

Preference would be given to the affected workers should vacancies arise or should improved conditions allow recruitment of additional labour

He said no further measures were planned at this stage

Mr Lou Wilking, managing director of General Motors, in announcing the retrenchment of 129 employees, said no additional retrenchments were planned

He said GM was working on the assumption that things would be "looking up" by the middle of next year

They had also taken every possible measure to minimise the impact on the motor industry by working a four-day nine-hour week

Volkswagen South Africa employees are currently working a full five-day week

The communications manager of Volkswagen, Mr Graham Hardy, said today there were no plans to retrench workers "in the foreseeable future"

However, the situation would be monitored closely,' he said, and could not be taken lightly.

● The regional secretary of the National Automobile and Allied Workers Union (Naawu), Mr Les Kettledas, said that during the past few weeks Naawu had made representations to the motor companies urging them to consider alternatives to retrenchment

"We raised our objection to retrenchment and asked the companies to take stock of the devastating social implications retrenchment would have in the current economic circumstances," he said

Many families would be severely hit

The motor industry should not forget its social responsibilities to its employees, Mr Ketteldas said

Any further moves would have to be discussed between the workers and Naawu, he added

● Mr Bill Hayward, director of the National Association of Automotive Components and Allied Manufacturers (Naacam), said today that it was still too early to assess the effect the retrenchments would have on the motor component makers and related industries

He said that five of the 30 industries linked to the motor industry in the Port Elizabeth-Uitenhage area had been affected and were working short time

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C-Times 7/9/84

Big motor companies lay off 654 workers

Own Correspondent

PORT ELIZABETH — A total of 554 workers, including about 20 salaried personnel, were retrenched by Ford Motor Company and General Motors in Port Elizabeth yesterday

The retrenchments were made mainly in the production departments of the two companies

The only car manufacturer in the Western Cape, Leyland South Africa, yesterday laid off 100 workers at its plants in Epping, Blackheath and Elsie's River

The company's manufacturing director, Mr Graham Morris, said the retrenchments were inevitable after workers at the plants had been on short-time for about six weeks

There was little hope that the industry would show an improvement in the near future, and the retrenchments also meant that the remaining employees could now work a normal week, Mr Morris added

Mr Fred Ferreira, Ford's director of industrial relations, said in a statement yesterday that Ford South Africa had retrenched 425 workers, including 20 salaried personnel

"We regret that it has been necessary for us to take this drastic measure, but it has been necessitated by the combined effects of the recently-introduced monetary and fiscal measures which continue to depress the South African economy and the automotive industry in particular," Mr Ferreira said

Mr Ferreira said Ford South Africa saw no prospect for improvement in the short and medium-term

He said the decision to retrench workers had been taken in consultation with the unions. Preference would be given to affected workers should vacancies arise, or should improved conditions allow for the recruitment of additional labour

No further measures were contemplated at this stage in addition to the retrenchments and the one-week annual vacation announced last week. The situation, however, would be monitored closely and reassessed on a weekly basis, Mr Ferreira said

Mr Lou Wilking, managing director of General Motors South Africa, where 129 workers were retrenched yesterday, said no additional measures were planned To minimize the impact of the retrenchments, General Motors was working a four-day, nine-hour week

General Motors, he said, was working on an assumption that things would improve towards the middle of next year

(192)

Motor-makers' lost manhours doubled

S-Times 9/9/84

By Don Robertson

THE motor manufacturing industry has lost at least 1,8-million manhours in the first eight months of this year through strikes and enforced short time

With demand for cars and commercial vehicles in the doldrums, this figure is likely to rocket by the end of the year.

The number of production hours lost is almost double the 921-million hours lost in the comparable period last year It is not, however, possible to break down the lost time into the two categories for the industry as a whole.

Only Mercedes-Benz and Toyota have gone through the past two years without labour stoppages Renault, whose Renault 9 is produced at Leyland's Elsies River plant, introduced a four-day week in the middle of last month, and is not included in the 1984 figure It had no stoppages in the previous year.

Part of General Motors lost time was caused by a two-month strike in Germany which caused component shortages

The largest labour loss was suffered by Volkswagen, which shed 630 000 manhours this year, partly through illegal strikes However, Volkswagen is working flat out with double shifts in some sections to build up stocks for the launch of the new Golf

Amcar's total production facility is suspended and will remain so until about the beginning of next month. This will add 117 500 lost manhours to the total for the year

Ford is to close its plant for a week from tomorrow It and GM have also laid off workers

Other manufacturers are reviewing their production levels

Soft - 9\9\84

MOTOR FIRMS MAY LAY OFF 680

S. Pres

192

[illegible]

By MONO BADELA

MOTOR industry workers in Port Elizabeth are panick-stricken — they are living in fear of retrenchment.

According to the National Automobile and Allied Workers' Union, the giant car manufacturing company Ford will retrench 500 workers today, and the union's talks with General Motors — which is planning to retrench 180 workers — ended in a deadlock this week

Ford is to shut down its entire Port Elizabeth operation, affecting about 6 000 workers, for five days from Monday next week.

However, it has been established from reliable sources that 2 000 workers — 10 percent of which are salaried staff — are likely to be retrenched soon

Workers at the factory were reported to be panicking the whole week — many expressed fears that they would be laid off soon.

However, Ford's public affairs officer J Hill said "We have not taken a decision whether we should retrench workers, and it is still too early to comment."

He said the plant's closure followed in the wake of the below average July vehicle sales and the anticipated low August sales

Both Ford and General Motors have been working a four-day week for some time now

RDM 13/9/84 (192)

Motor industry gets set for third-best year

Vehicle sales surprise

By DAVID FURLONGER
Industrial Editor

THE motor industry is on target for one of its best years.

Despite a continued fall in sales last month, the exceptionally heavy sales in the first six months have motor industry officials predicting the industry's third best year of all time.

August's total of 30 173 vehicle sales was 21% below the monthly average for the year and 16,2% below August-1983. However, it represented a fall of only 2,7% on July's figures.

This was helped in part by an unexpected sales increase among light and heavy commercial vehicles. The light commercial sector benefited from the delivery of government vehicles while heavy trucks showed a slight recovery from their long depressed performance.

The healthier-than-expected picture was highlighted yesterday when Toyota announced it would keep its Prospecton, Natal, vehicle plant running at full capacity for the rest of the year

A senior company spokesman said: "We have finalised our production schedules at the plant for the rest of the year and are now running at full capacity of 435 units a day.

"We have no intention of cutting production although the South African vehicle market generally is depressed."

The latest official sales figures were released yesterday by Naamsa, the National Association of Automobile Manufacturers of SA.

Toyota's marketing director, Mr Brand Pretorius, said: "Vehicle sales seem to have stabilised at a lower level than in the first half of the year as a result of the tighter economic situation.

"However, we still expect the industry total for the year to reach 423 000 units, representing a 4,4% increase on 1983 and the third best year ever.'

Car sales fell 5% in August to 19 119 — 25,4% below the monthly average for the year and 18,7% down on August 1983.

But once again industry officials are predicting the car sector's third best year, with total sales of 280 000.

Toyota's 24,8% of the August car market from 4 734 sales was an industry record. Ford came next with 14,7% from 2 807 sales, Amcar was third with 2 053 sales and 10,7%, and Mercedes-Benz fourth with 1 973 sales and 10,3%.

The rest of the market was divided among Nissan 9,1%, VW 8,4%, General Motors 7,2%, BMW 6,9%, Renault 4,8% and Alfa 3%.

The top 10 models for the month were Toyota Corolla 2 652; Toyota Cressida 2 042, Ford Sierra 1 434; Ford Escort 1 190; Nissan Pulsar-/Langley/Exa 1 130; Mercedes W123 1 081; BMW 3-Series 984; Mazda 323 756; VW Passat 722; and Mazda 626 716.

Toyota was also the biggest overall seller, with 28,5% of all August vehicle sales. Next came Ford with 12,9% and Nissan with 12,8%.

Light commercial vehicle sales of 9 431 were 1,7% up on July, with Toyota once again leading the way with its Hilux and Hi-Ace bakkies.

According to Mr Pretorius, the overall increase in this sector reflected its "more rational, less emotionally sensitive character" compared to car sales and the fact that Government deliveries peaked during the month

The medium commercial sector fell 9,4% to 482 sales. Amcar, formerly Sigma, led with 35,3%.

Despite the 4,3% increase over July, the heavy truck market remains very depressed and August's improved 1 141 sales total offers only limited encouragement to manufacturers.

Mercedes-Benz remained the leader with a 24,9% market share from 284 sales, followed by Magnis, GM and Leyland.

Parts makers' local content hopes dashed

(192) D. Dispatch 13/9/84

PORT ELIZABETH — Hopes by the component industries for a further increase in the local content programme in the near future were dashed here yesterday by Dr S J Klue, chairman of the Board of Trade and Industries

Opening the annual meeting of the national Association of Automative Component and Allied Manufacturers (Naacam) he said the future of the component industry was in its own hands and not those of the government

He also said that a large measure of rationalisation of models and manufacturers was unlikely in the near future It was not the government's policy to enforce rationalisation and the local content programme was never intended to do this

Protection for motor vehicle components was introduced 20 years ago and the protective measures were increased through various phases to create industrial development on a sound basis, he said

"Infant industry protection is usually granted to industries which show potential for development and which after a temporary period of assistance, will be able to compete effectively against imports and on world markets

"Can the motor vehicle component manufacturing industry still be considered an infant industry after 20 years of active encouragement?"

He said the phase 5 programme of 66 per cent local content corresponded closely to Naacam's proposals of duty penalties below a certain level and awards for going beyond the minimum

The phase 5 structure, therefore, catered for increased local content and it was up to component manufacturers to accept the challenge

He said the board was under the impression that, despite the higher level of protection under phase 5, there had been a reduction in the levels of local content above 66 per cent

World conditions could have played a part, but it was also important for component manufacturers to look at their productivity, Dr Klue said

Urging component and vehicle manufactures to co-operate in exporting, he said the board would be willing to consider proposals for help to establish an export drive

Mr J W Small, president of Naacam, called for a separate automotive authority to promote efficiency and to encourage the South African motor manufacturing industry to rationalise

Mr Samll conceded, however, that this was a remote possibility and suggested instead that a viable alternative would be to seek the benefits of standardisation through the Automotive Industry Action Group (AIAG)

AIAG consists of members of both Nacaam and the National Association of Automobile Manufacturers of South Africa (NAAMSA)

He said it was thought that the application of the local contents programme would see more manufacturers withdraw, but very few of the assemblers had gone away

The industry is still faced with an enormous difficulty in coping with a market in which there are no less than 17 makes, 49 models and 268 variants, he said

"The vexed problem of proliferation of design will not disappear overnight We are hardly in a position to invite motor manufacturers to disinvest in the Republic purely in the cause of standardisation and economy of scale

"Instead we will promote the concept of standardisation, when it is practical, justifiable and economically viable with the full co-operation of the motor manufacturers." — DDC event of a dispute

Provisions for the Minister or Director General of Environment Affairs to act as arbitrator in a deadlock have been included in amendments to the Forestry Act promulgated this year

It is the culmination of a long struggle by growers to obtain better prices They have long argued that they have been at the mercy of a small but powerful group of buyers

Their disenchantment is exemplified in a comment in the annual report of the SA Timber Growers' Association (Satga) "Notwithstanding buying companies showing good and greater profits, dividends and retained earnings with corresponding increases in share values, growers were unable to recover increased costs in the form of adequate price increases"

Says Satga chairman, Craig Anderson "Hitherto it has been a case of that's the price, take it or leave it"

Satga has also recently formed an association of timber co-operatives to conduct price negotiations on behalf of growers outside the federation of timber growers' associations This is because some of the major buyers were represented through federation constituents Says Anderson "We found it extremely difficult to sit down and discuss prices with the interest of buyers represented through our own delegation"

The buyers' previous pricing policy may also have harmed their own interests It is estimated that SA needs 39 000 ha of new afforestation each year But from a high point of 25 500 ha in 1975/76 timber plantings have dwindled to around 10 000 ha in 1981/82 — largely because growers have found planting uneconomic

Anderson says a better deal on prices would "encourage a flow of growers back into the industry."

Though growers were dissatisfied with the general level of price increases for the various grades of timber last year, Anderson feels there is a better chance of getting a "reasonable" price this year The local economy might still be in recession but the export climate, he notes, is very good

CAVEAT VENDOR

Accounts overdue in the textile industry have risen to 40,8% for the first six months of this year from 25% for the same period last year, the footwear industry's to 20,2% from 13,7% and the building industry's to 28,4% from 16,2%.

The information comes from Kreditinform which has recently introduced a computerised weekly debtor monitor service MD Ivor Jones says, "The number of liquidations is taking on serious proportions, and repayments of debts have become obstacles, especially for credit managers in smaller firms with limited capital resources and overextended credit facilities"

MOTOR INDUSTRY

Cutting the fat

92

Despite predictions that motor vehicle sales this year will be third highest ever, manufacturers are cutting their labour forces

One source attributes this to a correction of the boom situation in 1981 when manufacturers took on extra staff to achieve production at almost any cost

"They now realise that employment levels have reached a point much higher than can be justified," he says "It also reflects a growing ability by management to make better use of its labour This must continue if the industry is to survive"

The figures seem to bear him out Some 35 430 workers produced 405 386 vehicles in 1980 By 1983 the labour force had risen to 47 402 while production declined fractionally to 405 139 (see graph)

This year the ratio should come more into line with that of 1980 when about 43 000 workers are expected to produce 417 500 vehicles Several plants are also working short time

Amcar has stopped production for three weeks this month when it re-opens it may continue on a four-day week basis

Ford laid-off 425 workers recently and also shut down its three manufacturing plants for a week "The engine plant and the Sierra plant in Struandale will re-open on a four-day week basis while the Neave plant will open on an eight-hour five-day week," says Fred Ferreira Ford's director of industrial relations who is, himself, on "forced leave"

Retrenched

General Motors (GM) has also retrenched staff "GM has laid-off 129 workers and will be working a nine-hour four-day week until further notice," says MD Lou Wilking

The only eastern Cape motor manufacturer unaffected by lay-offs or short time at the moment is Volkswagen (VW) The main reason VW is able to keep its staff at present levels is that it is launching two new models later this month

"We have reallocated our resources to gear up for the introduction of a new Golf and Passat range," says MD Peter Searle

Some members of the industry did, however, see the writing on the wall earlier in the year

"Alfa Romeo has been on a four-day week from January to avoid having to lay-off staff," says MD Vito Bianco "The first six month sales for this year were good but as demand declines we will reduce production level to retain our staff," he says

Mercedes-Benz conservatively predicted sales for this year and has not retrenched any staff so far "We have been working a full five day week all year and we have no plans to do otherwise," says a spokesman

The *FM* could not reach Nissan for comment

Things are quite different for market leader and star of the SA motor industry, Toyota. "We haven't laid-off any staff and have no plans to do so," says PR manager Flip Wilkin

He attributes this to good management and the fact that Toyotas are selling well "We don't foresee a dramatic drop in sales of our products for the rest of the year," he says

Another reason for the belt-tightening is that although this year's sales should be good, a high proportion of it has already been achieved in the first half of the year leaving little potential for the second half

Most severely affected is the passenger car market which is feeling government's August austerity measures worst Average monthly sales figures for the first six-month period this year were 26 500 units but it is expected the second six month's figures will hover around the 20 000 a month level

"The impact of stringent monetary measures means accelerating decline in consumer spending and reduced demand for vehicles," says Nico Vermeulen director of the National Association of Automobile Manufacturers (Naamsa)

"The present slump in the industry is very serious from a growth and employment point of view and is bound to affect the broader spectrum of motor industry component suppliers," he says

Vermeulen says that assuming there is no short-term relief "SA's motor manufacturers will face increasing pressure in the next 12 months to streamline their operations," he says

"SA has been talking about rationalisation for the last 20 years but so far it has only achieved proliferation," says Amcar

ANOTHER SUN?

Sun International (SI) may buy the Hilton Hotel from the Lesotho government

Eugene Joannides, SI's director of strategic planning and development, says the Hilton is a "better property" than the Maseru Holiday Inn, which came to the group when the Holiday Inns-SI-Southern Sun restructuring took place

He says SI has been given no time limit on the option to buy The hotel is presently being managed by another party and, like all hotels in the country, has no grading However, it would probably qualify for more stars than SI's Maseru Holiday Inn

VW hopes new Golf will regain market

192 C. Times 17/9/84

Own Correspondent

VOLKSWAGEN says that in what is probably the country's most serious recession, it is launching a new car which is helping stave off short working hours and unemployment in its own plant and among some component suppliers in the area

In a statement, the managing director, Mr Peter Searle, says the company hopes its new Golf will regain lost market share

Workers are on overtime to produce the vehicles, being launched in Johanneburg

The launch will be attended by Dr Carl Hahn, chairman of the board of Volkswagenwerk AG, who arrived in Port Elizabeth this weekend to visit the plant in Uitenhage

"The expected demand for the new car will stabilize the company's workforce of some 7 000 people," he says

Volkswagen is well placed to endure the recession without having to decrease its workforce and cause further unemployment in the Eastern Cape, he says

"Although the present recession, high interest rates and difficult hire purchase terms are affecting every South African motor manufacturer, those with brand new models to introduce will be less affected than others," he says

Modern facilities

The company has revamped almost all its products in the past 18 months Apart from its Citi Golf and the Golf Pick-up, nothing will be in production in October in the same form as a year ago

And by early 1985, most of its 20-year old plant and facilities in the factory will have been replaced with more modern facilities

Volkswagen's current R200-million expansion programme has seen more than R70 million committed to the development of the new Audi and Golf range, and a further R50 million is now being spent on a paint plant.

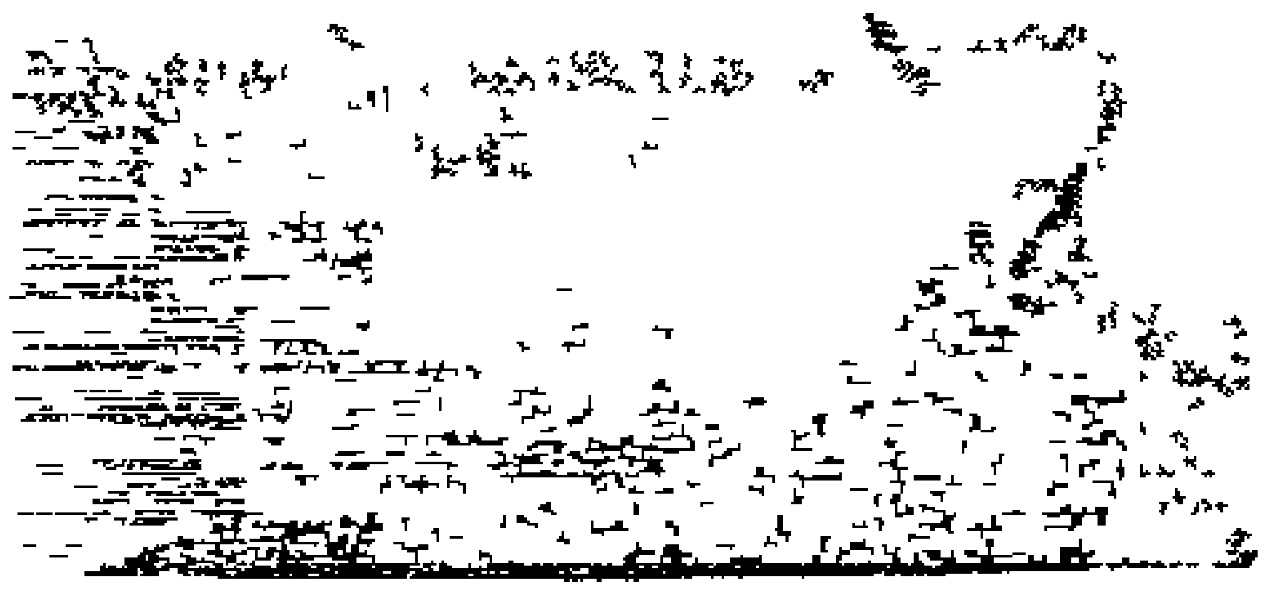
In the manufacturing and assembly halls more than R85 million has been and is being invested to modernise the plant, to increase capacity and to improve product engineering and quality assurance facilities, he says

"We have invested heavily to introduce first the new Audi 500 and now Golf II But this move will now give us an advantage in the present depressed state of the market."

Passat and Microbus ranges also have new, more powerful engines

Mr Searle says Golf II is expected to make the same impact on the local market that it had on the German market when it was launched there a year ago

"The South African car market is a fashion market, and the competition in the small and medium class — representing some 70 percent of total sales — is particularly fierce"



- from the sunken freighter
(PI)

back again

...ch a diverse is possible to ...ly some of the

...is icumen in, song from the ... and one of ...iest contra-songs known, ...n a joyous ...g There the ...ng clarity of ...-tenor voices effective

William Byrd's Agnus Dei from his four-part Mass had an ethereal quality which was most moving and showed to perfection the unique style of this composer's vocal writing

Chanticleer, a setting of Chaucer's poem by the modern American composer Rodger Nixon, was well suited to the group's style Written in the modern idiom with astringent harmonies and complex rhythms, it had, however, humour and vivacity

After a whole programme of lesser-known music, the group ended in rousing style with a selection of spirituals, close harmony songs and popular favourites

I am sure that despite three encores we all would have been happy to stay for more than a while longer

Our thanks to Chanticleer, come back again

I K S.

Ford closure denied

[illegible] 18/9/84

PORT ELIZABETH — Motor industry executives here have dismissed rumours in a Pretoria newspaper that Ford would close and that General Motors was looking for a South African partner

An unsourced report in the newspaper said speculation in the Eastern Cape motor industry hit by reduced production, revolved mainly around the intentions of Ford

"Again, the talk here is of closing the plant and mergers with another manufacturer to rationalise output," the report said

Mr Harry Hill, Ford's press relations manager, said there was no substance to the rumours about Ford in the report

Mr Lou Wilking, managing director of General Motors, said at no time had his company suggested that South Africans become partners or made any approaches for this to happen — DDC

Mirror 20/9/84 ⑱

Austerity measures worry car industry

Financial Editor

AUSTERITY measures imposed six weeks ago and the rise to 10 percent in GST on July 1 have the motor industry worried and they have begun to search out ways of reducing the penal 32 percent interest rates for hire-purchase or leasing.

But top of the pops manufacturers — Mercedes and Toyota — have said they will not be taking part in the schemes They are satisfied that their prices are competitive and their sales levels have not taken the 30 percent plunge that other makers are facing.

It seems that there will be a two-way deal for consumers, with finance houses and manufacturers taking a drop in profits to keep car production lines moving.

But only the effects for the consumer are being spelt out

Car-makers are offering deals ranging from discounts to interest rate reductions One manufacturer is even offering free diamonds with its cars

Deal

Two weeks ago BMW announced their deal which would effectively cut the interest rate from 28 percent to near 20 percent.

Major credit suppliers, Wesbank and Stannic, confirmed they were talking to BMW

The Wesbank spokesman said talks were going on with most of the major manufacturers

Mr John Smale, marketing manager for Stannic, said the BMW package would give the motor company a 'situational advantage — probably through until Christmas'.

He was not, personally, optimistic about the prospect of this and similar packages reversing the general downward trend in car sales 'My view is that the market is not psychologically tuned to go on a buying spree.'

Asked who was picking up the tab on the reduced HP rate, Mr Smale would not be specific.

'We look to maintain a yield. Obviously, if we're dropping our interest rate, somebody's having to put something in.'

Sales dive

Wesbank spokesman Mr Robin Shales said 'Sales have slumped The manufacturer must now find some way of making sales more attractive, for example by effectively subsidising the interest rate.'

On the car market, Mr Smale said consumer sales had felt the Government's more expensive credit measures sooner than corporate sales, which were not falling off that fast.

Customers of other carmakers are also being offered incentives to buy

But Toyota's managing director, Mr Colin Adcock, said they had no plans for a discount scheme 'as we believe we offer our vehicles at a competitive price'.

But many Toyota dealers were trying to reduce their customers' HP interest rate. 'They are, after all, in a competitive business.'

While he preferred price reductions to free gifts, such as the diamonds currently being offered by Tredia, Mr Adcock said he was not in favour of widespread inducements, particularly discounts

'I believe that if prices are constantly being reduced, you will convince the public that prices were inflated in the first place

Mr Adcock, who is head of the vehicle manufacturers' organisation, Naamsa, added. 'If everyone keeps offering inducements and discounts, the public will get confused and fed up with 'what's going on.'

One car manufacturer that insists it will not offer inducements is Mercedes-Benz

Mr Peter Cleary, general manager marketing, passenger car sales, said 'We are not offering discounts or incentives to purchase. We believe that discounting will harm the product and its residual value'

He said this applied to Honda cars, which are marketed in South Africa by Mercedes

Discount

'We give dealers no incentive to discount. Some of our customers, in arranging finance with their bank, may get it below the prime rate but that is simply between them and the bank.'

BMW said it had concluded a deal with a major financial institution to reduce the interest rate on HP repayments over 36 months from 28 percent to 20 percent.

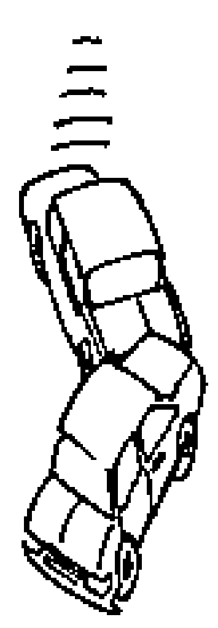
A BMW spokesman said customers could save up to R7 000 on the purchase of a R40 000 model;

However, neither BMW nor the major finance houses would offer specific details of how the deal worked

MOTOR INDUSTRY

Waiting for the dawn

Car manufacturers have fallen on hard times. There seems no way out except through rationalisation — probably entailing the sharing of facilities, either by way of merger or contract rather than the disappearance of well-known models. Developments to meet plummeting sales and margins are expected soon.



There was a time, says one nostalgic motor industry executive, when it seemed "frightfully viable" to have a car assembly plant in SA But that was in the Fifties when the economy was booming, the competition was limited and government regulation was at a minimum

Today, these attractions are gone The economy is in its worst shape since the Thirties, competition for the tiny market is fierce, and suffocating regulations which enforce local content threaten to become increasingly costly to meet

On top of this the industry has been trying to absorb the added costs of the rand slide over the last year and several more recent body blows: the gst increase from 7% to 10%; a 2% increase in excise on cars selling for more than R11 000 (1% for cheaper models), and higher interest rates coupled with higher deposits and lower payment periods on HP deals

These measures are particularly hurtful to the motor industry because a high proportion of its customers are in the category which can only just afford to buy a vehicle. A small price increase can thus kill many potential sales. This is precisely what is predicted for the next 12 months (see chart *Into the valley*)

SA has more motor manufacturers than any other country At retail level, the market is worth a seemingly respectable R5 billion a year But this works out to barely 420 000 cars and commercial vehicles produced by 14 companies By contrast, only five serve the US car market — which is nearly 30 times bigger (In Australia, the government wants to reduce manufacturers supplying a total vehicle market of 750 000 a year from five to only three)

High stakes

Not surprisingly, only a few car manufacturers in SA will make profits this year — although unit sales are likely to be the third best in the industry's history The rest will lose, rather like a poker player who hangs on to a succession of bad hands, hoping for the best, in a game in which he has already staked too much

"When government introduced local content requirements in the Sixties many companies invested in plant because they believed the others would bow out of the game," says BMW communications manager Pierre de la Rey. "But they all stayed in."

General Motors SA MD Lou Wilking says "You have sunk your costs in basic facilities and at least R25m in tooling up for each car line you carry, and you ask yourself, 'What would I get for it if I decided to quit now?' So you carry on in the hope that it will get better"

GM's Wilking ... staying in the game

Most predictions suggest it will indeed get a lot better some time in the future. At present, car ownership among blacks is 22/1 000 against 502/1 000 for whites Many manufacturers have probably been content to accept losses just to be here when the black buying boom finally takes off

But present economic stringencies have forced a change of attitude in some.

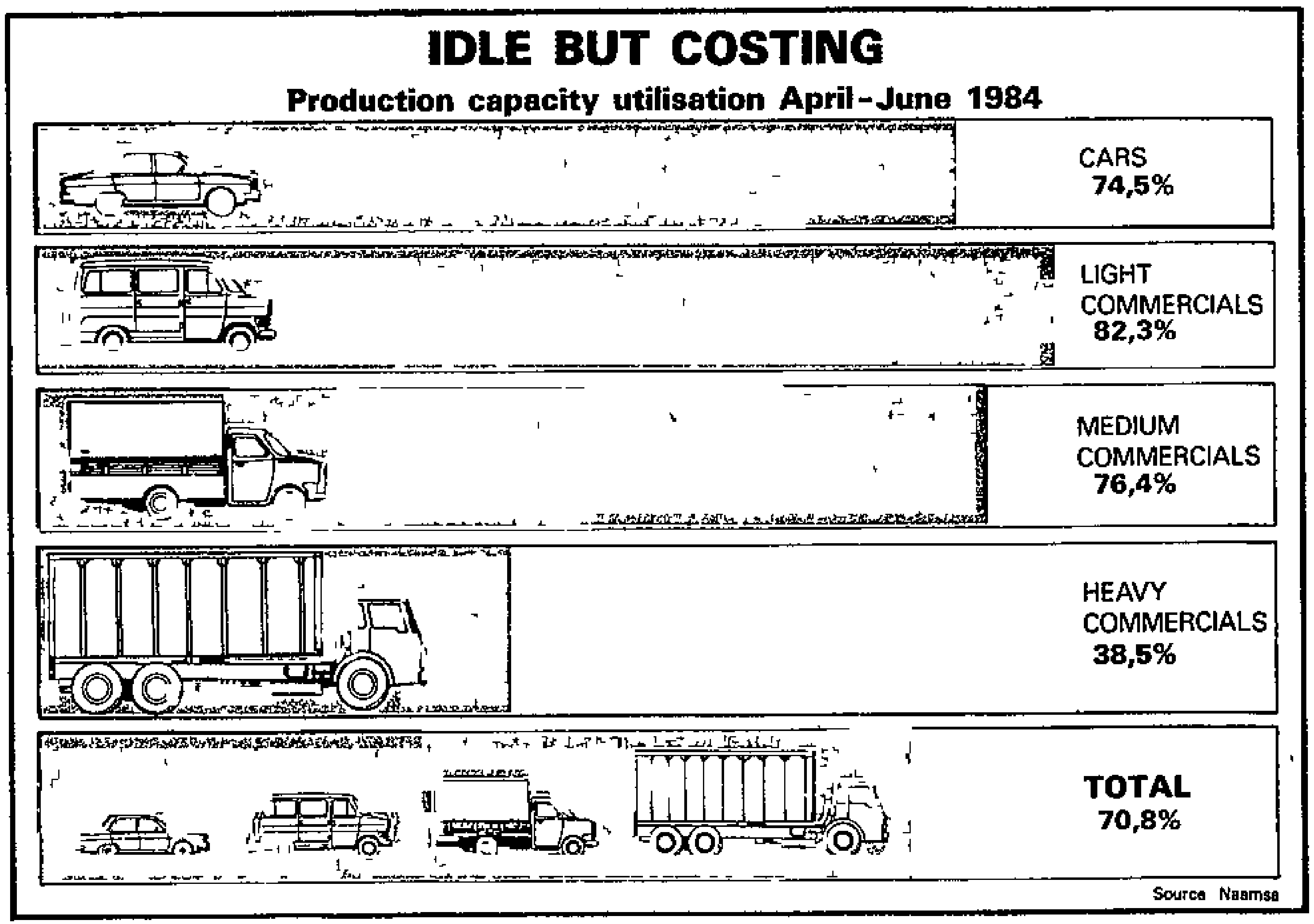
"It is clear to us that rationalisation of the motor industry is something requiring urgent attention," says Graham Boustred, chairman of Amic, the Anglo company which controls loss-making Amcar. "We are looking at a number of possibilities but cannot comment definitively on any of them at this stage"

Matching possibilities

An obvious one is a merger or manufacturing agreement with Ford This idea gained currency when it was rumoured that Ford executives from the US visited SA and stayed in Johannesburg, presumably to talk to Amic, without even bothering to visit their local operation in Port Elizabeth

Ford in the US already holds a 25% stake in Toyo-Kogyo, maker of Mazda vehicles These vehicles are produced in SA under licence by Amcar Further, the Ford Escort is, in many countries outside SA, little more than a Mazda in disguise

Amcar's Pretoria plant is running at less than half capacity and it could, conceivably, accommodate the bulk of Ford's pas-



senger car production, much of which comes out of old plant in Port Elizabeth

There would be several advantages to moving Ford production to Pretoria. The plant is newer and labour is less militant There would also be enormous savings on transport Steel has to be railed to the coast from the Transvaal and finished vehicles transported back again to the major markets.

Amcar is still making huge published losses Ford is probably also losing money even though it is producing more vehicles than it did last year

This illustrates one of the ironies of the business whereby profits eluded many companies even in the so-called good years For example, the boom of 1981 forced the industry to make profit-sapping efforts to fill demand. Total staff employed rocketed 38% between 1980 and 1982 to cope with a sales increase of less than 20% in the record year for 1981 — and key factory workers were flown in from Europe on short-term contracts which included accommodation at luxury hotels

Out-of-stock components also had to be flown in at great expense to supplement those being shipped or made locally Despite these desperate measures, the industry produced tens of thousands of "cripples" — vehicles which rolled off the production lines in unsaleable condition because they lacked one or two vital parts such as a starter motor or a component in the braking system

These vehicles represented lost sales and idle money and demanded an abnormally high labour input to install the wayward parts, usually not in optimal sequence, when they finally arrived

After catching up with the last boom, production capacity is now too great and is adding to unit costs (see *Idle but costing*)

The industry expects total sales of 416 750 vehicles, including 279 000 cars, this year, but 57% of these sales have already occurred in the period January-June For the rest of the year, and for part of 1985, sales should fall to pre-1980 levels — making capacity utilisation even worse

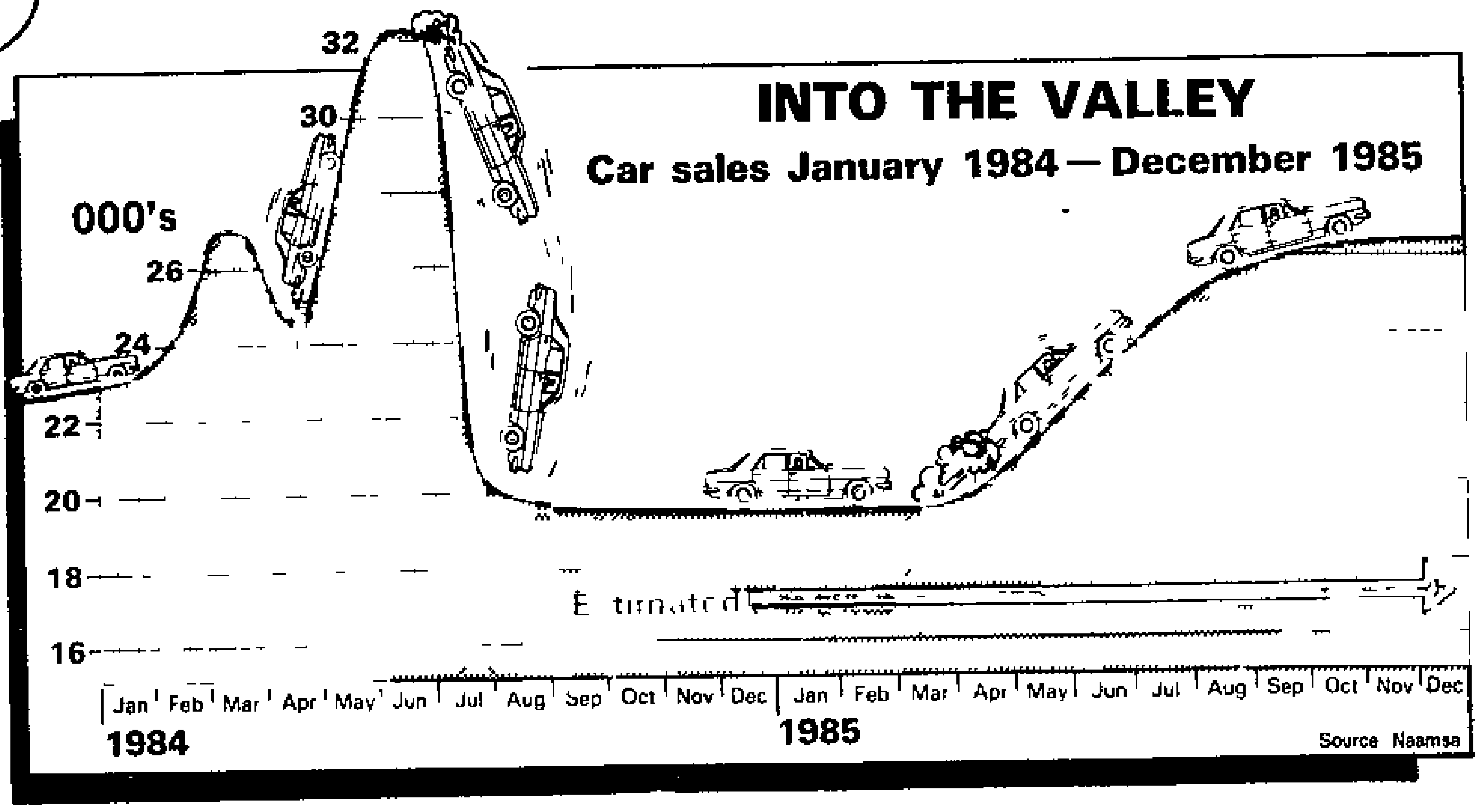
Rand slide costs

At the same time costs are rising Since last year the rand has fallen about 40% against the yen and 20% against the Deutschemark Imported components of locally-made cars still constitute about 50% of production cost, so currency changes alone have added 10%-20% to costs before inflation.

But car price increases, currently running at about 12% a year, are not covering the extra costs

"I'm not prepared to lead the pack in raising prices as it could turn off the market completely," says Wilking

Mercedes Benz MD Morris Shenker says "It is almost impossible to increase prices at the same rate as costs because they are rising too fast and the competitive situation inhibits it even for luxury vehicles."


INTO THE VALLEY

Car sales January 1984 — December 1985

Source Naamsa

Some sources say under-recovery on costs in small and middle range cars is partly due to the pricing policies of market leader and star profit performer Toyota, which tends to set industry prices It is probably in the best position to do this by virtue of its 20% share of the car market — generated by what appears to be one of the country's most efficient plants, which has consistently worked at high capacity levels

Toyota is probably the only manufacturer working at full capacity, including a little overtime This is despite the fact that its contract to assemble the Renault 5 recently ran out, giving further room for making Toyotas

Plans are now being implemented to raise output from the present 430 vehicles a day to 520 next year

Figures released in the local motor publication *Wheels 3* show that on average each Toyota worker produces about 25 vehicles a year compared with figures ranging from seven to 15 for companies such as Amcar, Ford, Nissan and Volkswagen It could be argued that the figures are not strictly comparable because some companies produce more of their own components in-house than others. Nonetheless, few in the industry would deny Toyota's efficiency.

Toyota's other advantage could stem from its product range. It did not follow the rush into hatchbacks such as the Mazda 323, VW Golf and Datsun Pulsar after the 1979 oil crisis This fad did not take off as expected after oil prices slumped, and neither did Toyota opt for more advanced but more expensive front-wheel drive, preferring to stick with its reliable, cheap-to-build conventionally-designed Corolla

Coupled with a well-run and fully-loaded plant, this must have given it cost advantages as well as an edge on reliability


Mercedes MD Shenker .. some inhibition in the luxury market

10.2 FM 21/9/79

which gives credence to its advertising slogan "Everything keeps going right Toyota"

Another star performer has to be Mercedes Benz Its figures are not published but Shenker says "Our organisation is profitable and has been since 1962'

This he attributes largely to "turning out a car that fits the image from efficient production facilities, a good dealer organisation, careful planning and the fact that we have always tried to recognise the limits to what we can sell Our planning does not go wild on what the market will take'

BMW also makes profits although it is now working a four-day week at its recently enlarged facilities

These manufacturers have demonstrated that motor companies can make profits in SA Ironically Toyota is SA-owned and Mercedes held a majority of the SA shareholding until only recently when the German parent company bought control

If others are to make profits too there seems little alternative to rationalisation Most of the 14 vehicle makers here have had their chips in the ring for too long to take them out now But the wait for the takeoff is becoming painful

In the *FM*'s view, rationalisation is likely to be along the lines of a sharing of manufacturing capacities and a reduction of models rather than many famous names actually withdrawing

Perhaps, in the industry's interests, that is a pity

FM 21/9/84

LABOUR DISPUTES

Dunlop rehires

(Rall)

In a new development ~~in the~~ long-running dispute between the Metal and Allied Workers' Union (Mawu) and Dunlop, the company last week agreed to reinstate 1 400 workers at its two Durban plants who had been fired for striking over the dismissal of five colleagues Another 600 workers at Dunlop's Ladysmith plant who had also struck, but who were not dismissed, have returned to work. The 2 000 workers had been off work for a month.

The dispute continues, however, as the union is still demanding the reinstatement of the original five dismissed employees The union and the company will meet next week to discuss ways of resolving the matter

A conciliation board has already been appointed to consider the dispute But Mawu branch secretary Geoff Schreiner says the terms of reference granted to the board by the Minister of Manpower have made it unsuitable for dealing with the dispute Says Schreiner "The case of one of the workers is totally excluded from the terms of reference and, regarding the other four, the board may only 'look at and investigate the dispute revolving around levels of production and disciplinary measures related thereto' This excludes the possibility of taking up those dismissals as an unfair labour practice"

At next week's meeting, the union will offer the company the choice of reinstating the five or referring the case to arbitration or mediation According to Schreiner a deadlock is likely to result in further worker action

Two weeks ago, Mr Justice Booysen granted an interdict barring the union from organising or instigating illegal strikes at Dunlop plants A further court hearing to consider whether the strikes were lawful will be held some time in the future Mawu's view is that the strikes were legal and that any future strikes will also be legal Dunlop has argued that the strikes were unlawful

Legal advisers have told the union it could take up to a year before the matter is finally decided Partly because it will take so long, Schreiner says "The struggle will be fought out at the level of power rather than in the legal arena"

☐ At the time of going to press, the *FM* was unable to obtain comment from Dunlop

FM 21/9/84

Departmental action may well depend on how soon employers and unions begin to take advantage of them

LABOUR DISPUTES
Dunlop rehires

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THE FRAME DISPUTES
Fairness questioned

192

In the second of two articles, the *FM* examines the background to the legal battles between the National Union of Textile Workers and the Frame Group

Union recognition at the Frame Group's five-mill factory complex at New Germany is at the heart of its dispute with the National Union of Textile Workers (NUTW) Retrenchment has also emerged as a major issue Frame's retrenchment policy has been challenged in a series of court cases which have proved to be just as complex and drawn-out as the recognition battle itself

Frame has been retrenching on a large scale at New Germany since the beginning of last year Hundreds of employees have been affected The group cites the recession, the introduction of more modern production methods, and attempts to improve efficiency and contain overheads to combat inflation as reasons for the programme

Frame introduced a new retrenchment policy earlier this year which was negotiated with the Textile Workers' Industrial Union (TWIU) — NUTW's rival for recognition at the New Germany complex It operates on the following principles

☐ Unskilled employees are retrenched on the basis of last-in-first-out (lifo); but where possible, are offered other jobs within the group

Acceptance of the offer is voluntary. However, if transfers are not possible, or are turned down, the workers are retrenched Workers who accept transfers do so on the understanding that they are regarded as "last in" in their new departments — and are thus first in line for retrenchment, and

☐ All other employees are required to undergo competency tests In their case, retrenchment is on the basis that the least competent are retrenched first Where vacancies exist, offers of transfer within the group are made in order of scores in the competence tests As with unskilled workers, refusal of a transfer, or lack of a suitable vacancy, leads to retrenchment

Length of service is not a criterion unless workers of equal competence are involved — in which case lifo is applied Any workers who refuse to take competency tests are regarded as having accepted retrenchment

NUTW takes strong exception to Frame's retrenchment programme Union general secretary John Copelyn says it is "subjective" and "grossly unfair" for the following reasons

☐ His union was not consulted even though NUTW members are affected by it,

☐ The coupling of transfers with lifo in their new departments has meant that some workers have moved only to be retrenched soon thereafter Copelyn argues that this reflects a high degree of cynicism on the part of management as they would have to have known beforehand that they intended to retrench in the new department,

☐ The measurement of competency can only be a highly subjective process and allows management to retrench at will without sufficient justification,

☐ Frame has not tried to introduce alternatives to retrenchment such as reducing overtime, or working short time,

☐ Management has not given retrenched workers any undertakings to re-engage them, and

☐ Unskilled employees have mainly been affected by the retrenchments placing extremely heavy burdens on skilled workers

Frame Group joint managing director Selwyn Lurie denies Copelyn's allegations He says that when NUTW members first challenged the group's retrenchment policy in court, counsel acting for them conceded that, given the state of the recognition dispute between NUTW and Frame at that time, it was not unreasonable for the group not to have consulted the union Lurie also says that when workers are transferred this is done with the object of avoiding immediate retrenchment and in the hope that their employment with the company will continue as long as possible However, if retrenchment subsequently becomes necessary in the new department, the workers already employed in that department would feel aggrieved if lifo was not used He emphatically denies Copelyn's allegation about management cynicism

Lurie states that employees' competence is easily assessed objectively by the tests used by the group If Frame was to accept NUTW's claim that lifo is the only objective criterion for the selection of all employees for retrenchment, the group would find itself with an inefficient workforce as workers with greater ability would have to be retrenched at the expense of those who are less competent

Lurie says Frame only retrenches as a last resort Night work has been cut back and short time worked for many months In addition, the group's mills have been shut down for short periods at various times in order to avoid short time and retrenchment Workers took unpaid leave during those times

Further, he says, given that competence is one of the criteria used in the selection of employees for retrenchment, it would be

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unreasonable to expect Frame to offer the first right of re-employment to retrenched employees at the expense of other, and possibly more competent, new recruits He denies that the retrenchment of unskilled workers has burdened skilled workers Skilled workers had previously been idle at some stages but now certain unskilled operations had been allocated to them making them more productive and allowing the group to retrench some unskilled workers

NUTW members have challenged Frame's retrenchment programme in court. Industrial Court action has taken the form of applications for reinstatement by 10 workers retrenched in October last year by Consolidated Frame Cotton Corporation (CFCC), a Frame company which owns the Frametex, Seltex and Pinetex mills at New Germany

Three of the workers, one of whom was retrenched within days of being transferred to a new department, had had unbroken service of 20 years Of the remaining workers, one had served for 19 years, one for 12 years, one for 11 years and the rest two to three years each The retrenched workers also applied for the appointment of a conciliation board to consider whether the retrenchment policy constituted an unfair labour practice

NUTW's Copelyn ... alleging that Frame's retrenchments are unfair

Reinstatement applications

When the reinstatement applications came before the Industrial Court, CFCC opposed them on the grounds that the court did not have the power in law to order reinstatement in situations involving retrenchment, and that its policy is not unfair in a capitalist society CFCC argued that the word "reinstate" implies placing workers back in their previous positions

Because the positions had been made redundant, and therefore no longer existed, it was impossible to do so The court, however, upheld the union's argument and ordered the company to either reinstate the workers or pay their wages — pending the final outcome of the dispute CFCC has taken the Industrial Court's decision on review to the Supreme Court The case is due to be heard on November 16

Meanwhile, CFCC has been obliged to pay these workers in terms of the Industrial Court's reinstatement ruling — which has been extended a number of times However, in May this year, CFCC stopped paying after taking the court's continued extension of the order on review The workers are now considering whether to prosecute the company for refusing to comply with the reinstatement order.

In part, CFCC bases its application for a Supreme Court review on the fact that the retrenched workers refused to be represented on a conciliation board appointed by the Minister of Manpower at their request

The workers did so because the Minister did not authorise the board to consider whether the company's retrenchment policy constituted an unfair labour practice Failure by the board to settle the matter would therefore bar the Industrial Court from considering whether an unfair practice was in fact involved — and its temporary reinstatement order would lapse Copelyn has criticised the Minister for interfering in a matter which is best settled by the union and management

Acting on legal advice the workers have taken the Minister's terms of reference for the conciliation board to the Supreme Court on review. The case is due to be heard on November 15, the day before the Supreme Court review of the Industrial Court's reinstatement decision

Several other disputes over the retrenchment of NUTW members have also reached the courts

One involves 25 workers retrenched by CFCC who applied to the Industrial Court to be reinstated as well as for a conciliation board to consider the dispute CFCC applied for an interdict to the Supreme Court preventing the Industrial Court from hearing it, using much the same arguments as in the first retrenchment case The case was heard on August 31 Judgment has been reserved

A conciliation board was appointed for 19 of the 25 workers — again without including consideration of the retrenchment policy as an unfair labour practice in the terms of reference The board deadlocked at its meeting on September 10, but in this case too the workers intend taking the Minister's decision on review The Minister's decision regarding the remaining six workers is expected shortly

A similar reinstatement application was brought by NUTW on behalf of six members retrenched by CFCC's associate company, Consolidated Woolwashing and Processing Mills (CWPM) at its Pinetown mill This mill falls under an industrial council and therefore in terms of labour law the dispute was referred to it The council upheld CWPM's contention that its retrenchment policy is not an unfair labour practice

Frame's legal battles are complex and their ultimate solution may still be far in the future Whatever the price in union bitterness — and the group has argued that where recognition is concerned employers should be able to choose to test a union's strength, if necessary by weathering a legal strike — the various disputes could lead to legal clarification of some disputed provisions of labour law

Both Frame and the union should, however, be aware that their continuing confrontation involves the danger of violence which could spread to industries and areas not involved in the union or group battles

BLANKET AGREEMENT

A new national industrial council agreement which raises minimum levels in the urban areas on average by over 16%, and by over 15% in the decentralised areas, has been concluded for the blanket industry

The agreement was reached after protracted negotiations between the National Textile Manufacturers' Association (NTMA), the Trade Union Council of SA-affiliated Textile Workers' Industrial Union (TWIU), and the Textile Workers' Union (Tvl), an affiliate of the Council of Unions of SA It runs until January 1986

TWIU general secretary Norman Daniels said he thought the increases were satisfactory, particularly in the light of the recessionary conditions prevailing in the textile industry The agreement would assist greatly in stabilising the industry, he said NTMA chairman Selwyn Lurie concurred

S Express 23/9/84

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Asbestos is out in new Everite products

By LAWRENCE BEDFORD

UNDER pressure because of asbestos-related health hazards, South Africa's largest manufacturer of asbestos fibre cement products now plans to launch a number of asbestos-free building products.

With a 60% share of the R130 million-a-year domestic fibre cement market, Everite's net income on fibre cement sales in 1983 totalled about R12,2-million.

"We will publicly launch non-asbestos fibre cement products only when they have been throughly tested — after all, our customers have become used to the indefinite lifespan traditionally offered by asbestos cement products," said Dr Llewellyn Lewis, Everite's marketing manager

In the meantime, the flat sheeting made in the alternative asbestos-free material is being tested in ceilings, partitions and fascias in a number of housing and industrial schemes.

The company's research efforts continue, however, as asbestos fibre remains the only suitable reinforcing for a large proportion of its fibre cement building materials and pipes Much research and development remains to be done before it can produce profiled, corrugated sheeting and piping in new materials.

Everite's alternative fibre research programme started in 1967 with the criteria that the new fibre should not pose a health risk, had to be economically viable and should not only match the performance of asbestos, but lead to new product opportunities.

Replicate

Technicians discovered it was impossible to replicate the characteristics and performance of asbestos on a fibre for fibre basis. The breakthrough came when they recognised that a large proportion of the 10% asbestos used in the asbestos cement mix was to facilitate the production process rather than for reinforcing This process requirement resulted in asbestos cement products being 'over-qualified' when judged purely on the performance standards required for building products.

The design philosophy for the new products was then switched from a "quality backwards" to a "performance forwards" approach. Researchers stopped trying to match the brute strength of asbestos cement and started concentrating on matching the performance criteria for various products. They adapted the production process to suit available substitute fibres, leading to a new generation of building products.

Everite are now using a mix of man-made and natural fibres with cement, instead of chrysolite or white asbestos

"The new fibres may not themselves be a match for asbestos but, in an advanced production process, they provide us with the necessary strength coupled with other innovative benefits," Dr Lewis said.

"Most importantly, the new approach will allow us to introduce asbestos-free fibre cement products at comparable prices."

Everite has conducted extensive laboratory tests, including accelerated weathering, for some years. Now certain of the new technology pro-

● To PAGE 2

Asbestos is out in new Everite range

● From Page 1

ducts — such as the sheeting — are undergoing field and test marketing trials.

"Assuming all goes well, we should be using alternative fibres in about 30% of our product range by late next year. Naturally we have made the greatest progress in replacing the less-sophisticated asbestos cement products which, by co-incidence, are those frequently used indoors," said Dr Lewis.

Under this heading come moulded plant pot containers. Dr Lewis said there was "no risk" to consumers from asbestos cement as asbestos fibres were firmly locked into a cement matrix. "However we are a market-driven company and if consumers have concerns about the use of asbestos in building products, we endeavour to provide alternative solutions."

Everite is confident that where no suitable alternative fibres are available, it can continue to use asbestos without undue danger to health.

"The response of architects and specifiers to the launch of the new technology products has been extremely positive, particularly as the new products are not simply replicas of asbestos cement, but offer a number of additional benefits," said Dr Lewis.

● From 1960 to 1970 total sales of asbestos increased by 236%, according to the Government's Minerals Bureau. Since then the domestic demand has declined. Asbestos sales totalled about R8,5-million in 1982 and about R6,6-million last year.

Motor men win 22 pc rise

25/7/84

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Star

Labour Reporter

Motor components workers at Dunair Pty Ltd in Brits have won a 22 percent wage increase after negotiations between the National Automobile and Allied Workers' Union (Naawu) and management.

The new minimum wage at the company is R1,70 an hour, 59c more than the minimum set by the Industrial Council agreement for the motor industry.

Naawu members received a 17 percent rise in January. The latest increase brings the total increase for the year to 39 percent.

"While the new minimum falls far short of the union's R3,50 living wage demand, it represents a major improvement in the living conditions of our members," said a Naawu spokesman.

● "Emerging unions in the Western Cape" is the title of a seminar to be held in Cape Town on October 4 by Andrew Levy and Associates

Areas which will be addressed by a panel of labour consultants, lawyers and unionists include the closed shop and inter-union rivalry.

Speakers at the seminar will include prominent labour lawyers Mr Halton Cheadle and Mr John Brand, and Mr John Copelyn of the National Union of Textile Workers

LABOUR BRIEFS

● As married women play an increasingly active role in economic life, the trend is towards smaller families.

This is the finding of a study by the International Labour Organisation into the relationship between fertility and female employment levels.

In Eastern European countries, where over 70 percent of women of child-bearing age have full-time jobs, the fertility rate averages 2,2 births a woman.

The researchers found that although there was a large measure of equality in the workplace, the sexual division of labour at home remained unchanged.

Women returned home from a full day's work to face more work, but men rarely did

The fertility rate remained low in spite of State family allowances for children, six months' paid maternity leave for working mothers and unbroken accumulation of social benefits such as pension funds

When new programmes were announced, there was always a marked increase in birth rate, the researchers found.

RDM 25/9/84 (192)

Car giants to link up?

By **DAVID FURLONGER**

AMCAR and Ford SA are holding discussions on possible co-operation in the local vehicle market.

A joint statement last night said the two motor giants were "exploring matters of mutual interest".

It is understood they are considering joint manufacture of vehicle parts.

The brief statement added "Co-ordination of plans for complying with South African local content regulations appear to provide an opportunity to achieve greater economies of scale Studies of those opportunities are in progress."

Mr Spenser Sterling, group managing director of Amcar Motor Holdings, said last night: "I admit the statement is a bit vague, but it is difficult to be more specific at this stage.

"We are exploring every way of joint co-operation and the implications of any opportunity will be looked at thoroughly. We have commenced discussions on manufacturing-related issues around local content regulations"

Ford officials refused to comment further on the statement, despite recent newspaper speculation that the company was considering closing down its South African operation.

A company spokesman said "I realise the vagueness of this latest statement may add to any speculation, but we are not prepared to say anything more."

Mr Sterling said: "I don't know anything of Ford's future in South Africa, but it is unrealistic to expect a long-established brand name to disappear from the South African market just because things get tough.

"Most motor companies here have sustained losses for a considerable time. I wouldn't speculate that a particular company will pull out."

Mr Sterling dismissed ideas that Amcar might adopt the Ford franchise in South Africa, in the same way that it holds the franchises for Mazda, Mitsubishi and Peugeot.

"To take over the Ford franchise, we would also have to take over Ford's assets. This is a time for consolidation, not expansion"

Under South Africa's local content regulations, motor manufacturers must ensure nearly two-thirds of components in their vehicles are made in this country

Mr Sterling said. "The real economies are at the manufacturing end of the business. If there can be any real reduction of cost, that is where it will be"

The prospect of a joint Amcar-Ford manufacturing facility also poses the problem of where it would be, since the two companies are based at opposite ends of the country, Ford in Port Elizabeth and Amcar in Pretoria

Mr Sterling said. "Depending on what we decide to manufacture, we would have to study the implications at both ends

"Although we at Amcar are adjacent to the main industrial centres, it is by no means a preconceived idea that it would be done here.

"The Government is trying to reverse the flow in this direction with some pretty massive incentives for decentralisation and that would obviously have to be taken into consideration."

(192) Star 25/9/84

First of the mergers may be Amcar-Ford

By Duncan Collings

A merger of two of South Africa's motor manufacturers — Amcar and Ford — appears to be a real possibility with the announcement last night that the two companies are discussing co-operating.

This could be the first step in the forecast re-arrangement of South Africa's over-traded motor car industry which has been hard hit in the second half of this year by both the falling value of the rand and the government's austerity measures.

Last night's statement simply said that Amcar and Ford are exploring matters of mutual interest and that the co-ordination of plans for complying with local content regulations appears to provide an opportunity for greater economies of scale.

It has long been accepted that there are too many motor companies vying for the relatively limited South African market and that one or more major mergers are on the cards. The most likely candidate for a takeover/merger has always been Amcar (previously Sigma) because of its dismal financial record.

To end-June Amcar had reported losses in the region of R160 million. And although it reported reduced losses in the first half of this year, since then industry sources say that the group is once again losing money heavily — possibly as much as R10 million a month.

The most logical partner for Sigma has been Ford. Ford US has 25 percent of Toyo Kogyo, the holding company for Mazda Japan, and Ford Australia recently took over the running of Mazda Australia.

That their worldwide co-operation should be extended to South Africa is a logical next step.

The Star's Durban correspondent reports that market talk is that Ford will run down its increasingly uneconomic Eastern Cape plants and move production to Amcar's under-used Pretoria factory.

If Ford takes this step, observers say General Motors might strike a similar deal with Nissan, leaving Volkswagen as the last manufacturer in the Port Elizabeth-Uitenhage area.

A move inland avoids costly railage of parts to coastal assembly plants - and will cut costs of finished-product delivery to the major Transvaal market.

The local content programme has affected the viability of the older coastal plants which once relied solely on imported parts. The Eastern Cape manufacturers have also been hit badly by labour troubles and rising costs. Their market share has dwindled largely because of the growing dominance of Toyota.

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E Post

25/9/84

Ford-Amcar talks are speculative, says Pitt

By LOUIS BECKERLING
Business Editor

TALKS between Pretoria-based Amcar and Ford were "entirely speculative" and it would therefore be impossible to comment at this stage on the likely outcome, said Mr Brian Pitt, managing director of Ford (SA)

Among the many "tangents" the talks could take was the possibility that "we come out of this thing with nothing changed at all"

Elaborating on a statement issued yesterday, Mr Pitt said it was not possible to address each of the many alternatives presented by rationalisation talks

"But one thing I would like to get straight right away is that there is no question that Ford will be leaving South Africa"

Mr Pitt declined to comment directly on whether this presence would remain in Port Elizabeth or be relocated wholly or partly to Amcar's Pretoria plant, beyond pointing out that spare capacity existed at both locations and the talks were directed at being mutually beneficial

He said it was also not possible at this stage to say when the talks would end

Mr Pitt was first approached for comment on the talks by the Evening Post on Monday last week — prior to the publication of any reports on the matter At that stage both he and a director of Amcar denied there was any substance to the "rumoured" talks, and the Evening Post accordingly withheld publication

"We said so at the time, because our talks really hadn't come to any point where we could make a statement," Mr Pitt said

"Yesterday's statement was intended to say only that we were talking"

A spokesman for Amcar declined to elaborate on the statement, which read "Amcar and Ford (SA) are exploring matters of mutual interest Spokesmen of both companies stated that co-ordination of plans for complying with South African local content regulations appears to provide an opportunity to achieve greater economies of scale They indicated that studies of these opportunities are in progress"

Mercury 26/9/84 192

Ford denies speculation of South African pull-out

Motoring Reporter

FORD Motor Company managing director Brian Pitt denied speculation yesterday that the company might pull out of South Africa.

'No way,' said Mr Pitt. 'Ford are not leaving the country We are here to stay '

In August, Ford's Sierra was the third-best-selling car in South Africa behind Toyota's Corolla and Cressida, with the Escort coming in fourth.

The speculation has arisen out of discussions between Ford and Amcar Motor Holdings, formerly Sigma, on possibly co-operating in an effort to reduce future costs of bringing in new models

It costs about R50 million to tool up for a new model in South Africa

An official statement said 'Amcar and Ford are exploring matters of mutual interest.

'Spokesmen of both companies stated that co-ordination of plans for complying with South African local-content regulations appears to provide an opportunity to achieve greater economies of scale '

'Yes, we are talking,' said Mr Pitt. 'We want to see if there are any opportunities — and there could be '

Studies were exploring matters of mutual interest, but he would not comment on possibilities of the two giant companies getting together

'Until the studies are complete, we will not know. They might conclude that it is not worth going ahead

'I can't address anything until then. We are looking for economies of scale If something works out, that's good

'The talks are related to the local content and the costs of bringing in new models,' said Mr Pitt.

On Monday, Amcar managing director Spenser Sterling said statements by the companies were vague, 'but it is difficult to be more specific at this stage'

Mr Sterling dismissed ideas that Amcar might take over the Ford franchise in South Africa

'To take over the Ford franchise, we would also have to take over Ford's assets. This is a time for consolidation, not expansion,' he said

Industry sources believe that, should negotiations between Ford and Amcar be successful, General Motors could attempt a link-up with Nissan

Meanwhile, only three manufacturers are operating at full capacity

Toyota S A continues to produce its maximum of 420 units a day, with both Volkswagen and Mercedes-Benz working five-day weeks

Amcar, which shut down its factory for a month at the beginning of September and announced that it would trim a further 10 days in October, has changed plans

A spokesman said the company would begin working a three-day week from today Ford is working a four-day week and, two weeks ago, was shut for a week.

Argus 27/9/84 ⑲②

General Motors to stop work for a week

Argus Bureau

PORT ELIZABETH — Economic gloom deepened here today with the announcement that General Motors is to stop production for a week from next Tuesday

The move, which will affect 2 500 hourly-paid workers, follows a similar move by Ford two weeks ago which ended in the retrenchment of 425 workers

At the same time GM retrenched 129 hourly-paid workers

While the company today said that it had no plans to retrench workers next week, the managing director, Mr Lou Wilking, warned that further action might be taken if the situation did not improve

He blamed the production halt on the present economic climate in South Africa and said the situation was being monitored "on a daily basis"

Mr Wilking said that when production resumed on October 9 the company would work a four-day week, as it has been doing for some time

Ford is also working a four-day week at all three production plants in the city

Volkswagen in Uitenhage continues to work a five-day week

GM will close for seven days

Four-day week from October 9

27/9/84

By STEPHEN ROWLES

PRODUCTION at General Motors South African is to stop for one week from Monday.

This was announced in a statement today by the company's managing director, Mr Lou Wilking, who warned that further action might be necessary if the economic situation did not improve

However, at the other two Eastern Province motor plants the position was unchanged

The Ford Motor Company, South Africa, is to continue on short time with a four-day week Only Volkswagen South Africa does not plan production cuts at this stage

In his statement, Mr Wilking said production at the company's manufacturing and assembly plants would be halted for one week starting from Monday

The impact of the economic situation had forced the company to cut production schedules, he said

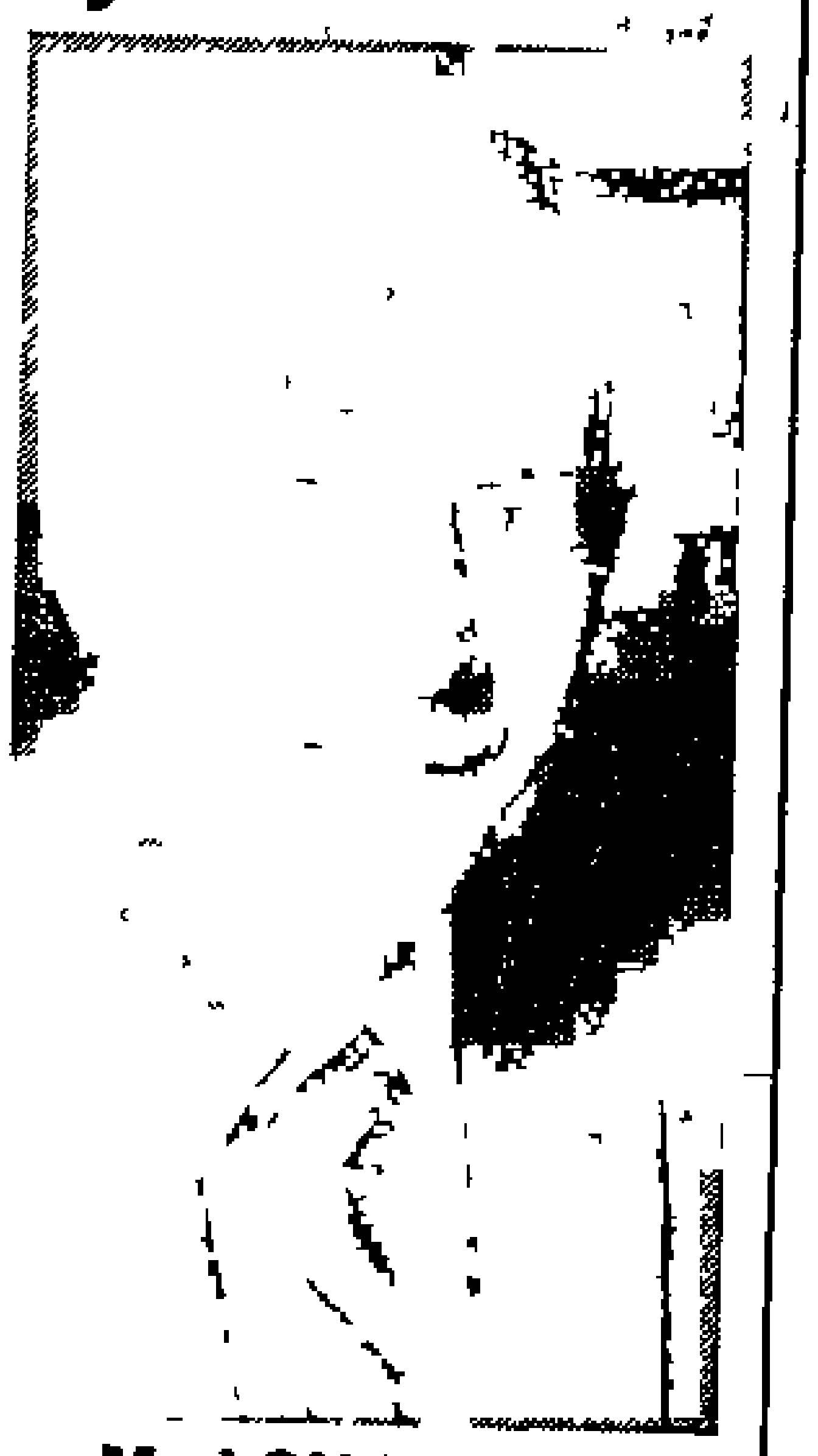
The situation was being monitored on a daily basis and if the position did not improve, further action might become necessary

About 2 500 hourly-paid employees would be affected by the planned production cut, Mr Wilking said

However, certain operations in the factory, such as maintenance and security, would not be affected and the administration offices would continue to operate as normal

Mr Wilking said that when production restarted on Tuesday, October 9, GM would operate on a four-day week schedule

The latest action by the company follows the retrenchment of 129 employees on September 7



Mr LOU WILKING

The Press relations manager of Ford, Mr Harry Hill, said the company was continuing with short time — a four-day week — at all three plants. The situation at each plant was being assessed on a regular basis

On September 7, Ford announced the retrenchment of 425 workers and shut down its entire Port Elizabeth operation for five working days from September 10 to 14

The public affairs manager of Volkswagen, Mr Ronnie Kruger, said the company was not working short time and did not plan to do so

He said the plant was working full time overall, with some staff working overtime on the newly-launched Golf II

E Post

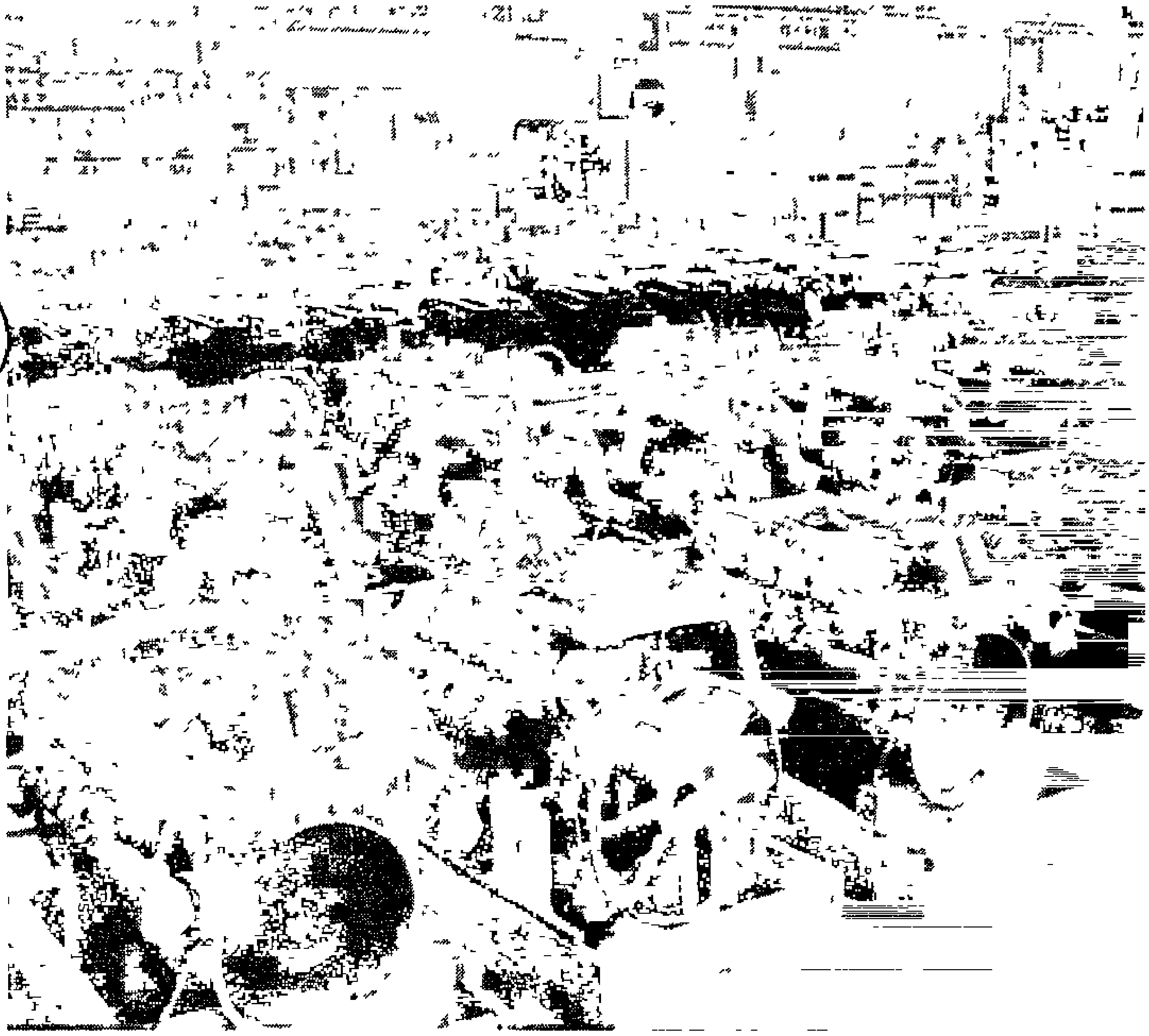
ADE motors now geared to match the best in the world

Price and quality more in line with imports

(192)

Star 5/9/84

By John Popper

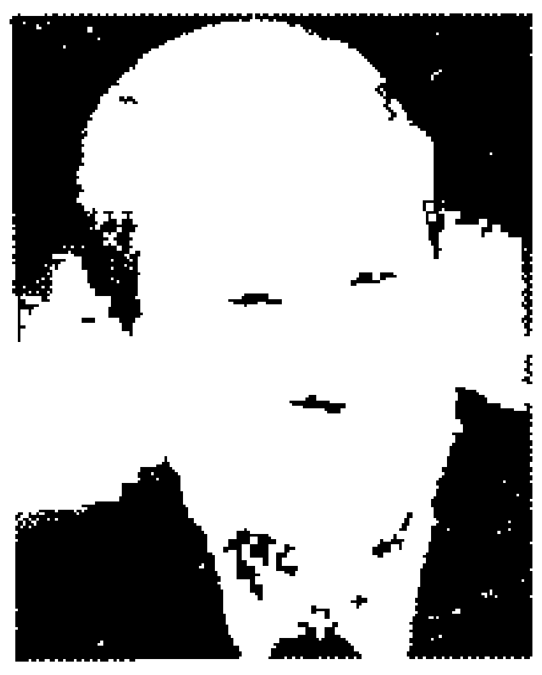


ADE engines ready for dispatch

Atlantis Diesel Engines has achieved remarkable success since production started 2½ years ago Even former critics concede quality is now matching that of licensers Mercedes and Perkins who evolved original designs

Reasons are ADE has a new R450 million plant and hand-picked key personnel from Perkins and Mercedes Much development work has been undertaken to adapt engines to SA conditions, particularly altitude and heat, and to SA vehicles

Production has reached 50 000 motors and ADE has made South Africa almost independent, supplying around 80 percent of the requirements



Mr Hartmut Beckurts, managing director of ADE

ADE's prices, once criticised by the vehicle-assemblers as being sky-high when compared with imports, now fall into line through depreciation of the rand

The near-monopoly remains but ADE is beginning to treat buyers like customers Could the plunge in tractor sales from 14 000 to an indicated 6 000 because of the drought or the economic situation have a bearing?

Engine range is wide, from the 2,5 litre three cylinder tractor work-horse to a new 21,9 litre Vee 12 producing 2236Nm

Sophistication is impressive — even tractor engines are turbocharged Intercooling — refrigeration of intake air to increase power — is also common on ADE motors

Local content is 70 to 75 percent by value with the ultimate objective 100 percent

Main items still imported are turbochargers and fuel-injection systems

CAPE Argus 25/9/84

Atlantis Diesel sacks entire shift

Labour Reporter

AN entire shift of production workers has been laid off at Atlantis Diesel Engines

A spokesman for ADE said today that two supervisors and 146 production workers on the nightshift — the entire production staff — had been retrenched .

Less than three months ago ADE announced it was introducing a second shift because of "increased demand".

ANOTHER 100 WORKERS

The company then employed an additional 100 workers

The spokesman said today that part of the new shift had been discontinued "because of a downturn in the trucking industry"

The company had been "extremely reluctant" to retrench the workers, most of whom came from Atlantis, he said

A spokesman for a civic body in Atlantis said unemployment had hit the area, earmarked as an industrial decentralisation point

"Everyone is so tense here because no one knows who will lose their jobs next," he said

He added that many people owed up to R900 in rent because of unemployment

At least four other Atlantis firms had retrenched workers in the past few months and two had gone on to short-time, he said

R5m expansion for PE factory

By LOUIS BECKERLING, Business Editor

(192)

E. Post 2/10/84

A R5 million boost for Port Elizabeth's ailing economy was announced today by Willard Batteries.

Finally dispelling speculation that locational disadvantages might force a move to the Reef, the company revealed today that it had bought an additional factory adjacent to its present premises in Neave Township

"And despite the general downturn in the economy and the depressed state of South Africa's motor vehicle industry, the company is embarking on a R5 million expansion programme," said the joint managing director, Mr Syd Munton

Mr Munton said he was pleased to be able to say that Willard was now clearly in Port Elizabeth to stay

Mr Brian Matthew, director of the Midland Chamber of Industries, welcomed the news

"It's very encouraging What it indicates is that the company has obviously taken a long-term look at the situation and has not been swayed by current short-term economic conditions," said Mr Matthew

Mr Munton said the factory purchased by Willard provided 18 600 square metres of space

"This is three times bigger than our existing facilities," he said

"The company intends to use its new facilities initially for the production of automotive batteries, but will later accommodate the expansion of its industrial division."

Although the initial impact on employment would be modest, Mr Munton said the rapid growth forecast in demand for the miners' cap lamps recently added to Willard's products line-up would substantially increase employment over the next two or three years

A principal reason for Willard's latest expansion plans was the recent awarding to it by two major motor manufacturers of original equipment contracts. The combined monthly value of the contracts, said Mr Munton, was about R135 000 a month

New battery-manufacturing equipment valued at more than R500 000 had already been purchased and would be commissioned by November, said Mr Munton

"The move should be seen as illustrating our faith in the future development of Port Elizabeth and the Eastern Cape in general, faith in the medium and long-term prospects for the country's motor vehicle industry; and confidence in the capability of Willard to meet its production commitments

"Production is expected to get under way from our new plant in January next year We were fortunate in obtaining the facilities which are so close to our existing factory

"During the past five years we have undertaken considerable research into expanding our facilities, and the only other suitable site available was at the Perserverance industrial township almost 15 kilometres away

"In addition a new factory would have had to be erected there at a considerably greater cost and over a longer period of time"

● The factory bought by Willard was formerly occupied by the Barlow Rand subsidiary Nampac, which has partially relocated its Port Elizabeth operation to Natal However, it is understood that Nampac will rent a portion of its former factory from Willard, and will thus continue to be represented in Port Elizabeth though on a scaled-down basis

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Stw 3/10/84

Sanlam gets control of troubled Messina

By Peter Farley

Sanlam is understood to have gained control of troubled motor manufacturer Messina through the purchase of an additional 31 percent in the company from African Finance Corp

This would raise its stake in Messina to over 45 percent, and it is believed that the Cape Town-based insurer will now be making an offer to minorities to gain formal control

The shares were suspended after the close yesterday, pending further details It is expected a formal announcment will made today.

It is not yet clear whether Anglo American has agreed to sell its 19 percent stake in Messina to Sanlam But, given the problems it is already having with its own motor operations at Sigma, any reasonable offer is likely to be accepted

At yesterday's 320c closing price Sanlam would have had to pay AFC over R12 million for its Messina shares, valuing the entire company at R36,2 million

No price details are yet available but it is probable there would have been a reasonable premium over prevailing market rates, given the fact that the shares are trading at only around 30 percent of net worth.

Senior executives of all parties concerned were unavailable for comment early today

Messina shares have been on the downward slide since the halcyon days of 1981, when they peaked at 880c

Since then the combined impact of losses from the copper operations, dwindling market share of its Nissan cars and, more recently, massive foreign exchange losses have plunged the company into the red

The bottom-line for the six months to end-June slumped to a R4,1 million loss from a R5,1 million profit in the year ago period

But since then the decline of the rand has forced the company to make provision for almost another R30 million in foreign exchange losses

BRIEF FILLIP

These all stem from the $90 million borrowed offshore when the rand was over 90c and not covered Total exposure is now in excess of R40 million.

In the past few weeks the company sold its Zimbabwe mining interests, though for those it received only Z$5 million — payable over six years. At least, these will prove the end of one drain on resources

The Messina copper operations in the Northern Transvaal have been returned to profitability, albeit a miniscule return, following the closing of the smelting operations and the direct sale of ore to Palabora for processing

The share received a brief fillip earlier this year, and almost doubled to over 600c, on speculation of a possible takeover. When nothing materialised they quickly slumped back to present levels

It is no surprise to find that AFC have finally decided to sell, but the puzzling aspect is why Sanlam wants control

Certainly to justify such a move it will have to severely rationalise operations pretty quickly Possibly it already has short-term plans for a marger or joint agreement with one of the other manufacturers

Last week Ford and Anglo's Amcar — formerly Sigma — announced that talks were taking place that could lead to a merger or rationalisation of mutual interests.

Messina MD Mr Peter Whitfield has, however, long contended that Messina would not be a candidate for a merger with another motor outfit due to the single source of its product range.

It is widely accepted that much of Sigma's problems stem from the fact that it has to deal with three major overseas suppliers.

The Nissan operations are certainly operating more efficiently than a year ago, a situation forced upon it by the marketplace And if the economy and the car market were to turn Nissan could start clawing back market share

But with expectations for the exchange rate still pessimistic Sanlam may just feel that losses from this area will just have to be written off

Ford plant will shut for a week

(192) E.P. Post 4/10/84

By CATHY SCHNELL

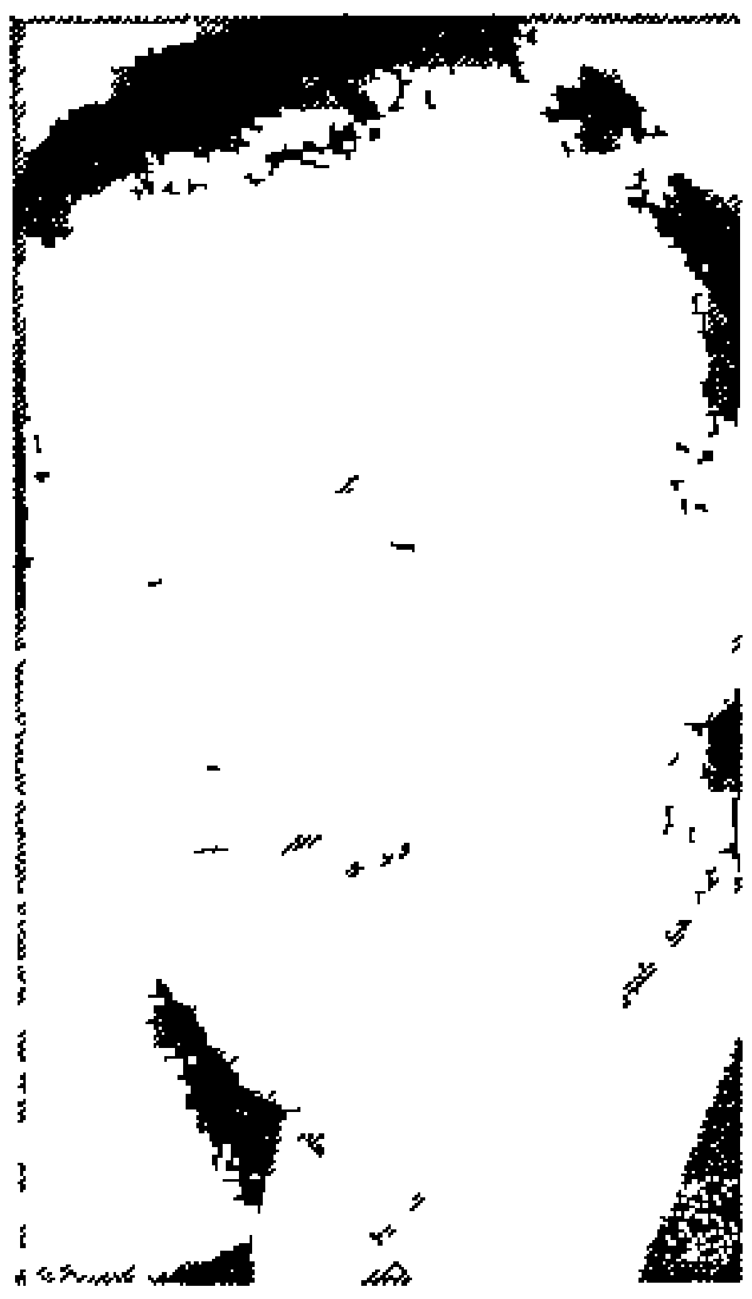
THE Struandale assembly plant of Ford South Africa is to close for the whole of next week — and one assembly line in Volkswagen in Uitenhage is to go on short time.

Mr Brian Pitt, managing director of Ford, said today that after the shut-down the 1 100 employees at the plant — both salaried and hourly staff — would go on a three-day working week until the shortage of imported transmissions for the Sierra range of cars had been normalised.

Mr Pitt said that as a result of a shortage of imported transmissions for the Sierra the Struandale assembly plant would close down for the whole of the working week from Monday to Friday

Hourly-paid workers would be paid for four days next week in terms of the Industrial Council Agreement Salaried personnel not required to work would be asked to take leave, he said.

Mr Pitt said the shortage of transmissions for the Sierra range, which would keep the plant on a three-day week when it re-opened till the position improved, had arisen as the result of a supply problem at the source



Mr BRIAN PITT

The communications manager of Volkswagen, Mr Graham Hardy, said Volkswagen would be working a four-day week on its Microbus assembly line from October 8

This would affect some 120 employees

This was a result of a rescheduling of production necessitated by the drop in demand for this line in the present economic climate, he said

Mr Hardy said the market demand was continually being monitored and production levels would be adjusted where and when necessary

Last week Mr Lou Wilking, managing director of General Motors South African, announced that GM would be going on a four-day week from Tuesday

This will be after GM reopens after closing down this week from Monday

Mr Wilking warned that further action might be necessary if the economic situation did not improve

On September 7 Ford retrenched 425 workers and then shut down its entire Port Elizabeth operation for five working days from September 10 to 14. GM also retrenched 129 employees on September 7

- The regional secretary for the National Automobile and Allied Workers Union, Mr Les Ketteldas, said today that at this stage short time was far preferable to retrenchment

"It is close to the end of the year, and widescale retrenchment would have been unbearable," he said

RDM 5/10/84 (192)

Poor state of car market blamed

14-day shutdown forced on Nissan

By PRISCILLA WHYTE

NISSAN is stopping vehicle production for two weeks from Monday.

This reflects tough conditions facing the motor industry.

Mr Nelis Strydom, Nissan human resources director, said yesterday "It is the first time such an extended period of short time has had to be instituted and it is due to the poor state of the vehicle market "

The increase in general sales tax, the stringent Government measures on hire purchase and high interest rates had affected vehicles sales, making closure of the Rosslyn plant, north or Pretoria, necessary

Nissan is controlled by the Messina group which is expected to be taken over shortly by Sanlam

The motor company normally carries a stock equal to about 45 days' production

No figures were available last night on how much the shut-down is likely to cost Nissan

The company, however, still claims to be holding its 12,5% market share in the passenger and light commercial vehicle market.

The shut-down will affect 3 750 employees out of a 4 884 work force

Mr Strydom said the decision to work short time had been taken because, according to an agreement with the United Motor and Allied Workers' Union, it was preferable to lay-offs

Earlier this year about 650 workers were laid off at the Rosslyn works.

During the first six months of this year 255 vehicles a day were being produced by Nissan In the second half of the year this has dropped to 205

No figures were available on capacity utilisation of the Nissan motor plant.

The plant is highly labour-intensive Mr Strydom said the present economic constraints meant mechanisation could not be implemented at this stage but in the long term its advantages would be considered

Mr Flip Wilken, public relations manager of Toyota, said last night "We expect September vehicle sales to be lower than August when some 30 173 vehicles were sold, 16,2% down on August last year and 21% down on the monthly average for this year "

Mr Brand Pretorius, marketing director of Toyota, said recently that Toyota expected the industry total for the year to reach 423 000 units, representing a 4,4% increase on 1983 and the third-best year ever

In the McCarthy group's recently published annual review its chairman, Mr Brian McCarthy, predicted that the vehicle market would shrink by 16% this year because of Government's restrictions on economic activity.

He said the measures introduced recently were already causing economic activity to decline and this downward phase was likely to become more severe

"There seems no doubt that unemployment will increase and belts will need to be tightened This will be an unavoidable price to pay if, in the the long-term, the inflation rate is to be brought more into line with that of our main trading partners "

The McCarthy Group is the country's largest motor vehicle distributor

"The group is now forecasting that the total vehicle market will fall by 16% and the motor cycle market will decrease by 11% "

Amcar Motor Holdings laid off 315 hourly-paid workers early in August.

Production lines were stopped for four weeks with another 10-day closure scheduled for this month

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E-Post 5/10/84

Speculation of major SA motor industry reshuffle

By LOUIS BECKERLING
Business Editor

THE motor trade in Port Elizabeth is buzzing with speculation and rumours about major readjustments in the industry.

The Evening Post has had great difficulty in establishing the truth of these From our inquiries, however, it seems certain that the first of several bombshell announcements of a widespread shake-up can be expected within days

Persistent and well-founded rumour suggests that:

- Sanlam is due to reveal it has bought a controlling interest in Pretoria-based Nissan.
- The Ford-Amcar talks are developing into a tie-up between the two and a statement is expected within weeks.
- Sanlam is to re-open talks with Port Elizabeth's General Motors.

It is against this background that trading in the shares of Messina Ltd, which controls Nissan, was suspended on the Johannesburg Stock Exchange on Wednesday. At the time the share had slid from a month's high in August of 430c to 320c at their suspension.

Widespread market rumour is that the suspension followed as a result of negotiations by Sanlam to acquire the 30% shareholding in Messina held by African Finance Corporation. Together with an interest recently boosted from 6% to 10%, this would give Sanlam some 40% and effective control of Messina.

Single major contributor to the Messina turnover is wholly-owned Nissan — which last year contributed two-thirds of turnover but only marginally to profits.

Sanlam, which controls 50% of Federale Mynbou (which in turn controls 50% of Gencor — formerly General Mining and Union Corporation) is thus clearly aiming at acquiring an interest in the country's motor industry at a time when the rival Anglo Group is talking via Amcar with Ford (SA)

Asked to comment today, Mr Marius Daling, general manager (investments), of Sanlam, said: "We may or we may or not be involved in talks with Messina".

Mr Daling said any further statements would be made "at the appropriate time", but admitted that since Sanlam was itself already a significant shareholder in Messina, it would not be in its interests to withhold such a statement for long.

The Evening Post asked Mr Daling to comment on the widespread suggestion that Sanlam would not buy into a single loss-making motor manufacturer but proposed making a twin strike and consolidating two plants in order to ensure profitability in the fiercely competitive and limited market in the country.

According to speculation

● To Page 2

Motor industry shakeup rumour

5/10/84 E. Post 192

● From Page 1

in Port Elizabeth this week, Sanlam has also been talking with General Motors

"If you were to ask whether we have spoken with General Motors in the last six months I can say no. If you were to ask whether we have spoken to General Motors in the last five years then I cannot say no," said Mr Daling.

Mr Daling (who also sits on the board of Gencor) was asked whether Gencor had an interest in General Motors

"I cannot deny categorically that Gencor has an interest in General Motors. I'm not aware of talks, but there may be a small possibility that they may be involved — but I would discount that."

No comment was available from General Motors, since managing director Mr Lou Wilking was said to be "out of the country", and public relations manager Mr Peter Sullivan was said to be preparing to leave for Pretoria for a week and was not available. At the time of going to Press deputy managing director Mr Rod Ironside was also not available.

While a blanket of silence has gone up around the Amcar-Ford negotiations since a brief announcement confirming the talks was issued by Ford last week, persistent rumours suggest that the fundamental details of the scheme have already been agreed in principle

Several well-informed motor industry spokesmen today confirmed these rumours were widespread and based on reliable information [illegible] 10/10/84

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Shortage forces closure at Ford

Own Correspondent

PORT ELIZABETH — A delay in the supply of imported transmissions for its Sierra range has forced Ford to close its Struandale assembly plant for one week from Monday

Mr Brian Pitt, the managing director, says the transmissions shortage has been caused by a supply problem at source The situation will keep the plant on a three-day week when it is reopened

Mr Pitt says the closing of is not due to the economic situation

About 1 100 employees have been affected by the shutdown Hourly workers will be paid for four days next week in terms of the Industrial Council Agreement. Salaried personnel not required to work will be asked to take leave

Mr Pitt says September's car sales figures, due to be released next week, show a continued drop on previous months

"With the expected lower September figures, Ford anticipates depressed production planning If necessary, short-time will be worked in preference to further retrenchments"

Ford retrenched 425 workers, including salaried personnel, on September 7 and shut its entire Port Elizabeth operation from September 10 to 14

● In Uitenhage, Volkswagen's communications manager, Mr Graham Hardy, says VW will work a four-day week on its microbus assembly line from Monday

He says drop in demand for the microbus has led to rescheduling of production About 120 employees will be affected by the short week.

● General Motors' manufacturing and vehicle assembly plants in the Eastern Cape have been at a standstill for a week The company will remain on short-time production when it re-opens on Monday

About 2 500 workers have been affected by the shutdown, blamed by GM on the country's economic situation

The Motor Assemblers & Component Workers Union (Macwusa) has condemned motor and allied industries for retrenching workers in order to maintain profits

The national organiser, Mr Fikile Kobese, says companies have been applying ridiculous retrenchments and other measures since general sales tax increased to 10% on July 1

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8/10/84 D. Dispatch

Urgent move to save PE's motor industry

PORT ELIZABETH — A top-level delegation is hoping to meet the Minister of Industries and Commerce, Dr Dawie de Villiers, and the Minister of Constitutional Development and Planning, Mr Chris Heunis, this week about the future of the city's motor industry

The mayor of Port Elizabeth, Mr Ivan Krige, said a meeting held in his parlour last week decided that the government had to be approached "quickly" about incentives to keep industry in Port Elizabeth

"We believe talks are still going on between Ford and Amcar and we want to influence those talks," Mr Krige said, adding that there was no longer time for "several cabinet committees to discuss the incentives for the region"

At the meeting were Mr Louis Koch and Mr Van Zyl Cillie, chairman and deputy chairman of the Regional Development Advisory Committee, Mr Alan Ward-Able, chairman of the Greater Algoa Bay Development Committee, and representatives of the Port Elizabeth and Uitenhage councils

It was decided that Mr Koch, Mr Ward-Able and one of the city's MPs would make up the delegation

Also at the weekend, a property developer, Mr Johan Stander, launched a pamphlet campaign demanding action "This government must immediately make it beneficial for industries to establish themselves here, and not to move away"

He said yesterday that 100 000 pamphlets headed "Hunger' Death' Poverty' Destruction of Family Life'" were being distributed throughout the city

The leaflet, in both official languages, is addressed to the people and workers in the city

Mr Stander says he has always been a supporter of and financial contributor to the National Party, but if the government allowed the city to turn into a haven of unemployment he would never support it again

"I hope you will do the same," says his pamphlet

He said he understood the car division of Ford was moving to the Transvaal after a deal between Ford and Amcar, formerly Sigma, and that production of the Ford Escort and then the Ford Sierra would move away from the city

If Ford were to leave the city the damage could never be repaired, said Mr Stander

However, the managing director of Ford South Africa, Mr Brian Pitt, said there was no truth in speculation that negotiations between Ford and Amcar were nearing finalisation "There is nothing to substantiate such a rumour," he said

Mr Stander said he knew Sanlam had been negotiating with General Motors for the past four months The businessmen of the city should act to stop these moves, he said

Another perturbing aspect of the crisis facing the city, Mr Stander said, was that if Maputo became an open port after the Nkomati Accord, much traffic would be lost to Port Elizabeth

He said he intended launching protest meetings to "show our disapproval of Ford's intention to leave and of the lack of interest displayed by our MPs"

● It was confirmed at the weekend that Sanlam had acquired a majority shareholding in Messina — the group controlling Nissan

Strong and persistent rumours here last week also indicated a link between General Motors and Nissan, through Sanlam — DDC

Monday, October 8, 1984 192 NM

Talks bid on future of motor industry

Mercury Correspondent

PORT ELIZABETH—A top-level delegation from Port Elizabeth is hoping to meet the Minister of Industries and Commerce, Dr Dawie de Villiers, and the Minister of Constitutional Development and Planning, Mr Chris Heunis, this week about the future of the city's motor industry

The Mayor of Port Elizabeth, Mr Ivan Krige, said a meeting had been held late last week when it had been decided that the Government had to be approached 'quickly' about incentives to keep industry in Port Elizabeth

'We believe talks are still going on between Ford and Amcar and we want to influence those talks,' Mr Krige said, adding that there was no longer time for 'several Cabinet committees to discuss the incentives for the region'

At the meeting were Mr Louis Koch and Mr Van Zyl Cillie, chairman and deputy chairman of the Regional Development Advisory Committee, Mr Alan Ward Able, chairman of the Greater Algoa Bay Development Committee, and representatives of the Port Elizabeth and Humansdorp councils

It was decided that Mr Koch, Mr Ward Able and one of the city's MPs would make up the delegation

Also at the weekend, property developer Johan Stander launched a pamphlet campaign demanding action

'This Government must immediately make it beneficial for industries to establish themselves here, and not to move away,' he said

Mr Stander called on Port Elizabeth businessmen to withdraw support for the Government if incentives to retain the motor industry in the city are not announced immediately

Negotiations

He said yesterday 100 000 pamphlets headed 'Hunger! Death! Poverty! Destruction of family life!' were being distributed throughout the city

Mr Stander said he understood the car division of Ford was moving to the Transvaal after a deal between Ford and Amcar, formerly Sigma, and that production of the Ford Escort and then the Ford Sierra would move away from the city

The managing director of Ford South Africa, Mr Brian Pitt, said there was no truth in speculation that negotiations between Ford and Amcar were nearing finalisation

'There is nothing to substantiate such a rumour,' he said

Mr Stander said he knew Sanlam had been negotiating with General Motors for four months The businessmen of the city should act to stop these moves

He said he intended launching protest meetings to 'show our disapproval of Ford's intention to leave and of the lack of interest displayed by our MPs'

● It was confirmed at the weekend that Sanlam had acquired a majority shareholding in Messina — the group controlling Nissan

RDM 10\10\84 (192)

GM says joint production rumours are unfounded

By DAVID FURLONGER
Industrial Editor

GENERAL MOTORS yesterday issued a categorical denial that it was holding talks on joint production with other motor manufacturers

A strongly worded statement from GM's Port Elizabeth headquarters said recent rumours on the future of the company were unfounded and that its future in South Africa was secure

The statement said "Because of the spate of rumours currently circulating regarding the position of General Motors in South Africa, it is felt that a firm statement should be made

"Therefore, General Motors SA would like to state categorically that it has no plans to pull out of Port Elizabeth, nor are we negotiating with any other automotive manufacturer in South Africa Hopefully this will put an end to further speculation"

The statement was in reaction to newspaper reports that GM had been negotiating with Nissan on joint production

The reports also said the motor company might leave Port Elizabeth

Mr Mike Killeen, GM's public affairs manager, added "I don't know how the rumours started. We have had no negotiations at all with Nissan."

GM is currently working a four-day week after halting production at its eastern Cape manufacturing and vehicle assembly plants all last week.

Production began again on Monday and the company expects the short working week to continue at least until the end of the year.

Last week's shutdown, which affected about 2 500 workers, was blamed by the company on the economic situation and the continuing slump in demand for new vehicles

Vehicle sales have plummeted since general sales tax rose to 10% on July and most manufacturers have been feeling the pinch.

Nissan stopped production for two weeks on Monday "because of the poor state of the vehicle market", while Ford and Amcar are engaged in "continuing discussions" on joint production

Amcar is keen to use up spare capacity at its Silverton plant, near Pretoria

It is thought the plant may be used to combine production of Mazdas and Ford Escorts

Ford's managing director, Mr Brian Pitt, said yesterday that overseas manufacturing links between Ford and Mazda had a bearing on the present discussions.

He added "In the light of the present economic situation, all motor vehicle plants are only producing at about 60% or 70% capacity At this stage, all plants have the resources to increase production"

Motor manufacturers at the upper end of the market have also been affected.

BMW recently reached agreement with a major finance house to reduce interest rates on repayments over 36 months in order to attract more buyers. Other motor manufacturers are said to be seeking similar agreements

Worst-hit by the slump in vehicle sales has been the eastern Cape, which relies heavily for employment on motor and allied industries

Ford and General Motors have both laid off hundreds of workers and Volkswagen has been forced to impose short-time working on some operations.

Local tyre manufacturers, reliant on the motor-makers, are also being forced to cut back production and retrench workers.

The increasing lay-offs have angered union leaders, who have accused employers of applying "ridiculous retrenchments".

However, Mr Pitt said the Port Elizabeth/Uitenhage area was too reliant on existing industry.

Attractive financial concessions were imperative to encourage further growth in the area.

Cost levels were uncompetitive with the rest of the country.

More attention needed to be focused on distribution cost incentives for industries presently in the area, he said

Motor men stop work over arrest of leader

[redacted] 192 [redacted]

Star

[redacted]

10/10/84

By Carolyn Dempster,
Labour Reporter

In the first politically-motivated industrial action since the death in detention of unionist Mr Neil Aggett, workers at two Alfa-Romeo plants staged half-hour protest stoppages yesterday over the detention of worker leader Mr Jerry Kau

Mr Kau, an executive member of the Johannesburg branch of the National Automobile and Allied Workers' Union (Naawu), was detained on October 3 while at work at Renault Africa in Isando, Kempton Park

His detention under Section 29 of the Internal Security Act was confirmed this week by the police

The two Alfa-Romeo plants fall under the jurisdiction of Naawu's Johannesburg branch

In a statement issued after the stoppage yesterday, Naawu workers asked management to add its voice to the protest against the laws under which Mr Kau had been detained

"Naawu members wish to make it clear that while brother Kau is the focus of their symbolic protest, they are protesting against the legislation under which many people are currently detained"

This is only the second time in recent labour history that workers have taken industrial action on an overtly political issue

In February 1982 a nationwide work stoppage was observed by thousands of workers to mourn the death in detention of Dr Aggett, Transvaal secretary of the African Food and Canning Workers' Union (AFCWU)

● Sapa-Reuter reports from Geneva that the International Metalworkers' Federation said yesterday that it was concerned about the detention of Mr Kau The federation, which links 170 unions in 70 countries, said in a statement that it had asked two affiliated unions in France to intervene with Renault

Argus 12/10/84

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10 000 jobs axed as motor trade slumps

Argus Correspondent

JOHANNESBURG — At least 10 000 jobs have been axed in the motor trade in the past three months in the worst slump in new car sales in more than six years

Also, the majority of the 45 000 workers still engaged by the big motor assembly plants have been forced on to short-time in a wide-scale slowdown of production as the cash squeeze hits demand by consumers

The National Association of Automobile Manufacturers disclosed today that new car sales last month plunged to 14 767 — down 43 percent compared with a year ago and the lowest since July 1978

Small lorry and bakkie sales, at 8 173, were down 28 percent against September last year and sales of heavy commercial vehicles were 30 percent down, at 908

Toyota, which increased its position as market leader, was one of the few big manufacturers apparently unscathed by the overall slowdown.

Mr Nico Vermeulen, executive director of Naamsa, said the cutbacks had resulted in at least 3 000 jobs being axed at the motor assembly plants since the increase in GST to 10 percent slammed the brakes on sales three months ago

The total redundancy toll inside the motor trade has swelled to at least 10 000 as the chain reactions caused cutbacks in the labour forces of component suppliers and retail companies

The nose-dive in sales accelerated as a result of high interest rates and the squeeze on hire purchase sales caused by the higher deposits and shorter repayment periods ordered by the Government

He sounded a warning that the whole stability of the motor industry was now under pressure because of the severity of the impact of fiscal and monetary measures

Employment problems were also mounting as the industry was forced to scale down its initial estimates of 1984 production levels

The authorities also needed to weigh other economic costs of the slowdown He calculated that millions of rands were being sacrificed as lower sales hit GST collections

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than R1 000

ADJOINING WING

The fire apparently began in an adjoining let to Mr and Mrs A Cassiem who were ... home

Mr Khan a car salesman said the fire had stroyed the interior of the house and the f. had lost all their possessions

"I found a tracksuit in the boot of my car a am wearing that now,' he said

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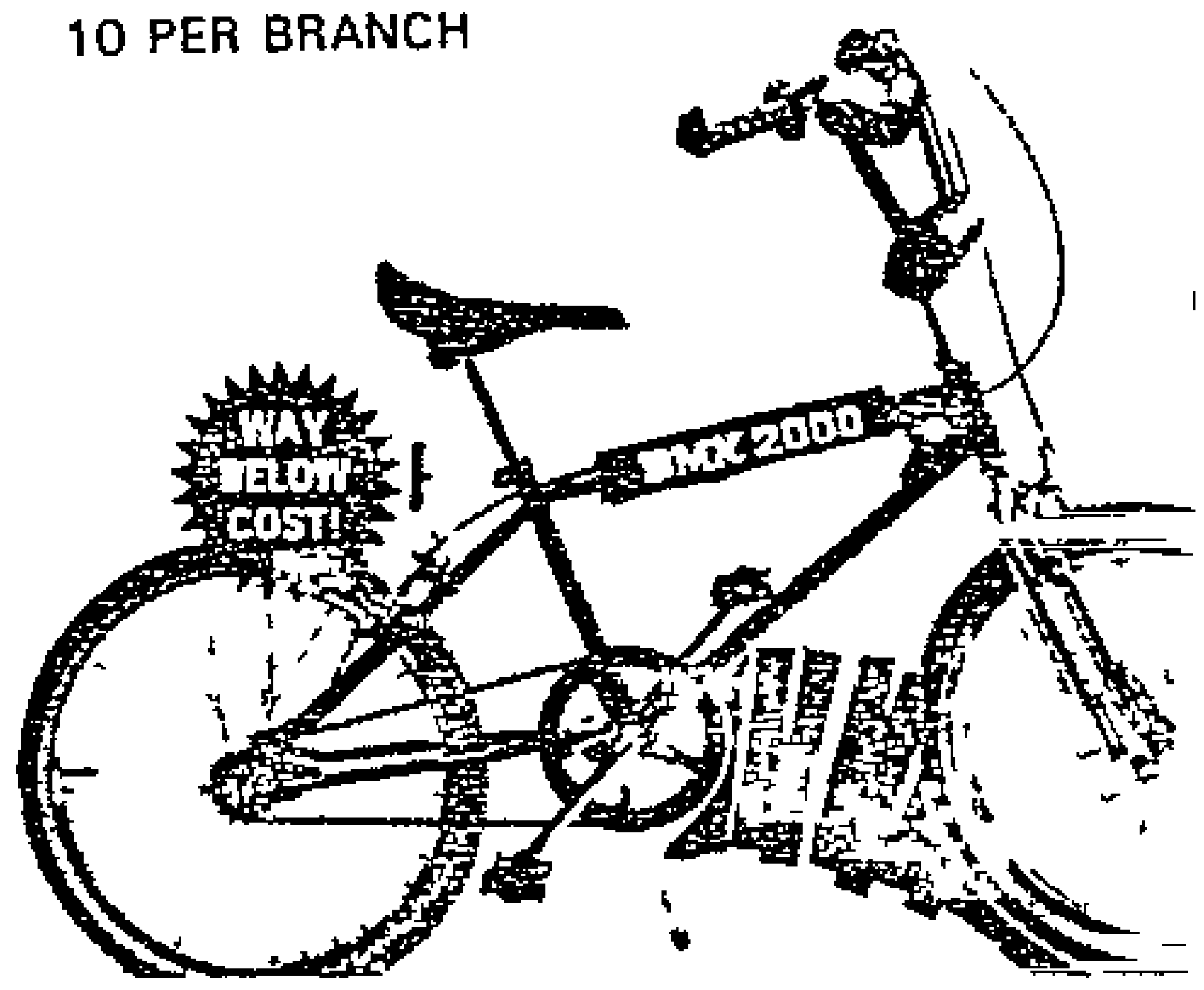

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E. Post 13/10/84

Ford admits a move is possible

Weekend Post Reporter

THE managing director of Ford Motor Company, Mr Brian Pitt, admitted today there was a possibility the company might move part of its manufacturing operation to the Transvaal

"I can't say we're moving — but I also can't say we're not moving," he said

He said he could not quash speculation that the company could move part of its manufacturing operation to the north

Mr Pitt said that speculation continued against the background of ' talks between Ford and Amcar

These studies looked at making local content cheaper and rationalisation of production but he could not comment further because "he did not know at this stage"

It all hinged on the outcome of the studies

The findings would be released to the Press simultaneously

Mr Pitt said Ford products would continue to be marketed through the Ford dealerships

The Ford dealership network was being expanded "There is no hold on that," he said

RDM ☐☐☐ 15/10/84

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A SIGN of worker willingness to take action over a non-workplace-based political issue was the half-hour stoppage at two Alfa Romeo workshops in Jonahnnesburg last week

The workers were expressing solidarity with yet another victim of the country's security laws, Mr Jerry Kau, who is being held under Section 29 of the Internal Security Act.

Mr Kau, a worker at Renault Africa and a member of the Johannesburg and national executive of the National Automobile and Allied Workers' Union (Naawu), was arrrested at work almost two weeks ago.

While the primary focus of the stoppage was Mr Kau's detention, the union statement said. "Naawu members wish to make it clear that while Brother Kau is the focus of their symbolic protest, they are protesting against the legislation under which many people are currently detained."

Factory workshop incident described in court

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E. Post 16/10/84

By CHRIS RENNIE

AN incident at the Volkswagen factory in Uitenhage, between a white man and a black which had "far reaching effects" in the motor industry, was described in the Uitenhage Magistrate's Court today

Mr Ntutuseli Johnson Gaika, of Tulis Street, Uitenhage, is charged with assaulting a workshop foreman, Mr Burger Steyn Delport, on June 29 this year

Mr Jacobus du Toit told the court that following an incident between him and Mr Gaika the previous day, he was being interviewed by a shop steward, a Mr Smith

He told the court Mr Gaika had hit him under the chin when they argued about instructions he had given but that he had not wanted to make a report

When he was telling Mr Smith that he had nothing against Mr Gaika and did not wish to make a complaint, Mr Delport intervened

Mr Delport said if he had hit the "kaffir" he would have been fired and insisted that a report be made

Mr Gaika had told Mr Delport to keep his nose out of the affair He then hit Mr Delport and they grappled on the ground

Mr Smith pulled Mr Gaika off but while Mr Delport was still on the ground, Mr Gaika kicked him in the face

They grappled again and Mr Gaika throttled Mr Delport with his own tie Mr Du Toit said he did not see Mr Gaika hit Mr Delport with a chain

Cross examined, Mr Du Toit admitted he knew the incident had far-reaching effects

He also admitted that he did not make a statement to the police about the incident until August 28, the day the trial started

He contradicted himself several times about the reason for the delay, whether it was because of a misunderstanding or that the police had forgotten to take a statement from him He denied that he had refused to make a statement at any time

Further cross-examined, he admitted that the relationship between him and Mr Gaika was very good and that there had been no problem between them

He admitted they often played the fool and during the incident the day before he had been pushed in fun and had fallen, which was the reason he did not want to make a complaint.

He denied that Mr Delport had sworn and used the term "kaffir" when he intervened

He said Mr Delport had misunderstood the position but he had not told Mr Delport he was wrong

(Proceeding)

Mr W Smit was on the Bench Mr F Botha appeared for the State Mr G G Huisamen appeared for the defence

Business Day/INDUSTRY

RDM 18/10/84 (192)

McCarthy's R100m drive

Financial Reporter

A MOTOR trading organisation with budgeted sales of R100m a year has been formed in the Transvaal by the McCarthy Group.

City Motor Group is the new umbrella under which McCarthy's former Sigma (now Amcar) franchises — Mazda, Mitsubishi and Peugeot — are being traded in the Transvaal.

In the year to June these franchises in the Transvaal accounted for about R85m of the group's total countrywide turnover of R937m.

Mr Ian Bell, managing director of the City Motor Group, forecasts sales of 500 new and used vehicles a month in the current year and a total turnover of R100m.

The decision to reorganise the Transvaal operations by forming City Motor Group was motivated by the tremendous rationalisation benefits and economies of scale which could be achieved, says Mr Bell.

Three divisions — Clows, City Sigma and City Central, which previously competed with each other — have been forged into a cohesive, centrally-managed operation.

Staffed by 500 people, the group has 10 branches, stretching from Randfontein in the west, through the central Rand to Springs in the east. This network of branches carries a total parts inventory of R2m, which is fully computerised with terminals in each outlet.

● McCarthy has landed the Alfa Romeo/Daihatsu franchise, one of the only ones it has not held in the past.

Announcing details of the Alfa tie-up, Mr Derek Dickson, managing director of McCarthy Motor Holdings, said McCarthy had been awarded the Alfa Romeo/Diahatsu franchise on an exclusive basis in Pinetown and the greater Durban area with effect from November 1.

"Any problems which Alfa may have had in the past were not product-orientated. They have simply not had as strong a dealer organisation as the product justifies."

RDM 25/9/84 192

148 workers laid off

Mail Correspondent

CAPE TOWN. — Atlantis Diesel Engine (ADE) in Atlantis laid off 148 employees of its night shift staff — 8,5% of its total production labour force — at the weekend because of the down-turn in the truck industry.

The night shift at ADE had been introduced last year to meet increased production requirements but part of it had to be discontinued last week because of a down-turn in orders from the truck industry which stemmed from the overall economic climate, the managing director of the company, Mr H Beckurts said yesterday

The company would have to monitor the production situation on a daily and weekly basis to judge whether further retrenchments would be necessary, he said

C. Herald / 20/10/84 32

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10 000 motor workers axed

AT least 10 000 jobs have been axed in the motor trade over the past three months in the worst slump in new car sales in more than six years

Also, the majority of the 45 000 workers still engaged by the big motor assembly plants have been forced on to short-time in a widescale slowdown of production tracks as the cash squeeze hits demand by consumers

The National Association of Automobile Manufacturers disclosed last week that new car sales last month plunged to only 14 767 — down 43 percent compared with a year ago and the lowest since July 1978

Statement today on VW plans

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[illegible]

22/10/84

By CATHY SCHNELL

VOLKSWAGEN have called a Press conference for early this afternoon in the wake of reports that the company plans to retrench hundreds of workers.

The communications manager of Volkswagen, Mr Graham Hardy, who announced the Press conference, was unable to comment on any aspects of the company's plans

He said top-level management meetings were being held this morning

A report in the Eastern Province Herald today said it was expected that in addition to retrenchments Volkswagen would lay off the remainder of its staff for three days in an initial attempt to cut costs

It was reported that the most conservative estimate was that 500 workers would lose their jobs

Hints of a production cut at Volkswagen came last week from Mr Hardy, who said there was "every possibility" that there would shortly be a cutback in the production line

A meeting of Volkswagen executives on Friday to "take certain decisions" was cancelled

Volkswagen are already working a four-day week on their Microbus line

The motor industry in the Port Elizabeth metropolitan area is at present in the doldrums and working short-time

Ford today went on to a three-day week

The public relations manager for Ford, Mr Harry Hill, said this move would affect all 3 500 of the company's hourly-paid workers

He said the disastrous new car sales figures for September had forced the cutback.

General Motors announced on Thursday last week that it would close for four days next month — from November 13 to 16

About 2 500 hourly-paid production employees will be affected

It is hoped that details of the Volkswagen announcement will be carried in the City Late edition of the Evening Post today

● Meanwhile, it is learnt that the "aid package" for the Eastern Cape region sought during the meeting of local leaders with Mr Chris Heunis, Minister of Constitutional Affairs and Planning, on Friday included requests for a 20% increase in the existing 20% subsidy on rail tariffs for outward-bound traffic, the introduction of a 4% preference on tender prices submitted on public sector projects by local industrialists and the introduction of an investment allowance subsidising interest repayments on local investment of up to R7 million by 40%

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Retrenchments loom at VW

22/10/84 C-Time

Own Correspondent

PORT ELIZABETH — Volkswagen is expected to retrench hundreds of workers today at the start of what could be the blackest week this year for Port Elizabeth and Uitenhage

A range of reliable sources said they believed retrenchments would take place from the top to the bottom of the Uitenhage organization. It is also believed that soon after the announcement of retrenchments, Volkswagen will lay off the rest of its staff for three days in an auxiliary effort to cut costs

Approached yesterday for reaction to rumours among Volkswagen workers that massive retrenchments would be announced this week — probably today — Mr Ronnie Kruger, Volkswagen's public relations director, replied "No comment."

Early last week it was speculated that Volkswagen was already considering retrenchments after a prolonged sales slump which has hit every major motor manufacturer

The most conservative estimate yesterday was that at least 500 Volkswagen workers would lose their jobs, although some sources believe the scale of retrenchments could be far greater

The shock Volkswagen move — if it materializes — comes at the height of speculation that the Ford Motor Company of South Africa is in the final stages of negotiations which will see production of its Escort models shifted from Struandale, Port Elizabeth, to the Transvaal

The loss of the Escort production lines would be a heavy blow to Port Elizabeth and Uitenhage

It is believed that should Escort production be halted in Port Elizabeth, a number of motor manufacturing support industries will in turn have to consider moving some of their Eastern Cape plant to the Reef

Moves to Reef?

At least one big enterprise has indicated that should Ford take the decision to move to the Reef, it would be compelled to shift a large number of its staff and some of its plant to the Transvaal

Ford is said to have been engaged in negotiations with Amcar, manufacturers of Mazda, over a merger which would see Ford produce its Escort range in the underutilized Mazda plant near Pretoria

On Friday, Mr Brian Pitt, managing director of Ford said "No decision has been taken It is unlikely that we will decide before early November"

Michigan man

He did confirm that Mr C John Roberts, Ford's world-wide public affairs director, based in Dearborn, outside Detroit in Michigan, had visited South Africa last week.

Mr Roberts had been in the country to help work out the best way of dealing with problems — from a public relations viewpoint — created by speculation that Ford was to move some of its plant out of Port Elizabeth

Some observers believe this is a firm indication that there is a very strong likelihood that Ford is seriously considering making its first move out of Port Elizabeth

A meeting between motor industry chiefs in the area and Mr Chris Heunis, Minister of Planning, and Dr Dawie De Villiers, Minister of Industries and Commerce, took place on Friday, and could result in action by the government to make vehicle-manufacturing more viable in the region in the future

Mr Heunis was said to have been deeply concerned at the information given to him

EVENING POST, TUESDAY, OCTOBER 23, 1984

680 at Volkswagen will be workless from Friday

192 E. Post 23/10/84

By CATHY SCHNELL

Volkswagen is to retrench about 630 workers from Friday, the company announced at a Press conference in Uitenhage yesterday

In addition, certain sections of the factory would be closed for 2½ weeks from October 29 to November 13, both dates inclusive, said the managing director of Volkswagen South Africa, Mr Peter Searle.

Retrenchment numbers have not yet been finalised because certain negotiations are still in progress with employee representatives

Volkswagen's total work force is about 7 000.

Mr Searle said the the production line of the newly introduced Golf 2 had not been affected by these moves and would remain on a five-day week However, the press shop would go on to a four-day week and other production lines would shut down for 2½ weeks and thereafter work a three-day week.

Salaried staff were being asked to work a voluntary 10% longer work day with no extra pay and all salary increases were being frozen until further notice.

The position would have been more serious but for the demand for the new Golf 2 which was strong within the constraints of a difficulty market, Mr Searle said

Sales had dropped by half between June and September this year

Mr Searle said it was very much regretted that the motor industry had been singled out for special attention on several occasions this year, over and above all other dampening measures taken by fiscal and monetary authorities

Earlier in the year an *ad valorum* duty was introduced on vehicles. The recent reduction in hire purchase repayment period, coming on top of increased taxation, both direct and indirect, of the individual and the highest interest rates in the country's history, was "an ill-advised and badly timed measure", he said

When the first signs of a serious downturn in the industry occurred, it was hoped the company could weather the storm with a contingency plan of possibly taking an early shutdown in December, thereby preserving jobs if the market dropped further

The recession, however, had affected the motor industry far more adversely than originally expected and more immediate measures had to be taken

Mr Searle said he deeply regretted the effect on retrenched staff and their dependants and was well aware of the serious socio-eonomic effect it would have on the local community because Volkswagen was the main employer in the region.

Before the retrenchments were announced, Volkswagen was already working a four-day week on its Microbus line.

Ford yesterday went on to a three-day week.

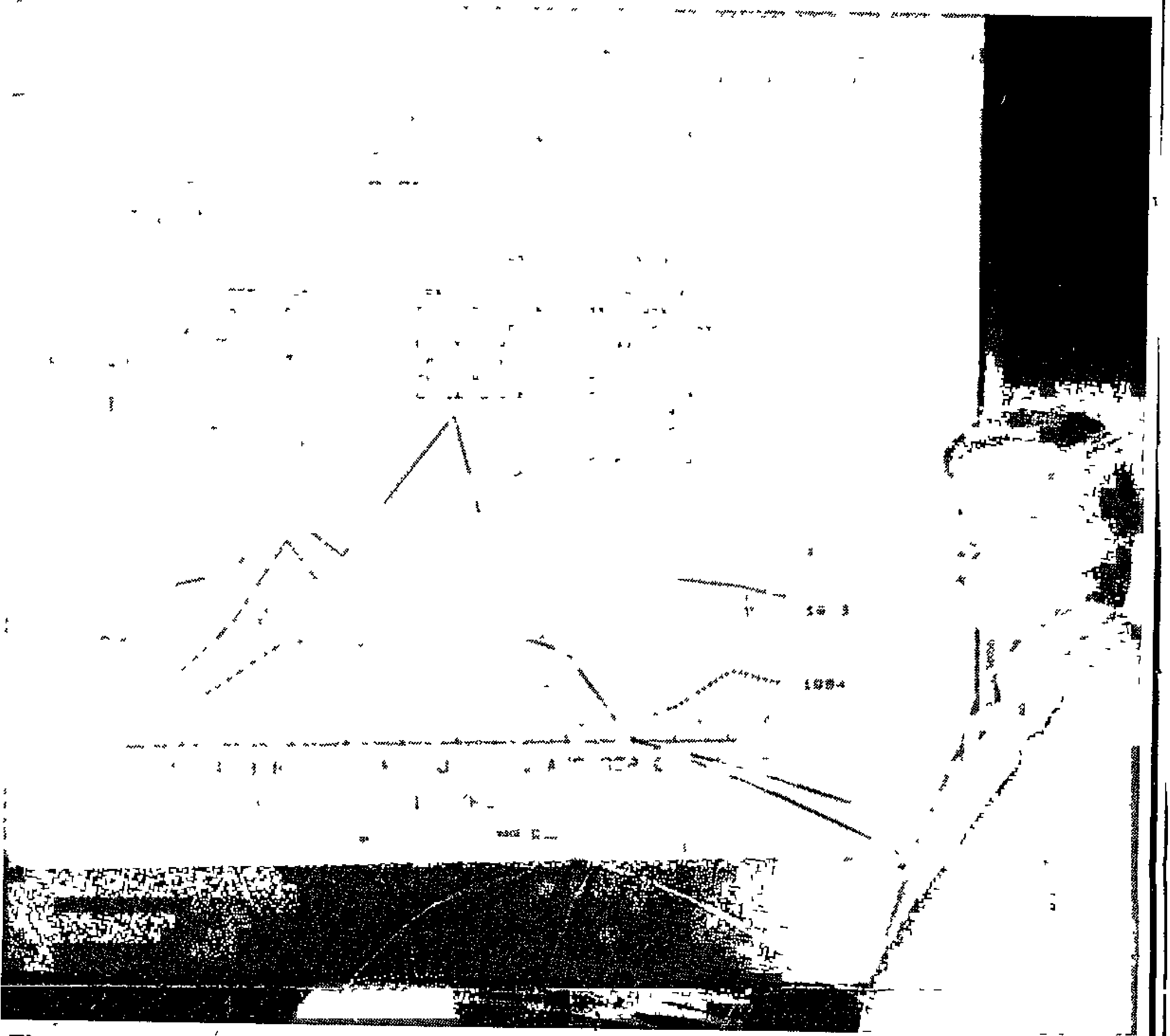
General Motors announced on Thursday last week that it would close for four days next month

Last month, 554 workers — both salaried and hourly paid — were retrenched from these two companies, Ford putting off 425 employees and General Motors 129.

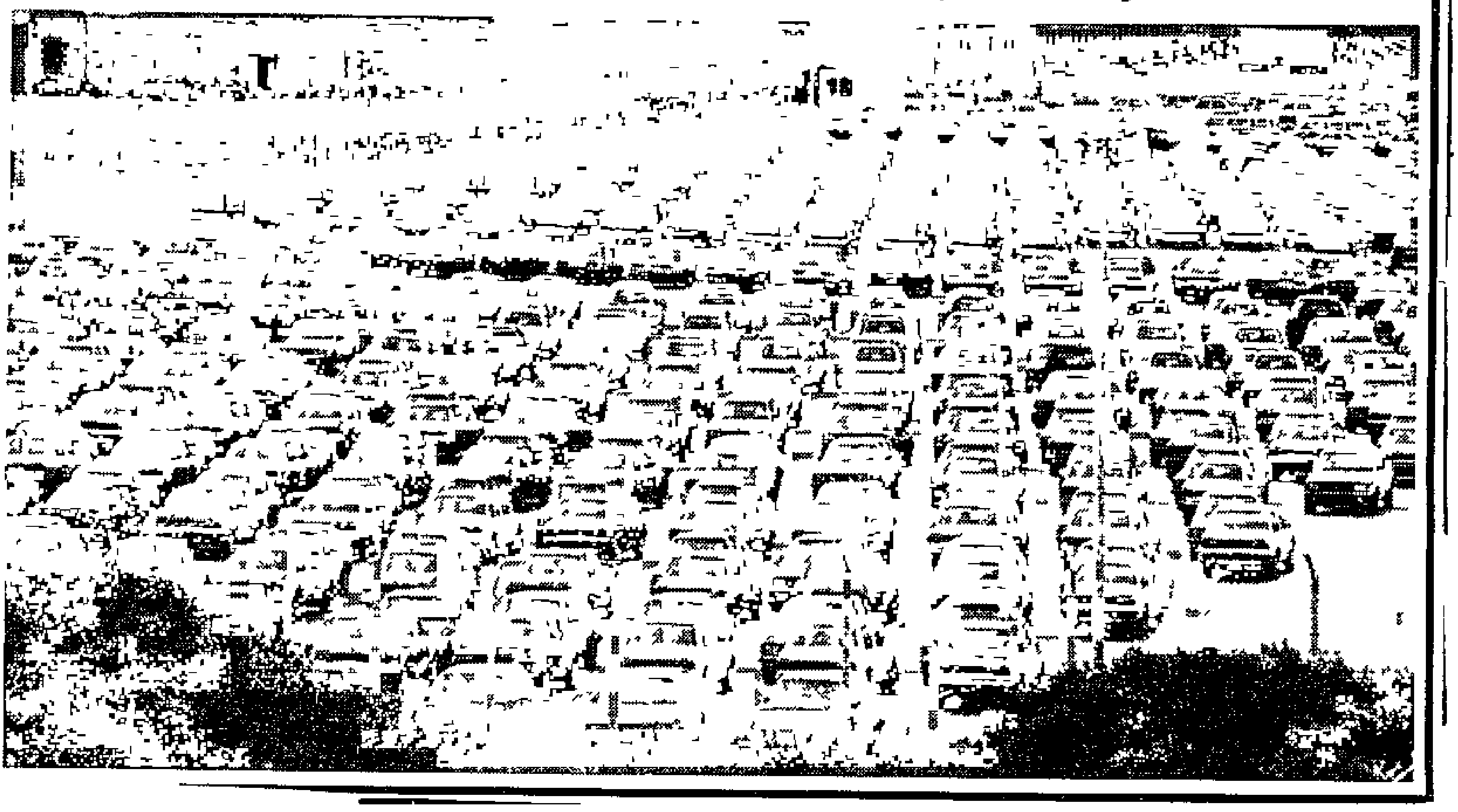
After announing the retrenchments on September 7, Ford also shut down its entire Port Elizabeth operation for five working days from September 10 to 14.

The same day the managing director of General Motors, Mr Lou Wilking, announced that the company would go on a four-day week from October 9.

● Yesterday's move by Volkswagen came at the height of speculation that Ford is in the final stages of negotiations which will see the production of its Escort models shifted from Struandale in Port Elizabeth to the Transvaal.



The managing director of Volkswagen, Mr PETER SEARLE, shows the declining sales graph that has necessitated the retrenchment of about 680 employees. Below: New cars are lined up outside the Volkswagen plant in Uitenhage waiting for delivery to dealers.



RDM 23/10/84 192

Motor industry still taking a hammering

Financial Reporter

THE recession is continuing to hit the motor industry.

● Volkswagen announced yesterday that it would lay off about 680 people from October 26 and close sections of its Uitenhage factory for two weeks from October 29 to November 13.

● Mr Brian McCarthy, chairman of the McCarthy group, told the annual meeting in Durban yesterday that car sales could drop by up to 25% over the next nine months.

● Market talk was still that some kind of Ford/Sigma deal was in the offing.

A statement from VW yesterday said production lines of the newly introduced Golf 11 were unaffected by its cutback moves and would remain on a five-day week.

The press shop would, however, go on to a four-day week, while other production lines would shut down for two weeks and then work a three-day week.

VW said, according to Reuter, that its salaried staff were being asked to work a voluntary 10% longer workday with no extra pay, and all salary increases were being frozen until further notice.

The recession had affected the motor industry far more adversely than originally anticipated, VW said, adding that the position would be more serious if demand for the new Golf was not as strong as it had proved.

The new car market declined to 14 767 units in September.

In June it was 32 382 units but this was heavily distorted by rush buying ahead of the big GST rise.

Mr McCarthy said yesterday in Durban that prospects for the motor industry were even grimmer than at the time of his annual statement last month.

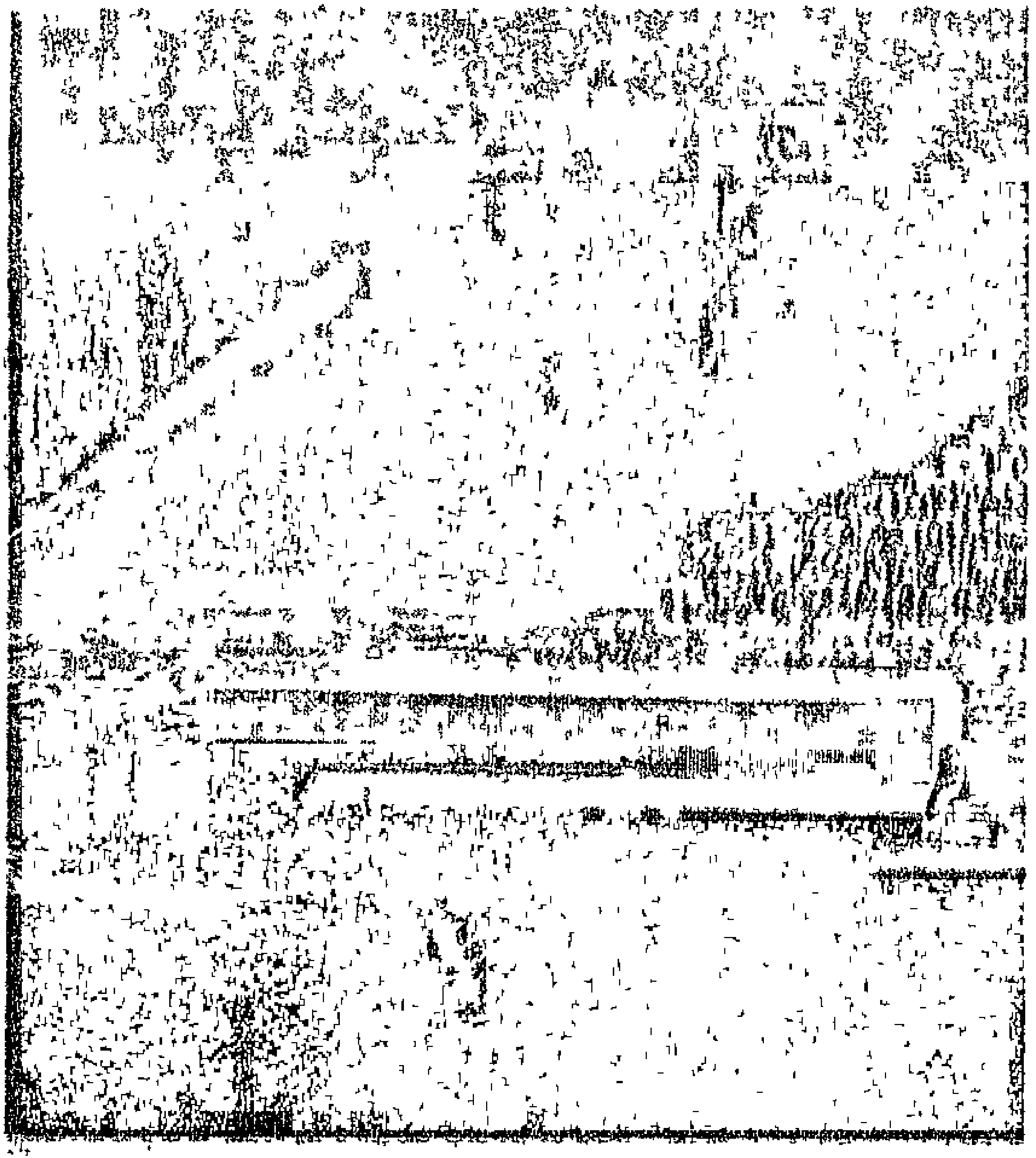
Then, he predicted that car sales throughout the country would drop by 16% over the period of the group's financial year from July this year to June 1985.

Now he believed sales would drop a minimum 20% and possibly 25%.

Motorcycle sales were forecast last month to drop 11% but now he predicted a slump of between 22% and 25%.

Official figures released yesterday revealed that September motorcycle sales fell by 14,3% in August

Mr McCarthy said that in the McCarthy group's first quarter, from July to September, sales fell in sympathy with the overall drop in national sales — 27% for cars and 15% for commercial vehicles.



A water monitor gun dissolves gold-bearing slimes for treatment at East Rand Gold and Uranium. Ergo has revised production estimates for the year at 19-million tons from 19,86-million. Forecast gold production has been dropped to 5 500kg (previously 5 610kg), uranium to 148 tons (160) and sulphuric acid to 510 000 tons (525 000).

RDM 24/10/84 192

No pact yet, say Ford and Amcar

By DAVID FURLONGER
Industrial Editor

FORD and Amcar yesterday denied they had reached agreement on joint production.

Officials of the two motor companies said talks were continuing and no decisions had been taken.

They were reacting to claims by industry sources that Ford had agreed to transfer some of its operations to Amcar.

Talks have been going on since last month on co-operation between Ford and Amcar

Ford, which has laid off hundreds of hourly-paid workers and is operating on a reduced week during the motor industry slump, is understood to be keen on transferring part of its production to Amcar's Pretoria works

Most observers expect production of Ford cars to be switched to Pretoria. Amcar would welcome such a move to relieve it of its huge, unused production capacity.

In return, there have been suggestions that Amcar might transfer production of its commercial vehicles to Ford's eastern Cape plants.

Industry sources thought yesterday a preliminary agreement had been reached and that Ford was ready to shift part of its production to Amcar.

Ford's managing director, Mr Brian Pitt, said. "There has been no decision at all Talks are still going on and any suggestion of a decision is pure speculation at this stage"

An Amcar spokesman said· "Nothing has been decided or handed over yet."

He refused to be drawn on when a decision might be announced, adding. "It is very difficult to put a date on something like this."

Mr Pitt confirmed yesterday that Ford would continue working a three-day week for the rest of this year. He said the company would halt operations for the annual Christmas holiday earlier than planned

He said· "We will shut down on December 3, instead of December 14 as originally planned, saving us six days of production on our present working week

"We are due to start up again on the first Monday in January and we will decide then what kind of operation to run in the New Year."

Ford will shut 2 weeks early

By CATHY SCHNELL

192

E. Post 24/10/84

BOTH Ford plants in Port Elizabeth are to close two weeks early for the Christmas break this year — on November 30 instead of December 13 — and will re-open on January 7.

This means a break of five weeks instead of the normal three weeks

Financial loss is involved for some of the workers

All hourly paid staff get paid for three weeks of Christmas leave, but only those covered by the Industrial Conciliation Act will be compensated for the extra fortnight of the shutdown period

Office staff and salaried staff at both the Struandale and Neave plants will stay at work till Friday, December 14.

Mr Fred Ferreira, director of industrial relations at Ford, said today the early closing step was taken in an attempt to adjust to the significant decrease in the demand for cars

● The National Automobile and Allied Workers Union (Naawu) will meet this evening to discuss the depressed situation in the motor industry

The regional secretary of Naawu, Mr Les Ketteldas, said speculation about negotiations betwen Ford and Amcar would be discussed

He said although Ford closing two weeks earlier meant a monetary loss to

Mr FRED FERREIRA ... an adjustment

some hourly paid workers, anything was preferable to more drastic measures like further retrenchments or even more short-time

Alternatives to laying off staff were something Naawu had constantly recommended to the management.

Mr Ketteldas said Naawu was meeting Volkswagen management today to consider ways of reducing the number of people to be retrenched

On Monday Volkswagen announced that 680 workers — both salaried and hourly paid — were to be retrenched by the end of the week

"Obviously it is difficult to say whether it is possible to reduce the number of retrenchmen in our present tight economic climate," Mr Ketteldas said

The present unhealthy economic climate made retrenchments all the more difficult for the families involved

Those hardest hit were workers who had recently joined the motor industry because unemployment benefit funds could be claimed only by those who had been with the industry for more than three years

Another problem was that when the car industry suffered a downturn, other sectors were affected as well This made finding alternative [illegible] very difficult,

● A sp[illegible] for General Motors said today there [illegible] no plans [illegible] close early for the [illegible]mas break

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Bid to reduce axings at VW

E Post 25/10/84

Post Reporter

NEGOTIATIONS between the National Allied Automobile Workers Union (Naawu) and Volkswagen management are continuing today in a last-minute bid to reduce the number of people to be retrenched tomorrow.

On Monday, Volkswagen announced that 680 employees would be retrenched at the end of the week.

Mr Brian Robinson, the industrial relations manager at Volkswagen, confirmed today that negotiations had been held yesterday and were continuing today.

So far no decision has been taken on whether Volkswagen will follow Ford's example and close earlier than usual for the Christmas break, according to the community relations manager, Mr Gavin Cowley

He said the people to be retrenched would know who they were tomorrow. Discussions were still under way as how best to break the sad news to them, Mr Cowley said

He said the company had used the "lifo" (last in, first out) principle in determining who would be retrenched.

Mr Les Ketteldas, regional secretary of Naawu, was not available for comment.

Naawu was also scheduled to hold a meeting last night to discuss the possible implications of the negotiations between Ford and Pretoria-based Amcar.

More will be axed by Ford

192

26/10/84 E. Post

By CATHY SCHNELL

IT has been reliably learnt that Ford will retrench between 300 and 400 salaried and hourly paid workers next Friday.

This could bring the number of people retrenched at Ford during the past two months to more than 800

Negotiations to reduce the number to be retrenched will be held between Ford management and the National Automobile and Allied Workers Union (Naawu) on Monday, Naawu's regional secretary, Mr Les Ketteldas, confirmed today.

Mr Ketteldas said Naawu had been advised that retrenchment would take place within the next two to three weeks.

He had heard about 200 people were to lose their jobs

The director of industrial relations at Ford, Mr Fred Ferreira, declined to comment at this stage.

Mr Ketteldas said it was unacceptable to Naawu that Ford could follow up with more retrenchemnts so soon after their last mass retrenchment. It showed a lack of planning on management's behalf

On September 7 Ford retrenched 425 employees and shut down its entire Port Elizabeth plant for five working days

Earlier this week Ford announced that it would close two weeks early for the Christmas break this year — on November 30 instead of December 13 — and re-open on January 7

Mr Ketteldas said the three-day meeting with Volkswagen this week, to reduce the number of people to be retrenched today, had proved fruitless.

A total of 680 employees will be retrenched Those who will be put off will be named today

Mr Ketteldas said unless restrictions were lifted on hire purchase rates, the present unhappy situation might deteriorate further

The Government should drastically reconsider its recently introduced fiscal measures, which were restrictive, especially on the motor industry

The social implications of wide-scale retrenchment were already bad and would get much worse if the situation continued, he said.

To date about 1 234 Port Elizabeth motor industry employees have been retrenched within the past two months.

● Today the Ford branch of the executive commitee of Naawu issued a statement on recent Press reports speculating that Ford is in the final stages of negotions with Amcar, a move which see the production of its Escort models shifted from Struandale in Port Elizabeth to the Transvaal.

In the statement, Naawu expressed its "outright condemnation" of 'secret negotiations between Ford and Amcar without consultations with the workers and said such a move was 'a sure recipe for an industrial relations disaster"

The present discussions between Ford and Amcar clearly undermined everything the union was struggling for, the statement said

The Naawu branch pledged its full support for the efforts by Amcar and Ford to find a just solution to the problem and demanded

● That there be full consultation with the union by both companies on the implications of the negotiations on its membership at both plants

● A guarantee that no jobs would be eliminated as a result of these rationalisation plans.

● Full information on the plans of both companies for the next 10 years on investment and the implementation of new technology.

The branch said it had noted the belated outcry from civic, business and political leaders on the possible transfer by Ford of certain of its production facilities to the Transvaal

It was "surprising" that some of the people in high civic and political offices publicly declared that the automobile companies in the Eastern Cape were fulfilling their social responsibilities required of them and were playing a meaningful role in the well-being of the community

The statement said the current situation proved that their faith in the good intentions of these companies was misguided.

(192) 26\10\84 FM

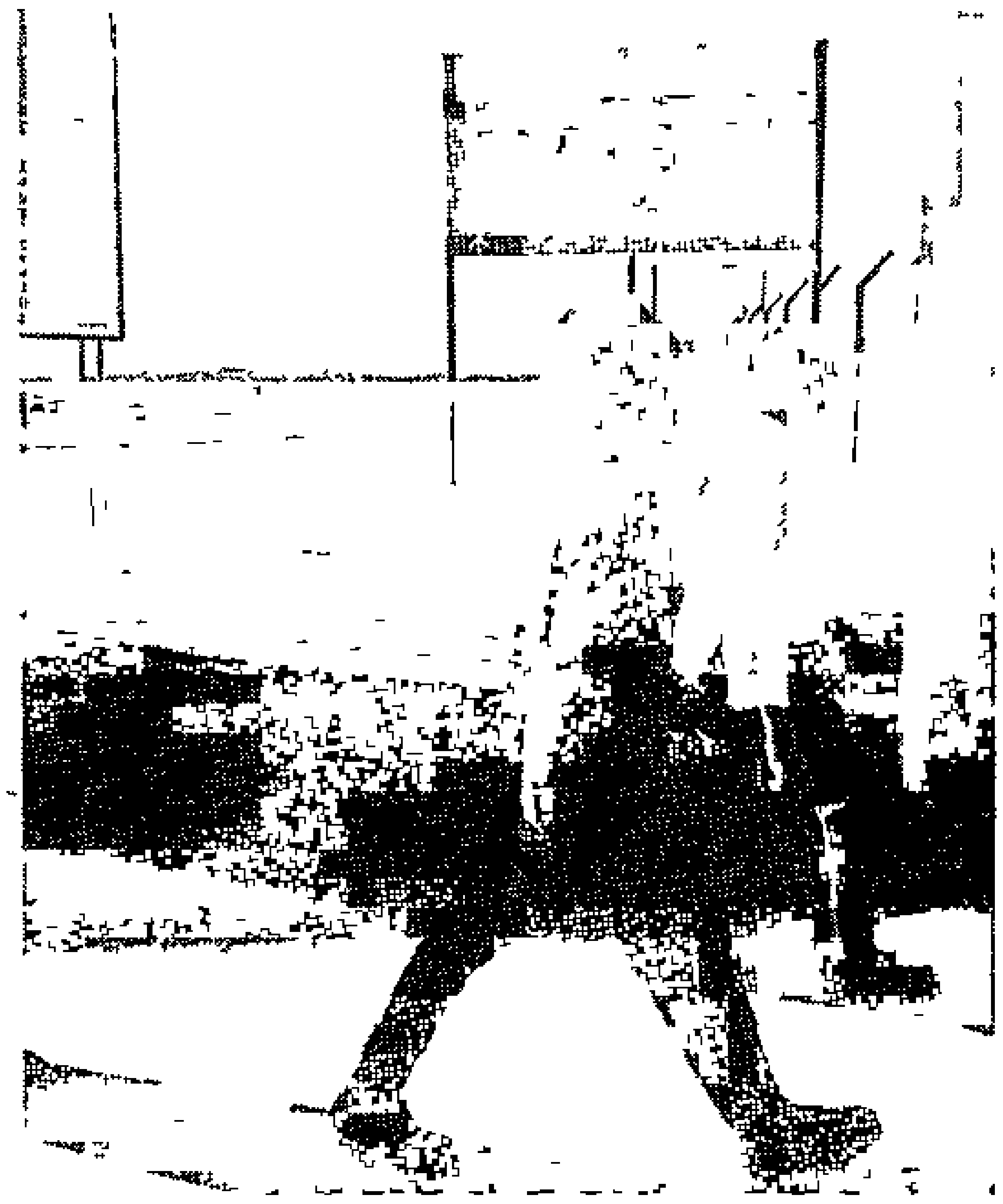
MOTOR INDUSTRY

In the pits

A last ditch effort to rescue Port Elizabeth's ailing motor manufacturers is underway with top level requests for government assistance, estimated at R23m, to offset mounting production and delivery costs Word is being put out that Ford's rumoured relocation to Rosslyn will materialise if government aid is not forthcoming.

Last week Volkswagen (VW), Ford and General Motors (GM) held separate meetings with Constitutional Affairs and Planning Minister Chris Heunis and Industries Minister Dawie de Villiers on proposals for compensation to offset "the disadvantage of being based in Port Elizabeth"

They seek incentives similar to those awarded to industrialists in other parts of Region D. Although Port Elizabeth and Uitenhage fall within the region they do not qualify for these incentives, the most favourable currently on offer, because they are long-established undertakings



Ford . . . about to trek inland?

Meanwhile, industry sources fear the demand for new cars from now to next July will plunge by about 16% and overall sales in 1985 should fall by 20%-25%. Vehicle prices are expected to rise a dramatic 17% in 1985 should the rand remain weak in dollar terms.

"We have met the manufacturers and representatives from Ciskei, Transkei and SA," says Louis Koch, chairman of the Regional Development Advisory Committee for Region D. "But we cannot divulge details of the proposals"

Koch says the new incentives have been discussed in detail. "If approved by government we believe they could possibly influence certain decisions under consideration among motor manufacturers. We are no asking government to subsidise inefficiency in the industry but that it assists good plants suffering price inequalities due to their location"

It is believed the incentives could sway Ford's decision to move part or all of its manufacturing operation to the Amcar plant outside Pretoria. However, Ford's Dirk Pieterse says, "We are still discussing the options with Amcar."

"Transport costs, distribution costs and shipping raw materials from the Reef to PE are our main headache," he says. "Transporting vehicles to the Reef, our biggest market, costs around R100 per unit and coupled with a cost of R70 to bring raw materials here from the Reef any subsidy would have to take all these into consideration"

Based on a rough figure of R170 subsidy per unit and taking into account total sales last year, government would have had to pay out R9,5m to Ford, R7,5m to VW and R6,5m to GM — a total of R23,5m in subsidies to these manufacturers alone.

Industry sources believe Ford is all set to shift production of the Escort and Sierra models and the spare parts operation to Amcar's Rosslyn plant which is presently running at around 50% capacity.

One source doubts whether incentives would be sufficient to keep Ford in Port Elizabeth "I believe the fundamental decision to move has already been taken and it is only a matter of time before it is announced," he says

Koch retorts. "The incentives discussed could possibly help the situation at plants like VW where 680 workers were retrenched this week"

VW has also shut down some production lines for two weeks and, when reactivated, the lines will work a three-day week. VW's press shop goes onto a four-day week and salaried staff are being asked to work 10% longer with no extra pay All salary increases have been frozen until further notice.

Production on the new Golf 2 will remain on a five-day basis but this could change if demand falls short.

With further lay-offs in the industry likely and the possibility of plant relocation, Koch says the situation is deteriorating almost daily

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GM to expand investment in SA

C-Times 27/10/84

IN spite of the campaign in certain American quarters against American investments in SA and the withdrawal thereof, General Motors once again reaffirmed that they are here to stay and to expand their investments annually

Mr Paul Morgan-Smith, director of the company from head office in Port Elizabeth, gave this assurance to the Minister of Finance, Mr Barend du Plessis, in Pretoria

Discussions

Mr Morgan-Smith had discussions with Mr Du Plessis in Pretoria He was accompanied by Mr Apie le Roux, the chairman of Apie le Roux Motors, Kemptonpark, and Mr Pierrie le Roux, managing director of the company, one of the biggest private General Motors dealers in the Republic.

Mr Morgan-Smith said after the discussions that he was very impressed by the minister's financial policy for the current economic climate.

He said he believes the minister is heading in the right direction.

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Ford confirms further layoffs are due

E:Post
29/10/84

By CATHY SCHNELL

FORD today officially confirmed that it would be retrenching more employees, probably at the end of this week

The director of industrial relations at Ford, Mr Fred Ferreira, said further layoffs would definitely take place, but declined to comment on how many would lose their jobs

Mr Ferreira said he expected the National Automobile and Allied Workers Union (Naawu) to make representations to management soon

It was reported in the Evening Post on Friday that Ford would retrench between 300 and 400 salaried and hourly paid workers this Friday

This could bring the number of people retrenched at Ford during the past two months to more than 800

Last week the regional secretary of Naawu, Mr Les Ketteldas, said these proposed retrenchments showed a lack of planning by management

Ford retrenched 425 employees on September 7 and shut down its entire Port Elizabeth plant for five working days

Last week Ford announced it would close two weeks early for the Christmas break this year — on November 30 instead of December 13 — and would re-open on January 7

● Volkswagen retrenched 680 hourly paid and salaried employees on Friday, the end of one of the blackest weeks the motor industry has seen for a long time

Argus 29/10/84 192

Car men quit over ‘fears plant will close’

From **KEN VERNON**
Argus Bureau

PORT ELIZABETH. — Ford Motor Company executives are resigning because of fears that the Neave production plant, employing more than 2 000 people, will close, according to company sources

However, this has been denied by Ford.

Rationalisation talks between Ford and Anglo American's Pretoria-based Amcar have been under way for weeks

Employees of Ford have been warned not to speak to the Press, but it has been reliably learnt that if the talks are successful production of the Escort range at the Neave plant will be discontinued.

INQUIRIES

If the popular Escort disappears from the market it will be replaced by a Mazda/Escort combination to be produced at the Amcar plant in Pretoria.

Inquiries about the outcome of the Ford-Amcar talks have disclosed dissatisfaction among Ford executives about the way the talks have been conducted.

"No one really knows whether they will be axed in a few weeks, so everyone is looking at ways to get out while they still have a chance of finding work," said one executive.

The company has confirmed that it would be retrenching more employees, probably at the end of the week.

The director of industrial relations at Ford, Mr Fred Ferreira, said further lay-offs would take place, but declined to give details

The Natal Mercury, Monday, October 29, 1984

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Union warning over 'secret' talks

Motoring Reporter

THE National Automobile and Allied Workers Union (Naawu) has warned two motor manufacturers that their secret negotiations 'is a sure recipe for an industrial relations disaster'

Naawu's statement concerns rationalisation talks between the Port Elizabeth-based Ford Motor Company, and Amcar Motor Holdings, based in Pretoria

Speculation is rife in industrial circles that Ford might move part of its production to the Transvaal

The statement, issued by the Ford branch executive committee of Naawu said 'We warn both companies that their secret negotiations without consultation with the workers that will eventually be affected thereby is outrightly condemned by Naawu and is a sure recipe for an industrial relations disaster'

The statement said Naawu had carefully considered the little information in Press statements relating to the rationalisation talks between Ford and Amcar

The branch executive committee also 'noted the belated outcry from civic, business and the so-called political leaders on possible transfer by Ford of certain of its production facilities to the Transvaal'

The statement said it was surprised that persons in high places had publicly praised the automobile companies in the Eastern Cape for fulfilling their social responsibilities, while workers there were struggling for a living wage which had resulted in unrest

'The current situation proves that their belief in the goodwill of these companies is misguided

'Naawu has continuously highlighted and condemned the motives of companies that would do everything in the interest of protecting the profits of shareholders at the expense of the workers,' the statement said

The branch committee pledged its support for membership at both plants in their efforts to find a solution

It made three demands

Full consultation with the union by both companies on the implications of negotiations on its membership at both plants,

A guarantee that no jobs would be eliminated as a result of rationalisation plans, and

For full information on the plans of both companies for the next 10 years on investment and implementation of new technology

Ford public relations manager Dirk Pieterse said his company had not received any statement from Naawu

He said Ford had already stated that the talks between the two companies would not be made public

'We've said we are talking and will say no more until the discussions are complete'

Meanwhile, Volkswagen South Africa has laid off 680 workers, both wage and salary earners A spokesman said certain sections of the production line would be closed between November 6 and November 13

Argus 31/10/84

MOTOR INDUSTRY

192

Government asked to help East Cape's crisis-hit motor industry

Argus Bureau

PORT ELIZABETH — The Government is being asked to provide special help to the Eastern Cape motor industry in the face of "the worst crisis in its history"

In a memorandum now with Cabinet ministers, National Party MP for Uitenhage Mr Dawie le Roux says the Port Elizabeth-Uitenhage area should have concessions similar to those operating in East London

East London has a 60 percent rail subsidy, but Port Elizabeth only a 20 percent subsidy, he says

This, in effect, subsidised the manufacture of luxury cars in East London at the expense of small and medium cars in the Port Elizabeth area

Mercedes Benz and BMW operate assembly plants in East London Ford, General Motors and Volkswagen have plants in the PE-Uitenhage region

Mr le Roux said that as the MP for Uitenhage it was right for him to raise the plight of his constituents He recently handed the memorandum to two Cabinet Ministers visiting Port Elizabeth

"Volkswagen is the economic dynamo of the whole of my constituency When VW suffers, the whole area suffers," he said in an interview

Mr le Roux said he had asked for

- Changes in tax structures to encourage the manufacture of the small-to-medium car market rather than the luxury car market
- Special export concessions for the Eastern Cape motor industry
- Review of training incentives
- The scrapping of ad valorem taxes on cars
- Changes to local-content regulations
- Equalisation of the steel price

235 to be retrenched by car firm tomorrow

192

E. Post

1/11/84

By CATHY SCHNELL

FORD is to retrench 235 salaried and hourly-paid employees tomorrow

This will bring the number of people retrenched at Ford during the past two months to 660

The director of industrial relations, Mr Fred Ferreira, said Ford had tried to avoid further staff reductions

However, the need to further adjust production schedules to meet current demand levels had necessitated this action Those who had lost their jobs would be told tomorrow, Mr Ferreira said

On September 7, Ford retrenched 425 employees and shut down its entire plant for five working days

Today's retrenchments bring the number of motor industry employees to lose their jobs in two months to 1 469.

Meanwhile, a delegation of Port Elizabeth Naawu shop stewards will meet with its union stewards from all the main cities in South Africa in the Transvaal this month to discuss negotiations between Ford and Amcar

The regional secretary of Naawu, Mr Les Ketteldas, is at present in the Transvaal in connection with the negotiations

This was confirmed by the national secretary of Naawu, Mr Fred Sauls, who added that, so far, little information about the negotiations was available

Last week Naawu criticised the "secret negotiations" between Ford and Amcar as being without consultation with the workers and said such a move was a "sure recipe for industrial relations disaster".

The director of the Port Elizabeth Chamber of Commerce, Mr Tony Gilson, said he had no doubt the situation would get worse before it got better and that many more people would get hurt before the economy recovered

Meanwhile local employment agencies have been flooded with people applying for work

Argus 1/11/84

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Ford will retrench 235 staff

Argus Bureau

PORT ELIZABETH — Ford Motor Company said in a statement today it was to retrench 235 hourly paid and salaried staff tomorrow

But those to be affected will learn of their plight only when they pick up their cheques

On September 7 Ford retrenched 425 workers and closed down its operation for a week

The timing of today's statement means that many Ford workers will spend an uneasy night wondering if tomorrow will be their last day of work — with Christmas looming and alternative employment scarece

The public affairs manager of Ford, Mr Dirk Pieterse, said today he did not think the method of dealing with the retrenchments was callous

"This is the way it is always done" he said.

He said workers would be paid lieu of notice, adding that Ford always issued a statement about retrenchments as soon as possible after a decision was taken.

The retrenchments will bring the total number of workers laid off in the Port Elizabeth motor industry to 1 469 in two months.

Meanwhile a national shop stewards' meeting of the National Automobile and Allied Workers Union is to meet in Johannesburg this month.

They will discuss the "rationalisation" talks between Ford and Anglo American's Amcar

Last week Naawu criticised the "secret negotiations" between Ford and Amcar as being a "sure recipe for industrial relations disaster".

Argus 2/11/84 PE

1 600 jobless — and relief fund dries up

Argus Bureau

PORT ELIZABETH — The National Automobile and Allied Workers' Union relief fund — set up to help retrenched workers waiting for unemployment benefits — has run dry.

The announcement by Mr Freddie Sauls, the national secretary of Naawu, today coincides with the retrenchment of another 235 workers by Ford Motor Company

Mr Sauls said that all available money in the fund had been used up — "but the union will continue to honour its pledge to retrenched members who contributed to the fund, by using money from other sources"

11 CENTS

Union members had been contributing 11c a week to the fund, but the large number of retrenchments — more than 1 600 in the motor industry in the past two months — had proved too great a drain.

He said the fund had been launched to bridge the six-week gap between retrenchment and the beginning of unemployment benefits

"If a person has worked for a year, he will get 45 percent of his salary for just two months If he has worked three years, he has a six-month cushion."

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MOTOR INDUSTRY

Facing hard facts

FM 2/11/84

Further retrenchments of Ford workers and large-scale lay-offs by other major eastern Cape motor manufacturers have dimmed union hopes of winning substantial wage increases at the negotiations due to start soon in the Industrial Council for the Automobile Manufacturing Industry (Eastern Cape)

The council's 18-month agreement expires at the end of the year. It provides for a minimum wage of R2.15/hour although a union spokesman tells the *FM* the average actual minimum is R2.55/hour.

All three manufacturers who are members council — Ford, Volkswagen (VW) and General Motors (GM) — have been affected by the downturn in the motor industry.

Ford announced last week that between 300 and 400 workers would be retrenched at the end of this week This is the second time that Ford has laid off workers this year In early September, 425 employees were retrenched. The company has been working a three-day week since the beginning of October and plans to start its annual shut-down on at the end of this month — two weeks earlier than originally planned.

VW retrenched 680 workers employed at its Uitenhage plant last Friday In addition, the plant stopped production for two weeks from Monday and will work a three-day week thereafter. The only exceptions are the Golf II production line which is working a five-day week and the press shop which is working a four-day week.

GM's Port Elizabeth plant has been working a four-day week since June and laid off 129 workers in September. The company plans to shut down the plant from November 12 to 16 and work a three-day week thereafter.

Two unions are members of the council, the Federation of SA Trade Union's National Automobile and Allied Workers' Union (Naawu) — which is the dominant union — and the all-white SA Iron, Steel and Allied Industries' Union (Yster en Staal).

The *FM* understands that Yster en Staal will not be pushing for increases. Naawu has already submitted demands to the council but a union spokesman declined to reveal them to the *FM*. Nevertheless he did say Naawu will pursue four aims which it hopes to have implemented throughout the motor industry. They are·

☐ A "living wage" (in August a Naawu spokesman told the *FM* the union wanted a R3 50/hour minimum),

☐ A reduction in working time;

☐ An increase in job security; and

☐ Paid maternity leave and guarantees that women will have the right to return to work after pregnancy.

Ford's industrial relations director Fred Ferreira has poured cold water on Naawu's demands. Says Ferriera· "It is questionable whether manufacturers will have the ability to increase wages beyond their present level in the immediate future and while the industry remains as depressed as it is"

It appears unlikely that Naawu and the employers will see eye-to-eye in the council negotiations. It is possible that the employers will be looking to have the existing agreement extended or to come to some sort of interim agreement with the union. Another possibility if the union does not go along with their proposals is that the agreement will lapse. In that case, the union will have to come to individual arrangements with the manufacturers.

LABOUR NEV

RDM 3/11/84 (192)

Lay-offs hit motor industry

PORT ELIZABETH. — The ripple effect of the recent retrenchments within the motor industry has begun.

Local motor retail outlets are laying off staff and at least two component manufacturers are to go on short time.

Pioneer Ford have retrenched 10 of their 160-member work force and have decided not to replace those who resign.

From January to June this year, car sales averaged 927 a month. In September, the number of car sales dropped to 392

Nissan is to retrench within the next few weeks, it is believed.

Mr Gakiem Abrahams, regional secretary of the Motor Industry Combined Workers' Union, said successful negotiations this week had averted the retrenchment of 120 workers at a component manufacturing company, Dorbyl Automotive Products. But there would be short time instead.

Silverton Radiator Services engineering branch and Welfit Joinery were also on short time.

Ford retrenched 235 employees yesterday — bringing to 1 469 the total number of retrenchments within the motor industry over the past two months

It was learnt yesterday that 660 people — about 10% — of Ford's workers have been laid off in the past two months — Sapa.

(92) C Times 3/11/84

Leyland SA restructure

LEYLAND SA announced yesterday that it is creating three separate trading companies in a major re-organization and expansion programme

The managing director, Mr David Beck, said in Cape Town yesterday the three companies would consist of a contract assembly company, a heavy commercial vehicle company and a prestige vehicle marketing company

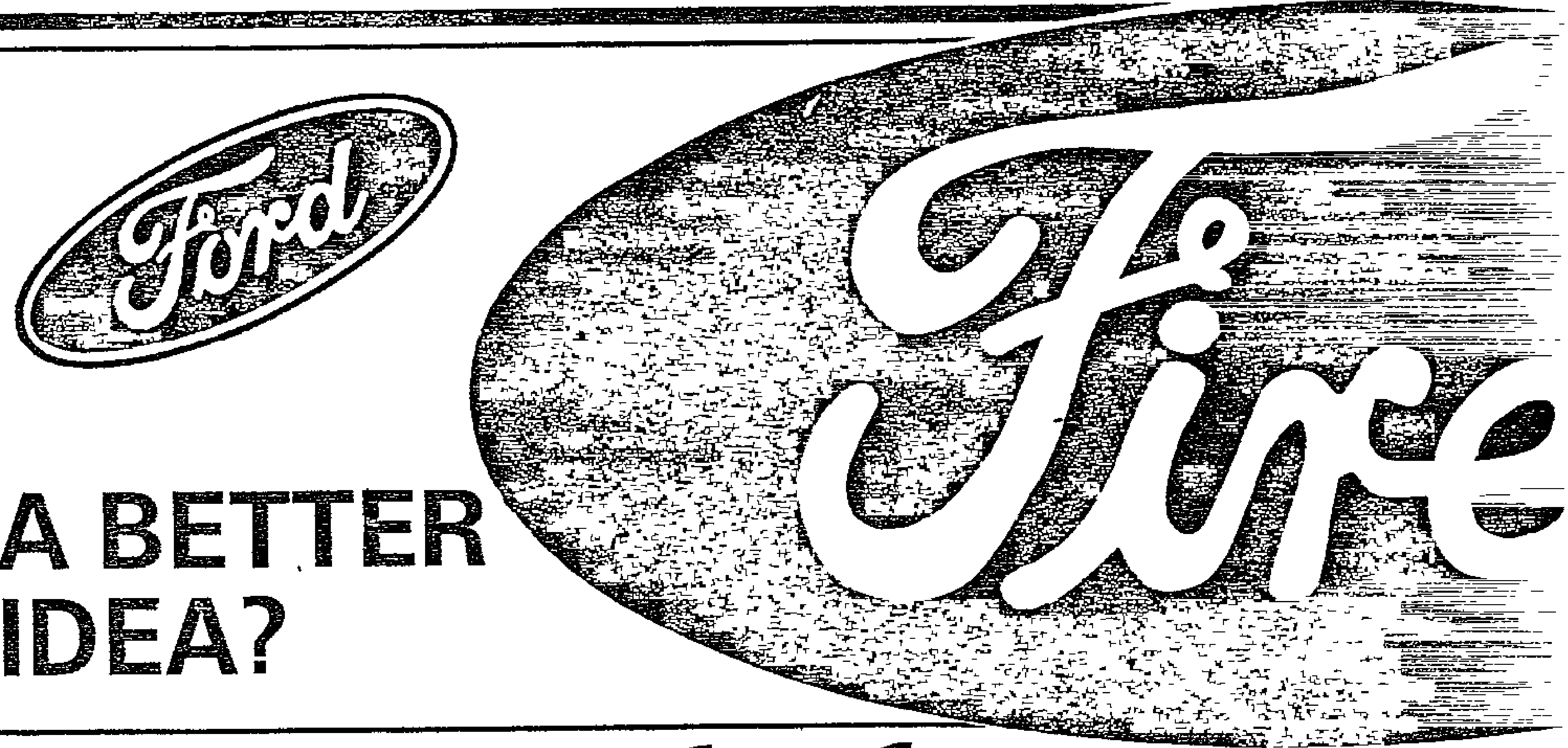
Further details, including the trading names of the companies and management appointments, would be announced shortly

He said that after a number of radical changes in the company's activities in the past three years, "we have now reached a point where the activities we are in are those we invest in and develop on a long-term basis"

"The three major activities of the company have become far less interdependent and we believe a decentralized structure with separate management teams responsible for the successful development of each of the three companies is now more appropriate for our business", Mr Beck said

The largest company within the new structure would be responsible for all activities relating to Leyland's heavy commercial vehicle business

Based in Cape Town at present, this company would relocate its headquarters and most functions to Johannesburg, using Leyland's existing premises at Elandsfontein — Sapa



A BETTER IDEA?

But where do the motorw

By
MONO
BADELA

C. Press

192

SOUTH AFRICA'S motorworkers face a bleak future as the wheels gradually come off one of this country's major industries.

A total of 1 234 workers have been laid off in the past two months — and a further 400 are expected to lose their jobs today at Ford.

Countless families are headed for a bleak Christmas — and even bleaker time beyond that

Times of hardship lie ahead Many of those retrenched have told City Press they are already battling to survive, and have little hope of finding new jobs

Last week, at the giant Volkswagen plant near Uitenhage, 680 workers were laid off

They joined the 425 retrenched by Ford in September and the 129 laid off by General Motors

Last week, Ford announced that another 400 workers would be retrenched this week — bringing to 800 the number of people retrenched at Ford during the past two months

National Automobile and Allied Workers' Union secretary Les Ketteldas told City Press the union had been told the retrenchments would take place within the next two weeks

Things are far from bright, too, for the thousands lucky enough to escape the big axe

Every Friday afternoon, they go home with ba
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Last week F
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the demand for cars"
Mr Ketteldas pointed
present unhealthy
limate is making retrenchments all the more difficult for the families involved

"Those hardest hit are workers who have recently joined the motor industry, because unemployment benefits can only be claimed by those who have been with the industry for more than three years," he said

When the motor industry suffered a downturn, other sectors were affected as well

Mr Ketteldas said the Government was partly to blame for the crisis in the motor industry

"Unless the Government lifts measures restricting hire purchase agreements on car sales, more workers will lose their jobs," he said

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No work, no cash — and nowhere else to go

LAST WEEK, 680 shocked and bewildered workers filed out of the Volkswagen plant in Uitenhage They had been retrenched and had very little to look forward to

They walked quietly, with very heavy hearts, away from the jobs which some had held for more than four years

The men told City Press they had started work that morning not knowing they would be retrenched

During the day they were given letters telling them they would no longer be needed

They were comforted by their colleagues But it was little comfort — where else do you get a job in times like these?

Their colleagues had problems of their own, anyway. Initially 1 600 workers were supposed to be laid off, but Naawu had managed to trim this to 680

Still there were the questions Who "escaped"? And who was next?

The retrenched workers each received five days' serverance pay for every two years of completed service, and the cash equivalent of leave still due

One of them, Samuel Ralane, 48, a father of seven children, told City Press he was the breadwinner in the family, "with a very sick mother"

"I feel very sad I did not expect it. I knew it only today

"I have been working continiously for three years without missing a day.

"Now, I have no record," he said — and wept.

But the irony of it all is that this year's car sales are expected to be the third highest ever — more than 12 000 up on last year

Argus 31/10/84 (192)

The face of retrenchment

Mr Tommy Watson, centre, after hearing today that he had been laid off at the Atlantic Diesel Engine plant. "I didn't know I was going to be retrenched," he said.

Atlantis Diesel Engine lay off over 300 workers

Labour Reporter

ABOUT 300 Atlantis Diesel Engine workers were laid off today immediately after reporting for work

Workers streamed out of the factory clutching retrenchement forms Many said they were "shocked" by the sudden move.

Mr W F Rautenbach, ADE's chief executive (marketing), said "just over" 300 employees comprising salaried staff and hourly-paid workers were told when they arrived at work that they were being retrenched

Mr Rautenbach said the "works council" at ADE had been informed yesterday that retrenchments would be implemented today.

The affected workers were not told until today

"This is a very distressing exercise and one forced upon us by the economic climate. The general weakening in the economy has resulted in a substantial downturn in the automative sector," he said.

ADE, which manufacturers diesel engines for tractors and heavy commercial vehicles, expected to build 22 000 engines in 1985 — about three quarters of the "normal going rate in a normal year", he said.

First to leave

"As a result, management has had to take a serious look at its cost structure and implement this retrenchment programme."

Mr Rautenbach said there had been no discrimination "on the basis of race or colour" when implementing the retrenchments and "wherever possible, long service was taken into account"

Hourly-paid workers — the first to leave — said they had no idea they would be laid off today

One man said he had started work and "then they came and took all my tools away and said I must go collect my money."

Another worker, Mr Trevor Bathus, who pays R200 a month rent for his Atlantis house, said he felt "bloody bad" about the move

Mr Tommy Watson said he had moved from Cape Town two years ago to work in ADE

"My house costs me R20 a week here How can I keep a family now?"

Mr Peter Cookson, who worked for the firm for three and a half years, said. "Every time it's the same story They say there will be no retrenchments then they lay us off. I am the breadwinner in my family, supporting my mother and four children who are at school I pay R28 a week rent"

Turned down

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Turned down

Mr Cookson, an artisan, said he was offered a job as a labourer, which he had turned down. "I can't go back to a wage of R2,10 an hour."

Another man, who did not want to be identified, said while South Africans were being laid off "people from overseas are working here".

Many workers complained that when rumours about retrenchments were strong, management had denied them.

Rumours

Mr Rautenbach said the works council had asked management "some months ago" whether rumours of retrenchment were correct and "at that stage the answer was no"

C Times

192

1/11/84

Atlantis Diesel retrenches over 300

Staff Reporter

ATLANTIS Diesel Engines (ADE) yesterday retrenched over 300 employees, including about 150 salaried staff, reflecting the continuing economic downturn in the motor industry.

The lay-offs at ADE follow those in several other companies in the motor manufacturing as well as the motor component industries.

Yesterday Mr W F Rautenbach, chief executive (marketing) at ADE, strenuously denied claims that the company had recently taken on foreign employees who would keep their posts at the expense of local employees. He added that for every foreign worker employed in a skilled position at the company a local worker was being trained to fill his post.

Staff who had been retrenched would be paid severance pay, accumulated leave pay and a "compassionate separation allowance" that ADE had decided to give workers as a voluntary gesture.

DDM. 6/11/84. (192)

Plastics playing greater car role

Financial Reporter

FUEL economy requirements are largely responsible for a steady increase in automotive plastic consumption.

SVP South Africa, part of the international business information/research organisation, says US carmakers have been looking at material substitution and vehicle down-sizing as a means of meeting government regulations.

Because plastics offer weight, cost and performance advantages, makers engineer as much as 73kg into cars. It is estimated, says SVP, that plastics will account for as much as 79kg of the average US car by the mid-1990s

The original equipment market for plastics should remain the largest in the long run, accounting for nearly three-quarters of total US automotive consumption by 1995.

Although total OE automotive consumption is expected to increase by 1995, vehicles will utilise only 5kg more plastic than the average 1983 model This relatively small increase in consumption results from down-sizing, the use of lighter plastic and the substitution of non-plastic materials for plastic

SVP South Africa says the plastic content of cars coming off the assembly line will doubtless increase, with the after-market expected to expand accordingly.

After-market plastic consumption increased from a mere 22-million kg in 1967 to 113-million kg in 1983. It is expected to top 262-million kg by 1995.

Argus 7/11/84 (192)

Motor industry, Govt must 'tighten their belts'

Staff Reporter

MOTOR traders as well as the Government must tighten their belts to survive the economic recession, the Minister of Transport, Mr Hendrik Schoeman has told the Motor Industries Federation

Mr Schoeman said at the official opening of the annual meeting of the Federation and the South African Motor Industry Employers' Association today

"It is of cardinal importance for you, as well as the Government, to tighten your belts and do everything possible to increase productivity and simultaneously keep costs as low as possible"

Mr Schoeman said the National Transport Commission was examining problem areas·

- ● Inter-modal rivalry in freight transport
- ● Transport organisation
- ● Co-ordination of transport in Southern Africa.
- ● Finance
- ● Passenger transport
- ● International air transport
- ● Energy planning and road transport.

Mr Hendrik Schoeman

The minister referred to toll financing of specific road projects.

"The total benefits which road-users and society derive from the toll road must significantly exceed the total cost," he said

"These benefits include savings in time, fuel, oil, vehicle depreciation, maintenance and accident costs"

He said future toll revenue provided the NTC with the opportunity to procure loans to complete projects sooner. This was important because Government policy was to minimise fuel levy increases which were inflationary

The provision of service and rest areas next to national roads was also discussed by Mr Schoeman

The need for these facilities had arisen with the construction of national roads bypassing towns.

Expanded policy

The NTC had expanded its policy to provide for service and rest areas with direct access to national roads between intersections, Mr Schoeman said

These facilities had been provided to reduce driver weariness and to reduce accidents, he said

Mr Schoeman said he wished to dispel the misconception that they had been provided with the aim of doing trade and competing with facilities in roadside towns

"Research has shown that 45 percent of all single vehicle accidents take place as a result of driver fatigue," he said

There ought to be enough facilities to allow motorists to stop ev-

RDM 9/11/84 (192)

VW, Ford expecting higher sales

Own Correspondent

PORT ELIZABETH. — Two Eastern Cape motor manufacturers, Volkswagen and Ford, are cautiously optimistic that the car market has turned the corner.

Both have reported marked improvements in preliminary October sales figures, with Volkswagen virtually doubling its total sales and trebling its sales in the small-car field.

A spokesman for Ford predicted a 20% improvement in the total car sales figure for the motor industry this month.

He attributed this to a number of new products and generally better conditions in the market place.

He said Ford was hopeful that the market was at last showing signs of normalising, with company sales for October expected to be about 25% higher than in September.

Mr Peter Searle, managing director of Volkswagen, said the improved sales were achieved despite the tough prevailing economic conditions.

"All Volkswagen car lines showed some improvement in October and, with the addition of the new Golf to the range, Volkswagen's total sales have virtually doubled while small-car sales trebled."

Mr Searle said it was unlikely the overall car market would show a significant improvement.

Higher taxation, higher interest rates and tougher hire purchase conditions had combined to disrupt new and used car sales.

"However, the introduction of new models must have some stimulating effect and a new car market of about 18 000 units is expected.

"This is 22% up on September, but still 22% down on the same month last year," Mr Searle said.

He expected Volkswagen's market share to be back to the 15% level.

Mr Graham Hardy, public relations manager of Volkswagen, said a five-day week was being worked on the Golf line.

In terms of market share, the company had had its best month since March 1983, when its share was 15,3%.

Mr Hardy said the car market had hopefully bottomed out and that "it was on its way up" again.

The market was expected to have a few more "ups and downs" and it was impossible to comment on the possible re-employment of some of the laid-off workers.

A spokesman for General Motors, the third Eastern Cape motor manufacturer, could not be reached for comment

Business Day/INDUSTRY

RDM 9/11/84 192

Industry incentive 'too late'

Industrial Editor

NEW incentives to stimulate industry in the Eastern Cape may have come too late to save hundreds of jobs.

While some businessmen in the region have welcomed the incentives others believe they are only of limited value.

The incentives were announced at the weekend by the Minister of Constitutional Development and Planning, Mr Chris Heunis, and the Minister of Trade and Industries, Dr Dawie de Villiers.

The new package includes four main points.

- An increase from 20% to 40% in the rebate on rail charges for outward-bound traffic carrying goods of approved industrialists,
- An interest and/or rental subsidy of 40% for 10 years on capital investment up to a maximum R7m if "meaningful" job opportunities are involved,
- A 4% tender preference on all purchases by the Government, SA Transport Services, the Department of Posts and Telecommunications, local authorities and provincial administrations,
- A simplified incentive package for certain small industrialists with capital investments of less than R50 000, excluding land and buildings. The incentives include a R120 monthly wage subsidy for workers in such small businesses.

The Government hopes the new incentives will counter the string of crises assailing the Port Elizabeth/Uitenhage area.

Motor manufacturers, a major source of employment, are laying off hundreds of workers and operating three and four-day weeks as they reel under the effects of the recession and collapse of the vehicle market.

Their problems have filtered through to the dozens of feeder industries, such as tyre and component manufacturers. Many of them are also laying off workers, while others have had to close down because of lack of business.

The crisis has led to fears that major employers may quit the region for what they consider the greener pastures of the Transvaal.

Ford is holding talks with Amcar, on the possibility of moving some of its operations to Amcar's Pretoria works, and there have been consistent, if denied, rumours that General Motors is also looking at a tie-up with another motor manufacturer.

Other companies are also eyeing the Transvaal They consider the advantages of being close to their main markets outweigh the incentives that have existed to keep them in the Eastern Cape

It is this growing feeling of disquiet that the latest incentives package is designed to combat.

The chairman of the Regional Development Advisory Committee, Mr Louis Koch, welcomed the incentives and predicted they would reduce unemployment.

He said they considerably improved existing incentives enjoyed by the motor industry and would encourage other industries to explore new markets.

Mr Tony Gilson, director of the Port Elizabeth Chamber of Commerce, said the package would help retain existing industry and encourage new investment

Motor manufacturers were less optimistic, however.

The acting managing director of General Motors, Mr Dave Sneesby, admitted the package would help the motor industry but said it would not lift it out of the doldrums

Ford's acting managing director, Mr Brian Rayner, said the incentives were encouraging but left room for improvement One area that needed to be examined was concessions in the cost of steel for the industry

A Volkswagen spokesman said the incentives would benefit small industry in the Eastern Cape but it was too early to gauge the effect on the motor industry until a full study was made of the extent and implications of the package.

argus 10/11/84

SA motor industry is 'bleeding badly'

By AUDREY d'ANGELO

THE entire motor industry is "bleeding badly" as a result of an artificially induced recession which has gone too far, says Mr Jossel Lipshitz, managing director of Schus Holdings.

Mr Jossel said this week that his group had retrenched staff of all races because sales were falling and there was no other way to cut costs

"I will not say how many people we have had to retrench, but we have done it steadily and many of these people are still unemployed"

He was commenting on news that Porter Holdings — which lifted earnings by 62,8 percent to 38,1c on a record turnover of R164,5-million (R112,9-million) in the year to June — expects a loss in the current year

Relinquish franchise

This announcement by Mr Brian Porter, chairman, at the annual meeting this week followed news that a 75-year old Cape Town motor business, H Farber Holdings, was to relinquish its Nissan franchise because of the depressed state of the market

Mr Lipshitz and Mr Porter said the drastic fall in sales, which had hit both manufacturers and retailers in the past three months, resulted from the combination of higher interest rates and a shorter hire-purchasepayment period

Mr Porter said "We get customers who think that in spite of their higher bond repayment and higher cost of living they can still afford a new car

"But then when they realise they must now pay over 36 months instead of 48, they say they cannot afford it after all

"When we look at the figures we realise they cannot and it would be wrong to try to pressure them into buying"

Mr Lipshitz agreed "People change their minds when they are sitting at the desk and see the size of the instalment that they must pay over 36 months

"The Government has administered too strong a medicine to the economy, in too large a dose, in its attempt to bring down inflation

Developed anorexia

"The economy is like a woman who has tried to slim by going on a crash diet and has developed anorexia

"It is not only the motor trade but other types of business which are being affected and I think some urgent relief must be given if South Africa is to avoid a depression which it will be very hard to climb out of

"People can afford to be unemployed for only a certain period of time This is a politically dangerous situation"

Allied set to become 'financial supermarket' as building societies widen their scope

By DEREK TOMMEY, Financial Editor

THE Allied Building Society is moving towards becoming a financial supermarket, says its deputy managing director, Mr Alan Tindall

Mr Tindall announced in Cape Town this week that the society was to start offering financial plans based on guaranteed insurance schemes.

He said this move to widen the scope of the services offered was the result of the Government's decision to change the way the building society movement operated.

By 1990 the movement was likely to bear only slender resemblance to what it was today. However, it would still be the major source of home finance

He expected the new regulations governing building societies to be introduced in 1986. These would result in the Allied having to aim at increasing its profitability rather than the size of its assets as it had been doing until now

MOVING MONEY

This meant that it would have to provide many more financial services.

"You are not going to make much profits merely moving money over a counter"

Mr Alan Tindall

Mr Tindall said the Allied planned to offer a comprehensive financial service to clients, either from its own resources or in cooperation with other organisations

The financial plans were being offered in association with FPS, a personal financial planning company in the Sage group

Initially the Allied was offering three insurance-based financial plans, prepared by the Old Mutual and Ned-Equity Insurance Company

Motor trade losing R50-m each month

Argus

13/11/84

192

Argus Correspondent

JOHANNESBURG. — The motor trade sounded the alarm bells today with the disclosure that its business losses are now running at R50-million a month.

And the number of jobs axed in the production slowdown since mid-year has reached 16 000.

The National Association of Automobile Manufacturers announced that talks would be held with Mr Barend du Plessis, the Minister of Finance, on November 30 to persuade him to ease back on the economic squeeze

Optimism on the possibility of relief has been raised by hints of new relaxations in interest rates made by the Minister in Germiston last night

He told a political meeting that the stringent measures applied in August had caused pain but good results had come in It was now perhaps ripe to consider a degree of relief

New package

Mr Nico Vermeulen, executive director of Naamsa, declined to disclose exact details of the new package to be proposed by Naamsa but hinted that the Minister would be asked to

- ● Bring down the sky-high interest rates propped up by a record 25 percent prime rate
- ● Ease back on restrictions on hire purchase sales to allow buyers more time to pay
- ● Lower the burden of proposed fringe benefits taxation on the running of cars for business
- ● Cut the scale of duties on imports of vital components that still had to be shipped in from overseas

"First blow"

"The increase in general sales tax to 10 percent on July 1 was the first blow to motor sales and should have been an adequate brake on consumer demand by itself," said Mr Vermeulen

"The additional squeezes that followed have forced extravagant consumers to cut back on spending They have learned their lesson and now perhaps it's time to ease back a little before the damage to business and employment becomes excessive"

Retrenchments at the assembly plants had now reached 3 200 and a further 12 800 jobs had had to be axed by component suppliers and distributors

Manufacturers

Only two out of the 14 main manufacturers — Toyota and Mercedes Benz — had so far escaped cutbacks

Though figures out today showed car sales in October had increased from 14 822 to 18 154 compared with September, when they slumped to their lowest in six years, they were still 21,7 percent below the level a year ago

Sales of most commercial vehicles were also running below the rates of 12 months ago

Argus 14/11/84

192

~~223~~

More car workers to lose their jobs

Argus Bureau

PORT ELIZABETH — General Motors is to retrench another 320 hourly-paid and salaried staff when the factory closes for the Christmas holiday

In a statement the general manager of General Motors, Mr Lou Wilking, said because a turn-around in the depressed motor industry had not materialised, staff reductions had become necessary.

The retrenchments will take effect on November 21 and the next day the General Motors plant will close for an extended Christmas break of 7½ weeks

The lay-offs will bring the number laid off by the major motor manufacturers in Port Elizabeth in the past two months to more than 2 000

● The Argus Correspondent in Johannesburg reports that the troubled Kanhym meat and coal mining group is to lay off 1 300 workers — about 20 percent of the workforce — before Christmas Kanhym had a loss of R10-million in the six months ended June

Mercury 8/11/84

(192)

Motor companies expected to announce merger

Mercury Correspondent

PORT ELIZABETH—The Ford Motor Company here and Amcar Motor Holdings in Pretoria have decided to merge An announcement to this effect is expected, perhaps next week, but certainly before the end of the month.

This was revealed yesterday by the director of the Motor Industries Federation in Johannesburg, Mr Jannie van Huysteen

Spokesmen for Ford and Amcar would not confirm or deny the proposed merger

They said an announcement would be made when negotiations between the two companies had been completed

Mr Reuben Els, of Amcar, said no date had been finalised for the release of a statement Mr Harry Hill, of Ford, said a Press conference would be called if and when an announcement was to be made

Ford and Amcar would form a joint manufacturing concern with each company having an equal share, Mr van Huysteen said.

Authoritative sources predicted that the Escort manufacturing operation would be moved to Pretoria and that Amcar, in response, would move its light-truck assembly operation to Port Elizabeth.

With parts interchangeable between the Ford Escort and the Mazda 323 and the overseas link between Ford and Toyo Kogyo, Mazda's parent company in which Ford of the U S holds a 25 percent share, it seems likely the main thrust of the common manufacturing company would concern these two models.

Replace

This probably would see the Escort and Mazda retaining their current body shells but using similar drive assemblies.

The other benefit, according to industry sources, is that the Escort would move to a more modern production line.

Amcar's Mazda pick-ups and Mitsubishi trucks probably would replace the Escort at the Neave Assembly Plant where Ford currently builds all its trucks

In September, Ford and Amcar issued a statement that the two companies were exploring matters of mutual interest.

In the past six months, Ford has retrenched 660 hourly and salaried workers and extended its end-of-year shutdown period

Amcar retrenched 315 workers in August.

S. Tribune 18/11/84

192

Merger may herald 'Car Wars'

Tribune Correspondent

THE plans of Ford and Amcar to merge may signal the start of "Car Wars" as weaker companies battle for survival

Amcar, controlled by the vast Anglo American Corporation, is expected to announce the wedding banns with Ford S A in the next few days

But inside sources in the motor trade insist there are several more covert courtships in progress as a number of car firms seek stronger alliances as the giants clash in the most intense competition on record

The National Association of Automobile Manufacturers, NAAMSA, confirms that the motor trade has been forced to axe more than 16 000 jobs in the past three months as the economic squeeze has slashed motor sales and plunged the industry into losses now running at over R2-million a day

A NAAMSA count last month found that a stunning 40 percent of car production capacity was now standing idle as a result of the sales slowdown

Only two of the car giants have remained unscathed — Toyota, the robust market leader, and, Mercedes-Benz, which has now added Honda to its stable

The whole industry is in agreement that the South African market is not large enough to carry the current number of competitors — 10 major manufacturers plus several smaller operations

Eyes are fixed at the moment on the contrast with Australia, which, though a much larger market, is tailoring its domestic car assemblers down to only three in efforts to find a formula for better viability

The anticipated transfer of Ford car production from the Eastern Cape to the Amcar plant outside Pretoria is almost certain to be only the first in a series of changes to industrial patterns

Next to come, according to insiders, will be the withdrawal of Peugeot from the Amcar lines and a transfer to the Leyland works in the Western Cape

Leyland, owned by BL of Britain, will be inclined to hoist the French tricolor rather than the Union Jack over its car assembly plant, where Peugeot will be joining Renault — while Leyland production of British vehicles, such as the Mini, Rover and Jaguar, creaks to a halt

Insiders also consider it only a question of time before General Motors, based in Port Elizabeth, works out a merger with a competitor

Delay in Ford merger move

Post 17/11/84 (192)

Joint statement on progress of talks postponed

By LOUIS BECKERLING
Business Editor

A JOINT statement on the talks between Ford and Amcar has been postponed — raising doubts whether a merger plan between the two motor manufacturers has been finalised.

An alternative explanation for the delay could be merely that a decision regarding the strategic timing of a statement on the merger plan has been revised

The statement was due on November 28, but plans lift the lid on the progress of talks on that date have been shelved

The latest twist to the talks follows several previous false starts and raises a possibility so far entirely overlooked in recent media speculation, namely that one or both of the multinational giants behind the scenes — Ford and Anglo American — have baulked at finally putting their signatures to a merger document

No comment on the latest delay could be obtained from either company today, but the increased uncertainty introduced by the delay may prompt an explanation for the hold-up next week

A prediction that the discussions between the two motor manufacturers need not necessarily conclude in agreement on a merger, was made clearly and unequivocally by Ford managing director Mr Brian Pitt on September 25

Interviewed on the day Ford confirmed it was talking with Amcar on rationalisation possibilities, Mr Pitt told the Evening Post "Among the many tangents that the talks may take is the possibility that we come out of this thing with nothing changed at all "

However, commonsense, and a rash of rumours in the city, support the view that Ford and Amcar have already concluded an agreement, and that Ford will move part or ultimately all of its operations to Amcar's Rosslyn plant.

Several motor industry observers have pointed out that it is hard to reconcile this view with the fact that the prolonged uncertainty surrounding the talks is damaging morale and productivity at Ford's plant, apart from posing an unknown threat to labour stability

"If it is true that an agreement has been concluded it would not be in either company's interests to withold a statement any longer than necessary," one observer argued

Another puzzling feature of the talks is the evident ignorance of their progress or outcome among several senior executives at Ford

It is being argued that if the nuts and bolts of a detailed agreement had already been tightened the executives would surely have alraeady been vital contributors to the planning required

It is reliably understood that the details of the talks are known to only a very select and tightly-knit group

Under such circumstances it may be argued that little more than the general principle of rationalisation — and the financial implications of a possible move — are under discussion, with the details to be sorted out later by working groups yet to be established

General Motors to retrench 320 workers

STAR 21/11/84

193

[illegible]

Own Correspondent

PORT ELIZABETH — General Motors plants here will close for an extended Christmas break of 7½ weeks today, but 320 of the 2 500 employees will not return to work.

The 320 workers to be retrenched are among nearly 2 000 car workers to have lost their jobs in the slump that has hit the Eastern Cape's car industry recently

The public relations officer for GM, Mr Peter Sullivan, said the workers would receive normal holiday and service pay and a year-end gratuity

Motor industry crowded — Sterling

STAR 22/1/84

192

By Hannes Ferguson, Pretoria Bureau

The South African motor industry is heavily overpopulated, says Mr Spencer Sterling, managing director of Amcar

He told a motor industry symposium, presented in Pretoria yesterday by the Consumer Council, that the time was now ripe to rationalise the South African motor industry into a smaller number of manufacturing units with greater economies of scale

POTENTIAL

This would offer real potential for continuing productivity improvements

The Government should introduce incentives for the present eleven manufacturers on the small South African car market to merge or withdraw

The approach could be similar to the plan recently published by the Australian government where, in a market almost twice the size of South Africa's, the existing five manufacturers were to be reduced to three

The prospect otherwise was of a continuing inflationary increase in South African car prices, he said.

● See Page 6.

Business Day

RDM 22/11/84 (192)

Amcar calls for industry overhaul

By ANDREW DUNCAN

THE rationalisation of the motor industry was an urgent necessity, Mr Spencer Stirling, the managing director of Amcar, said yesterday.

He was speaking at a symposium organised by the Co-ordinating Consumer Council in Pretoria

He said the Government should consider adopting a new approach to regulation of the industry which, in addition to the mandatory local content programme, would include incentives for the 11 manufacturers to merge or form consortiums or withdraw altogether.

"This approach could be similar to the plan recently published by the Australian government where, in a market almost twice the size of SA's, the existing five manufacturers are to be reduced to three by 1990 in an attempt to achieve an efficient world competitive industry."

Much would depend on the attitude and actions of the Government over the next few years and the general economic climate.

For the past 20 years, the Government had encouraged expansion of the component manufacturing industry through a protectionist policy based on the application of import duties and excise taxes

This policy had succeeded in the creation of a large number of manufacturing companies dedicated to supplying the motor industry

The major benefits had been the creation of job opportunities and the transfer of new technology from the major industrial countries

A major liability, however, had been the escalation of variable and fixed cost in the motor industry itself This had been passed on to the consumer.

"With the Government's current and belated preoccupation with anti-inflationary policies and its avowed intention to encourage truly competitive industries, it is in my opinion, highly unlikely we will see any increase in local content requirement beyond the present 66% by weight.

"The marginal cost of increased local content will invariably lead to increased pressures on retail prices, notwithstanding present exchange rates

"Every aspect of the present structure and financial circumstances of the motor industry suggests nothing but escalating cost pressures, with resultant flow-through to corresponding retail prices.

"There will be only limited opportunity for compensating productivity improvements because of the number of manufacturers and models competing in a very small market by world standards."

RDM 24/11/84 (192) (251)

Teargas used to disperse Natal workers

Mail Correspondent

DURBAN — Police used truncheons, teargas and rubber bullets to disperse a crowd of workers at a Toyota plant in Prospecton in Durban, yesterday Dozens of employees were injured, some seriously

Mr Bob Devlin, the personnel director of Toyota Manufacturing, described the police action as "totally unnecessary"

In the past, he said, police had been called in to remove women selling "iJuba" Yesterday he had heard a group of women ululating and men shouting

"I saw the workers weren't happy about the 'iJuba' sellers being removed so I went down and spoke to them in Zulu and told them not to allow themselves to be provoked

"Our blokes didn't do a thing They just stood there while the Indian policemen arrested the women and put them into their vehicle

"Suddenly three riot vans raced up and armed white policemen with dogs spilled out. As soon as the Indian policemen saw them they ran back to their van and grabbed long rubber truncheons They started beating everyone in sight. The workers scattered in panic and ran in all directions

"Then someone threw a can or a stone and the white policemen started firing rubber bullets and teargas," he said

Mr Devlin said 25 people were hurt, three of them seriously The incident was being taken up with the Commissioner of Police, General Johan Coetzee

A police spokesman said the trouble started while policemen from Isipingo were busy with a normal crime prevention patrol

When the workers started throwing bottels and stones at the policemen the help of the Durban Reaction Unit was called in

The policemen fired rubber bullets and teargas to disperse the crowd Fifteen blacks were arrested There were no reports of injuries

Mrs Helen Suzman reacted sharply to the alleged unprovoked attack and called for an immediate highlevel inquiry

"The eyewitness account is absolutely horrifying It is totally unacceptable that innocent bystanders should be attacked by the police in the way described, and if the story is true then the strongest possible measures must be taken against the riot policemen who unleashed such havoc amongst the workers"

● The National Automobile and Allied Workers' Union yesterday expressed shock and anger at, what it called, brutal police action against workers at the Toyota plant at Prospecton

Police action probe demanded

Mercury 24/11/84

192

A DEMAND was made last night for a high-level probe into what a director of Toyota Manufacturing in Durban described as an unprovoked police attack on some of the company's workers at Prospecton yesterday.

Mercury Reporters

Mr Bob Devlin, personnel director of Toyota Manufacturing, accused the police of lashing out with truncheons in a 'totally unneccessary' action

They had also fired tear-gas and rubber bullets to disperse a crowd of workers and 25 employees had been injured, three of them seriously

Mrs Helen Suzman, law and order spokesman for the PFP, immediately demanded an inquiry into the incident and called on the Minister for Law and Order, Mr Louis le Grange, to 'get cracking' on it.

Mr Devlin said the company had had a problem in the past with black women selling juba outside the factory at lunchtime and had called in the police to remove them

Yesterday a number of workers were unhappy about the juba sellers being removed but Mr Devlin spoke to them in Zulu and told them not to allow themselves to be provoked

'Our blokes didn't do a thing They just stood there while the Indian policemen arrested the women and put them into their vehicle,' said Mr Devlin

'Suddenly three riot vans raced up and armed white policemen with dogs spilled out As soon as the Indian policemen saw them they ran back to their van and grabbed long rubber truncheons

'They started beating everyone in sight The workers scattered in panic and ran in all directions Some of them tripped and fell and were hurt, others were badly hurt by the truncheon blows

'I just stood there in the middle of all of this and couldn't believe my eyes Why I wasn't hit I just don't know

Confusion

'Then someone threw a can or a stone and the white policemen started firing rubber bullets and tear-gas,' he said

'It was total confusion and panic I've never seen anything like it The attack was completely unprovoked'

Mr Devlin said the incident had been reported to Toyota's head office and it was being taken up with the Commissioner of Police, Gen Johan Coetzee

A police spokesman said the trouble started while policemen from Isipingo had been busy with a normal crime prevention patrol

When workers had started throwing bottles and stones at the policemen the Durban Reaction Unit was called to help

Police fired rubber bullets and tear-gas to disperse the crowd Fifteen blacks had been arrested, and according to the spokesman there were no reports of injuries

Two police vehicles had been damaged during the unrest, the spokesman said

Mrs Suzman said "The eyewitness account is absolutely horrifying It is totally unacceptable that innocent bystanders should be attacked by the police in the way described, and if the story is true, and I cannot imagine a person in this position would invent such a story, then the strongest possible measures must be taken against the riot policemen who unleashed such havoc among the workers

Untimely

'We are already in the midst of a very tense situation in South Africa and incidents like the one described must make things worse I call on the Minister of Law and Order to get cracking immediately on an inquiry and to take the necessary steps thereafter. The police are there to maintain order, not to cause chaos,' she said

The minister was not available for comment last night.

A senior spokesman at Police Headquarters in Pretoria, said that as the matter had apparently been referred to the Commissioner of Police for investigation it would be untimely to comment now.

A 64-year-old worker, Mr A Mtshali, who suffered a blow to the head, said he had been returning from a store nearby when he saw police beating people at the main gate

Many had tried to seek refuge in the main building but a crowd jammed the door

'We could not get in and then the police came from behind and hit us,' he said

Another victim, Mr Jackson Hadebe, 28, said he had also been returning from the store and had been hit with a rubber bullet

'They were hitting people without any reason I was hit in the back with a baton and then shot in the chest and it hit me backwards and I fell into the water canal,' he said

'They shot at people inside the factory from outside the gate, canteen windows were smashed and new cars were full of bullet holes,' he said

Mr William Shezi, 32, said he saw police firing from outside the factory gate at workers inside

'I was eating lunch on the grass outside the building and when I stood up to see why people were running away, I got hit in the knee with a rubber bullet,' he said

A driver, Mr Emmanuel Gumede, 35, said he had been crawling under the fence to get away when

★ TURN TO PAGE 2

★ FROM PAGE 1

he was hit on the back and the head

'They hit everybody, whether they were drinking juba or not I did nothing wrong,' he said

The National Automobile and Allied Workers' Union yesterday expressed shock and anger at the police action

The union's organising secretary, Mr Edwin Maepe, said he could not understand why the police nad attacked the workers

'I am submitting a full report of the incident to my union headquarters in Port Elizabeth so that the matter may be taken up with the police at the highest level

'We want a full investigation into the police action,' said Mr Maepe

CAPE TIMES 24/11/84

Police action upsets director

192

Own Correspondent

DURBAN — Police used truncheons, teargas and rubber bullets to disperse a crowd of workers at a Toyota plant in Prospecton, Durban, yesterday

Mr Bob Devlin, personnel director of Toyota Manufacturing, slammed the police action which he described as "totally unnecessary"

He said factory workers had become upset when police had arrested black women hawkers outside the premises, but he had calmed them down

"Our blokes didn't do a thing They just stood there while the Indian policemen arrested the women and put them into their vehicle

"Suddenly three riot vans raced up and armed white policemen with dogs spilled out As soon as the Indian policemen saw them they ran back to their van and grabbed long rubber truncheons They started beating everyone in sight The workers scattered in panic and ran in all directions," he said

"Then someone threw a can or a stone and the white policemen started firing rubber bullets and teargas It was total confusion and panic I've never seen anything like it The attack was completely unprovoked'

Mr Devlin said 25 people were hurt, three of them seriously. The incident had been reported to Toyota's head office and it was being taken up with the Commissioner of Police General Johan Coetzee

A police spokesman said that when the workers started throwing bottles and stones at the policemen the Durban Reaction Unit had been called in The policemen fired rubber bullets and teargas to disperse the crowd Fifteen blacks were arrested There were no reports of injuries

Two police vehicles were damaged during the unrest, the spokesman said

A senior police spokesman in Pretoria said it would be untimely to comment now

November 26, 1984 Mercury 192

Buthelezi backs inquiry into plant unrest

Political Reporter

THE Chief Minister of KwaZulu, Chief Gatsha Buthelezi, has backed the call for an inquiry into police action at a Toyota plant last week.

According to reports, more than 30 workers at the plant were injured when policemen used truncheons, tear-gas and rubber bullets to disperse a crowd

It is alleged the police action was unprovoked and unnecessary, although a police spokesman said workers had thrown bottles and stones at a routine crime prevention patrol before the reaction unit had been called in.

Chief Buthelezi said in a statement issued at the weekend the unnecessary use of violence by a police force was, of all things, the most offensive to democratic decency

He said the incident shamed the police force, the Department of Law and Order and the country as a whole

'As a society we dare not become blasé about police brutality The Minister of Law and Order should make it his personal responsibility to see to it that those found responsible for this act of police brutality be dealt with appropriately,' he said

Violence

'Violence has erupted in black townships in many parts of the country, whereas in Natal there has been calm and stability Stability is, however, precarious everywhere in South Africa, and in Natal stability between blacks and Indians is held in delicate balance

'The use of Indians to baton-charge black workers without provocation will arouse in blacks here a dangerous anger,' he said

He appealed for calm and for his people not to react to what would, to the workers involved, seem to be a racist incident.

Col Leon Mellet, of the Department of Law and Order's Press liaison department, said allegations of excessive police action would be investigated.

Mercury 27/11/84 (192)

Manufacturers must 'pull out', says chairman

Mercury Correspondent

JOHANNESBURG—South African vehicle manufacturers must be encouraged to pull out of the market, the chairman of Sanlam, Dr Fred du Plessis, said yesterday.

He said the local vehicle market was overcrowded and must be thinned out if it was ever to be healthy again.

Dr du Plessis was speaking at a Press conference explaining Sanlam's entry into the motor industry through its share offer for control of Messina

Messina's main interest is in the manufacture of Nissan cars and Magnis trucks. It also has extensive interests in motor components and in copper-mining.

Dr du Plessis said the vehicle industry was in bad shape because of overcrowding. Some companies were suffering 'enormous' financial losses.

'In South Africa, with its limited market for motor vehicles, we have no less than 11 manufacturers producing almost 40 different models Even worse, there are no fewer than 120 light commercial vehicle variants and about 250 variants of passenger car models

'This is a most unhealthy situation which has a most detrimental effect on the viability of the S A motor industry

'If we want to become competitive in terms of world standards, and if we want to establish a strong and healthy motor industry, we must reduce these numbers — both as far as the number of models and the number of manufacturers are concerned.'

Change the rules

He said the South African Government accepted the need to reduce the number of local manufacturers and said it must be encouraged to 'change the rules' to achieve such a reduction

While the motor industry could expect a recovery next year and possible profits early in 1986, this could be in jeopardy.

'We need rationalisation in this industry And I'm not just thinking of companies combining under one name. I'm referring to a real rationalisation'

Dr du Plessis defended Sanlam's entry into this market by saying Nissan was on the verge of a major breakthrough in terms of market share and quality

He said the Nissan company in Japan had given certain assurances required by Sanlam.

Krom 20/11/84 192

1 000 jobless as Atlantis Diesel Engines sales fall

CAPE TOWN — More than 1 000 people — nearly half the work force at Atlantis Diesel Engines — have been retrenched in the past 12 months after a huge drop in sales.

Depressed conditions in farming and the motor industry have forced ADE to revise its forecasts for 1985 and produce only 22 000 engines — a drop of 25%.

The managing director, Mr Helmut Beckurts, said.

"In present conditions, ADE does not foresee a return to normal market conditions and volumes until well into 1986"

In the most important part of ADE's business — engines above 7 500kg — prospects were now 49% down and current forecasts were for a total of less than 12 000 engines for 1984

Current forecasts for the medium and heavy sectors of the commercial vehicle market showed a downturn of 14% this year and 26% next year against previous forecasts

The agricultural sector would be heavily influenced by the present economic background and by weather conditions in the next month or two, said Mr Beckurts

The retail tractor market forecast for 1984 was 7 000 units, about half of the usual amount.

However, the latest prediction was about 8 000 units, of which about 70% would be ADE-powered — Sapa

EVENING POST, TUESDAY, NOVEMBER 27, 1984

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‘Rationalise motor industry’ warning

By RALPH JARVIS
Motoring Editor

THE chairman of Sanlam, Dr Fred du Plessis, yesterday blamed “bad structuring” and the proliferation of vehicle models on the market for the “dire straits” in which the country’s motor industry found itself

Speaking at a Press conference in Johannesburg at which he officially announced the acquisition by Sanlam of effective control of the Messina group, Dr Du Plessis said this was “a most unhealthy state of affairs”

He warned that the number of models had to be reduced if a strong and healthy motor industry was to be established

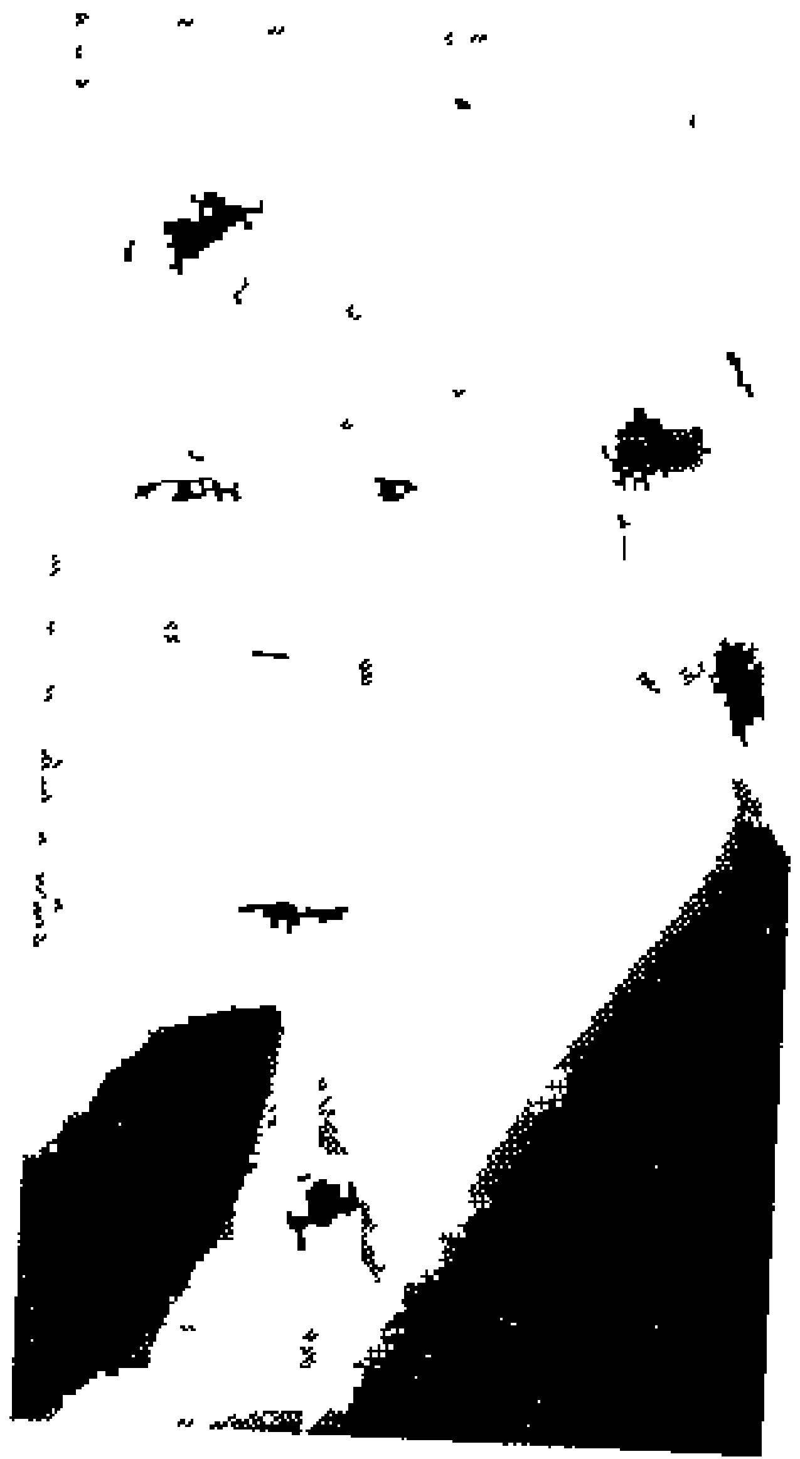
“In South Africa, with its limited market for motor vehicles, we today have no fewer than 11 motor vehicle manufacturers who are building nearly 40 different models,” Dr Du Plessis said

“The picture becomes even worse if one considers that within these 40 models there are at least 120 variants of light commercial vehicles and about 250 variants of passenger cars

“In Australia, which is the most closely related to our own circumstances, but where they sell about twice as many new motor vehicles annually as in South Africa, there are only five motor companies and 13 manufactured models,” Dr Du Plessis said

“Yet they are now planning in Australia to reduce the number of manufacturers to three and the number of models to six,” he said

Asked which manufacturers should be prepared to reduce the number of its models, Dr Du Plessis said this was a question which could not be answered in isolation but only after talks between the motor industry and the Government



Dr FRED DU PLESSIS
. . . dire straits

“These parties should get together for discussions as soon as possible Perhaps the characteristic approach of encouraging people to leave the market should be used,” he said

Dr Du Plessis said the motor industry could not go on without rationalisation He said he believed this rationalisation would come about within the next few years — “the faster the better”

Dr Du Plessis said there was no capital involved in the entry of Sanlam into the Messina group

However, Sanlam, the giant South African insurance and financial institution, had taken over 40% of Messina shares, giving it effective control of Messina and the companies in its industrial division — Nissan, Magnis Truck Corporation (Pty) Limited, Steelmobile Engineering (Pty) Limited, Autocast (Pty) Limited and Motoware

● Editorial comment
— Page 8

5 000 laid off this year

Another 540 motor workers lose jobs

STAR 27/11/84

192

By Carolyn Dempster, Labour Reporter

Nissan is to retrench another 540 workers this week, and negotiations have begun over the fate of thousands of workers who stand to lose their jobs as a result of an imminent merger in the motor manufacturing industry.

News of the Nissan retrenchments was made public yesterday after prolonged negotiations between the United African Motor and Allied Workers' Union (Uamawu) and Nissan management

Mrs Dora Nowatha, general secretary of Uamawu, said the union had managed to reduce the number of retrenchments from 870 to 540 and secure compensation benefits

She said that although the union's previous agreement with Nissan stipulated that there be no retrenchments from the period July to December, the current lay-offs were unavoidable

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Govt urged: rationalise SA motor industry

By Harvey Thomas

English and Afrikaner finance have joined forces in calling on the Government to reduce the number of ~~motor~~ manufacturers, makes and models in this country

Yesterday's call came from Dr Fred du Plessis, chairman of Sanlam, the company which has bought effective control of the Messina corporation

STRATEGY

He said the number of motor vehicle manufacturers and the large number of models manufactured had to be reduced if a strong and healthy motor industry was to be established

"We regard it as essential that the total industrial strategy be reconsidered by Government and also by the major motor manufacturing companies," said Dr du Plessis

Mr Spence Sterling, managing director of Amcar (owned by Anglo American), last week gave the same message when he addressed the Consumer Council

He said it was imperative the industry be rationalised, and called on Government to help

Mr C V Strydom, industrial relations director for Nissan, confirmed the retrenchments but said he could supply details only at a later date

Motorware, a motor components manufacturer, was to retrench 360 employees, most of whom came from the Rosslyn area outside Pretoria, said Mrs Nowatha

Officials of the National Automobile and Allied Workers' Union (Naawu) yesterday met Amcar (formerly Sigma) representatives to determine the impact on jobs of the expected merger with Ford SA

If Ford moves its entire vehicle production line to Pretoria, as has been mooted, it may mean the loss of more than 4 000 jobs for motor workers and component producers in Port Elizabeth

Cutbacks

Altogether 5 000 workers in the motor manufacturing industry have been retrenched since January this year

All the major motor manufacturers, with the exception of Toyota, have had to resort to severe cutbacks to fight the economic crisis and plummeting car sales

General Motors has retrenched 449 workers so far this year, Volkswagen 680 and Amcar 1 180

In Port Elizabeth, Ford has retrenched 1 150 workers so far this year

D. Dispatch 28/11/84

(192)

Motor industry gloom worsens

'RETORIA — The worst slump ince World War II has hit the ountry's motor industry — and the osition is expected to deteriorate.

That grim prognosis came from the director of the Motor Industries Federation, Mr Jannie van Huysteen, yesterday At the same time Nissan announced it will retrench another 540 workers this week.

Mr Van Huysteen estimates that of the 45 000 workers in the industry, at least 3 500 have been laid off this year Thousands of others are working short time two or three days a week.

Mr Van Huysteen said unemployment in the industry had escalated since July when demand for cars started to slide The slide accelerated when the government imposed severe hire-purchase and other restrictions in August as part of its anti-inflation strategy

Unemployment in the retail motor trade was also serious Salesmen had been laid off and others who retired had not been replaced

Compounding the trade's severe problems was the fact manufacturers had absorbed increased costs to the limit. Consequently, increased prices could be expected during the next four or five months

A director of Mercedes Benz South Africa, Dr M D. Marais, said three factors had combined to create the slump in the industry

These were the steep decline in the value of the rand, higher interest rates and the increase in GST to 10 per cent.

"The situation in the industry now is grim and, regrettably, it is going to get worse"

Measures taken by the government to curb inflation, he said, were aimed at forcing prices down, but the opposite would happen, especially in the motor industry

Dr Marais, an economist, forecast 1985 would be "the worst year in the country's economic history"

Inflation would continue to rise and the demand for most durable goods, including cars, would slump further, he said

News of the Nissan retrenchments was followed by an announcement that negotiations have begun over the fate of thousands of workers who stand to lose their jobs as a result of possible mergers in the industry

News of the retrenchments was made public after prolonged negotiations between the United African Motor and Allied Workers' Union and Nissan's management

Mrs Dora Nowatha, general secretary of the union, said it had managed to reduce the number of retrenchments from 870 to 540 and secure compensation benefits

She said that although the union's previous agreement with Nissan stipulated that there would be no retrenchments in the July to December period, the current lay-offs were unavoidable

Mrs Nowatha also disclosed that Motorware, a motor components manufacturer, would retrench 360 employees, most of whom come from the Rosslyn area outside Pretoria

Meanwhile, officials of the National Automobile and Allied Workers' Union have met Amcar representatives to determine the impact on jobs when the anticipated merger between Ford and Amcar materialises

If Ford moves its entire vehicle production line to Pretoria, as has been mooted, it may mean the loss of more than another 4 000 jobs for motor workers and component producers in Port Elizabeth

Already this year General Motors has retrenched 449 workers, Volkswagen 680, Amcar 1 180 and Ford 1 150

In Port Elizabeth yesterday, Ford said they would not make any statement about the projected merger today or by the end of the month

Reacting to strong speculation that the merger announcement would be made today — the last working day for Ford's factory staff this year — a company spokesman said he could only confirm that talks between the two companies were still underway —DDC

Unravelling the mysteries of the SA motor industry

STAR 28/11/84 192

By Harvey Thomas

The South African motor industry is an enigma wrapped up in a mystery, to paraphrase Winston Churchill.

It is an enigma why, in a market about half the size of Australia's, South Africa has no fewer than 11 motor vehicle manufacturers who are building nearly 40 different models Within those 40 models there are at least 120 variants of light commercial vehicle and about 250 variants of passenger car

In Australia, where motor industry development has closely paralleled that in South Africa in terms of a local content programme, there are only five motor manufacturers and 13 manufactured models.

And there are now plans Down Under to reduce the number of manufacturers to three and the number of models to six

HAZARDOUS

These facts, in a nutshell, sum up why the South African motor industry is in such chaos But making predictions about its fate is a hazardous business

When the Government first introduced the local content programme it was envisaged that only three manufacturers, Ford, General Motors and Volkswagen, would emerge

But what has happened is that we now have more assembly plants than even America

This is what lies behind the curiously similar calls from Mr Spence Sterling of Amcar (controlled by the Anglo American Corporation) and from the boss of the Messina Corporation, Dr Fred du Plessis, chairman of the insurance giant Sanlam

Dr du Plessis's formula for a rationalisation of the industry would be for certain manufacturers to be allocated a (small) portion of the market where they could compete with CBU (completely built-up) units Other manufacturers should be encouraged to increase local content even further and they would have the lion's share of the customer's rand

The chairman of Nissan, Mr Peter Whitfield, said he would like to see the mandatory 66 percent local content increased to about 80 percent He also noted that, at present, the troubled industry had a stock and spares inventory worth more than R1 billion and that the interest on this amounted to about R30 million a month.

The mystery of the motor industry is why more manufacturers have not withdrawn from what is now a patently unprofitable market The answers are complex

Towards the end of 1979 there was a definite move towards withdrawal, with Renault and Fiat having packed up and Peugeot moving into the then Sigma stable

But the years 1980-1982 were very profitable for the motor manufacturers. Renault made a reappearance on the market and talk of further withdrawals was shelved

Now the industry is weathering the worst decline in decades and yet its composition is still anomalous Toyota South Africa is flourishing, with about a third of the market to its credit, and managing director Colin Adcock has been quoted as saying that he sees no reason why Toyota should not achieve the 40 percent share its source company enjoys in Japan

Dr du Plessis and others say that "what goes up must come down" and predict that Nissan will regain, if not increase, its earlier market share

SUPPORT

Dr du Plessis blames the "perceived quality" of Nissan products for many of the company's problems and says that Nissan Japan has guaranteed physical support to ensure that Nissan products will be equal to, if not better than, those of its competitors in the future

And he has made it plain that if needed Sanlam will put its financial muscle behind its motor offspring to make it successful

One of the major reasons advanced in the past for the staying power of local motor manufacturers was that they all had an eye on the emerging buying power of black South Africans

The "white" market, they said, was saturated and for any dramatic growth to occur blacks would have to spend their money on new cars and bakkies

So far this has not happened to any significant extent, possibly because blacks are even harder hit than whites by the recession and inflation When they do buy, the chances are it will be a used car

In theory Dr du Plessis and Mr Sterling are perfectly correct South Africa is hopelessly overtraded by motor manufacturers This is why the talks now under way between Amcar and Ford make such good sense

But theory and reality in the motor industry are poles apart A good example is General Motors South African which has been actively courting a South African partner for a long time now but has not yet been successful.

GMSA is said to have plant and equipment worth about R100 million in South Africa It has a commitment to those who have bought its products and it would be unrealistic to expect this company to abandon ship, no matter how much money it is losing. Paradoxically, this could change quite quickly if the vocal disinvestment lobby in the United States gains significant political clout

Whatever happens — and even the experts are theorising — it seems likely that the motor industry will, in the coming years, have to undergo fundamental change

Because of present investments and alliances it is difficult to predict where future "motor marriages" will take place but, while the banns may not yet have been posted, they will have to be if South Africa is to take the sensible route and follow Australia's example.

And in simple terms that means far fewer manufacturers and a drastically restricted choice of makes and models

Business Day

RDM 29/11/84 192

Nissan lays off over 500 workers

By **DAVID FURLONGER**
Industrial Editor

NISSAN has laid off more than 500 workers — two days after predictions it was on the point of recovery.

The company yesterday shut down production facilities for an extended Christmas-New Year break and laid off 540 hourly-paid workers.

Mr Neils Strydom, Nissan's human resources director, said the workers would be paid until the end of the year Although production was being halted, the retrenchments were with effect from January 1 and workers would be paid full benefits until then.

Production at Nissan's Rosslyn plant, near Pretoria, will start again on January 16. Production was originally scheduled to close from December 7 to January 9 but has been extended because of the slump in the motor industry as a whole.

The lay-offs are the first among Nissan's hourly-paid workers since the industry began its decline in July. However, 81 salaried staff have been laid off since then and the plant has been working on short-time for some weeks.

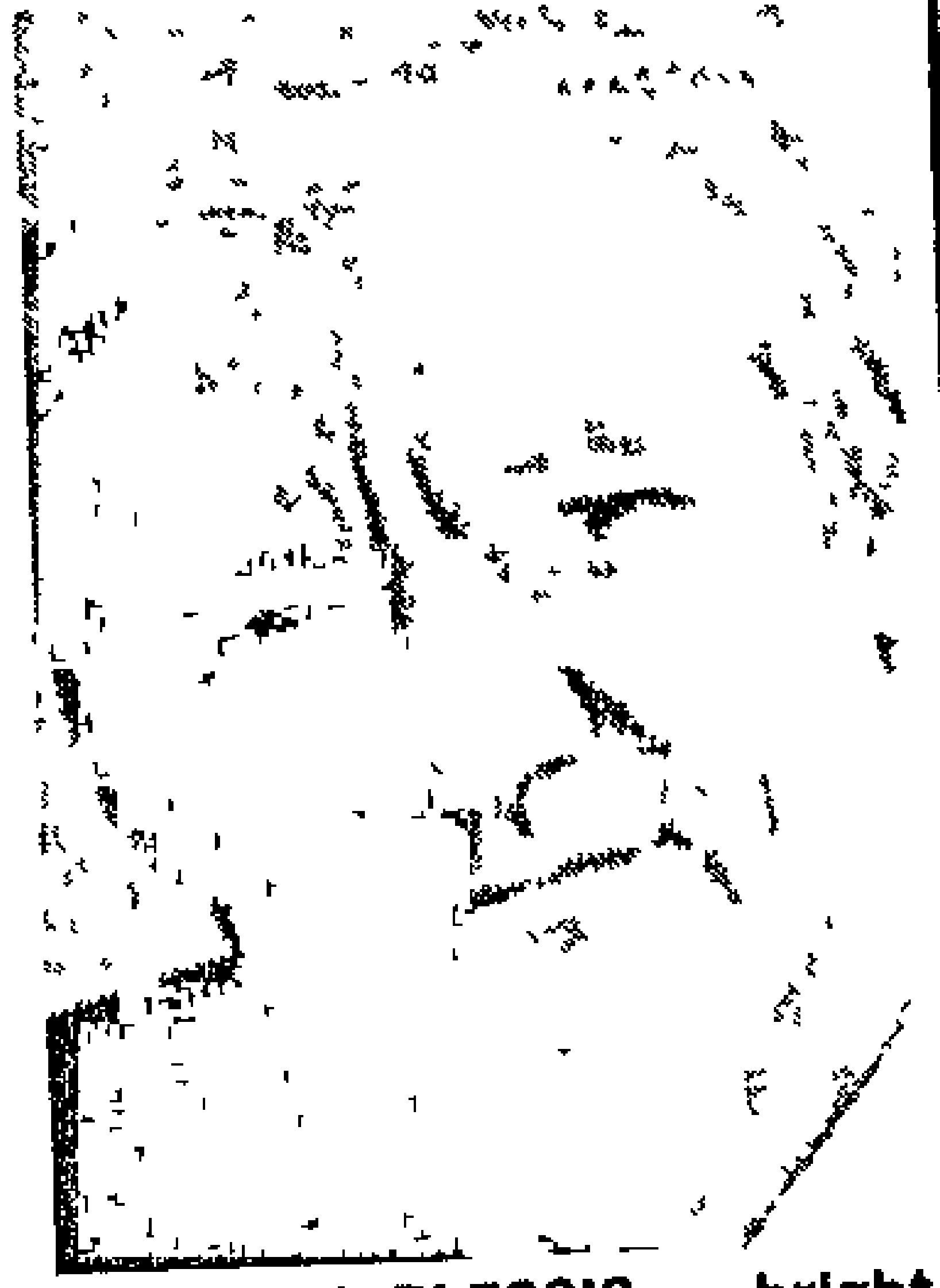
Nissan will still employ 3 000 hourly-paid staff after yesterday's retrenchments, bringing to about 5 000 the number of motor industry employees laid off this year.

Worst hit have been workers in the Eastern Cape, where Ford, General Motors and Volkswagen have all cut staff.

The announcement of the Nissan lay-offs is unfortunately timed — coming in the same week as confident predictions over the company's future.

The confidence came from Sanlam's chairman, Dr Fred du Plessis, on Monday, when he explained why Sanlam was bidding for control of Nissan's parent company, Messina.

He said. "We chose to invest in Nissan rather than in any other motor manufacturing company because we were convinced there was a bright future for Nissan"



FRED DU PLESSIS . . . bright future for Nissan.

WAGE NEGOTIATIONS

Recession blues

(114) (192)

The ~~annual~~ wage negotiations at African Explosives and Chemical Industries (AECI) have reached a critical point as unions report the company's latest offer back to their members Twelve unions are negotiating on behalf of the 15 000 workers at AECI's Modderfontein, Somerset West, Midlands (Sasolburg) and Umbogintwini plants

According to a union source, the company has rejected the unions' 20% demand and has made a counter offer of 13% for lower-paid workers and 10% for more skilled ones AECI's offer will raise the minimum wage in the company to R408,90 a month

The SA Chemical Workers' Union (Sacwu), an affiliate of the Council of Unions of SA, represents the majority of black workers while the SA Allied Workers' Union (Saawu) represents a small portion Other unions involved include the SA Boilermakers' Society, the Amalgamated Engineering Union, the SA Iron, Steel and Allied Industries Union, the SA Electrical and Allied Workers' Union, and five other all-white conservative unions

Boilermakers' assistant general secretary Okkie Oosthuizen says he "doubts that the unions will accept the company's offer " He foresees the possibility of a dispute being declared with the support of most of the unions

The black unions, though, are likely to tread cautiously this year Last year's wage dispute led to the first-ever national legal strike by more than 8 000 Sacwu and Saawu

Continued on page 51

members at the four plants They returned to work after four days without winning any gains in response to a management ultimatum to return or be dismissed

Both AECI and Sacwu have declined to comment on the progress of the talks Saawu could not be contacted

19 In other developments in end-of-year wage negotiations

☐ The Commercial, Catering and Allied Workers' Union of SA (Ccawusa) has declared disputes with 3M and Checkers At 3M the union has rejected an across-the-board offer of R61/month and is demanding increases ranging from R100 to R150 A 3M spokesman says the company is still willing to negotiate provided the union reduces its demand to more "realistic" levels

A Ccawusa spokesman argues that the US parent company pays a minimum $4/hour and that the local subsidiary is "taking advantage of cheap black labour" in SA The dispute, which involves 280 employees, is being referred to mediation

The Checkers dispute has also been referred to mediation which is due to begin this week

☐ The Paper, Wood and Allied Workers' Union (PWAWU) is to negotiate wages at plant level with Mondi and Sappi after rejecting an employer offer for an 18c/hour increase at the Industrial Council for the Pulp and Paper Manufacturing Industry

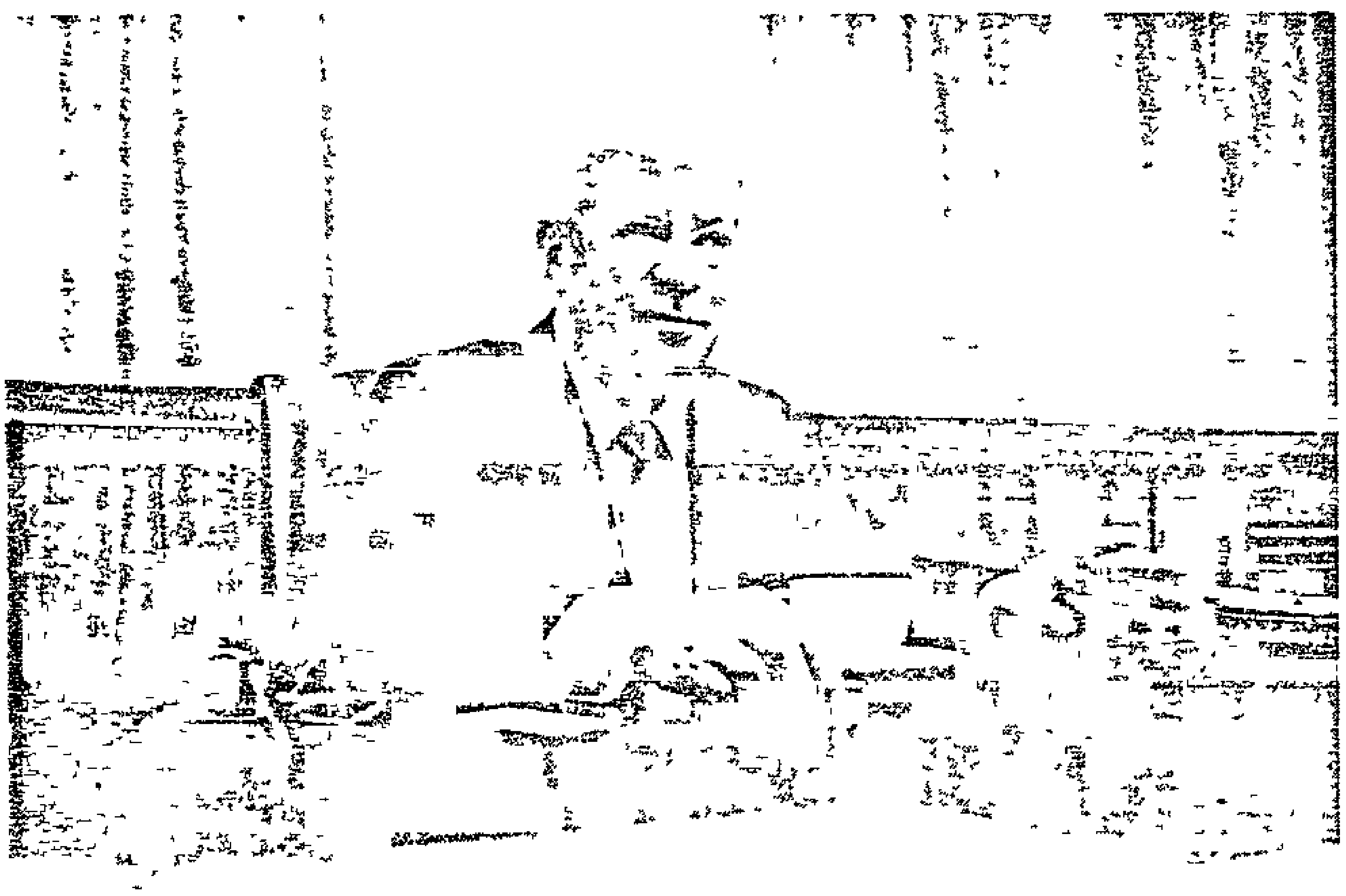
Breakthrough

According to PWAWU, this constitutes a breakthrough as previous efforts to convince the two companies to negotiate outside the council have been unsuccessful The irony is that PWAWU, an affiliate of the Federation of SA Trade Unions, has been a vociferous critic of the industrial council system It only joined the council after Sappi and Mondi refused to negotiate at plant level

There has been speculation that the reason the two companies agreed to this step, after resisting it for so long, is that they could not agree on whether to increase the wage offer at the council Spokesmen for both Sappi and Mondi declined to comment The two other major companies in the industry, Nampak and Carlton Paper, have already granted PWAWU this concession

☐ Industrial council negotiations in the troubled eastern Cape motor industry are in progress The parties are tight-lipped about developments, although one employer source says some clarity about whether any agreement is imminent should emerge this week after a further meeting between the parties

The decline in the motor vehicle market has led to thousands of retrenchments in recent months There has also been unconfirmed speculation that the amalgamation of Ford and Amcar will lead to a "rationalisation" programme which will shrink the Ford plant and make up to 2 000 more workers redundant



Naamsa's Adcock . . . seeking aid from government

(92) FM 30/11/84

sumer spending

The fall in vehicle sales has not only hit motor dealers severely, but has also affected government revenue.

Since the introduction of the restrictions, sales of new cars and light commercials have dropped from a monthly 26 500 and 11 000 units respectively in the first six months of this year, to the present level of 18 000 and 8 800

At an estimated average price of R15 000 a unit, the drop in sales means that government is losing around R16,2m in gst every month.

The recent fall in new vehicle sales of about a third has led many industry sources to predict that the first six months of 1985 will be even more disastrous if relief is not forthcoming

Valid case

"I believe we have a valid case to present," says Naamsa's Vermeulen "We will be presenting to the Ministry of Finance a document which will accurately spell out the severe impact the restrictive measures have had on the industry"

Adds Nada's Thomas "There has been a lot of talk about rationalising the industry in recent months, but so far not much has emerged." Thomas says that before the industry even thinks rationalisation there are several key areas that need attention

Although none of the industry representatives will elaborate on exactly what assistance they will request, several areas are deemed to be urgent.

The *FM* learns that one of the main issues to be discussed will be the easing of the fixed deposit and repayment restrictions on hire purchase agreements The possibility of easing the tax burden on both the manufacturers and buyers is also likely to be high on the agenda. The possibility of cutting gst on motor vehicle sales is also expected to be discussed.

Despite government's willingness to discuss the problems, there is still general depression among most motor dealers.

"Several have resorted to desperate tactics to get rid of stock," says Steven Abelkop, joint MD of Imperial Motor Company "Although my company has not been too badly affected, sales are down and we have experienced some stock build-up However, some of the smaller dealers cannot afford to hold large stocks so they are accepting heavy financial losses and dumping vehicles"

In some areas dealers are giving up their franchises as they are either unable to keep them viable or they are not satisfied with the products supplied by the manufacturers

Stephen Farber of Cape Town's Farber Nissan is one of them. He terminated his franchise earlier this month because "the demand for new cars has fallen so dramatically that I have decided to concentrate on the used car market" He adds that, in the Cape, the used car market is still quite healthy because there is sizeable demand from coloureds.

Although there has been much press speculation over the Ford-Amcar merger in recent weeks, nothing concrete has so far emerged Thomas says Nada is very concerned about the question of rationalisation in the industry

"If several makes are discontinued, some of my members who hold these franchises could be severely affected They could even go out of business, so we are naturally keeping a very close watch on the situation"

SHIPBUILDING

Shoals ahead

Talks have begun between Murray and Roberts (M & R) and General Mining which could lead to the rationalisation of their shipyard subsidiaries in Durban

Neither party is prepared to say more than that the talks between M & R's Elgin Brown and Hamer and Genmin's Sandock-Austral are "purely exploratory" and "intended to improve upon a deteriorating situation"

But it is no secret that times are extremely tough for SA's shipbuilders and M & R at least seems set on taking other steps if the current effort comes to nothing

On the face of it, the get-together makes good sense The industry has gone from bad to worse since the scrapping of government subsidies earlier this year (*Business* June 29), and the outlook is at best uncertain It offers little more than a faint hope of improvement Still, the major yards are not about to throw in the towel

Commenting before acknowledgement of the merger talks with Sandock, Pieter van der Waal, MD of Elgin Brown and Hamer, attributed a marginal boost in turnover in recent months to a return of old customers disillusioned with the quality of cut-price work The upturn has bolstered his confidence sufficiently to keep together about 90 employees who have been the core of the company for the past 15 years Other than that his view is simply "There is no money in shipbuilding"

The woes of the industry worldwide are pretty much the same a sizeable and growing fleet of surplus vessels induced by declining cargo movement has reduced both the need for new vessels and repairs

Unfortunately for the SA yards subsidies for competitors overseas remain, coupled in some cases with penalties for national lines that have work done elsewhere Pressure is mounting on Pretoria to reimplement the subsidy scheme which, in any event was regarded as inferior to others elsewhere, particularly France

Real risk

It offered low interest loans and a 25% subsidy on the cost of a shipbuilding contract, extending to repairs in some cases, and while there were apparently mutterings of abuse in some circles, the shipbuilders now maintain there is a real risk of permanent damage to the nation's seafaring capabilities

So far there has been talk of meetings on the issue but Dorbyl Marine MD Trevor Jackson says there are no indications from the authorities that help is at hand or even on the horizon

Jackson says Dorbyl's efforts are now being concentrated on simply keeping its Durban yards going Fabrication work is allowing things to tick over there and at Cape Town, Mossel Bay and Richards Bay.

Globe Engineering in Cape Town got out of shipbuilding years ago, but MD Bob Hughes says it is now finding the going pretty tough on repairs and maintenance as well Concessions on harbour charges offered by Sats for lines putting more than one vessel into Table Bay drydock have

Argus 1/12/86 (192)

No shutdown in PE — say Ford and GM

Weekend Argus Foreign Service

NEW YORK — Executives of General Motors and the Ford Motor Company in Detroit have strongly denied reports in South Africa that they are to close in Port Elizabeth

Ford's Mr John Roberts said in Detroit: "I know about the rumours and the reports in the Press and want to say quite categorically that we have not reached any conclusion."

Mr Roberts denied vehemently that this meant that total closure of the Port Elizabeth operations was being discussed

"It does not — and there is absolutely no basis for that assumption Frankly, Ford and Amco are continuing discussions on a variety of questions

"As soon as we have some conclusions we will make them known We will not say what may or may not happen and raise unnecessary concerns"

At General Motors, Mr George Schreck, manager for international public relations, also denied the reports that GM was planning to close in Port Elizabeth

"We have been in South Africa since 1929 and have seen many successes and some years when we lost We did not close down then and will not do so now

"The Government has taken action to correct the economy and it has hurt us severely — as it has the entire industry We have had to lay people off We don't know how long it will be before things improve

Loud cries expected from sales reps

Perks tax hits motor industry

(192)

RDM 4/12/84

By DAVID FURLONGER and BERENICE MARGOLIS

THE proposed severe fringe benefit tax on company cars seems certain to provoke bitter protest from many sectors of the motor industry.

The loudest cries, however, could come from the country's thousands of sales representatives who use their cars almost exclusively on company business.

There will, as some had feared, be no distinction between reps and others who use their cars simply as a means of getting to and from work and for private use

A spokesman for the Inland Revenue confirmed yesterday that salesmen would receive no special benefits.

Like other company car-users, the only way they could obtain relief was by proving that private use of their vehicle accounted for less than 10 000km a year

He said. "If anyone can prove he travelled less than 10 000km a year on private use, we will adjust the figure he is assessed accordingly

"The only way they are going to avoid paying anything is by parking their car in the garage at the end of the week when they finish work and leaving it there until Monday."

Estate agents and property economists believe the proposed new taxation on fringe benefits will have an adverse effect on the residential property market.

Property consultant and economist, Mr Neville Berkowitz, says that people who do not have approved housing schemes will be hit by March 1, when they will be taxed on the difference between 4% and 18%.

"The average executive, earning say, R3 000 a month, would not have an approved housing scheme, and from March 1 this could mean a cut in his income of R150 to R200 a month.

"Although it's difficult to generalise, it's likely that repossessions by building societies will increase, which is not good news for the property market.

"It is quite unlikely in these times that employers will foot the bill, but salaried employees might dip into capital savings If they have none, their houses might be forced onto the market by mid-year when it starts biting, and not at top of the market prices."

EXAMPLES OF CHANGES IN TAX POSITION

Taxable Income	Present Tax	Proposed Tax	Reduction in tax	
R	R	R	R	%
R10 000	R 770	R 710	R 60	7,8
R12 000	R 1 150	R 1 023	R127	11,0
R16 000	R 2 150	R 1 905	R245	11,4
R20 000	R 3 390	R 3 039	R351	10,4
R30 000	R 7 190	R 6 609	R581	8,1
R40 000	R11 870	R11 103	R767	6,5
R50 000	R16 870	R15 933	R937	5,6
R60 000	R21 870	R20 973	R897	4,1
R70 000	R26 870	R26 223	R647	2,4
R80 000	R31 870	R31 473	R397	1,2

Mr Dave Miller, a director of Basil Elk Estates and a past chairman of the Southern Transvaal Institute of Estate Agents, says that in the main, subsidised bonds go to Government employees

"You cannot apply today's thinking seven years hence. But I forecast the effects cannot be good."

Mr Eskel Jawitz, president of the Institute of Estate Agents, says property people have been expecting the move for some time: "It's another added burden for the taxpayer to handle, coupled with high interest rates"

"This fringe benefit taxation will be inflationary and create demands by wage-earners on employers for salary adjustments to meet increasing costs Ultimately, these will be passed on to the consumer.

GERALD REILLY reports that organised commerce is worried that already-revised employment packages will be disrupted by the change in the basis of the fringe benefit tax system

Mr Michael Weir, president of the Association of Chambers of Commerce, said it was regrettable that ad hoc measures had to be introduced at a time when an overhaul of the whole tax edifice was currently under way.

Assocom was critical of the late change in the basis for the fringe benefit tax

The overall tax measures announced would increase substantially the tax burden at the upper end of the personal tax scale.

The chief executive of the Federated Chamber of Industries, Dr Johan van Zyl, said the FCI endorsed underlying principles of the adjustments and would make further comment to the Margo Commission

"Nevertheless, it is unfortunate that a situation was allowed to develop where the rules were once again changed after salary packages had been reconstructed to accommodate the original proposals"

The president of the Handelinstituut, Mr Leon Bartel, supported the implementation of fringe benefit taxation, provided no distinctions were made.

It would be a move towards ensuring parity between the various classes of taxpayers.

The apparent discrepency between subsidised housing schemes and direct housing loans should be looked at urgently, however.

On the motoring side, Toyota's managing director, Mr Colin Adcock, said yesterday. "Salesmen can't perform their jobs without cars. There must be a difference between a car that is a tool of your trade and one that is for private use."

The cheapest Mercedes, retailing at R21 319, makes the driver liable to be assessed on an extra R553 a month, or more than R6 000 a year

This will be phased in over two years, however

The popular 380SEA, selling for R56 044, means an extra R1 200 a month, or R14 400 a year.

However, a spokesman for BMW, Mr Pierre de la Rey, said last night that because the tax was being phased in, the effect was not as bad as originally feared.

Mr De la Rey said. "It's a lot less severe than expected. Because it's being phased in, with only 50% being applied next year, we're actually quite relieved. It's not nearly as grotesque as it might have been'

He admitted, though, that the announcement came at a difficult time for the motor industry

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● The tax changes announced Mr Du Plessis do not go far in compensating for fiscal says tax specialist, Mr Costa varis

He says the net effect is that dle to higher income group tax-pers will pay more.

"The mass of taxpayers may a bit less than they do now, but middle-class taxpayer earning R20 000 a year will effectively ry a bigger tax burden"

But Mr Ian MacKenzie, a part of chartered accountants, Young and Company, says changes appear to be "good for all taxpayers".

The indications are, he says, taxpayers who do not receive benefits will benefit substan while those with fringe benefits pay marginally less tax.

Motor industry waits for answer

Star (192)

4/12/84

The motor trade has been told it may have to wait until next month at the earliest for a Government answer to appeals for easier terms for buyers to lift car sales out of the doldrums

Hopes have faded about the chances of relaxations in time to encourage customers back into the showrooms over the Christmas season

The motor sector appealed for help at a meeting with senior government officials.

The National Association of Automobile Manufacturers, the Motor Industries Federation and the National Association of Component and Allied Manufacturers attended the talks

Between them they estimate they have been forced to retrench more than 16 000 workers since July when general sales tax jumped to 10 percent. At the talks they pressed for·

- A relaxation in the new regulations that have raised the deposit on hire purchase sales and shortened the period allowed for repayments
- A lowering of customs duties that have added to the clout of exchange rate losses on imported components on which many assembly tracks must still rely
- A softening in the fringe benefit tax rules as they will apply to the purchase and running of company vehicles once the new regulations come in

Ford, Amcar talks 'on the right track'

192

5/12/84 Star

Discussions between motor manufacturers Ford SA and Amcar Motor Holdings are expected to reach "preliminary conclusions" in late January, a statement by Amcar says

The talks, first announced in September, have led to widespread speculation that the two companies are planning to merge their operations

The statement says that no conclusions have been reached yet.

It adds that whatever conclusions are reached, no impact on existing operations could take place in either company before the second quarter of 1985

The statement says that Mr Lindsey Halstead, vice-president Asia-Pacific and Latin American automotive operations, Ford Motor Company, visited South Africa last week.

He reviewed progress made so far with Mr Leslie Boyd, executive director, Anglo American Corporation, who is chairman of Amcar, and with the management of the two companies.

Mr Halstead said. "I have conducted an on-site review of the progress made to date and feel we are on the right track

"Clearly there are opportunities for co-operation that will afford improved economies of scale and benefit the South African economy, as well as both Ford and Amcar."

New blow for car industry

Post
5/12/84.

192

Price of fuel to rise: 83 workers at VW lose jobs

By CATHY SCHNELL

MORE retrenchments in the motor industry today accompanied the news of a fuel price increase to round off a bad year for Eastern Cape car plants.

Volkswagen in Uitenhage retrenched 83 hourly rated employees today

This brings the number of people laid off in the motor industry over the past few months to just under 2 000

The news of the latest retrenchments follows hard on the heels of the Government's announcement yesterday that an investigation be launched on how much to raise the price of petrol

According to the public affairs manager of Volkswagen, Mr Ronnie Kruger, the severity of the current economic situation and the production requirements for next year had necessitated the retrenchments at the plant

It was intended to retrench more workers, but after negotiations with the National Automobile and Allied Workers Union the number had been reduced to 83 The company retrenched 680 men recently.

Volkswagen production closes for the Christmas break on Friday. Salaried staff will work through to next Friday

The director of finance at Ford, Mr Brian Rayner, today urged the Government seriously to consider some form of relief for the industry It could, for example, be aided by abolishing the *ad valorem* tax introduced earlier in the year

He said any action that would further increase the cost of motoring would be bound to have a detrimental effect on the industry, which had already borne the brunt of the Government's austerity measures

However, with little known about the proposed fuel price at this stage it was not possible to assess the possible effects of a price increase on the industry, he said

An increase in the petrol price is a culmination of one of the worst years the motor industry has experienced Earlier setbacks were

- Introduction of the *ad valorem* tax on some vehicles
- Increase of GST by 4% to 10% in July discouraging purchases
- Reduction of hire purchase repayment period and dramatic rise in interest rates
- The decline in the value of the rand making imported materials more expensive

The managing director of Volkswagen, Mr Peter Searle, said recently the motor industry had been "singled out for special attention on several occasions this year over and above all the other dampening measures taken by fiscal and monetary authorities"

Mr Kruger said in view of the severe deterioration of the rand against the dollar, it was not surprising the price of fuel would be increased

He said it was not only the motor industry that would be affected by an increase in the fuel price The price increase would filter through to virtually all commodities as oil products were used in their production and transport

The financial director of General Motors, Mr Dave Sneesby, said it was obvious that any increase in the price of fuel would have a general inflationery effect on the country

"If there has to be an increase we hope that it will be lower than the current inflation rate," he said

- Announcing an investigation into an increase in the price of petrol in Pretoria yesterday, the Minister of Mineral and Energy Affairs, Mr D W Steyn, said it would be made in conjunction with the Ministers of Finance, Transport, and of Commerce and Industries

Consumer organisations were invited to consult with the Department of Mineral and Energy Affairs

He said the investigation would pay "due attention" to minimising the the price adjustment as far as possible

Post 7/12/84 (192)

GM's boss defends investments in SA

DETROIT — The current movement in the United States to force corporations to withdraw from South Africa in protest against apartheid was misguided, says the chairman of General Motors, Mr Roger Smith

"I have to say I am concerned about the trend that you see now in this disinvestment," the chief executive of the world's largest car manufacturer said here this week

He said he was concerned about the campaign because many opponents of apartheid failed to recognise efforts by companies working to improve the lot of South Africans who were not white

"Some people don't distinguish between the companies that are trying to help down there in South Africa to improve the situation and the ones that aren't," he said "I think that's a mistake"

Anti-apartheid activists have recently stepped up efforts to curtail US investment in South Africa

Mr Smith said his company had done "a good job in setting a good example" in offering opportunities to its black workers in South Africa "rather than (being) a sign-carrying lobbyist"

GM assembles cars and trucks in Port Elizabeth, employing about 4 600 people, all but 1 000 of them hourly workers

● Two teenage children of the late US Senator Robert Kennedy were arrested yesterday after taking part in an anti-apartheid demonstration outside the South African Embassy in Washington

Douglas Kennedy, 17, and his sister, Rory Kennedy, 15, were taken into custody, along with a third teenager, on charges of violating city codes for demonstrating within 150 metres of an embasssy

What started on November 21 as a small demonstration march outside the embassy has mushroomed into a nationwide political issue involving lawmakers, big unions and civil rights leaders.

In all, 28 people, including nine members of the US Congress, have invited arrest on misdemeanor charges outside the embassy during almost-daily marches resembling the non-violent protests of the civil rights era 20 years ago

"My whole family has been concerned with this issue for a long time," Douglas, a student at Georgetown Preparatory School, said at a news conference before their arrests

Democratic Senator Gary Hart attended the Press conference and said he was in full support of efforts to change the policy of the Administration of President Ronald Reagan toward South Africa

Mr Hart did not court arrest

In Chicago yesterday, Mrs Jacqueline Jackson, wife of the Rev Jesse Jackson, along with Illinois Congressman Gus Savage and Illinois state Senator Richard Newhouse, were arrested in a protest inside the SA Consulate

They were released later when consulate officials refused to press charges

Mr Jackson has been granted a visa to visit South Africa from January 4 to 14 The black civil rights leader plans to seek the release of 21 detained labour leaders there

He said he would also press for the release of convicted ANC leader Nelson Mandela and other political prisoners

2 B SUNDAY EXPRESS Business December 9, 1984

Industry must limit models

More motor men back revamp plan

By ALLAN TRIM: Motoring Editor

OVER the past couple of weeks there has been firm support from two influential motor men for severe rationalisation within the South African motor industry.

Both Amcar managing director Mr Spencer Sterling and Sanlam's Dr Fred du Plessis have come out in support of a plan similar to that instituted in Australia at the end of May.

Parallels exist between the two markets which are closer in size than most people believe. Both feature local content programmes requiring a high percentage of local manufacture

The figures are 85% on a value formula in Australia, and 66% by weight in South Africa In terms of market size, total new passenger vehicle registrations in Australia for 1983 were 410 000 of which just over 321 000 were locally manufactured units

The same market in South Africa absorbed 267 000 new cars during 1983 — all locally manufactured — a figure 35% below the total market in Australia but just 16,8% below the total of Australian locally manufactured units

The Australian motor industry supports only five manufacturers with a total of 13 models offered for sale. In contrast the South African industry has 10 passenger vehicle manufacturers producing between 30 and 40 different models depending on how strictly model differentiating parameters are applied.

This range of models diversifies into more than 250 variants offered for sale on dealer showroom floors before colour choice is considered. The result — a very competitive market place with far too many variants to provide any meaningful economies of scale at manufacturing level

Chaotic

Nobody will deny that the current situation is chaotic, but how is the problem of rationalisation best addressed? The Australian government has adopted what Nissan chief executive Mr Peter Whitfield would call 'a carrot/stick approach' in its efforts to limit the model range to no more than six options by 1992

This offer involves a trade off on fully assembled imported units which will allow manufacturers who voluntarily leave the local assembly arena to remain represented in the marketplace.

Tariff protection on fully built up units will at the same time be gradually reduced from the current 150% import duty to 57½% when the programme reaches maturity So much for the carrot, but what of the stick? The stance of the Australian government is that the new motor vehicle policy remains non-negotiable in principle

The market is to be regulated and if the manufacturers do not reduce the number of locally manufactured models to a maximum of six or preferably less, then government will step in to ensure that the process is completed as intended.

The policy does not limit the number of manufacturers to a maximum of three as is widely believed, however, and it is quite possible that all five manufacturers could remain in position each producing one model range Far better economies of scale will certainly be reached leading to what should be a far more stable industry

Opinions differ widely in South Africa with factions both for and against strict government regulation of an industry that some feel is already too regulated by the local content programme.

Market leader Toyota rationalised its range to two model lines, with which it covers close to 95% of the market, several years ago. Toyota is a strong believer in free market principles being allowed to determine the destiny of the industry, but this is something the company reluctantly admits is unlikely to happen in the short-term because of the structure of the local industry

Nissan and Amcar feel that a strong stance should be adopted to rationalise the industry and alleviate the current overtraded conditions.

Pegged

Both advocate a good look at the Australian model with Amcar suggesting that local content at worst be pegged at its current level Nissan, on the other hand, would like to see a dramatic increase in the level of local content

That there will be rationalisation in the South African motor industry is almost certain for without it survival will be extremely difficult

Just how much can be achieved without government intervention remains to be seen The signs are already there, however, with Amcar and Ford about to finalise the details before their merger at manufacturing level becomes a reality.

Aside from this, several ageing and unpopular models will, during the coming year, cease to exist as production levels drop below economic levels and prohibitive tooling costs prevent the introduction of replacement models, but the industry will still remain overtraded

The local motor industry is heading for a period of dramatic change but it is still too early to determine the course that will be followed

Post 10/12/84

192

Broken window 'sign of unrest to come'

Post Reporter

THE chairman of the Booysen Park branch of the Labour Party, Mr H M Cairncross, today added his voice to those who fear that large-scale retrenchments in the motor industry in the Eastern Cape could lead to social and economic problems for the various communities

Mr Cairncross said the windows of his house in Booysen Park had been smashed and he believed it was a token protest against the Labour Party and unemployment

He feared that vandalism would increase as more people were retrenched

Mr Cairncross said a branch meeting of the Labour Party would be held at the Community Centre in Booysen Park on Wednesday at 7.30pm.

The branch, he said, also served as a civic association in the area and dealt with many issues at grass-roots level.

In the past two months he said 30 people who were in arrears with their rentals at Booysen Park had been to see him These arrears ranged from R500 to R2 000

Mr Cairncross said other matters to be discussed at Wednesday's meeting included:

- Complaints about overcharging at the only shop in Booysen Park which serves about 800 houses
- The proposed Bethelsdorp minibus service
- The poor image of Booysen Park
- The need for recreational facilities in the area.
- The infiltration of schools by the United Democratic Front and the South African Council on Sport (Sacos).

Business Day/MOTOR INDUSTRY

RDM 11/12/84 (192)

Uncertain days ahead for car-makers

Industrial Reporter

SOUTH Africa's car-makers aren't the only ones facing an uncertain future.

The vehicle industry here is certainly in worse shape than some. Heavily overcrowded with manufacturers and models, it is under heavy pressure from soaring import costs, high interest rates, GST and now the fringe benefits tax on company cars.

As a result, many senior industry executives will spend their Christmas holiday wondering what kind of a market they are going to come back to in 1985.

They aren't the only ones.

Sapa-Reuter reports from London that after two years of rising output, the world's carmakers could face a leaner year in 1985 — with sales peaking in the United States and more cut-throat competition in the over-supplied European market.

Analysts say that even in Japan, where output next year could edge up to a new peak, the outlook is clouded by uncertainty about shipments to key exports markets tied up with import controls

Forecasters DRI International predict sales growth worldwide slowing by two-thirds in 1985 to 1,5% from a buoyant 5% in 1984 as a boom in car sales in the US fizzles out in the second half of next year.

DRI analyst Mr John Lawson says: "A backlog of orders in the US should keep demand ahead in 1985, but if the current slowdown there turns into recession, total worldwide demand could turn negative."

Sales growth in Europe of just over 1,2% in 1985, after a decline in 1984, would not even take sales back to their 1983 level, Mr Lawson says, adding that a battle over pollution controls between European governments has "blighted the market".

Japan's output looks set to hit a new record in 1985, propelled by a modest but steady increase in domestic sales. Exports, though seen higher in 1985 than 1984, are still held back by import controls from the record levels set in 1980/81.

Fuji Bank predicts total vehicle output will be 2,2% higher in the year to March 31, 1985, at a record 11,45-million, of which about two-thirds will be cars.

A recent report from Japan's Ministry of International Trade and Industry says: "It is hard to foresee export trends due to uncertain economic trends and (restrictive) measures overseas." Japanese exports to the United States have been held back by a voluntary restraint accord for the past four years.

Overseas production by Japanese makers is seen by industry analysts as vital for their global sales strategy due to trade barriers in both developed and developing nations.

Mazda and Mitsubishi are looking for US plant sites, Nissan is building a 200 000-unit car plant in Britain, and Toyota will soon start making cars in California with General Motors.

Manufacturers in Western Europe are struggling with overcapacity of about 20%. They face another battle for market shares with only a possible slight increase in demand.

The outlook for 1985 has been aggravated by a row between West Germany, the leading carmaker in the region, and other European Economic Community states over how to cut car pollution.

Spain, which has emerged as the fourth largest producer in Europe, expects to hold its position in 1985. A spokesman for the Spanish carmakers' association predicts exports, that account for 55% of output, will expand 5% in 1985 after increasing 7,7% in the first nine months of 1984.

The beleaguered British car industry expects to make about 1-million cars in 1985, slightly more than a projected 980 000 this year, the Society of Motor Manufacturers and Traders says. But this is still barely half what it was 12 years ago.

Labour trouble has surfaced again in Britain, after a strike-free period, mainly due to union claims for higher pay.

Recent entrants to the world's multi-billion-dollar car business worldwide are keen to expand their export markets.

South Korea expects output to bound ahead 15% in 1985 to 300 000 units, after an estimated 18% increase this year. Its exports in the first 10 months of 1984 shot up over 100% to 41 145 cars.

In Brazil, modest production gains are expected next year, after a fall in output due to strikes at its main component suppliers in the US, Germany and Canada.

Mexico recently announced measures aimed at forcing foreign carmakers to expand their plants and boost exports. It hopes this will lift its exports by 1986.

Post 12/12/84

1972

Smuts calls for Ford to stay in PE

By DIRK VAN ZYL
Political Correspondent

THE Progressive Federal Party candidate for next year's Newton Park parliamentary by-election, Mr Izak Smuts, today called on the Government to do everything in its power to ensure that any rationalised Ford/Amcar operation is situated in Port Elizabeth

"The extent of its efforts in this regard will reveal how serious the Government is about decentralisation and, in particular, its degree of concern regarding Port Elizabeth," he said.

Mr Smuts, an advocate, is fighting the Newton Park election — expected about mid-March or early April next year — against an independent candidate, Port Elizabeth property developer Mr Johan Stander, and Port Elizabeth regional full-time National Party organiser, Mr Sakkie Louw, MPC for Algoa

Mr Smuts said moving any of Ford's operations to the Transvaal would be in conflict with the Government's own decentralisation policy, which was designed to move industry away from the PWV area.

"This is currently a costly exercise funded by the beleaguered taxpayer, and requiring the development of infrastructure and the supply of incentives for industry to remove to remote and underdeveloped areas," Mr Smuts said

"The Port Elizabeth/Uitenhage area presents a far more attractive alternative"

Positive factors included that the infrastructure had already been established and that money had been invested in training and developing the workforce. This workforce had shown itself capable of working within the framework of trade unions in a capitalist system, he said

Post 12/12/84

192

Cautious reaction to car sales rise

By LOUIS BECKERLING

MOTOR manufacturers have cautioned against optimism over an 8,5% rise in November passenger car sales — which still leaves the 19 702 units sold 13,8% down on levels reached in November last year

Both Volkswagen and Toyota spokesmen have attributed the modest month-on-month rise to discounting of prices — which has increased, rather than decreased the financial strains on the industry However a slightly more optimistic view is taken by Ford (SA)

"The improvement cannot be attributed to any revival in the economy but rather to widespread discounting by many manufacturers," Mr Clive Warrilow marketing director for Volkswagen told the Evening Post "Inventory levels in the industry have reached critical levels, and discounting and merchandising incentives have become the order of the day "

This opinion was endorsed by Mr Bert Wessels, executive director of Toyota

Mr Warrilow said Audi 500 sales increased by nearly 90% in November compared to October, which indicated the public had accepted their recently-introduced two-year guarantee as a quality-related incentive

"However, the news of the impending perks tax will probably further inhibit a depressed market, and this, coupled with the fact that most South Africans have now gone on annual leave, means that December sales are unlikely to exceed 16 000 passenger vehicles "

Mr Sean Bownes, vehicle marketing manager, for Ford SA, took a more positive view, describing the improvement in the November new car as a "very encouraging trend"

"We believe that the market of approximately 19 000 new cars per month could also be the industry norm over the next few months," said Mr Bownes who added that Ford was particularly pleased that the Sierra had gained second place overall in the car market and regained market leadership in the medium size family car segment

General Motors marketing director Mr Hal Carpenter said his company's sales were "as predicted

Mr Carpenter said GM was particularly pleased with the performance of its commercial and truck sales "While the industry has improved by 4 3% for the first 11 months of 1984, GM's truck and commercial sales have increased by 32 6% and in keeping with the trend, GM's market share of 14,8% in November placed the company in third position '

● Full report — Page 14

BUSINESS

D. Dispatch

13/12/84 (192)

McCarthy's pull out of E. Cape

JOHANNESBURG — The R900m a year McCarthy group has sold its Eastern Cape motor franchise interests to a Port Elizabeth consortium

The interests consist of three Amcar dealerships in Port Elizabeth, East London and Uitenhage

Announcing the deal yesterday, Mr Derrick Dixon, managing director of McCarthy Motor Holdings, said assets of about R4 million would change hands in terms of the deal

He said McCarthy's withdrawal from the Eastern Cape was in line with group policy of concentrating its efforts in the major metropolitan centres

McCarthy group chairman, Mr Brian McCarthy, said in his statement to shareholders earlier this year that, apart from the three Eastern Cape operations, the group's dealerships are generally no further than 100 km from Johannesburg, Pretoria, Durban and Cape Town

Mr Dixon emphasised that the rationalisation discussions between Amcar and Ford had no effect on the group's decision to quit the Eastern Cape. "The decision was made long ago and we have now found a suitable buyer for these operations"

The consortium which bought the dealerships from McCarthy is headed by Mr Chris Theodosiou, who spent 28 years in the motor business in Zimbabwe before moving to South Africa The three outlets will, in future, trade as East Cape Motors. — DDC

Business Day/MOTOR INDUSTRY

RDM 13/12/84 (192)

Alfa injects R18m into SA operation

By DAVID FURLONGER
Industrial Editor

ALFA ROMEO has confirmed its commitment to the South African car market with the injection of another R18m into the local operation.

Dr Corrado Innocenti, the managing director of Alfa worldwide, announced the cash injection at the weekend at the national dealer conference in Durban.

He said the money would help the company weather the present economic climate, particularly exchange rate losses caused by the weakness of the rand

Dr Vito Bianco, the managing director of Alfa Romeo SA, said yesterday the R18m was "for working capital — for liquidity"

Because of the company's losses, plans for a listing on the JSE had been temporarily shelved

"To go public, you must have three or four years of good profit For the last two years, we have been losing because of exchange rates. So we can't offer good prospects to the public. That will have to wait until the economy has recovered"

He would not be drawn on when he expected such a recovery, but said "I can't believe that with a sound economic structure in this country, the recession will go on for ever"

Dr Bianco confirmed that Alfa had been holding talks with other car manufacturers on possible joint production Among those he had met was Fiat, which pulled out of South Africa with heavy losses some years ago, but is now understood to be looking for a limited return

Dr Bianco said Alfa's production plant at Brits was working at below 70% capacity — producing up to 12 000 vehicles a year of a possible 18 000.

Joint production would allow longer, more profitable production runs.

"We will talk to anyone, but it is difficult to say who we will go to. Fiat is among those we are talking to, but because of the situation here, some companies are scared of investment Maybe it will be different soon."

Alfa remains one of the few South African car-makers that has not ordered mass lay-offs of workers. Such action may not be far off, however. The company employs 1 200 workers, 1 000 of them blacks Of those, 800 are hourly paid

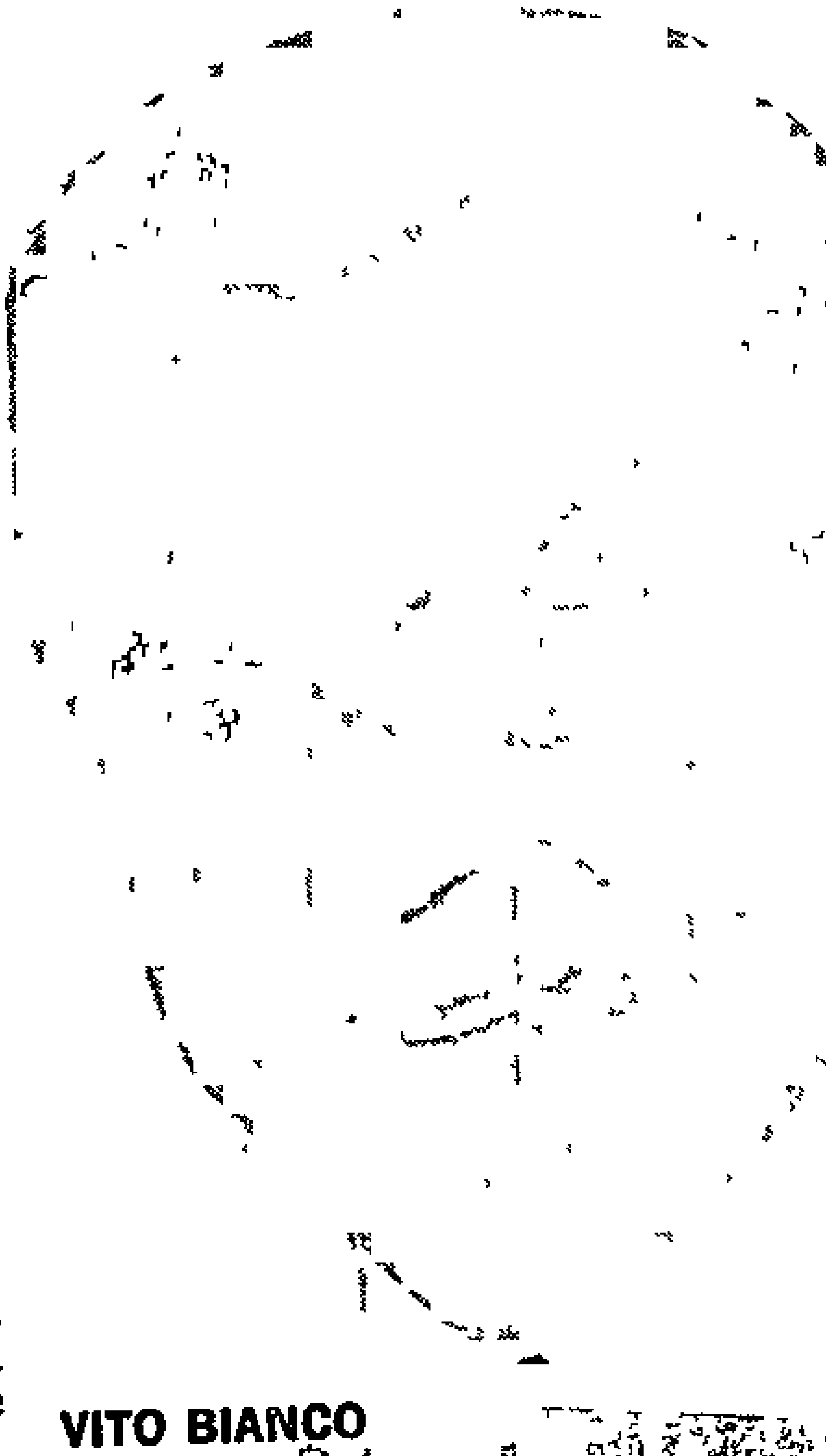
"We have been working a four-day week all year because of restructuring of the plant and because of increased productivity," said Dr Bianco "But next year we want to go for five days

"We have avoided lay-offs so far, but if there is no recovery, we will have to restructure the number of people."

Like many South African motor manufacturers, Dr Bianco is concerned by the cost of locally made components. It is generally agreed that local parts are more expensive and push up car prices. However, the 66% local content regulation means car-makers can do nothing to remedy the situation

Asked how much cheaper cars would be with imported components, Dr Bianco said. "It's difficult to say because the situation is unbalanced through the change in the rand. When we did a study, there were different exchange rates. Now the same things are getting more expensive.

"Generally speaking, though, with up to 50% local content, we're all square. From 50% to 66%, the price goes up."



VITO BIANCO

NOVEMBER VEHICLE SALES SHOW 7,4% IMPROVEMENT

By DAVID FURLONGER

VEHICLE sales increased 7,4% last month, but remained well below levels of the same period last year.

Figures released yesterday by the National Association of Automobile Manufacturers of South Africa (Naamsa) show that total vehicle sales of 29 772 were more than 15% down on the previous November's 35 200.

Car sales also showed an improvement on October — up from 18 154 to 19 702, but were 13,8% down on November last year.

"The figures reflect very little joy or relief for the motor industry," said Mr Bert Wessels, the executive director of Toyota.

"The industry does not expect the economic situation to improve significantly during the first half of next year, so November saw a rush of incentive schemes and heavy discounting by some manufacturers to clear stocks.

"Ironically, those manufacturers most involved in the incentive programmes and discounting do not appear to have increased their market shares significantly.

Buyers are still going for the models which offer the best perceived value-for-money, quality and low depreciation and running costs."

Naamsa's director, Mr Nico Vermeulen, attributed the increase in car sales to three factors:

- the continuing stimulus provided by the recent introduction of new models;
- determined marketing efforts by manufacturers and the motor trade to move surplus stock; and
- pre-emptive buying to avoid likely car price increases early next year.

"On balance, market conditions remain very tight and while the slight improvement in sales is encouraging, the November new vehicle sales remain substantially below the level required in terms of investments and stabilised employment levels within the industry and associated industries," Mr Vermeulen said.

Sales of light commercial vehicles also showed marginal improvement last month, although from a continuing low base.

At 8 467 units, sales were up 5,3% on October, but 19,3% down on November 1983.

Combined sales of medium and heavy commercial vehicles in November showed a tiny increase of 11 units over October.

Compared to November 1983, the figure was down 13,4%.

Toyota once again dominated the new-car market, with the Corolla consolidating its position as the most popular car with sales of 3 585 units — outselling the entire car production of any other manufacturer.

Three of the top-five-selling vehicles last month were Toyotas.

The Hilux bakkie outsold the second-placed car model, the Ford Sierra, by 1 847 to 1 467.

Next came Volkswagen's Golf /Jetta range with 1 388 sales, fourth the Toyota Cressida with 1 343 and fifth the Honda Ballade with 1 107.

"The market has shown a marked shift towards smaller cars," said Mr Wessels. "They used to make up 54% of sales, but rose to 64% in November when the market was influenced by new models, particularly the Corolla, Golf and Ballade."

RAM 13/12/84 (192)

MOTOR DEAL

Financial Reporter

THE R900m-a-year McCarthy group has sold its Eastern Cape motor franchise interests to a Port Elizabeth consortium.

The interests consist of Amcar dealerships in Port Elizabeth, East London and Uitenhage.

Announcing the deal yesterday, Mr Derrick Dixon, MD of McCarthy Motor Holdings, said assets of about R4m would change hands.

He said McCarthy's withdrawal from the Eastern Cape was in line with group policy of concentrating efforts in major metropolitan centres.

McCarthy group chairman, Mr Brian McCarthy, said in his statement to shareholders earlier this year that, apart from the three Eastern Cape operations, the group's dealerships were generally no further than 100km from Johannesburg, Pretoria, Durban and Cape Town.

Mr Dixon emphasised that the rationalisation discussions between Amcar and Ford had no effect on the group's decision to quit the Eastern Cape.

The consortium which bought the dealerships from McCarthy is headed by Mr Chris Theodosiou, who spent 28 years in the motor business in Zimbabwe before moving to South Africa. The three outlets will trade as East Cape Motors.

RDM 14/12/84 192

Union scores a first with minimum wage increase

By **STEVEN FRIEDMAN**
Labour Correspondent

AN HISTORIC wage agreement signed yesterday at the Toyota motor company's Durban plant is the first in the country to bring workers' minimum pay to R3 an hour.

The agreement was reached in negotiations between Toyota and the National Automobile and Allied Workers Union (NAAWU), which belongs to the Federation of South African Trade Unions (FOSATU).

It covers the 3 500 workers at the plant and will raise minimum pay to R3 an hour by July

A joint statement by Toyota and NAAWU said that the rate was the highest negotiated minimum wage in the country

The union yesterday hailed the agreement as "historic"and said it had been the first in the country to negotiate a R2 an hour minimum wage for workers — with Eastern Cape motor employers in 1981

The union made history in 1980 when its members struck at the Volkswagen plant in Uitenhage demanding a "living wage" of R2 an hour

The strike was settled when employers agreed to pay a R2 minimum by 1981.

Subsequently, all Fosatu unions pressed for wage increases which brought minimum pay to R2 an hour and the impact of this campaign has been felt in bargaining throughout the country.

Since then, NAAWU has reacted to rises in the cost of living by increasing its "living wage" demand to R3,50 an hour. Yesterday's agreement is the nearest it has come to achieving this.

"The agreement means that our living wage target is now in sight for the first time," a NAAWU spokesman said.

The agreement provides for an 18c an hour increase in January and a further 17c in July. As the present minimum is R2,65, this will bring the minimum to R3 by the middle of next year.

Minimum wages at other motor plants range between R2,40 and R2,73

R3 an hour for motor workers

Cape Times 14/12/84 192

Own Correspondent

JOHANNESBURG — An historic wage agreement signed yesterday at the Toyota motor company's Durban plant is the first in the country to bring workers' minimum pay up to R3 an hour

The agreement was reached in negotiations between Toyota and the National Automobile and Allied Workers' Union (Naawu), an affiliate of the Federation of South African Trade Unions

It covers the 3 500 workers at the Durban plant and will raise minimum pay to R3 an hour by July next year

A joint statement by Toyota and Naawu pointed out that the minimum rate in the agreement was the highest negotiated minimum wage in the country

The union yesterday hailed the agreement as "historic". It noted that it had been the first union in the country to negotiate a R2 an hour minimum wage for workers — with Eastern Cape motor employers in 1981

"Naawu has now become the first union to break the R3 barrier," a union spokesman said

The union made history in 1980 when its members struck at the Volkswagen plant in Uitenhage demanding a "living wage" of R2 an hour

Yesterday's agreement provides for an 18c an hour increase in January and a further 17c in July As the present minimum is R2,65, this will bring the minimum to R3 by the middle of next year

In a joint statement, both Naawu and Toyota expressed "satisfaction" at the outcome of the talks

E Post 20/12/84

192

Govt urged to ease SA local content rules as costs curb

By Ralph Jarvis

Motoring Editor

THE South African Government has been urged to ease the constrictions of the local content programme, which is allegedly costing the motor industry more than R200 million a year, which has eroded sales and, in effect, "imported unemployment"

This programme, says the prestige Car magazine in the editorial in its latest issue, has made local vehicles so expensive that it has proved possible to import thousands of overseas-built products and sell them at a profit — even after paying 105% import duty

Imports should be now restricted to the ultra-low-volume, luxury models, it suggests

The magazine says "Unless the motor industry can be assured of a workable environment, the spectres of disinvestment, decline and stagnation will begin to materialise before our eyes

"We need a soundly-based industry, equipped to provide an optimum degree of healthy competition and choice to the consumer "

The magazine says South Africa's multi-billion-rand motor industry has, in only a few months, been sent reeling — from comparative prosperity and buoyant sales to short-time working, closed factories and thousands of retrenchments

"What stopped the industry in its tracks?" questions the editorial

"As long ago as April last year, top motor men feared the ultimate consequences of an overheating economy

"The Government, instead of regulating a 'controlled economic curve', apparently adopted 'Start/Stop' tactics — and August was Stop time

"The GST hike had scarcely had time to take effect when spending was curbed by soaring interest rates, HP restrictions and, stringent monetary measures

"Taken in conjunction with the expensive local content programme, the cost hikes flowing from the devaluation of the rand and the heavy taxation burden which now cuts individual buying power, it was all too much.

"The bottom fell out of the vehicle market and the old talk about 'too many factories, too many models' came back into fashion "

Car says

"If the motor industry is to make and recoup its massive investments and meet the challenges of the future, it must have a reasonably stable operating environment Stop-start economics won't do

"To get the industry over the present crisis (which might soon be compounded by major rises in the prices of vehicles and petrol, due to the devalued rand) it needs and deserves some form of Government assistance, at least in the short term."

This need not necessarily involve direct cash subsidies

Among the possibilities would be the easing of the constrictions of the local content programme and the restriction of imports to the ultra-low-volume, luxury models

In the same edition of Car, the columnist Cotter writes about the Australian motor scene and suggests that those studying the problems in our own motor industry should cast their eyes in the direction of "Down Under"

Here, he says, "misguided Government policy has spawned something of a monster, producing dearer and dearer cars, fewer and fewer jobs and huge losses — exactly the reverse of what was generally intended "

"According to the British Financial Times, Australia is the only OECD country where the latest technology and most exciting cars are not available and where none of the efficient new babies from Renault, VW, Ford, GM, Fiat or BL are yet on offer

"It's also one of the most *protected* motor industries in the world, with five manufacturers building 13 cars, with 85% local content

"Yet, in 1983, GM-Holden lost R150 million there, Mitsubishi lost R29 million, Nissan R7,2 million and Toyota R12 million

"In fact, only Ford made a profit "

Dr Fred du Plessis, chairman of Sanlam, also referred to the Australian experience when announcing his company's takeover of the Messina Group which includes Nissan South Africa and Magnis Truck Corporation

His reference was, in fact, a suggestion that South Africa follow the Australian example and reduce the number of manufacturers and available models in an attempt to rationalise the local industry

Dr Du Plessis said South Africa, with its limited market for motor vehicles, had 11 motor vehicle manufacturers building almost 40 different models

He said the picture was aggravated by the fact that within those 40 models there were at least 120 variants of light commercial vehicles, and about 250 variants of passenger cars

"In Australia, which is the most closely related to our own circumstances, but where they sell about twice as many new vehicles annually as in South Africa, there are only five motor manufacturers and 13 manufactured models," he said

"Yet they are now planning to reduce the number of manufacturers to three and the number of models to six "

The big questions will always be, whether in South Africa or Australia, are how far do you go to rationalise, which manufacturers will disappear and which models?

And, the biggest of all will this type of reduction-rationalisation work in South Africa if it has apparently failed in Australia?

Maybe there's a happy compromise somewhere at the end of the tunnel ay, December 12, 1984

Latest cut in motor labour

RDM

192

~~336~~

By STEVEN FRIEDMAN
Labour Correspondent

EAST LONDON'S Mercedes Benz plant yesterday became the latest company in the motor industry to trim its workforce — and it faced a work stoppage in protest at the move

The stoppage occurred as Car Distributors and Assemblers (CDA), which assembles Mercedes Benz and Honda vehicles, was discussing moves to cut its workforce with the Federation of South African Trade Union's National Automobile and Allied Workers Union (NAAWU)

But the talks ensured that workers will be laid off temporarily They will only lose their jobs if work cannot be found for them in the next two months

Workers are therefore expected to report for work today

A statement issued yesterday on behalf of CDA, said 280 workers had been laid off after talks with NAAWU The company employs about 4 500 workers

The announcement follows mass retrenchments at motor assembly plants in Port Elizabeth and Pretoria

It said the company had "reviewed production needs" in discussion with NAAWU and "agreed" to lay off 280 workers

It would hold monthly meetings with the union to review the situation and would attempt to employ the 280 workers — but at the end of two months "any who have not been employed will automatically be retrenched", it said

In yesterday's discussions with the union, "some workers" at the plant had stopped work, the statement said

But after the lay-off agreement, union representatives addressed workers and "normal working is expected to resume tomorrow"

NAAAWU officials were not available for comment.

The CDA plant began a phased end-of-year shutdown last Friday and will close for annual holidays on Friday It will start a phased re-opening on January 7.

Star 12/12/84

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192

Mercedes lays off 280 men

Tough conditions in the economy have led to 280 workers being laid off at the Mercedes Benz car plant in East London, a statement released in Johannesburg by Mercedes Benz said yesterday

A spokesman for CDA in East London — which assembles Mercedes cars and trucks and Honda cars — said

"In discussions with the National Automobile and Allied Workers Union this morning, we reviewed production needs for 1985 and agreed that we must immediately lay off 280 of our 4 500 workers

"During this morning's discussions with the union, some workers at the plant halted work After the lay-offs agreement, union representatives addressed the workers and normal working is expected to resume tomorrow.

"We will meet the union on a monthly basis to review the situation as it develops It has been agreed that we will seek to employ the 280 people laid off, but that at the end of two months any who have not been employed will automatically be retrenched." — Sapa

D. Dispatch 12/12/84 (192)

Union action ends EL car plant stoppage

EAST LONDON — Swift union action at the Car Distributors Assembly plant here yesterday solved a 90-minute work stoppage over the proposed retrenchment of 280 workers

This was confirmed yesterday by the Port Elizabeth-based regional secretary for the 21 000-strong National Automobile and Allied Workers' Union (Naawu), Mr Les Kettledas, and a spokesman for Mercedes Benz South Africa, Mr Richard Wagner

The brief stoppage by about 500 day-shift workers took place during negotiations between the management and the union yesterday following the retrenchments on Friday

Work along the assembly line and the paint shop is expected to be back to normal this morning following the early shutdown yesterday when the negotiations reached a compromise

The compromise is that the 280 retrenchments will not be final The workers will be laid off for two months and if there is an improvement for the badly affected motor industry following the severe HP restrictions and the new fringe benefit tax, the workers will be rehired

Mr Kettledas said "This is the crux of the agreement we reached The matter will be renegotiated again next year and the union will obviously try its level best to prevent outright retrenchments "

Asked what alternatives there were if the outlook for the motor industry did not improve, Mr Kettledas said

"We will then have to look at short time which was discussed today Other alternatives include early retirement of people near pensionable age without the loss of any benefits

"We will also have to do away with all overtime — except in extreme emergencies "

Mr Kettledas felt short time could not be ruled out when the phased in re-opening of the plant started on January 7

He said it was clear the government would have to do something about the severe HP restrictions which were affecting car sales, in turn causing major problems for the workers

Mr Wagner confirmed the compromise for the two-month period and said it was difficult to say how many workers were involved in the stoppage

He said tough conditions in the economy had led directly to the proposed retrenchments

"The new fringe benefit tax did not help either and all these adverse economic conditions added up to make the market far from bouyant and necessitated the action which the company regretted

"We are hoping the market will improve in the first quarter of next year and we will be able to rehire the 280 workers of our 4 500-strong workforce "

Mr Wagner said all the laid-off workers would get all the benefits to which they were entitled, including bonuses, holiday pay and lay-off pay

He confirmed that short-time had been discussed but that management were not in favour of it as past experience had shown that it affected quality

"Being one of the country's biggest private companies and one of the country's largest firms in the industry (the plant's productive capacity is 174 units a day), the firm naturally prides itself on its outstanding quality and would not want anything to affect it," he said

"It was agreed after discussions with the union that to protect jobs and all the rest, the least painful option will be the layoff of the 280 workers and management will meet the union on a monthly basis to reassess the situation "

Naawu is affiliated to the 100 000-strong Federation of South African Trade Unions while CDA is one of the largest employers in East London

It has an annual salary bill of over R11 million and a wage bill of over R26 million Employee benefits are over R5 million and there are at least nine component manufacturers in the city which are affected by any snarl-up on the production line — DDR

280 workers laid off by CDA

D Dispatch 12/12/84

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EAST LONDON — Tough conditions in the economy have led to 280 workers being laid off at the Mercedes Benz car plant here, a statement released in Johannesburg yesterday by Mercedes Benz said.

A spokesman for CDA in East London — which assembles Mercedes cars and trucks and Honda cars — said "In discussions with the National Automobile and Allied Workers Union, we reviewed production needs for 1985 and agreed that we must immediately lay off 280 of our 4 500 workers"

During yesterday morning's discussions with the union, some workers at the plant halted work. After the lay-off agreement, union representatives addressed the workers and normal working is expected to resume today

"We will meet the union on a monthly basis to review the situation as it develops. It has been agreed that we will seek to employ the 280 people laid off but that at the end of two months any who have not been employed will automatically be retrenched."

The CDA plant started a phased Christmas shutdown on December 7 and will be closed for annual holidays from Friday

It is due to start reopening on a phased basis from January 7 next year

Mercedes Benz, which relies on company fleet orders for about two-thirds of its annual sales, is conducting urgent talks with the government in an effort to cushion the expected drastic effect on sales of the new fringe benefit tax

Mr Richard Wagner, spokesman for the public relations firm representing CDA, said a refusal by the government to grant relief would have a serious effect on Mercedes Benz, which this year achieved record sales

During the whole of 1983, 13 607 Mercedes Benz cars were sold So far this year sales totalled 14 411

Union intervenes P6

Union action solves stoppage

Cape Times 12/12/86 [illegible]

Own Correspondent

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The brief stoppage by about 500 day-shift workers took place during negotiations between the management and the union yesterday following the retrenchments on Friday

They reached a compromise agreement that the 280 retrenchments will not be final The workers will be laid off for two months and if there is an improvement for the badly-hurt motor industry following the severe hire-purchase restrictions and the new fringe-benefit tax, the workers will be re-hired

Mr Wagner said tough conditions in the economy had led directly to the proposed retrenchments

D. Dispatch 13/12/84 (192)

CDA: reply to mayor's telex due this week

EAST LONDON — The lay-offs at the Car Distributor's Assembly plant here showed why an urgent telex message was sent to the government on Friday, the mayor, Mr Joe Yazbek, said yesterday

Mr Yazbek sent the telex message to the Minister of Finance and the Minister of Trade and Industries warning that the new fringe benefit tax would be detrimental to CDA which was a major component of the city's economy

He warned that 10 other companies in East London would be affected by a slow down in the car plant where 4 500 were employed

Yesterday a spokesman for the Department of Finance said the Minister, Mr Barend du Plessis, was on leave and the telex message had been passed onto the acting minister, Mr W Steyn

A spokesman for his office said the message was being studied and a reply would be sent to the city council this week.

Yesterday Mr Yazbek said the necessity of the council's action had to be gauged against the lay-off of 280 workers at the plant and that he hoped that the situation would not escalate

"East London is a specially selected decentralisation area and there should be some relief for the area in view of the rising unemployment and the vast hinterland which the area serves

"We can ill afford unemployment and this is the thrust of our appeal We want some concession for our motor industry here which is a vital factor in our economic well being"

The MP for East London City, Mr Peet de Pontes, said the lay-offs were sad but he was convinced CDA had no option

"CDA was doing extremely well when compared with other motor manufacturers in the country

"I certainly hope that conditions will improve so that CDA can re-employ those laid off workers and that the plant will continue with its scheduled expansion programme"

● A spokesman for Mercedes Benz South Africa, Mr Richard Wagner, said from Johannesburg he was pleased to report that all was well at the plant yesterday following the 90-minute work stoppage on Monday during the negotiations

The negotiations were between the management and the National Automotive and Allied Workers Union which produced a compromise in which the 280 workers were not retrenched but were laid off for two months pending the outlook of the industry in that period

Mr Wagner said he could not comment on any further moves in the motor industry on the fringe benefits tax — DDR

Editorial opinion P18

D. Despatch 15/12/84

192

Perks: new body to investigate EL plea

EAST LONDON — The city council's appeal to the government to consider the implications for the city of the new fringe benefit tax will be considered by the Margo Commission of Inquiry.

The secretary for the Ministry of Finance, Mr J Redlinghuys, confirmed yesterday that the council's urgent telex message, sent last Friday, had been referred to the commission, which is looking into the entire South African tax structure

Mr Redlinghuys said in a telex message to the Daily Dispatch that in view of the Margo Commission's brief, the city council's plea had been referred to it for consideration

The secretary of the commission, Mr John Hansen, said the brief was to look into the entire tax structure and the council's plea would be taken into account

The council has expressed its concern that the imposition of the tax on company cars could affect the Car Distributors Assembly plant as well as component manufacturers here.

"The commission will also make recommendations to the minister on specific aspects from time to time and it will be up to him to act on them," he said

The commission, appointed by the State President, Mr P. W Botha, last month, is scheduled to submit its report by the end of June next year.

Under the chairmanship of Mr Justice Margo, the commission comprises 20 prominent South Africans. They are Prof Daniel Franzsen, Mr Oswald Gorven, Dr Johannes de Villiers Graaff, Dr Cornelis Human, Dr Albertus Jacobs, Prof Kathleen Jowell, Mr Michael Katz, Mrs Margaret Lessing, Prof Elias Links, Mr Michiel Loubser, Prof John Morris, Dr Stephanus Naude, Mr Sydney Press, Mr Jakobus Steyn, Mr Mohammed Suliman, Dr Nico van der Hoven, Mr Esias van Tonder and Prof Theodoor van Wyk.

The commission's brief is to recommend a cohesive tax structure at all levels of government with special regard to the special economic development of South Africa and the evolutionary constitutional dispensation and its accompanying structures

The goals are the optimal attainment of national economic objectives, administrative efficiency and cost effectiveness, equity and neutrality, and the potential use of taxation as a policy instrument towards stablisation of economic activity in both the long and short terms

The commission has to take into account the financial implications of the constitutional dispensation and the greater devolution of power to local government as well as the impact of taxation on regional development and economic co-operation in Southern Africa, exports and international trade and foreign investment in the country

Representation to the commission has to be in writing — DDR

DAILY DISPATCH, SATURDAY, DECEMBER 15, 1984 — 5

EL motor dealer sells 2 franchises

(192)

EAST LONDON — Weir Motor Holdings has sold its BMW and Renault interests in the city as part of a group rationalisation programme.

The managing director of WMH, Mr Des Weir, said yesterday the new owners of the franchises were well established "motor men" in East London.

"Both present and future customers will be guaranteed continued top quality service."

The group will in future concentrate its efforts on three franchises — Nissan, Massey-Ferguson, and Toyota.

"Wherever possible the agricultural and motor outlets will be combined," said Mr Weir.

The first of the combined operations has been established on Settlers Way. The new facility provides for a large (4 000 square metres) combined Nissan and Massey-Ferguson workshop and parts department which is fully computerised, an agricultural and commercial sales centre, and undercover storage for new vehicles and agricultural equipment.

"A lot of time and effort has been devoted to the aftersales service because the group believes it is the most important aspect of any franchise." Similar combined facilities have been established in Queenstown, Grahamstown, Aliwal North, Harrismith, and Vrede.

"The group has chosen to go this route because we believe the Japanese franchises offer a complete range of passenger, light commercial and heavy commercial vehicles at very competitive prices. With the pending fringe benefit taxation these franchises will be well placed to provide for everyone's needs."

Mr Weir said the group was proud of the fact that they have been Massey-Ferguson distributors since 1947 and had achieved in excess of 50 per cent sales penetration on numerous occasions. — DDR

'NO MORE FOOD FOR LAID-OFF WORKERS'

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C Press 16/12/84

By ZB MOLEFE

THIS week's retrenchments at East London's Mercedes Benz plant worsened the lot of thousands of black motor industry workers — they face a bleak future.

Trouble at the plant started when 'Car Distributors and Assemblers 'reviewed production needs" in discussions with the Port Elizabeth-based National Automobile and Allied Workers' Union

CDA, which assembles Mercedes Benz and Honda cars, then laid off 280 of the 45 000 black workers

Ford, General Motors and Volkswagen have already closed till February — affecting 13 000 black jobs Of tional organiser Fikile

CHRIS MLANGENI "Black workers have little chance of surviving"

Kobese told City Press that his union had al
Motor Assemblers' and Component Workers' Union of SA na-
these, 683 were retrenched last month
ready exhausted its Save the Starving Community Fund set up in March with community donations to feed jobless motor workers

"Retrenchments have hit us hard — we have lost more than 1 030 members," said United African Motor and Allied Workers' Union assistant general secretary Chris Mlangeni

ZAMDELA residents went on rampage on Wednesday night burning down shops and locking horns with the police

They went on to burn Lekoa mayor Esau Mahlatsi's butchery, tycoon Paul Mofokeng's shop and a bus belonging to the Vaal Transport Corporation

Motor men set for key meeting with Finance Minister

(192) E. Post

20/12/84

By LOUIS BECKERLING
Business Editor

THE proposed meeting between motor industry representatives and the Minister of Finance, Mr Barend du Plessis, comes against a background of gloomy statistical evidence just released.

The impact on trading revenues of the dramatic collapse of sales volumes since the start of the second half of the year is underlined in a set of figures just released from the Central Statistical Office in Pretoria.

The figures reveal for the first time the combined and sustained impact on trading revenues of the increase in GST from 7% to 10% on July 1, and the harsher hire purchase conditions introduced in the August 2 austerity package.

The impact of increased GST was instantaneous and savage, judging by the statistics.

From a record high in June of R1 046,4 million, the total current trading revenue among retailers in motor vehicles and accessories, plunged 21,3% to barely above R1 000 million (taking total sales back to October '83 values).

And since then trading revenue has remained steadily on the skids dropping another 3,7% in August, a further 0,4% in September, and (a 22% volume improvement in passenger vehicles notwithstanding), a further 2,7% in October

Coinciding with the release of these figures, is a Standard Bank Review of the economy, which notes that the GST increase in July had much the effect that was anticipated

"Allowing for a brief buying spree to beat the increase in July, retail sales then dropped sharply in volume and even money terms, at a pace never before seen in South Africa.

"Car sales, too, literally went over the cliff in July; by September new car sales were down to half of the record figure in June this year and, in absolute terms, they were reduced to 1978 levels"

Under the circumstances, points out the bank, discounting and price cutting has become rife in most areas of consumer demand.

This is clearly evident in the Pretoria figures. The 2,7% decline over September in trading revenue to motor retailers for October (an estimated figure), contrasts sharply with a 22% increase in volume sales of passenger cars

A more detailed breakdown of the financial fortunes of both wholesalers and retailers in the motor industry, shows that for the first full month of trading under a 10% GST, income to wholesalers dropped R34 million (down 11,3% from R302 million in June

Income from new vehicles sold was down R34 million on the previous month's figures (or −14,5%), and income from used vehicle sales was down 40,3%

Workshop revenue was marginally down (2,8%)

A similar picture was evident at the retail end of the business, with total trading revenue down 21,3% (or R282,4 million) on June's income

Income from all vehicle sales was down 32,5% (from R840,7 million to R567,4 million), while new vehicle sales were down from R631,6 million to R404,3 million

Representatives from Naamsa and the MIF will undoubtedly be armed with these statistics and many more when they meet with the Minister of Finance on November 30

The likelihood that the Minister may be prompted into granting the industry instant relief appears remote, however, judging from the comments in the latest Standard Bank Review.

Arguing that there is no room for soft options, the bank says while there is a growing number of powerful fugures arguing in f avour of "quick-fix" solutions to the economic downturn, this should not be attempted.

"Such a 'soft-option' argues in favour of pulling down interest rates and reverting to direct controls over the domestic economy and the balance of payments," says the bank

"Given the deep-seated nature of the problems facing the country at various levels, the present monetary policy needs to be reinforced by more appropriate and consistent fiscal management"

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E. Post

20/12/84

Car makers to point out losses to the Govt

By **LOUIS BECKERLING**
Business Editor

CAR makers say they are poised to draw the attention of the Minister of Finance, Mr Barend du Plessis, to a projected loss of Government revenues of anything between R150 million and R200 million as a result of the sales downturn in the industry

This argument, allied to evidence of large-scale retrenchments, short-time and falling revenues, will be used to try and win some relief from corrosive impact on sales of increased GST and the Government's clampdown on consumer spending

Elementary calculations reveal that at 10% the new vehicle market was set to yield some R750 million to the Exchequer in GST receipts alone This assumes average monthly sales of 26 530 passenger cars and 12 858 commercial vehicles, achieved in the first half of the year, will be repeated in the second half

However, since the increase in GST from 7% to 10% on July 1, and the introduction of harsher hire purchase conditions on August 2 sales collapsed — to an average for August and September of 16 488 passenger cars and 10 271 commercial vehicles

An improvement of 22% in the volume of passenger cars sold in October was evidently paid for by heavy discounting — since estimates of revenue for the month to motor retailers show a *decline* in income over September incomes

Since second-half sales are now projected at current sales levels to yield some 50 000 units less than those sold in the first half of the year, income to the State from GST is poised to decline by about R50 million in the case of new vehicles, and a further R70 million for used vehicles

In addition, revenue accruing to the State from customs duties, and an ad valorem tax will be lost Though it is difficult to estimate these losses at current sales levels accurately, industry sources believe the final loss to the State could be anywhere between R150 million and R200 million

The director of Naamsa (the National Association of Automobile Manufacturers of SA), Mr Nico Vermeulen today confirmed the meeting between a combined motor industry deputation made up of Naamsa, the Motor Industries Federation and Naacam (the National Association of Automotive Components and Allied Manufacturers) would meet the Minister in Pretoria on November 30

(It was incorrectly reported in yesterday's Evening Post that the meeting would take place on Friday)

● **Editorial comment — Page 6**

● **See Page 10**

D Dispatch 27/12/82

Call for fewer car makers

JOHANNESBURG — South African vehicle manufacturers must be encouraged to pull out of the market, the chairman of Sanlam, Dr Fred du Plessis, said yesterday.

He said the local vehicle market was overcrowded and must be thinned out if it was ever to be healthy again.

He was speaking at a press conference, explaining Sanlam's entry into the motor industry through its share offer for control of Messina.

Messina's main interest is in the manufacture of Nissan cars and Magnis trucks. It also has extensive interests in motor components and in copper-mining.

Dr Du Plessis said the vehicle industry was in bad shape because of overcrowding. Some companies were suffering "enormous" financial losses.

"In South Africa, with its limited market for motor vehicles, we have no fewer than 11 manufacturers producing almost 40 different models. Even worse, there are no fewer than 120 light commercial vehicle variants and about 250 variants of passenger car models.

"This is a most unhealthy situation which has a detrimental effect on the viability of the South African motor industry.

"If we want to become competitive in terms of world standards, and if we want to establish a strong and healthy motor industry, we must reduce these numbers — both so far as the number of models and the number of manufacturers are concerned."

He said the South African Government accepted the need to reduce the number of local manufacturers and said it must be encouraged to "change the rules" to achieve such a reduction.

While the motor industry could expect a recovery next year and possible profits early in 1986, this could be in jeopardy.

"We need rationalisation in this industry. And I'm not just thinking of companies combining under one name. I'm referring to a real rationalisation." — DDC

Rationalisation 'won't push Dorbyl out of PE'

(192) E. Post 28/12/84

By LOUIS BECKERLING
Business Editor

RATIONALISATION of the motor industry was imperative, but would not prompt Dorbyl Ltd to move its Port Elizabeth-based automotive component division to the Reef, according to group chairman Mr Keith Jenkins

Commenting on his group's annual results, Mr Jenkins told the Evening Post today that the four manufacturing plants grouped together under the control of Dorbyl Automotive Products in Port Elizabeth and Uitenhage had remained "substantial" contributors to group profits, and represented a significant investment in heavy plant and machinery

"And it is simply not practical to uproot such an operation and relocate it elsewhere"

However, Mr Jenkins observed that were rationalisation to see a major shift of motor manufacturing away from the Eastern Cape and to the Reef "then future expansion will obviously not take place in areas of reduced demand"

A beneficial spin-off to component suppliers of greater rationalisation in the motor industry, said Mr Jenkins, was the potential for more efficient management — currently made extremely difficult by the "stop-start" nature of the over-traded industry

One of six separate divisions in the group, Dorbyl Automotive Products (DAP) controls PE-based Dorbyl Automotive Components, Busaf (the bus body plant), and Guestro Wheels

The fourth operation under the umbrella of DAP is Uitenhage-based Guestro Forging

Mr Jenkins said it was not group policy to detail profit contributions from its various divisions

The automotive division, he said, was nonetheless a "substantial" contributor to group profits

While profit contribution "was naturally affected by the downturn in demand of the last few months, there was no material change on the previous year"

The company's annual results for the year to end-September show pre-tax profit down 6% to R51 million, on turnover down 15,2% from R748,1 million to R634,6 million

This left income before interest charges down 12% from R59,4 million to R52,3 million, but thanks to a 49% decrease in the interest bill, pre-tax profit was down only 5,9% from R51 million to R48 million

After making allowances for outside shareholders' interest (73,4% down at R175 000), preference dividends (21% down at R172 000), and retained income from associates (up 23,7% to R47 000), net income after tax (down 0,7% to R17,4 million), was down 7,9% to R30,3 million

Earnings were consequently 8,3% down to 165,9c a share, and the group declared a same-again final dividend of 34c a share

Prospects for the year ahead, said Mr Jenkins, were clouded, and "unless there is a substantial and rapid economic recovery, results for the next year could be below those achieved during 1983-84"

On prospects for the motor industry specifically, Mr Jenkins told the Evening Post he believed recent events in the market "are too drastic to be indicative of the year ahead, and I hope that by the beginning of next year — particularly if the current rationalisation moves proceed — we will get a more stable industry"

28/12/89 (192) E P Post

Assault case judgment later

By CHRIS RENNIE

JUDGMENT in the trial of a Volkswagen factory worker who allegedly assaulted his foreman is expected in the Uitenhage Magistrate's Court during March next year

Mr Ntutuseli Johnson Gaika was charged with assaulting Mr Burger Steyn Delport with intent to cause grievous bodily harm at the factory on the morning of June 29 He was alleged to have used his fists feet and a chain in the assault

At the close of the State case yesterday afternoon Mr G G Huisamen, who appeared for Mr Gaika argued that there was no evidence before court on which a reasonable man could convict He pointed out that there were five different versions of the alleged incident, not one of which could be reconciled with any of the others

He analysed the evidence given by the three State witnesses and detailed the contradictions that occurred He applied for Mr Gaika s discharge

The magistrate Mr W Smit conceded that there were contradictions improbabilities and even aspects that were irreconcilable in the evidence But it was common cause that an incident had occurred and he felt there was a case for Mr Gaika to answer

Mr Huisamen then closed the defence case and said he wished to submit written heads of argument that would cover the facts, the quality of the evidence and the law This would be made available to the court in advance The case was postponed to March 1 next year

Mr F Botha appeared for the State