MANUFACTURING — Iron, Steel, Engineering and Metallurgical Industries

1985
Iscor in drive to more than double steel exports in '85

Financial Staff
Iscor has launched a new steel export drive which could see the corporation exporting a record 2.4 million tons — more than the 1 million tons exported last year (1983/84)
The increased exports will bring in millions of rands in foreign exchange for Iscor, which recorded its first profit in the 1983/84 financial year after two years of losses.
Two of the export orders — 77,200 tons of rail steel for Turkey worth R32 million and a 50,000 ton steel slabs order to Taiwan worth R8 million — have been exported, and there are plans for further shipments, mainly to the Middle East, the Far East, Europe and possibly the United States, according to an article in the latest issue of Iscor News.

OVERSEAS MARKETS
If Iscor manages to meet its 2.4 million ton target on export markets it will be the largest tonnage of steel ever exported by the corporation in a single financial year.
It will also mean that about half of the liquid steel produced by Iscor this year will be destined for overseas markets counterbalancing a falloff in local demand.

However Iscor has given assurances that the increased exports will not detrimentally affect supplies to the domestic market:
The increased export tonnage is the result of a more favourable export climate, and the drop in the value of the rand which will make Iscor steel more attractive to overseas buyers.
The increased exports will also have a spinoff for the depressed Port Elizabeth area because Durban, Iscor's main steel export harbour can only handle about 1.8 million tons of steel a year, Port Elizabeth is again to be used as a secondary export port, handling an estimated 600,000 tons.

Port Elizabeth was used as an export port by Iscor from 1979 to 1982, but then discontinued because of the world slump in the export market.
Iscor's new use of Port Elizabeth could pump in R6.5 million a year to the region in port, shipping, railway and other activities.
To meet the 2.4 million ton target the two ports will have to load about 8700 tons of steel a working day, needing six block trains of 56 wagons carrying 1500 tons of steel every day of the year.
Engineering industry lays off thousands of black workers

ABOUT 76 000 workers—mostly blacks—have been retrenched in the metal and engineering industries in the past three years, according to a report.

In its 1984 review, the Steel Engineering Industries Federation of South Africa (Seifs) says employment levels in these industries appeared to have stabilised at some 378 000 scheduled hourly employees by mid-year 1984.

However, a strong downturn in activity towards the end of the year threatened to further shrink the scheduled labour force, where already 76 000 jobs had been shed from November 1981 peak employment level of 454 000.

The report says labour relations throughout 1984 were regarded as "relatively satisfactory," although increasing fragmentation of the trade union movement in the metal industries inhibited stable collective bargaining.

Increases

"The severe recessionary conditions also limited the ability of employers to meet the aspirations of the trade unions, but the new agreement which came into effect on July 1 provides for increases in statutory minimum ranging from 9.1% at the top to 13.1% at the bottom.

"Despite the downturn, a shortage of artisans and suitably trained technical personnel continues and the industries' training board has approved a detailed programme aimed at overcoming this problem.

"The project will encourage off-the-job training, the establishment of further industry apprentice training centres, the propagation of improved training methods and the regular testing of apprentices."

Seifs says no meaningful turnaround in the fortunes of South Africa's metal and engineering industries can be expected until 1986 and at best 1985 is seen as a period of consolidation.

There are some expectations that the low value of the rand will offer opportunities for export replacement and some stimulus of Seifs' export sectors.
Senator sought on fired workers

By JEANETTE MINNIE
THE United Mining, Metal and Allied Workers' Union of South Africa (Umnumwea) was yesterday urgently seeking a meeting with visiting United States Senator Edward Kennedy, following the dismissal of almost 500 workers by the controversial US Union Carbide company.

The workers were dismissed last month from the Tubatse Ferrochrome plant near Lydenburg, managed directly by Union Carbide (USA) - a subsidiary of the Sullivan Code.

Union Carbide jumped into world headlines last year after a gas leak from its Bhopal plant in India claimed the lives of at least 2,500 people.

Union Carbide USA owns 51% of Tubatse Ferrochrome and holds the management contract, while the South African Gencor mining group owns the remaining 49%.

Umnumwea claims the workers were dismissed after meeting before work one morning. They had asked a manager to address them on the findings of an inquiry into a senior white shift supervisor, who allegedly assaulted a black worker. The company mistakenly assumed they were refusing to work unless the supervisor was fired.

Workers requested the meeting after a seven-day deadline for a decision about the supervisor, agreed on by a joint union-management committee, had expired.

They were locked out of the plant the next day and met at the gate by a strong security contingent, including South African Police.

The plant's management has since terminated the union's recognition agreement and told workers they might apply for re-employment by tomorrow, but would be treated as first-time applicants. This means those re-employed will lose some benefits.

Union Carbide's group personnel manager, Mr. Cedric Robertson, yesterday claimed the workers had refused to work unless the supervisor was fired and said they were only dismissed after management had invited them to return to work several times.
Mawu calls for merger

THE Foseto-affiliate Metal and Allied Workers' Union (Mawu) has called for the merging of all metal unions into one powerful union to fight for a living wage this year.

The union's spokesman said that they were committed to demand a living wage for their members. The body representing employers is the Steel Engineering Industries Federation of South Africa (Seifsa).

Mawu, the Steel Engineering and Allied Workers' Union and the South African Boilermakers' Union have in the past refused to sign a wage agreement with Seifsa because they wanted "reasonable wages for their members."

Mawu has also resolved that the Industrial Court should not be used to settle disputes, since so many cases in the Transvaal have recently been won by employers.

The union recently lost a case against Scree pearl Wire Weaving in Aroide where 140 members were dismissed following a strike over the refusal by management to renew the contracts of 10 migrants.

"We are strongly opposed to the Industrial Court judgment on this and other cases and we feel the usage of the court will be a waste of time and money," the spokesman said.

Mawu was also opposed to the massive retrenchments by employers since they were not always caused by short-term of work, but sometimes management wanted less workers to do more work.

The union has resolved to fight for proper family accommodation for workers. Workers have called for employers to provide proper company housing schemes for families and not hostels like those built for "single" men.

Mawu has also resolved to fight for a proper democracy and a free society where wealth will be distributed in a more equal way.
Workers fired over Bop move

ABOUT 60 employees of Golden Era plastic company in Industria have been dismissed because they refused to be transferred to the company’s new premises in Bophuthatswana.

The workers, members of the Fosatu-affiliated Paper Wood and Allied Workers’ Union, said they fear losing their citizenship, Section 10 (1) A rights, trade union facilities and that they will be used as “cheap labour” in Mogwase, 100 km south of Rustenburg.

They fear that they will be away from their families in Soweto and will be accommodated in expensive homes where they will be expected to pay high rents — the minimum they are expected to pay is R130 per month.

The workers also see the move as an attempt by the company to invest in Bophuthatswana following a visit to their Johannesburg plant by the territory’s president, Lucas Mangope last month.

Attempts by The SOWETAN to reach a Mr K Chita, who is the general manager of the plastic and paper bag manufacturer, have been unsuccessful for the past three days.

Mr Chita was said to be in Rustenburg and later in Johannesburg and his secretary has insisted that he is not available for comment.

The workers told The SOWETAN that before the Christmas holidays they were notified by their management that the company would move to Bophuthatswana and those who wished to come along could do so.

“We were also told if we did not want to move our services would be terminated,” the workers said.

DISMISSED workers at Golden Era demand their money
In last year's strike, 272 workers were dismissed after demanding higher wages and recognition for Mawu Vetsak later re-employed the majority but refused to rehire 61. A subsequent attempt by Mawu lawyers to get the Industrial Court to reinstate the 61, on the grounds that selective reinstatement is an unfair labour practice, failed. But the lawyers are still fighting.

Expectations are that a case in which the court will be asked to determine whether the dismissal of 16 of the workers constitutes an unfair labour practice will be heard within the next two months. The remaining 45 workers do not have this recourse to the court as, unlike the 16, they are not covered by an industrial council agreement and the Minister of Manpower has refused their application for a conciliation board to consider their dispute with Vetsak.

The anomalies in this situation have caused an outcry among unions and labour lawyers, and is likely to raise further protests in the event of the 16 winning their case.

URBANISATION

At Durban's gates

New statistics have emerged which indicate government's estimate of the rate of urbanisation in Natal/KwaZulu could be wrong.

According to the 1980 census, 22.7% of the black population of Natal/KwaZulu was urbanised. But in his doctoral thesis on urbanisation, Natal University's Errol Haarhoff suggests it could be as high as 35%. The recent increase in urban squatting seems to confirm his view.

The reason for the discrepancy appears to be government's narrow definition of an "urban area". In the 1980 census, "urban areas" were defined as those "with some form of local authority". But as Haarhoff points out, this excludes "populations who live in close proximity to urban areas who may be economically and functionally linked to them, but because they reside in areas without local authorities, escape being classified as urban".

These he describes as "frontier zones," largely inside KwaZulu but close to established urban centres. Those identified surround the Durban metropolitan sub-region (DMS), Maritzburg, Richards Bay and northern Natal. Together, he says, these Durban/Maritzburg districts accommodate two-thirds of the region's estimated urban black population of 1.6m.

Jobs are the obvious attraction. The fact that "in KwaZulu migration between rural areas and frontier zones is possible" is a contributing factor. "Contrasts by influx regulations," notes Haarhoff, "are difficult to apply, except in terms of access to employment in white areas."

After adjustment of the census figure for blacks he regards as "urban," Haarhoff has made series of population projections for the region to the year 2000. Assuming population growth and urban migratory trends remain constant, he says the region's African population is likely to nearly double from 4.7m to around 8m and that from natural increases alone.

However, he expects urban migration will continue at the 1970-80 rate resulting in an increase in urbanisation from the present 35% to 42%. But even at this level there will be severe strain on the rural areas where the population is expected to grow from around 3m to 5m. Some have serious doubts whether the rural areas have the capacity to absorb a population increment of this size without a further drop in living standards.

The answer, he believes, could lie in allowing urbanisation to increase to between 55% and 65%, coupled with a vigorous rural development programme and improving the possible absorption capacity of rural "white" Natal.

The authorities might be horrified at the suggestion, but Haarhoff argues that, under the circumstances, an urbanisation rate of around 65% is not only likely but necessary. It will, he says, ease the pressure on the rural areas by keeping population growth constant and "make rural development a more realistic proposition."

But what are the implications of an urbanisation rate of 65% for areas like the DMS already heavily populated by squatters? Haarhoff's calculations suggest the black population of the DMS could rise from 1m to 3.6m by the turn of the century — depending on the rate of city-bound migration and the effectiveness of government's decentralisation policies.

In the process, the city's racial composition is likely to change fundamentally. Of a total estimated population of 4.7m urban dwellers, 71% will most probably be black.

INDUSTRIAL COURT

Vetsak revisited

The effects of the large-scale at Vetsak, an agricultural implements manufacturer, at the beginning of last year are still being felt.

Last week the Industrial Court ordered Vetsak to restate eight workers it dismissed last August. Six were dismissed for allegedly intimidating employees who had refused to contribute to a fund for 61 strikers who were not re-employed after the strike. The other two were dismissed for "poor work performance." The court's finding is a new development in the battle between the Metal and Allied Workers' Union (Mawu) and Vetsak.
RALEIGH Cycles, a British-owned company in Springs, is facing a legal strike following its refusal to negotiate wages in "good faith" at plant level with a black trade union.

The United, Munus, Metal and Allied Workers' Union of South Africa is considering the strike against the company after a deadlock on negotiations this week.

The matter has been referred to the Minister of Manpower for consideration — failure for the Minister to settle the dispute may open doors for a legal strike if the correct procedures are followed in terms of the Labour Relations Act.

In another development Umnumwusa has accused the controversial United States company, Union Carbide, a signatory to the Sullivan Code of "unfair labour practice" following the dismissal of about 500 workers.

However, Union Carbide has selectively re-employed most of the workers, although the union contends that it wants all its members to be re-instated unilaterally.

The union has accused the companies of not adhering to the European Economic Community (ECC) and the Sullivan Codes and has threatened to take industrial action.

"These codes are just shapeless things because the companies do not adhere to them. We shall have to put more pressure on them to fight for our members' rights," Mr Sam Nuhu, Umnumwusa said.

He said that Raleigh has refused to negotiate with them at plant level and insisted that all negotiations should take place at industrial council level.

Mr Peter Nel, Raleigh's personnel director, has confirmed that a deadlock was reached and that the matter has been referred to the Minister of Manpower.

Umnumwusa has asserted that the Union Carbide workers were dismissed last December after a meeting they had demanded the findings of an enquiry into a senior white supervisor, who allegedly assaulted a black worker. The company misunderstood the meeting for a strike and dismissed them after a warning.

The union's recognition agreement with the company has since been terminated and the workers have been applying for their jobs and were employed selectively.

Union Carbide's group personnel manager, Mr Cedric Robertson, yesterday said that the workers have been reinstated, but could not estimate how many of them have been re-employed.

"We have not re-engaged all the workers," he said. He added that the workers had gone on strike.
ABOUT 300 employ-eees of Main Tin Manufacturing Company in Industria yes-terday downed tools after demanding the dismissal of a white supervisor and stop-page of racial discrimi-nation on the plant.

The workers said that "blacks were often dis-missed" after being

found to have "stolen" products, and were dis-criminated against when it came to decision-mak-ing concerning white-black conflicts.

Matters came to a head this week when a black security man found a white supervisor with stolen tins. The matter was reported to his seniors.

The matter was then referred to the manage-ment, and the workers' committee demanded that the same treatment be given to blacks be given to the white supervisor.

The company's manage-ment refused.

The company's mana-ger Mr J Klein told The SOWETAN yesterday that he had no comment on the allegations and the work stoppage.

However, the workers maintain that the discrimi-nation at the plant was disturbing because "we are not safe because the company's policies are racial.'

Dismissed

The workers also said that they did not have a trade union because the company believed in the "old liaison committee" system. Workers were often dismissed without notice and, in some in-stances without their leave pay.

Management often pressed them that they were not productive while whites were left without any pressure put on them. "We form the bulk of the workforce and these whites depend on us for production, yet we are always accused of not producing much," the workers said.

The workers' com-mittee has maintained that management refused to dismiss the supervisor who was found to have allegedly "stolen" the tins. "It is disgusting to work under such condi-tions," a worker said.

DISMISSAL: Section of the workers demanding the dismissal of a white super-vi sor.
**Kohler plans huge plastics investment**

By PRISCILLA WHYTE

KOHLER is to invest more than R50m in the next two years. Most of it will be on innovations in plastics packaging, according to Mr Ian Willis, the packaging company's chief executive.

He believes growth of the plastics market will be 1.5 times that of the gross domestic product.

He adds that packaging is in a cyclical downturn but has not been as severely affected as the economy in general because food packaging is a necessity.

The R2,2bn packaging market benefits from closing of the wage gap because the higher pay of poorer people increases consumer spending.

This season has been a record year for grapes, which created an early demand for packaging boxes, and the citrus crop should also benefit the packaging industry.

Paper is a mature market and does not require the same amount of expenditure on research and development as plastics.

Most of Kohler's new technology is adapted from Japanese packaging though European and US technology is also used.

Mr Willis says SA is very advanced in retailing and believes this has created an innovative pressure on packaging.

At the last financial year end, the Kohler debt/equity ratio was 55%, due to the acquisition of the two packaging groups, Xactics and DRG. The plan is to reduce gearing and bring the debt/equity ratio to 45% by mid-1985.

He says that before Kohler's acquisition of DRG and Xactics, 75% of the company's turnover was from paper packaging sales and 25% from plastics.

Now, after successfully merging DRG and Xactics, 50% of Kohler's turnover is from paper and 50% from plastics.

As a result of the mergers, some rationalisation has been necessary and the workforce of the combined group has been reduced by 4% to 7,000.

As in most sectors of industry, there is overcapacity and Mr Willis estimates the overcapacity in the R400m-a-year corrugated box market is 60%.

The manufacture of rigid plastics requires smaller machinery than for corrugated boxes but overcapacity here is running at 20%.

Overcapacity in the carton, print and flexible sectors is running at about a 33%.

The rigid plastics market is worth R75million a year and flexible R400m.

Kohler does not have any investments in glass or metal packaging and, although an eye is kept on these markets, Mr Willis says that with both sectors suffering from overcapacity, no immediate entrance into these markets is envisaged.

If balance sheet figures are totted up, some 70% of the R2,2bn packaging market is controlled by the three major groups Nampak/Metal Box, Kohler/DRG/Xactics and Consol.

Mr Willis says the SA market can grow only in line with population trends and Kohler already has investments in nearby African countries.

Offshore investment is the only course for future growth and Nampak has been buying plants in the US.

Mr Willis believes Far East countries such as Singapore could benefit from SA packaging, particularly unique product designs.
Will Dorbyl be the vehicle for a new steel monopoly?

Reading the 1984 annual report of Dorbyl against the background of merger possibilities with Stewarts and Lloyds and "big daddy" ultimate holding company Metkor Limited, made for some interesting assumptions about the future of the steel industry in South Africa.

Today Dorbyl is a giant conducting its activities in more than 50 separate factories.

Chairman KN Jenkins' report mirrored the deteriorating economy. The first nine months of the past financial year were highly competitive and difficult. The last quarter fell apart as a result of high interest rates and action taken by the authorities to reduce consumer spending.

The automotive sector suffered badly. Black unrest in the Vaal Triangle resulted in work stoppages, delayed deliveries and unrecovered operating costs.

On the trading side turnover declined significantly to R634.6 million (1983 - R748.1 million) while operating income before interest declined 12 percent to R22.3 million (1983 - R25.4 million). Despite R44.2 million of capital expenditure interest expense was only R4.3 million compared to R6.4 million in 1983. The group's tax charge was R17.4 million, one percent above 1983's amount.

After deducting tax the profit was R30.6 million (1983 - R35.7 million). This meant earnings per share of 165.2c (1983 - 180.9c). Despite 1984 being the worst of the past three years the dividend was maintained at 5c.

STAFFING

While I agree with the chairman that "the group's financial position is most satisfactory" I found it difficult to prove that the average level of net borrowings during the year was well below the levels ruling in the previous years especially with borrowings (long-term, current and overdraft) increasing to R68.1 million at year end compared to R58.5 million at year end 1983.

Staffing was cut from 10,623 people in 1983 to 17,928, so it is evident that the steel industry is finding it tough going.

So what of the future? At year end the order book stood at R635.4 million and while at first glance this is up on the previous year's R592 million, some of the current orders stretch over a longer time.

The directors report emphasised the continued efforts to improve the efficiency of the group's operations and to optimise the use of assets.

This saw the closure of the Busa-Natal Works and the resultant sale of the factory premises for R2 million. Subsequent to year end Car-Part Industries, which operates in Botswana and manufactures ball joints and other steering components, was acquired for R4.2 million.

The Atlantis Plant, established to manufacture forgings, was officially opened in September 1984 and has commenced production.

The past five years' financial review is impressive. At September 30, 1984 the net asset value per share was R17.77, having risen impressively from only R7.94 in 1980. At the present market on the JSE of only R6.50 this represents a 64 percent discount on net asset value.

The last significant merger was in 1973 when Dorman Long and Vanderbijl Engineering Corporation combined to form the Dorbyl of today — but where to from now?

Metkor owns 99 percent and Anglo American 40 percent of a company called International Pipe and Steel Investments South Africa (Pty) Limited (IPSIL), which in turn owns 51 percent in both the Dorbyl and Stewarts and Lloyds Group.

Metkor in turn is owned 49.9 percent by Industrial Mining Investments, 25.6 percent by Iscor, 11.1 percent by Rentmeester Beleggings and 13.4 percent by the public.

My guess is that the following will happen during the next 3-5 years:

- Dorbyl will absorb Stewarts and Lloyds with the latter disappearing from the JSE.
- Iscor will continue on its 1984 profit trend to support its ultimate privatisation whereupon it will be merged into the Genkor stable whose ultimate control rests with Sanlam.
- Significant shareholders, Anglo American will "slide" out of IPSIL. With no advantages, it will trade off its interests.
- Sanlam through Gencor, owning Iscor will team up with Rembrandt who will control Metkor to form a partnership both Sanlam and Rembrandt possess abundant cash reserves to justify their controlling position in the capital-intensive steel industry.
- A monopolistic steel engineering giant will emerge that will secure all major steel tenders in the engineering field with little opposition.
About 200 employees of Main Tin Manufacturing company in Industria have gone on strike in protest against alleged racist attitudes of their company.

The employees, who are not unionised, allege that whenever there are conflict situations involving blacks and whites in the company, whites get the upper hand.

Two recent incidents involved alleged thefts of company property by both black and white staff.

This week a white supervisor is said to have been caught stealing goods but when reported to his superiors no action was taken against him. A similar incident involving a black truck driver occurred a few weeks ago and the driver was summarily dismissed.

Spokesmen for the black staff said yesterday "It seems our company's judgment is based on colour. We demand that the white supervisor should also be dismissed and if he's not we won't return to work."

The strike by the black staff entered its second day today.
Strike by 200 workers enters third day

The strike by about 200 workers at the Main Tin Manufacturing company in Industria entered its third day today with workers refusing to man their posts until a white supervisor is dismissed.

The strike started last week after a white supervisor was allegedly caught stealing company property.

A black truck-driver, who is said to have committed a similar offence, was summarily dismissed a few weeks ago.

Workers today carried placards demanding the dismissal of the white employee and the intervention of the company's head office.
Main Tin strike set to continue today

By JOSHUA RABOROKO

PLACARD-CARRYING workers at Main Tin Manufacturing Company in Industria yesterday demonstrated against the company for practising racial discrimination.

Some of the placards read “We demand equal rights in this plant,” “Racial discrimination is a poison on this plant,” “We demand Lucas back in his truck” and “An injury to one is an injury to all.” These were later left at the company’s main entrance as the workers’ industrial action entered its third day.

The demonstration ended without any intervention.

The strike, which has racial undertones, started last week after a white supervisor was allegedly caught stealing company property. A black truck driver, who is said to have committed a similar offence, was summarily dismissed a few weeks ago.

The workers said that management was practising racial discrimination by sacking black employees and not whites for similar infractions. They have resolved that their sacked colleagues should be re-instated.

A workers’ spokesman told The SOWETAN that they were also demanding that the company should recognise their union, Metal and Allied Workers Union (Mawu) and that the company’s head office — the Metal Box Company — should intervene on their behalf.

“Unless these demands are met, we shall not return to our jobs,” the spokesman said amid shoutings of “Amandla” from the striking workforce.

Metal Box’s Industrial Relations manager, Mr. Doug Swanson, said the workers have not approached him on the matter. However, he believed that the workers’ representatives were having discussions with management on their problems.

The plant manager of the company, Mr. Jimmy Kleyn, confirmed that the workers have not returned to work. They were having discussions with the workers’ representatives and said that the disciplinary committee was looking into the issue.
Recession hammers PE
engineering industries

By MIKE LOEWE

"WE are on our last legs," a press shop manager in North End, Port Elizabeth, said today, describing the plight of the city's ancillary engineering industry, starved of work by the severe slump in local motor plants' production.

His sentiments were echoed elsewhere.

Overtrades and lay-offs have decimated staffs, and machinery is gathering dust in a recession now being described as "worse than the 1930s".

For some companies, the nightmare of closure or takeover by larger firms grows more real by the day.

These are stark findings of a survey of nine firms allied to the motor industry.

- A factory normally employing "a large number of blacks" is producing nothing and selling nothing.
- A company which last year employed 80 people now has only 20 employees and is working a two-day week.
- A company using 250-ton motor presses has "50% of our machines just standing" and is in dire difficulties.

Mr C Onlee, who owns an engineering workshop in Sidwell, said his company was in a situation of "no production and no sales".

Only 21% of the staff had survived retrenchment before the Christmas holidays.

Mr Mike Dibbin, who manages a press workshop in Sidwell which receives 95% of its work from the motor industry, said the situation was "extremely bad".

"We're on our last legs here. We had 70 employees. Now we have 25 people working a three-day week."

"They are just not building cars," he said.

Mr Chris Mangold, who directs an engineering works employing 89 people, said business was "very slack indeed". He said he faced the possibility of having to retrench in all sections, including office staff.

Mr Harris van Neckeker, who runs a general workshop in Sidwell, said "The fair amount of business I received in June has slackened off. The situation now is nowhere like it was then."

He has cut back on 65% of his staff and works a two-day week. "We are still keeping a small staff busy. Things look very bleak."

Mr Glen Hansen, who works in his family business, said "The situation is terrible. Business has really nosedived since last August."

His company cut down to a 4½-day week after recently laying off 10% of its workforce.

Mr Derek Burmeister, contracts manager for a Sidwell workshop, said their machines were working at 50% to 60% of their normal production rate. His firm was working a four-day week.

Mr Chris Murray, managing director of a safety glass company, said one of the firm's two factories producing toughened glass was in difficulties and working a four-day week. Two furnaces which were normally used in good times were standing idle.

Mr Kenneth Terblanche, manager for a workshop in Sidwell, said his company had contracts from the State and his situation was "not too bad" because his firm had made early plans not to rely completely on the motor industry.

The director of the ninth company approached asked not to be named, but said "things are not good."
Race row workers back at work

ABOUT 200 striking employees of Main Tin Manufacturing in Industria yesterday returned to work after the company had undertaken to get rid of racial discrimination on the plant.

A workers' spokesman said that they agreed to return after their boss, Mr Jimmy Klein, had addressed all workers — black and white — and undertaken to abolish racism.

They went on strike last week after a white supervisor was allegedly caught stealing company property — a black truck driver alleged to have committed a similar offence was dismissed a few weeks ago.

The workers accused management of practising racial discrimination by sacking black employees and not whites for similar offences.

By JOSHUA RABOROKO

During a meeting yesterday, the workers also resolved that management should pay them their wages while on strike and that it should continue to discuss with union — the Metal and Allied Workers Union (Mawu).

Mr Klein yesterday said the company had investigated allegations that a white employee had stolen property and found that no theft had taken place. But, he added, "we found that the employee had merely failed to follow the procedure for purchasing company property." For this, he was reprimanded.

Referring to racial discrimination, Mr Klein said that a black employee was previously dismissed for theft after he was found in unauthorised possession of copper wire valued at R700. When confronted, he elected to resign rather than to be subjected to an enquiry.

"The company therefore strongly denies the accusation of the employees. We have established procedures for dealing with grievances with employees and we are disappointed that they resorted to illegal industrial action, instead of following these procedures," he said.

However, Mr Klein continued, the company has been discussing the issue with representatives of the employees and will continue to do so.

It is expected that management will meet Mawu officials for recognition and other job related matters today.

Meanwhile workers at Pharmaceutical company in Aeroton yesterday downed tools in protest against the alleged dismissal of three of their colleagues and the scrapping of an already recognised union committee.

They also demand that they be paid a better annual increment than 10 to 12 percent increase offered to them by the company. The workers claimed that about 300 of their colleagues were out on strike, but a spokesman for the company, Sabax (Pty) Ltd, said only 80 workers downed tools.

Mr F Erasmus, the company's spokesman, confirmed that the company had "little bit of a dispute," adding "As far as we are concerned this is an illegal strike. Only one person was dismissed last week and that was procedural."

Management and workers are having talks.
PE reels as Ford plans pullout

PORT ELIZABETH — This city was stunned yesterday as the full impact of the intended closure of most of Ford South Africa's operations here struck home.

And with talk of further industry rationalisation, there were fears that the figure of more than 2 000 jobs expected to be lost at Ford alone might be only a fraction of the total, including many small-ancillary industries, threatened as a result of the announcement.

Among the results of the merger announced in Johannesburg yesterday between Ford and Amcar (jointly owned by Anglo American Corporation and its industrial arm, Amco)

Headquarters

- Both Ford and Amcar are absorbed in a new motor giant, called South African Motor Corporation (Sampcor) with Amcar having a 60 percent share and Ford 40 percent.
- Amcar headquarters will be in Pretoria

Although not final, Ford seems certain to close its Neave plant in Port Elizabeth completely by March next year, with the loss of 2 000 jobs.

It will then be sold if a buyer can be found.

PE will retain production of the Sierra, Ford's tractor operation and the product development division.

Ford yesterday denied that disinvestment pressure in the US or union militancy in PE had played any part in their decision.

Implications

The largest union affected by the merger, the National Automobile and Allied Workers' Union (Naawu), will be testing Ford and Anglo American to give proof of their public statements of social responsibility.

Naawu said in a statement they would be negotiating to see if the companies were prepared to translate claims that they were aware of the socio-economic implications of the move into action.

The statement was issued after delegations from Naawu, the Motor Assembly and Component Workers' Union (Macwusa) and the all-white SA Iron, Steel and Allied Industries Union met senior management in Johannesburg on Tuesday.

Port Elizabeth MPs reacted with shock yesterday to the news of the merger, describing the move as a "body-blow" for the city.

Mr John Maicomess expressed the fear that the move would have a "ripple effect".

"Component suppliers might move and indeed General Motors who have already closed one plant might have to move in order to remain competitive with other factories which get subsidies from the government."

Describing the move as a "terrible body blow to Port Elizabeth and Uitenhage", the MP for Uitenhage, Mr Dawie le Roux, added that in a wider sense it was also a blow to the whole decentralisation policy.

The leader of the Labour Party, the Rev Allan Hendricks, said the closure was "almost a death-knell for many families in these times of economic hardship".

- Sapa, Political Staff and Own Correspondent

- 400 lose jobs in Cape this week, page 2
- Amcar and Ford merger — R1bn turnover expected, page 14
Naacam warns on rationalisation

PORT ELIZABETH — Rationalisation in the motor component industry is a very real possibility, says Mr John Small, the chairman of the National Association of Automotive Component & Allied Manufacturers.

He says the merger between Ford and Amcar is bad news for the component industry in Port Elizabeth.

"Component manufacturers have been satellites feeding off the motor industry for many years. With the loss of a major client, their position will now have to be examined carefully."

There will be no immediate closures but he expects positions to be reviewed in the coming months.

With the high costs of ferrying components to the Reef and elsewhere, companies will be hard-pressed not to consider moving.

"Rationalisation in the component industry is not out of the question," he says.

For every person who loses a job in the motor manufacturing industry, three to four people lose jobs in allied industries.

Both Mr Small and Mr Colin Adcock, chairman of the National Association of Automobile Manufacturers (Naamsa), agree with Mr Leslie Boyd, the executive director of the Anglo American and new chairman of Sameor, that there are too many vehicle manufacturers.

Mr Adcock says "Naamsa justifies rationalisation as long as it is done in the spirit of free enterprise and not with Government intervention." — Sapa.
Steel shipments agreed for five years

By Priscilla Whyte

A NEW export restraint arrangement for steel products shipped to the US has started.

The latest Government Gazette says that the five-year arrangement is applicable retrospectively from October and supersedes the voluntary restraint arrangement of April.

The new arrangement, signed on January 18, ensures exporters access to the US steel market and provides for the withdrawal of all pending countervailing duty and anti-dumping actions.

The importance of the US steel market can be appreciated from revenue figures published by Customs and Excise.

For the period January to June last year total shipments to all countries amounted to R995,65m. There is no figure given for steel exports to the US but, according to Customs and Excise, base metal export articles for that period earned R1,516m of which R408,65m went to the US, R568m to Europe and R210m to Japan.

Base metals include iron and steel, copper, nickel, aluminium, magnesium, beryllium, lead, zinc and tin.

President Ronald Reagan signed legislation in October 31 to limit, if necessary, steel imports to 18,5% of the US domestic market.

The SA export restraint arrangement is based on an aggregate tonnage equal to 0,42% of US consumption. SA may also export a quota of semi-manufactured products.

The Department of Trade and Industry will be responsible for monitoring shipments against quota allocations.

The five-year arrangement is sub-divided into an initial period of 15 months from October 1 1984; three calendar years ending in December 1986 and nine months from January to September 1989.

From last October to December this year 549,670 tons of steel may be shipped to the US.

Tonnage may not exceed 66,516 tons of hot-rolled sheets and strips (including stainless), 60,100 tons of cold-rolled sheets and strips (including stainless), 58,249 tons of other sheets and strips.

Also included in the total figure are 58,574 tons of plate (including stainless), 83,203 tons of structural steel, 13,224 tons of wire rod, 10,095 tons of reinforcing bar, 3,172 tons of other bar, 55,299 tons of pipe and tube, 27,500 tons of wire and wire products (including stainless steel round) and 113,298 tons of sem-finished steel products (breeches, billets and slabs).

The Government Gazette says quotas for the various categories of steel products will be determined annually and adjusted periodically on the basis of the projected consumption of these steel products in the US.

It also gives details of the export documentation which will be required for each consignment as from February 1 1985.

The completion of export documentation is required to ensure that exports do not exceed the agreed limits and that no more than 60% of any category of steel is shipped during two consecutive quarters without the prior approval of US authorities.
Siemens workers down tools

By JOSHUA RABOROKO

MORE THAN 1 500 employees of a German multinational, Siemens, yesterday staged a work stoppage which coincided with the visit to South Africa by a top executive from the mother company.

Employees at the four plants — Wattleo, Koeboespor, Isando and Rosslyn — later returned to work after management had promised to resolve their grievances, which included the re-employment of dismissed Metal and Allied Workers' Union members and racial discrimination.

In another industrial action, more than 13 000 miners at Kloof goldmine near Westonana yesterday returned to work after management had shown willingness to consider their grievances.

The Siemens strike was sparked-off after management had dismissed two Mawu members at Wattleo.

The workers were allegedly involved in a knife fight at the plant.

According to a union shop steward their dismissal was "unfair" because two other incidents, in which non-members were involved in fights, were treated with "kid gloves" by management. In one incident a white man had allegedly assaulted a black employee with a hammer.

Ignored

The workers voiced their grievances to management, which ignored them and they downed tools.

The other plants joined because they felt their colleagues were "unfairly treated". They also complained of racial discrimination when wages and other benefits were considered.

A Mawu spokesman said that management apparently pleaded with the workers to return after promising to consider their grievances because "they were afraid we were going to boycott a scheduled meeting with Mr Turek, who is the company's top executive from Germany."

Siemens' director, Mr Johan Krootskie, confirmed that all the workers had returned after the company promised to investigate their complaints.

• An OK Bazaars store — Valhalla, near Pretoria — went on strike yesterday in protest against retrenchment of blacks and employment of white workers.

Workers at three other branches — Van der Waal, Randfontein and Gezem — have ended their strikes.
Between 1980 and 1983 the total population of SA and the TBVC states rose by 2.5% a year, but the bureau found Relocations and boundary changes were primarily responsible for QwaQwa and KwaNdebele experiencing the highest growth rates of that time — 24.8% and 12.3% respectively.

The black population of the Bloemfontein region also rose dramatically — by 14.4% a year in the period — mainly as a result of the concentration of blacks at Bothashoel. The Cape Peninsula's black population rose at a rate of 7.1% a year.

White population growth continued at a slow pace. There were 4.6m whites in 1980 and 4.8m in 1983 — an increase of 1.5% a year. Immigrants accounted for 45.8% of the increase. Coloured and Asian population growth occurred at a rate of 1.9% a year while for blacks it was 2.8% a year.

The bureau found that the majority of whites lived in the Transvaal — 53.8% of the total Coloureds dominated in the Cape (84.1% of all people in the province) and Asians in Natal (88.7%). The biggest percentage increase in the white population (4.5% a year) occurred in the south-eastern Transvaal, while the Pretoria-Wonderboom region experienced annual increases of 8.9% and 7.1% in its coloured and Asian populations respectively between 1980 and 1983.

KwaZulu, with a population of 3.8m, was the most populated homeland.

INDUSTRIAL COURT

Making doubly sure

A recent Industrial Court ruling is likely to result in significant changes in the way labour lawyers make applications to the court.

In a departure from normal practice, the court has turned down an application for the temporary reinstatement of workers who had allegedly been unfairly retrenched because, it said, too much time had elapsed between the event and the court hearing. The court stated it would have preferred to have made a final judgment but could not because the appropriate application had not been made.

The case, which was heard in Durban, involves the Metal and Allied Workers' Union (Mawu) and Pineware, the kitchen utensil manufacturers. It went to court when the metal industry industrial council failed to settle the matter.

The implications are profound. In future, labour lawyers would be wise to ensure that in contesting cases which are preceded by (usually drawn-out) industrial council hearings, applications for both temporary and final determinations — in terms of Sections 43 and 46(9) of the Labour Relations Act, respectively — should be made simultaneously. This does not apply when the route to the court is through a conciliation board.

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Until now it has been common practice for parties to approach the court for temporary relief before they make application for the final determination of a matter. Many labour cases do not get past the Section 43 stage, as these judgments are not given the litigants a good idea of which way the final decision will go and they often settle on that basis. The Section 43 hearing takes up less time and is, therefore, cheaper for the parties.

The court also appears to have adopted the view that it will not grant temporary reinstatement if the final order is unlikely to go in favour of reinstatement. This could occur if the court, for example, believes that a financial settlement would be more appropriate in situations in which mass reinstatement threatens a company's financial survival.

The issues in the Pineware case are also of interest. The company did not retrench workers in terms of the generally accepted system of last-in first-out (LIFO) However, the factory is divided into a large number of small departments and the system was applied departmentally rather than in the factory as a whole. This resulted in a number of long-serving employees who had previously been transferred from one department to another being retrenched.

Mawn, which has pledged to take the case back to the Industrial Court, argues that because Pineware was able to effectively bypass the LIFO principle, the company's actions constitute an unfair labour practice. The union also argues that when retrenchments occur companies should be obliged, where possible, to retrain and redeploy workers in order to protect long-serving and senior employees.

The matter will be heard in the next few months after the union's legal team has submitted papers for a final hearing.

LOCAL GOVERNMENT
Tricameral hiccup

The Durban Corporation is getting a taste of tricameral-style consensus government.

Last week, two council decisions which affect the Indian community were held in abeyance because the Minister of Local Government and Housing, as the House of Delegates, Baldeo Dooby, wanted first to consult with council representatives.

The resolutions concerned the granting of a tender to Checkers for the establishment of a supermarket in the Indian area of Phoenix, and the resumption of a long-dormant plan for an Oriental plaza.

Both issues are controversial Indian business interests charge that they — and not Checkers — should be allowed to build the Phoenix supermarket. On the Oriental plaza issue, private entrepreneurs are in conflict with the State over who should provide the amenity.

City officials admit they were a little taken aback when Dookie suddenly sent a telegram forbidding the council from making a decision until he had held discussions on the issue. The council is apprehensive about the extent to which its powers may be inhibited by the authority of an "own affairs" minister.

However, by last weekend a clearer picture was beginning to emerge. Town clerk Gordon Haygarth admits that Dookie and his department are probably the ultimate "approving authority." But he notes that the new tricameral Parliament is a "new ball game." There are, he says, "bound to be a few hiccups" until the ground rules are established. Previously, Haygarth says, Durban would have consulted only with the Department of Community Development which has a "co-ordinating role."

Durban has, however, dutifully played it down the middle. Haygarth, councillor Sybil Hotz and mayor Nel MacLennan flew to Cape Town on Monday, at the Indian ministry's expense, to place the decision in Dookie's hands.

Later, in a manner which indicated a new understanding, Haygarth said "We recognise that 'own affairs' involves talking with people and not making decisions for them as in the past. That's what true consensus government is all about."

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MOORE PARAGON
THE Steel Engineering and Allied Workers Union (SEAWU) has declared a dispute with Afrox Swenware Company in Brits following the company's refusal to negotiate with the union and alleged intimidation on its members.

The union's northern Transvaal organiser, Mr Ndamane Tibane, said that during 1984 they started negotiating with management for recognition, but the bosses have delayed the talks and intimidated workers.

He said "We tried our best to convince management about our members' rights. The company preferred to reject our attempts by victimising the workers.

"About 20 of our members have been forced to resign from the union after alleged victimisation from management. Workers have also had their wages cut off and have had no pay increases for a long time."

A company spokesman has denied that workers have been victimised. They had held "fruitful discussions" with the union and were in the process of concluding a recognition agreement. He declined to comment further.
Union Carriage wins R30-m order

Financial Staff
A contract worth R30 million for the export of train sets to Taiwan has been won by Union Carriage and Wagon Company

The Nigel-based company, which is controlled by Gencor, Anglo American and Australian National Industries, is a major South African producer of railway rolling stocks.

"Under the terms of the contract Union Carriage will supply eleven three-car electric multiple unit (EMU) train sets to the Taiwan Railway Administration," said Mr Maurice Clarke, managing director of Union Carriage.

The coaches will be designed and assembled at the company's plant in Nigel and will be powered by electrical traction equipment supplied by the GEC Company in Britain. The units will be used for suburban travel in Taipei.

"The first shipment, consisting of eight three-car units, are planned for August next year and these units will be fully assembled in South Africa," commented Mr Clarke.

QUALIFICATION TEST

Comprehensive welding trials have been undertaken to assess the suitability of 3CRONIX12, the new shielding gas developed by Air Products for MIG/MAG welding of 3CR12 corrosion-resisting steel.

A welding procedure qualification test was carried out to the requirements of BS 4870 using a qualified coded welder.

The weld specimens were evaluated by TUV-Rheinland to determine compliance by BS 4870.

The results of the extensive testing indicate that the requirements of the specification have been met and exceeded, thus proving that the gas mixture used is suitable for the production of good quality welds.

Middeburg Steel & Alloys, producers of 3CR12 corrosion-resisting steel, are confident that the use of 3CRONIX12 shielding gas for the welding of 3CR12 is conducive to the production of sound weld deposits and believe that the use of this gas can offer significant technical benefits during the fabrication and welding of 3CR12.

CRUSHERS

Krupp South Africa has concluded an agreement with Dunsport Heavy Engineering (formerly Concrush) whereby DHE will locally manufacture the range of Krupp crushers, screens and associated equipment.

The agreement is in line with Krupp's policy of extending its local manufacture and exporting from South Africa.

The marketing of the full range of crushers and screens will still be handled by Krupp which has its head office in Randburg.

According to Krupp South Africa's MD, Mr Klaus Borowska, the total market for this equipment in this country is worth over R30 million.

Several orders for crushers are already in the pipeline from local mines while the export market is looking extremely healthy said Borowska.

R3-m CONTRACT

EMS Industrial has recently completed a R3 million contract for Escom which involved the design, fabrication, supply, installation and commissioning of the complete instrumentation and control system covering coal stockyard storage and overland conveyors at Tetuka Power Station near Standerton.

The stopping, starting and interlocking of the conveyors is controlled by Programmable Logic Controllers (PLCs).
Exports to the rescue as steel market contracts

By PRISCILLA WHYTE

The domestic steel market is contracting but exports are coming to the rescue.

According to the latest figures from Sata, some 195,310 tons of steel (including tin plate) were exported in January 1985 compared to 130,031 tons in January 1984.

An Iscor spokesman said it was expected that some 2,5-million tons of steel would be sold on the export market this year and that "production is running near capacity."

During the 1983/84 financial year Iscor sold about 4,7-million tons of steel of which 1,3-million tons went to export markets.

It would seem that some 2,2-million tons is expected to be sold in South Africa this year, a 35% fall from 1983/1984.

The Iscor spokesman said the depressed rand favoured steel exports but with the US voluntary restraint agreement (VRA) operating, other markets would have to be found.

The export restraint agreement means SA may not export more than an aggregate tonnage equal to 0,42% of US consumption compared to a previous level of 0,72%.

Steel is sold internationally in dollars, which is of benefit to SA.

But, according to Iscor, international steel prices are lower than SA domestic prices because of a world market surplus.

Iscor retrenched staff two years ago.

In 1985 the labour count was about 60 000 compared to 1981/1982 when, excluding Dunsward Steel and Hiobane, which were subsequently taken over by Iscor, the staff complement was nearly 68 000.

The spokesman said "Rationalisation is an on-going programme. Everything is being done to achieve optimal productivity."
MEMBERS of the General Workers' Union of South Africa employed at the Pack Shur Plastic Manufacturing Factory in Pretoria West this week went on strike over pay demands and recognition for their union.

According to Mr Joseph Oliphant, organiser for Gwusa, his organisation represented more than 60 percent of the workers, who claimed earned an average weekly wage of R28,00 for a 12-hour day.

He added that trouble at the factory started on Monday morning as management refused to talk to Gwusa officials. He said, however, they eventually managed to draw company officials to a meeting where it was agreed that all the striking employees be allowed to go on with their work while negotiations continued. But, according to Mr Oliphant, that could not materialise as management wanted to select employees when they returned to work.

"The act was unacceptable to us and we felt that all the people be contacted his office.
3 strikes at cycle company

Mall Reporter

About 300 workers employed by Raleigh Cycles in Springs have staged three stoppages in the past week in protest against the company's refusal to bargain about wages and working conditions at the factory.

The plant falls under the Industrial Council for the Metal Industry and the company has refused to negotiate wages over and above those laid down by the council.

Negotiations between the company and the United Mining, Metal and Allied Workers of South Africa (UMMAWOSA) deadlocked last year, and the union held a strike ballot on March 1 in which most workers voted for industrial action.

Workers staged two legal stoppages last week and stopped work again yesterday.

The Rand Daily Mail was unable to get managerial comment yesterday.
'Govt blundered over unions'

By ALINAH DUBE

THE director of a plastic bags manufacturing
company in Pretoria, whose employees are on
strike, yesterday blamed the Government of hav-
ing blundered in allowing blacks to form trade
unions.

'Sir PG Hutt, director of Pack Shur, was reacting
to his employees' demands that the General
Workers Union of South Africa (Gwusa) be rec-
ognised as their representative body.

He said blacks took advantage of the Govern-
ment's generosity and were creating new organ-
isations daily.

'I explained to my employees that they should
form a committee to solve their problems inter-
ally, because I am against trade unions. I am one
of the pioneers in South African industry and
cannot tolerate continued disruptions at this fac-
tory.'

"Because the Government has allowed blacks
to form trade unions we have a free-for-all in
industry," Mr Hutt said.

The striking workers told The SOWETAN that
they refused to return to their posts because man-
agement was not prepared to talk to Gwusa.
They also wanted their demands for better pay
met.

"But this was unacceptable to us and, as a re-
result, we told management to either meet our de-
mands or do without us," a worker said.

A Gwusa official said a meeting of workers
resolved that no one should return to work unless
management did away with its selective method
when re-employing them.

All demand that they be unconditionally re-
stated and that their trade union be recognised.
Rationalisation ahead following Dorbyl/S & L link

By PRISCILLA WHYTE

A TWO-YEAR period of rationalisation will follow the formal completion this week of Dorbyl's merger with Stewarts & Lloyds (S & L) and its acquisition of Afgate.

Mr Keith Jenkins, chairman of Dorbyl and Stewarts & Lloyds and also the managing director of holding company, Melkor, said the rationalisation of the group's operations would take 18 months to two years.

At the moment Dorbyl has six operating divisions and with the merging of S & L and Afgate, Mr Jenkins believed there would ultimately be nine or ten subsidiaries of Dorbyl.

The former S & L subsidiary, Tube-makers of SA, could become such a major subsidiary.

He said the combined workforce now numbered between 32,000 and 35,000.

Rationalisation could mean retrenchments but natural attrition would be the preferred option.

He pointed out that much pruning of the labour force had already taken place with the staff complement at Dorbyl now 18,000 from a peak of 26,000 and that of S & L trimmed to 9,000 from 12,000.

"No special capital expenditure projects are envisaged at this stage but in engineering the replacement of equipment such as machine tools is continuous," he said.

The seamless tube mill at S&L was being investigated for replacement but the "problem is it requires substantial new investment".

Dorbyl would have to look at "possible partners in this venture because although the plant is well maintained its life is limited".

Capacity utilisation within the new group varied between 60% and 70%.

Mr Jenkins regarded an economic utilisation of plant at between 75% and 80% and in capital intensive works a 20-hour day for a five-and-a-half to six-day week as optimal.

He said working weeks varied with some plants down to a four-day week and less "with considerable short time being worked".

"The engineering industry and industry in general needs further slimming down if we are going to have strong companies.

"Many industries were nurtured on a basis of protection and, while South Africa has moved on a free enterprise path, the rest of the world has introduced greater protection. The free market philosophy should not be overplayed".

He noted that in industry the demand situation was uncertain and "one of the problems is a lack of confidence and the state has a major task in rebuilding confidence".

He thought the Government had overspent on the current account at the expense of major capital projects, which benefited industry and employment in SA.

Mr Jenkins said the withdrawal of investment allowances could not have come at a worse moment. "Industry has the greatest potential for new job creation." He said a fair amount was being exported but South Africa had problems due to a general international ignorance on the situation prevailing here and therefore it was regarded "as a high business risk".

Industrial countries were all hungry with "European countries having plenty of spare capacity and certain countries highly subsidised by government."
THE weak rand helped to give a big boost to the export earnings of two leading South African metal companies, Associated Manganese and Highveld Steel.

Associated Manganese’s earnings jumped by 263 percent last year, due largely to higher sales volumes coupled with the weak rand.

Profit after tax and the State’s share rose to R222.7-million from R5.9-million in 1983. The final dividend is being raised by 25 percent to 280c (180c) to make a total payout to 350c (240c).

Assmang set a fair pace at the half-way stage with a 41 percent improvement in earnings and, with the continued weakness in the rand boosting the value of its exports, this momentum was maintained in the second half.

Capital expenditure by Assmang and its subsidiary Ferralloys was R22.2-million (R2.7-million) at the year-end.

Highveld Steel achieved record turnover of R450.2-million and export earnings of R219-million last year but profit margins were reduced by increased depreciation and interest, strip mill commissioning costs and competitive steel markets.

The chairman, Mr Leslie Boyd, says world steel consumption for 1984 was estimated to be 710-million tons, 6 percent more than in 1983, and the International Iron and Steel Institute had forecast a further, but smaller increase in the world steel market in 1985.

World steel capacity remained greater than demand and prices did not improve significantly. From the middle of the year, international steel trade was dominated by the strengthening of the dollar, with a depressing effect on dollar prices.

The year was also characterised by increased protectionism in the world’s major steel markets.

Highveld’s total export tonnage of finished products was 27 percent up on 1983. The market for Highveld’s vanadium products should be maintained this year but no significant improvement in the domestic steel market is expected before the second half of 1985.

Earnings, however, will at least equal last year’s, says Mr Boyd.

- Duros is to pay R10-million to take over Verhoef and Krause, Cape-based experts in the renovation and restoration of buildings.

The takeover will increase earnings by 234 percent to 16.7c (6c) a share, says an announcement today.

The deal will be financed by the issue of 4.5-million shares to the controlling shareholders, Mr Gordon Verhoef and Mr Earl Krause.

- Edward L. Bateman reports a net profit of R2.7-million for the half-year to December, up from R2.5-million a year ago.

Turnover was R178.4-million and the group is paying a 21c interim dividend.

The directors say the profits for the half-year are satisfactory under current economic conditions and they expect that earnings for the full year to be “somewhat higher” than last year.

Tom Hood
Strikers back at work

By ALINAH DUBE

ALL the 60 striking members of the General Workers Union of SA employed at a Pretoria plastic manufacturing company yesterday returned to work following management's agreement to negotiate with their union. Their other grievance was that they were being paid an average R28 a week wages for a twelve-hour day. Some said they had worked for the same company for more than 10 years with no improvement in the working conditions.

According to a Gwusa official, Mr Joseph Oliphant, Pact Shar agreed to an unconditional reinstatement of all the workers who staged a five-day strike over better pay. They were also seeking recognition for their trade union as they were unhappy about the company's proposals to form an internal committee.

The company's director, Mr T G Hutt, confirmed that the workers had returned. He added that no victimisation will take place. The company was prepared to negotiate with the union provided the workers all returned.
Cable trio ready to merge forces

By BRENDAN RYAN
THREE cable producers are set to merge into a combined operation with an annual turnover of about R230m.

They are Aberdare Cables which, with an annual turnover of about R130m, is South Africa’s largest cable producer, Scottish Cables and Asea Electric.

The development follows hard on the heels of the deal announced last October when Power Technologies (Powertech) took over Scottish Cables. It was the start of the current rationalisation of the heavily overtraded cable market.

As part of that deal, Asea’s cable division was sold to Scottish Cables with effect from March 1.

A joint announcement by the three companies yesterday said discussions were taking place which may lead to a merger of their respective cable interests.

"Further announcements will be made at the appropriate time and shareholders are cautioned in the dealing of their shares until such further announcements are made."

Asea is a subsidiary of Powertech which, in turn, is controlled by Altron.

Mr Ken Maud, a director of Powertech and the executive director of Altron, told a Press conference in Sandton yesterday he had hoped to be able to release full details of the merger.

But some details had still to be confirmed by the JSE, which had asked that the companies issue only a cautionary announcement to shareholders at this stage.

He said he hoped to be able to release full details today.

At yesterday’s meeting was Mr Joop van Tilburg, the managing director of the international Philips electronics group, Aberdare is a 67% held subsidiary of Philips Lighting Corporation SA.

Mr Maud said the agreement to merge had evolved out of ongoing discussions between the various parties over the last few months over the overcapacity of the South African cable market.

Aberdare’s managing director, Mr Bev Pyke, put the overcapacity at between 300% to 400% for some types of cables.

The three companies between them control five cable manufacturing plants based on the Reef, Maritzburg and Port Elizabeth. They offer considerable scope for the rationalisation of operations.

Mr Maud said there were a number of conditions to be met before the merger could be finalised. One of them concerned the attitude of the Competition Board to the proposed deal.

He said initial discussions had already been held with the board and he did not believe the merger would cause it any problems.

Mr van Tilburg said the merger did not represent a disinvestment by Philips.

“We have been in business in South Africa for 55 years and have no intention of disinvesting from our activities here,” he said.

In addition to overcapacity, the industry has been hit by cheap cable imports, the high local cost of primary components such as PVC, steel and aluminium, compared with price levels outside South Africa, and the loss of markets caused by the downturn and the cutbacks in Escom’s capital expansion projects.

“A problem is that local primary industries have grown up under considerable economic protection and, as a result, their prices are way above prices ruling on world markets. This affects the price structures of the secondary industries which have to buy local primary products,” Mr Pyke said.

The merged cable operation will be in a better position to do something about that than the three separate companies.

Given the size of the cable market it controls, the merged operation should be in a far stronger negotiating position against its local suppliers of primary products.

The merged operation will also be in a much stronger financial position, which should help with the establishment of an optical fibre factory.

Speculation over the possibility of Altech and Aberdare setting up such a factory has been rife for more than year.

Aberdare, through its parent, Philips, has access to advanced fibre optics technology.
Workers to end strike

Labour Reporter
THE 600 striking workers at the AECS plastics factory in Newcastle decided to end their week-long strike and return to work on Monday, a spokesman for the company announced yesterday.
He said there had been no change in the company's original offer which the workers have finally accepted.
Disinvestment will hit 750 000 Africans in engineering trade

JOHANNESBURG—The livelihood of some 750 000 black South Africans employed in the engineering industry would be directly affected if the disinvestment policy succeeds, the Federation of Societies of Professional Engineers (FSPE) said yesterday.

In a statement, the chairman, Mr Colin Spence, said that because such a large proportion of all employees in the engineering industry are black, if the industry diminishes as a result of disinvestment, some 10 million black South Africans could be seriously and directly affected.

He said about 240 US companies were directly represented in South Africa in the engineering field and 80 percent of their employees are black. The companies generally set a good example of equal job opportunities, non-discriminatory wages and fair employment.

Code

The principles of the Sullivan Code have been implemented in virtually all companies in the engineering industry, Mr Spence said.

He said all but four nations on the African continent maintain economic relations with South Africa and disinvestment in this country would also have a ripple effect throughout the whole continent, further enhancing poverty and hunger in a region already seriously threatened.

'On the contrary, continued and increased foreign investment is required in South Africa to uplift the quality of life of our black population in the shortest possible time, and to strive towards complete parity in the physical, social and political lives of all our people,' Mr Spence said.

The FSPE felt that disinvestment would be bound to fail in the long term. Mr Spence said the profession doubted the
370 000 metal workers move into pay dispute

By PHILLIP VAN NIEKERK

PAY talks on the country's largest bargaining forum, the steel and engineering industrial council, headed straight into dispute yesterday when employers proposed an effective wage freeze for a year.

All 14 unions on the council, ranging from all-white artisan unions to emerging, predominantly-black unions, have declared a dispute with the Steel and Engineering Industries Federation (Seifsa).

The wages and working conditions of some 370 000 metalworkers are determined by negotiations on the council.

Two blocs of unions on the council - the Confederation of Metal and Building Unions (CMBU), representing skilled and semi-skilled workers, and the local coordinating council of the International Metalworkers' Federation (IMF) - tabled separate sets of demands yesterday.

Seifsa responded by proposing that the current industrial council agreement, including minimum wage rates be extended for a year, with the only exception being a willingness to negotiate an improved holiday bonus.

A spokesman for the CMBU said the parties were unable to reach agreement and a dispute was declared by all 14 unions which are party to the council.

These include the all-white Amalgamated Engineering Union, nine affiliates of the CMBU, Fosfit's Metal and Allied Workers' Union, (Mawa) and Cusa's Steel and Engineering Workers' Union of SA (Seawusa).

An official of one of the unions said they were "shocked" to hear the employer proposal, and responded by saying "no thank you".

Mr Sam van Culler, the executive director of Seifsa, said the employers were concerned that a dispute had been declared and said they would be drafting a statement today.

The agreement is determined by the industrial council, so the unions do not apply for an official conciliation board in the event of a dispute as the council itself operates as a conciliation board.

An executive meeting of the council is to be held on April 16.
Metal unions declare a dispute

The first round of Industrial Council negotiations for the metal industry ended in deadlock yesterday with the unions declaring a dispute with the Steel and Engineering Industries' Federation (Seifs).

A union source said a dispute was declared after Seifs rejected all union proposals including a wage increment to meet the rising cost of living and the reduction of working hours to save jobs.

Seifs had instead proposed the present wage agreement be extended for another year as employers could not afford another now. It also called for the establishment of a committee to negotiate the job security clause in the agreement.

Another union source said failure to reach agreement between employers and trade unions might lead to a strike after June when the agreement expires.

A Metal and Allied Workers' Union spokesman said the union's chief shop stewards met yesterday to discuss the dispute and they would report back to members.

The dispute has been referred to the Industrial Council's executive meeting next Wednesday.

Seifs was expected to make a statement on the matter later today.
Siemens workers down tools

Almost the entire labour force at a German company operating in South Africa, Siemens Cable Company in Pretoria, yesterday downed tools after management had refused shop-stewards transport to go to the Industrial Council wage negotiations in Germiston.

The workers, members of the Metal and Allied Workers Union (Mawu) have also claimed that a white supervisor referred to them as "bloody kaffirs who steal property" after he had lost his keys on the plant.

Siemens' senior personnel, including the company's director, Mr J Krotsae, were not available for comment. They were said to have gone to the IC where they were having talks with union members.

The unions are demanding the reduction of the working week by five hours to help ease unemployment, high wages and maternity leave in the metal and engineering industry.

This is the second time this year that Siemens has been hit by a strike — during February some 1,500 workers downed tools protesting the dismissal of colleagues.

Meanwhile more than 100 Vaal Transport Corporation (VTC) workers near Vereeniging have returned to work after going on strike over the dismissal of a co-worker. The workers downed tools last Friday.
Proposal for wage freeze ends in dispute

Mercury Correspondent

JOHANNESBURG—Pay talks on the country's largest bargaining forum, the Steel and Engineering Industrial Council, headed straight into dispute yesterday when employers proposed an effective wage freeze for one year.

All 14 unions on the council, ranging from all-white artisan unions to emerging, predominantly-black unions, have declared a dispute with the Steel and Engineering Industries Federation (Seifas).

The wages and working conditions of some 370,000 metalworkers are determined by negotiations on the council.

Two blocs of unions on the council — the Confederation of Metal and Building Unions (CMBU), representing skilled and semi-skilled workers, and the local coordinating council of the International Metalworkers Federation (IMF) — tabled separate sets of demands yesterday.

Seifas responded by proposing that the current industrial council agreement, including minimum wage rates, be extended for a year, with the only exception being a willingness to negotiate an improved holiday bonus.

A spokesman for the CMBU said the parties were unable to reach agreement and a dispute was declared by all 14 unions which are party to the council.

These include the all-white Amalgamated Engineering Union, nine affiliates of the CMBU, Posata's Metal and Allied Workers' Union (Mawu) and Cusa's Steel and Engineering Workers' Union of S A (Seawusa).

An official of one of the unions said they were 'shocked' to hear the employer proposal, and responded by saying 'No thank you'.

Mr Sam van Coller, executive director of Seifas, said the employers were concerned that a dispute had been declared and said they would be drafting a statement today.

The agreement is determined by the industrial council, so the unions do not apply for an official conciliation board in the event of a dispute as the council itself operates as a conciliation board.

An executive meeting of the council, to decide on the procedure for handling the dispute, will be held on April 10.
THE livelihoods of about 750,000 blacks in the engineering industry will be directly affected if the overseas disinvestment lobby succeeds, according to the Federation of Societies of Professional Engineers (FSPE).

The chairman, Mr Coln Spence, said in Johannesburg yesterday, that most employees in the engineering industry were black. If the industry was hit by disinvestment pressures, some 10 million blacks could be seriously affected.

About 100 US companies were directly represented in South Africa in the engineering field and 80% of their employees were black.

The companies generally, Mr Spence said, had set a good example of equal job opportunities, non-discriminatory wages and fair employment.

The principles of the Sullivan Code had been implemented in virtually all companies in the engineering industry.

All but four countries in Africa maintained economic relations with South Africa and disinvestment would have a ripple effect throughout the continent, further increasing poverty and hunger in a region already seriously threatened.

Mr Spence said continued and increased foreign investment was required in South Africa to uplift the quality of life of the black population in the shortest possible time, and to strive towards complete parity in the physical, social and political lives of all South Africa's people.
Disinvestment would hit 750 000 blacks in engineering

Johannesburg — The livelihood of about 750 000 black South Africans employed in the engineering industry would be directly affected if the disinvestment policy succeeds, the Federation of Societies of Professional Engineers (FSPE) said.

In a statement, the chairman, Mr Colin Spence, said because such a large proportion of all employees in the engineering industry were black, if the industry diminished as a result of disinvestment, it was considered that about 10 million black South Africans could be seriously and directly affected.

He said about 340 US companies were directly represented in South Africa in the engineering field and 80 percent of their employees were black. The companies generally set a good example of equal job opportunities, non-discriminatory wages and fair employment.

The principles of the Sullivan Code had been implemented in virtually all companies in the engineering industry, Mr Spence said.

He said all but four nations on the African continent maintain economic relations with South Africa and disinvestment would also have a ripple effect throughout the whole continent, further enhancing poverty and hunger in a region already seriously threatened.

"On the contrary, continued and increased foreign investment is required in South Africa in order to uplift the quality of life of our black population in the shortest possible time and to strive towards complete parity in the physical, social and political lives of all our people," Mr Spence said.

The FSPE felt disinvestment would be bound to fail in the long term because, although it would cause serious temporary hardship, it would eventually generate permanent self-reliance. This had been shown to occur whenever economic sanctions had been tried previously.

Mr Spence said the profession doubted the bona fides of many of the protagonists of disinvestment and doubted their understanding of the implications of their policies.

It was also significant that most people in South Africa opposed disinvestment, including most black political, community and trade union leaders.

The FSPE represents 12 institutions of the engineering industry and more than 18 000 engineers of all kinds — Sapa.
Dividing the cake

The annual wage talks at the National Industrial Council for the Steel, Engineering and Metallurgical Industry, which started this week, will be the most difficult in years. Their outcome will affect the wages and working conditions of more than 350,000 employees.

In a novel move, four unions, representing about 120,000 workers, are negotiating under the banner of the International Metalworkers' Federation (IMF). They are the SA Boilermakers' Society, the Engineering Industrial Workers' Union (EIWU), the Metal and Allied Workers' Union (Masu), and the Steel, Engineering and Allied Workers' Union (Seawu).

The IMF represents 14m workers worldwide and has 11 SA affiliates, of which four are members of the metal industrial council. Under the auspices of its SA Co-ordinating Council (SACC), the IMF has had a full-time office in SA since last year.

According to SACC secretary Brian Frederickson, the grouping's key proposals are acceptable. The stage seems set for a lengthy and heated negotiating session.

Frederickson is prepared to make some conciliatory noises. He says: "Our proposals are negotiable. Much depends on employer attitudes. We hope that both sides will look at the other's situation and come to a compromise."

The other major union groups involved in the talks is the Confederation of Metal and Building Unions (CMBU), which represents manual and semi-skilled workers in the metal industry.

CMBU proposals are:
- A reduction to a 42-hour week,
- A 20% increase in minimum wage rates in all job categories, provided that the minimum for any category should be R2,50 per hour. In addition, employees earning more than the minimum rates should receive increases amounting to 20% of the current minimum for their job category,
- Substantial increases in overtime rates and subsistence allowances and the creation of 10%-15% allowances for shift work, and
- Increased consultation over retrenchments. In addition, employers should be obliged to give at least 30 days' notice of retrenchments and to supply detailed information relating to them.

The SA Iron, Steel and Allied Industries' Union, an affiliate of the all-white right-wing SA Confederation of Labour, submitted identical proposals. As this would indicate, the conflict in the negotiations may not be only between unions and employers. Until now, the union side on the industrial council has been dominated by the CMBU, representing steel unionists like the Federation of SA Trade Unions (Fistu) and the Council of Unions of SA's Seawu joined the council relatively recently and represent largely unskilled workers.

The time has come, says Frederickson, for a change in the balance of power on the union side. Although the IMF unions represent only about a third of the workforce, they are more powerful numerically than the other industrial council members, he argues, and therefore deserve a greater say in the council's affairs.

A CMBU source says that when one includes the Iron, Steel and Allied Industries' Union, that grouping has greater representation. Each union on the council is allocated one seat, and the situation is complicated by the fact that two of the CMBU unions -- the Boilermakers and the EIWU -- are also part of the IMF bloc, and any battle for influence may well depend on where they stand. Boilermakers' general secretary Ike van der Walt says his union will attend both the IMF and CMBU caucuses. He says his union had hoped for identical proposals from both sides.

CMBU general secretary Ben Nicholson tells the media: "We want to do all we can to avoid friction between unions. But some CMBU sources are unhappy about the situation, saying that the IMF bloc just wanted to go "one better" in its proposals.

They describe the IMF proposals as "unreasonable," and fear employers will use the differences to delay the talks. They acknowledge that much depends upon where the Boilermakers decide to throw their weight.

The IMF unions are proposing a higher minimum wage and an across-the-board increase in earnings, rather than the percentage increase proposed by the CMBU. The effect of each of the IMF proposals is to allocate a larger proportion of the total package to lower-paid workers. There is obviously a limited amount of money available for wage increases so it can be assumed that much of the negotiations will be devoted to deciding how the cake should be divided.
HAGGIE

Wired for profits

Few industries have been hammered as hard as engineering of late. This is shown in the sector's performance on the JSE, where all but a very few shares have fallen heavily in the past 12 months. There are, however, some rare bright sparks: shares such as NEI, Generex, E.L. Bateman and Haggie have actually moved higher, reflecting profits little dented by recession.

To be sure, each of these more successful companies (to varying degrees) operate in different fields and sell different products and services. But they do have things in common. What stands out most is conservative management — which keep the companies focused sharply on specialist activities. There can be few shares that show the benefits of this as well as Haggie.

In the year to end-December, Haggie lifted its dividend 5% to 73.5c (70c), unlike most other listed companies. This is due to a 12% increase in earnings, which were 159.6c (142.5c). Not only did shareholders enjoy satisfactory income growth, but cover and cash resources improved comfortably too.

On present indications, the group has come through the recession with its profits dropping only in 1983. In that year, after-tax profits of R33.9m were 98% of the previous year's — and 10% below, after adjustment for attributable earnings of Macdem, minorities and preference dividends. In other years, earnings and dividends kept rising.

"The 1984 figures were 5% above budget," says MD Richard Savage. "They were a pleasant surprise, considering that the budget didn't take

The present Governor of the Reserve Bank, Gerhard de Kock, must know well to what extent pressures can be brought on the incumbent of the position he holds. He has been on both sides. Perhaps, therefore, when his commission considers this matter, he should recuse himself and offer to give evidence. When it is finally released, the public record of what he says might make interesting reading.

Haggie is a tightly-held share with a record of consistent and secure returns. Its strengths are largely derived from dominance of a few major activities, and a clear managerial vision of directions. All signs are that the record should remain intact.

into account last year's 10% increase in the corporate tax rate, and assumed a higher gold price and better economic conditions than we had."

Indeed, if Savage's present expectations are justified, Haggie is firmly back in line for steadily rising profits "I have no doubt at all," he affirms "There is every sign that 1985 will be a better year for Haggie than last year."

Coming from Savage (42), that is encouraging. He has come to be known as a man who often talks bluntly, although he has a habit of producing the goods. Right now, his confidence is understandable. Three key things that helped Haggie last year should remain in place, and may help even more. These are the low gearing, the strong presence in profitable export markets, and the local market, a robust demand for steel wire and wire rope from the mining industry.

Critically important in these times is the ultra-conservative balance sheet. Most companies controlled by Haggie have no borrowings at all, they almost never have and net interest payable last year was a relatively low R585 000 (R523 000).

After the consolidation last year of Macdem — in which Haggie now has 50% plus one share, interest-bearing debt rose sharply, with bank overdrafts at R18.5m (R545 000) and long-term loans at R8.8m (R7.8m). However, the additional debt is all in Macdem subsidiary, Copper Alloys Investments (CAI), where Haggie's effective stake is only 30%.

In fact, Haggie's debt/equity ratio stands at a slim 0.17 (0.21), and Savage expects gearing to fall further this year.

Of course, low borrowings may prevent the interest bill from bleeding away earnings, but that doesn't generate profits. Steel wire and related products remain the backbone of the earnings base, currently contributing about 75% of group pre-tax profits. This division includes the 100% held Haggie Rand and 50% held Consolidated Wire Industries (CWI). Of the rest, engineering and distribution (inclu-
Major meeting on pay freeze

By PHILIP VAN NIEKERK

THE crucial steel and engineering industrial council dispute over an employer proposal to freeze the wages of more than 350,000 workers for a year enters a new phase today.

The council’s executive committee meets this morning to decide whether to continue talking or to proclaim a deadlock between the Steel and Engineering Industries Federation (Seifs) and the 14 unions in dispute with it.

Council sources said it was likely that the parties would continue negotiations in the short term, but in the long term there was little hope of a settlement.

A Seifs statement last week said the decision to suspend the agreement to expire in June for a year, was due to the “prevailing severe recessionary conditions and rapidly escalating costs.”

“The key objective should be to retain employees in employment insofar as this is practicable. The number of employees in the metal industries has declined by more than 20,000 over the past three years.”

However, the Metal and Allied Workers’ Union (Mawu) said in a statement after a meeting of union leaders that members would not accept the wage freeze, and indicated they would approach companies who could afford increases individually.

Mawu blamed the “crises in South Africa” on a system which caused the majority of the population to be unemployed or underemployed, and left them to be supported by workers.

“But management refuses to pay a living wage to these workers, who are now supporting not only their own families but the families of the unemployed. Inflation has further ravaged worker’s standards of living.”

“engineered to excite”

BECAUSE YOU ARE
WHO YOU ARE

DENTONE
TELEPHONE
Steelmen return to wage talks

Another round of tough bargaining is expected today when Industrial Council wage talks resume for more than 300,000 workers in the steel and metal industry.

The talks broke down last week when the Steel and Engineering Industries' Federation of South Africa (Seifsa) -- representing 45 employer associations -- rejected union demands.

Two union groupings submitted separate but related pay proposals. The groups are the South African Council of the International Metalworkers' Federation (IMF) and the Confederation of Metal and Building Unions (CMBU).

The IMF key demands were pay rises for members and the adoption of measures by employers to minimise further loss of jobs. The industry has lost 80,000 jobs in the past three years.

Employers said their objective was to save as many jobs as possible. In line with this, they suggested freezing wages for another year.
Union welcomes official's release

By STEVEN FRIEDMAN
Labour Correspondent
THE Metal and Allied Workers Union (Mawu) has welcomed the provisional withdrawal of subversion charges against its Transvaal branch secretary, Mr Moses Mayekiso, but has demanded that the charges be withdrawn unconditionally.

Mawu also accused "prominent employers" of "collaborating" with the State in probing charges against Mr Mayekiso. Thus, it added, "only confirms in workers' minds the identification between employers and the State."

It also thanked foreign unions, particularly in the United States, for supporting demands for the release of unionists and added that arrests of unionists undermined Government claims that unions were allowed to operate freely.

Mr Mayekiso was one of five people charged with subversion, for their role in planning the stay-away by about 80 000 workers in the Transvaal last November. He was the Federation of SA Trade Unions' (Fosatu) representative on the committee which organised the stay-away.

Last week, the State "provocatively" withdrew charges against him after the other four accused failed to appear in court for the second time.

Unionists greeted this decision with a "celebration march" through Johannesburg.

In a statement yesterday, Mawu condemned the fact that the charges were only withdrawn provisionally. It said Mr Mayekiso had acted "at all times" as a Mawu and Fosatu representative.
interests of more than 350,000 employees working for about 10,000 employers.

Metal industry employers, represented by the Steel Engineering Industries Federation of SA (Seifsa), shocked unions last week by proposing that almost all wages and working conditions be frozen until June next year. The unions, which are in two main camps — the Confederation of Metal and Building Unions (CMBU) and the SA Co-ordinating Council of the International Metalworkers' Federation — had tabled demands for shorter working week, wage increases ranging from 20% to 102% and other improvements.

The only concessions employers offered were to improve holiday bonuses for employees with more than four years' service and to renegotiate the "security of employment" clause in the main industrial council agreement. This could lead to greater consultation between employers and unions on retrenchments.

Five options

Five options are open to the council's executive. It can recommend that
- Negotiations should recommence,
- A subcommittee be appointed to consider the matter further,
- The dispute be referred to mediation,
- The parties go to arbitration, or
- The Minister of Manpower be informed of the dispute which would then be dealt with by the official dispute-settling procedures of the Labour Relations Act.

The key objective of the employer offer, says a statement by Seifsa, is "to retain employees in employment as far as this is practicable." The federation points out that the metal industry workforce has shrunk by 80,000 in the last three years.

The unions are not impressed. The general secretary of the International Metalworkers' Federation's SA Co-ordinating Committee, Brian Fredericks, says the employers' proposal is unacceptable given the soaring rate of inflation.

He accuses employers of failing to take cognisance of the fact that many workers now have to support family members who are out of work. He says management has also failed to offer proof that it cannot afford to pay increased wages.

The CMBU's general secretary, Ben Nicholson, interprets the situation differently. He says "Employers are using the severe economic conditions to open negotiations with an extreme stance. But we don't believe this is the end of the road; it is only the beginning."

At this stage the possibility of the metal unions taking industry-wide strike action is remote. But if industrial council wage rates remain static or are increased only marginally — as seems likely — individual employers will be placed under unprecedented pressure to conclude factory-level agreements and break ranks with Seifsa which has long held that wages should only be negotiated at industrial council level.

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**Impasse in Metals**

The Executive Committee of the Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry was to meet this week to decide on action to take as a result of the dispute in the first round of the 1985 wage talks. The council's decisions affect the
Steel dispute is set for new negotiation

BY PHILLIP VAN NIEKERK

EMPLOYERS and unions on the steel and engineering industrial council, who are in dispute over an employer proposal to freeze wages for a year, are to meet at the end of the month in an attempt to resolve the dispute.

The 14 unions represent more than 350,000 workers whose minimum wages and working conditions are determined by the industrial council.

A statement by Mr Gino de Jager, general secretary of the industrial council, said that agreement to meet again was reached at a meeting of the executive committee of the council.

He said employer bodies within the Steel and Engineering Industries Federation of South Africa (Seifsa) would meet on April 28 to co-ordinate their views, after which they will give an indication to the unions what stance they intend to adopt.

The negotiations will resume on April 30.

The parties went into dispute when the employers proposed to extend the existing agreement, which expires in June, for a year, an effective wage freeze.
Black and white workers unite in wage talks

Employers have called for a wage freeze in an attempt to preserve jobs. They argue that in the past three years more than 80,000 workers have been laid off in this sector. If they are forced to meet the unions' demands they will be forced to retrench more workers.

The steel and engineering sector is one of the hardest hit by the present economic recession.

The unions are demanding a minimum wage of R3.50 an hour which would mean doubling the remuneration received by less skilled workers. Artisans want their minimum to be raised by 36 percent to R6.53 an hour.

Other demands include requests that employers increase workers' contribution to the pension fund to 12 percent and that this money be invested in family housing.

Because of retrenchments, the unions have demanded that the severance benefits be increased to one month's pay for every year of service.

Also party to the negotiations, but acting independently of the other bodies, is the right-wing Confederation of Metal and Building Unions (CMBU) made up of about 10 unions. It is demanding increases of between 10 and 45 percent.

A company spokesman said that the workers have been dismissed "We cannot allow workers to stop working at any time, just because we are a multinational company." Siemens' director, Mr J Krostick, said yesterday.
Seifsa ‘aims to uplift blacks’

THE Steel Engineering Industries Federation of SA (Seifsa) was committed to raising the standard of living of lower paid employees in the metal and engineering industry, especially blacks.

In his presidential address, Seifsa's Mr J W Nelson says that he believed that this could be achieved over a "reasonable period of time within the parameters of prevailing economic circumstances and through increased effectiveness in industry."

He said the years 1975 and 1983 — a period encompassing two economic downturns and one upturn — the starting wage for an unskilled employee in the industry increased by 29 percent after allowing for inflation.

**Dispute**

Seifsa, an employer organisation, has released its 1984 annual report at a time when several emerging unions have declared a dispute over wages at the industrial council.

In the report, Mr Nelson says that employers face a "serious dilemma" in that wage increases would lead to further reduction in employment levels at a time when unemployment was already high.
Metal workers demand cuts in bosses’ perks

By Mike Sdu

In an ironic twist to the current Industrial Council wage negotiations for the metal industry, workers have asked employers to severely cut down on management perks.

The Metal and Allied Workers’ Union (Mawu), representing more than 35,000 workers, says in a statement that it has demanded a cut in perks to test employer sincerity in reducing costs. Employers have said they could not afford wage increments for workers because of the weak economy, precipitated mainly by escalating production costs.

Among union demands taken to the negotiating table were a minimum hourly rate of R3,50 rising to R6,50 for artisans. Workers also demanded an across-the-board pay rise of 50c an hour.

TALKS TO RESUME

Mawu and other unions declared a dispute when employers, negotiating under the Steel and Engineering Industries Federation of South Africa (Seifsa), rejected these demands.

The talks are to resume on April 30.

According to the Mawu statement, the union demanded that:

- All management perks be ended immediately
- All company cars be paid for
- There be no free petrol for company cars
- No “large, cheap housing loans” be given to management and directors
- Directors’ emoluments be cut “so that their standard of living approaches closer to that of the rest of the population”

Mawu also called for cuts in expenditure on the South African Defence Force and South African Police and for the money to be spent on creating jobs.

A Seifsa spokesman would not comment on the Mawu statement.
Cut management perks, Mawu says in pay talks

Argus Correspondent

JOHANNESBURG — In an ironic twist to the Industrial Council wage negotiations for the metal industry, workers demanding fatter pay packets have asked employers to cut down severely on management perks.

The Metal and Allied Workers' Union (Mawu), representing more than 35,000 workers, says in a statement that it has demanded perks cuts to test employer sincerity in capping costs.

Employers have said they could not afford wage increments for workers because of the weak economy and escalating production costs.

Among union demands taken to the negotiating table was a minimum hourly rate of R3,50 rising to R6,50 for artisans. Workers also demanded an across-the-board pay rise of 50c an hour.

The unions declared a dispute when employers, negotiating under the Steel and Engineering Industries Federation of South Africa (Seifsa), rejected these demands.

The talks are to resume on April 30.

According to the Mawu statement, the union demanded that:
- All company cars be paid for;
- There be no free petrol for company cars;
- No "large, cheap housing loans" be given to management and directors, and that

Directors' emoluments be cut "so that their standard of living approaches closer to that of the rest of the population".

Mawu also called for cuts in expenditure on the South African Defence Force and South African Police and for the money be spent on creating jobs.

A Seifsa spokesman would not comment on the Mawu statement.
Engineering workers put on short time

By ANDRE JORDAAN
Business Editor

EAST LONDON — The countrywide recession in the engineering industry has made itself felt in East London with Dorbyl Engineering putting 94 workers on a four-day week from next week.

The area manager for Dorbyl East Cape, Mr Norman Baxter, said yesterday the short-time, which follows the retrenchment of about 30 workers in February, was the result of an acute shortage of structural work.

He said the situation had been exacerbated by a structural worldwide slump in the shipping industry and the fact that East London harbour had been without a dry-dock gate for more than a year. The gate was wrecked on the Cape coast while under tow from Cape Town where its wooden seal had been repaired.

Mr Baxter said it was a "paradox" that, while there had been considerable development in Ciskei, there had been such a lack of work elsewhere in the country.
Unions hit at loophole

By STEVEN-FRIEDMAN
Labour Correspondent

A clash is looming between the Metal and Allied Workers Union and employers in or near black "homelands" over the Labour Relations Act and the status of workers in decentralisation areas.

The latest example of this conflict occurred in or near black "homelands" in the country. Labour unions and employers have been trying to negotiate a solution to the problem of workers in these areas.

One firm, Mitco Tools, refused to recognise the Metal and Allied Workers Union (MAWU) and ordered workers to stop the meeting. "This comes less than a fortnight after a MAWU meeting in the country's northeastern province of Limpopo," said a Mitco spokesman.

Workers have been told that if they continue to participate in union activities, they will be fired.

The MAWU spokesman said: "The problem is that workers in these areas do not have the protection of the Labour Relations Act and cannot organise unions."
Mr Trevor Meredith has been appointed a regional manager for Consol in the Eastern Cape. His key responsibility will be to co-ordinate the commissioning and running of the new plant at Dimbaza.

Consol's Ciskel plastics venture

EAST LONDON — Consol's R3.5 million plastic packaging plant at Dimbaza in Ciskel is scheduled to start production in June, according to a press release from the company.

The plant, which will create 400 new jobs in its first year of operation, will have blow-moulding, injection moulding and PET manufacturing facilities. It is aimed at satisfying the needs of customers in the Eastern Cape, in the pharmaceutical, beverage, fabric softener and detergent markets.

The company will also make use of rail concessions to serve the Southern OFS, SWA and certain other areas in the Cape from its Dimbaza factory.

Consol says the Ciskel development, the first of its kind in the region, is part of a R9 million expansion programme which also involves the expenditure of R5.5 million on improvements to its existing Wadeville plant.

Relatively labour intensive machines in use at the Wadeville plant will be moved to Dimbaza while sophisticated automated equipment will be installed at Wadeville.

Consol's managing director, Mr Dave Spindler, said the developments were in keeping with the company's objectives of geographic and product diversification while at the same time keeping up with the latest technology in plastic packaging — DDR.
Copper price moves tied
to currency variations

JOHANNESBURG—Recent moves in the copper price on the London Metal Exchange (LME) have been closely linked to currency fluctuations according to Mr G A Macmillan, the chairman of Palabora Copper.

Addressing the annual meeting here he said that since the end of 1984 the market had been extremely volatile, with the cash copper price reaching a high of £1 303/ton on February 19 after having been R1 134 on January 3.

'Market reaction has been predominantly linked to currency fluctuations and, although the LME warehouse stocks are currently at their lowest levels since September 1974, the gradual strengthening of sterling against the US dollar in recent weeks has seen cash copper prices receding off their higher levels and falling to £1 150/ton.

'Also, for the first time in 12 years, base metal prices are in a material backwardation situation. These two factors of low LME and Comex inventories, where stocks are standing at 32pc and 55pc respectively of the levels pertaining a year ago, and the price backwardation presently being experienced should, in themselves, be bullish for the copper market yet are outweighed by currency-dominated influences,' Mr Macmillan said.

Turning to the shutdown of the two autogenous ore mills at the Palabora mine Mr Macmillan said it is anticipated both mills will be out of service for about 60 days.

As a result the mine's milling rate will drop by about 50pc during this period.

'To maintain smelting and refining rates during the repair period existing stocks of concentrates are being drawn down and ore mining activity is being concentrated in the higher grade areas of the pit.

Repairs

'It is not expected that there will be any material reduction in the production of copper during 1985 provided the repairs are completed as planned. Engineering studies have also been initiated to determine whether these repairs will provide a permanent solution to the problem or whether replacement shells will be required in the longer-term,' he said.

The mills were taken out of service in March when routine inspections revealed cracks in the shells.

Mr Macmillan told the meeting that Palabora would not, as it usually does, declare the first interim dividend at the annual meeting.

He said this was the result of the dates of company board meetings being rescheduled. The first interim dividend would only be considered at the next meeting of the board of directors which is scheduled for May 22.

Channel has loss
of R36 593

JOHANNESBURG—Channel Mining Investment, which operates the Helium diamond mine in the Transvaal, released its first half-year results last week.

The company said the projected turn around from loss to profit is well on its way and the financial results ultimately would give a good dividend yield — (Reuter)

Kantor to talk in Durban

Finance Reporter

PROFESSOR Brian Kantor, of the University of Cape Town, will be the main speaker at a Disinvestment discussion, held at the Lecture Theatre, Denis Shepstone Building, University of Natal on April 30.

His address will be on 'Economic Implications of Disinvestment and Isolation for South Africa'.

The discussion will start at 7 p.m.
FARM machinery manufacturers, including Atlantis Diesel Engines, could be hit by the Government's refusal to allow maize farmers increase their prices, says a Volkskas Bank agricultural economist, Dr André Louw.

The farmers, after a series of bad harvests, are in debt to the banks and government to the tune of about R5 000-million, he calculated today.

This burden is increasing all the time because of high interest rates.

A price increase could have given them a chance to repay some of this debt and replace outworn machinery.

"There is a lot of machinery that ought to be replaced but many farmers will be too hard pressed to finance their debts," said Dr Louw.

Factories making agricultural machinery were already down to about half their normal sales.

To some extent, however, the farmers were to blame for their problems and always expected the State or the banks to bail them out.
15 workers fired in Pta

ABOUT 15 workers at a tool manufacturing company in Pretoria yesterday claimed they had been fired by their boss because they spent too much time in the toilet.

They also complained that their boss always told them negative things about Bishop Desmond Tutu and Dr Allan Boesak. “He once told us that South African whites will shoot blacks from Cape Town to Cairo because we blacks are stupid,” the employees said.
50 held at City Hall demo

Police sweep

Arrested in

Union leaders

By Michael Shiman

A MAWYU demonstrator struggles with police as he is led into one of several vans used to remove those arrested.

Police confrontation

The MAWU union claims there was a police raid on the union's headquarters in downtown Harare.

The union leaders claimed that the police used excessive force.

The police denied the allegations.

By Michael Shiman
Metal industry pay talks adjourned

The Industrial Council wage talks for the metal industry, which began yesterday against the backdrop of the arrest of trade unionists have been adjourned until May 15 without agreement on union demands.

Before the talks began, about 40 unionists, members of the Metal and Allied Workers' Union, were arrested after marching to the Johannesburg City Hall where the talks were held.

Yesterday's adjournment is the second since the talks began between trade unions and the Steel, Engineering Industries Federation at the beginning of April.

The negotiations resumed after unions had declared a dispute with the employers after they suggested a pay freeze for a year.

According to a union source, the unions yesterday rejected an employer offer of an hourly pay rise of between 17c for artisans and 8c for unskilled workers.

This was later raised to 20c and 10c respectively, but unionists still felt it would not meet the high cost of living.

The source said that after the arrest of unionists a leading Seifsa official suggested the talks be halted while efforts were made to try to secure their release.

But unionists decided the talks should continue so that they would be able to report back to their members.
By SEFAKO NYAKA

ON Wednesday thousands of workers from the country's major trade unions came together to celebrate May Day in what was a massive show of strength and solidarity.

May Day is celebrated differently in each country. Workers organise around their own particular problems and struggles.

Worker's Day as the day is sometimes called began over one hundred years ago with the struggle of workers for a shorter working day.

At that time, industry in the world was growing at an alarmingly rapid rate. Many new factories were built employing thousands of unskilled workers.

These unskilled workers were employed under terrible conditions. They often worked for 12 or even 16 hours a day. And they worked for very low wages.

**Organise**

Workers began to organise against their dreadful conditions. Unions began to wage a militant struggle against the bad working conditions.

The workers then started campaigning for an eight-hour working day. They said by forcing workers to work long hours, the bosses could employ fewer workers. This, they argued, kept unemployment high and made it difficult for workers to organise.

In some places the struggle for a shorter working day was successful.

In South Africa May Day was celebrated for the first time in 1904. In these early days, it was only the workers who were organised in trade unions.

From 1919, meetings were held every year and soon workers won May Day as a recognised holiday.

Later, some industrial council agreements allowed the workers to take the day off.

**Whites**

By the 1920s, black workers were also starting to organise in trade unions.

Some political parties joined the unions in organising both black and white workers in holding regular meetings on May Day.

Meetings were organised on the Parade in Cape Town and in Marshall Square in Johannesburg.

During the Second World War (1939-45), the number of black workers in the towns and factories grew. The black trade union movement grew greatly in strength.

Meetings were held every year, but the unions of the more conservative White workers used to hold separate meetings where they would pass resolutions about international solidarity, but refusing to admit blacks to their meetings.

Sometimes the police would break up meetings where black and white workers were gathering, but left the white workers' meeting alone.

**Sactu**

In 1948 the Nationalist Party came to power and tried to represent black trade unions as black political organisations. Then May Day became a symbol of struggle against apartheid.

In 1950, the African National Congress, the Communist Party organised a strike. May Day to oppose government measures. Workers stayed away from work. Factories were quiet, and streets were empty.

In Johannesburg, it was...
Day of the workers

From 1919 meetings were held every year and May Day was recognised as a labour holiday. Later some industrial councils allowed the workers to take the day off. By the 1920's, black workers were starting to organise in trade unions. Some political parties joined the unions in organising both black and white workers in holding regular meetings on May Day. Meetings were organised on the Parade in Cape Town and in Marshall Square in Johannesburg. During the Second World War (1939-45) the number of black workers in the towns and factories grew. The black trade union movement grew greatly in strength. Meetings were held every year, but the unions of the more conservative white workers used to hold separate meetings where they would pass resolutions about international solidarity, but refusing to admit blacks to their meetings. Sometimes the police would break up meetings where black and white workers were gathering, but left the white workers' meetings alone. In 1948 the Nationalist Party came to power and tried to repress black trade unions and black political organisations. This May Day became a symbol of struggle against apartheid. In 1950, the African National Congress and the Communist Party organised a strike on May Day to oppose the government. Many workers stayed away from work. Factories were quiet and many streets were empty. In Johannesburg the police fired on the workers and 18 workers were killed. After this date there were no more large May Day rallies. More and more the government cracked down on the trade unions and political organisations. In 1955 a new trade union federation, South African Council of Trade Unions, was established. For a while Sactu continued to organise meetings on May Day. But in 1964, Sactu was repressed, its leaders jailed, banned or exiled. By this time the white unions had become more conservative and most of them stopped holding May Day meetings. In the 1960s the right to celebrate May Day was removed from industrial council agreements. For many years May Day was not celebrated by workers in South Africa. In the 70s black workers in South Africa began to build up their trade unions again. In 1982 and 1983 trade unions in several parts of the country began to hold meetings on May Day. In 1984, many independent unions held meetings and mass rallies on May Day. In Natal a May Day campaign was launched by the Federation of South African Trade Unions handed out pamphlets explaining the origin of May Day.

Unity

In Cape Town unions involved in the unity talks organised a joint May Day meeting, which was attended by about 1,000 workers. In Natal and Durban May Day 1984 saw a call on workers to boycott products of companies that had fired workers. The meeting was also used as a protest against increases in food prices andGST. In the same year the Chemical Workers Industrial Union won a major battle when Pick-up Glass in the Eastern Cape agreed to set aside May Day as a public holiday.

Yesterday many workers in different countries once again raised the demand for a shorter working day. In the face of unemployment they were demanding a 35-hour working week.

Symbol

This is seen as a demand for more workers to work shorter hours to bring down unemployment and strengthen the workers' position. To the thousands of workers May Day has become a symbol of the workers for a new society, where workers will enjoy political power, and control over their own lives in the factories, and in their own communities.
Call for abolition of asbestos mines

BY JOSHUA RABOROKO

WORKERS all over the world have called for the abolition of asbestos mines because of the cancer threat.

"Workers complain that they do not have to live in asbestos houses, send their children to asbestos schools and live next to asbestos dumps," a worker said in a message from the United States.

Dr. Barry Castlemans, a national anti-asbestos conference called by the Black Allied Mining and Construction Workers' Union (Bamcu) in Sweden at the weekend,

"He said: "Workers have taken their struggle against asbestos mines, adding "we, who are part of the same struggle, applaud your courage and wish you good health.""

"He further said: "The world knows much about the economic and political exploitation of hard-working people in South Africa. But it is not so well known that our country is claimed with asbestos.""

"He also paid tribute to the Bamcu for the work they have done in their struggle against asbestos mines, adding "we must labour in mines, pressing machine-gun-like drills into the earth. They go deaf from the artillery sound in the harsh war of survival."

"Some will come home after a long spell at the mines unable to hear their wives and children's voices. Some workers have their lungs scarred with asbestos."

"They become increasingly short of breath. They must watch their families become impoverished and think of themselves as a burden to their loved ones, because they will be unable to work."

"Miners, construction and foundry workers, with silicosis are also prone to developing tuberculosis. This lung disease can be transmitted to others in the family, especially under conditions of poverty."

"Workers handling asbestos in South Africa not only face exposure more but also work in industries that are banned in more ""industries of the world."""

"South African varieties of asbestos have been banned from Britain and the Netherlands. The cancer threat of asbestos is so awful that construction workers all over the world have called for its abolition," Dr. Castlemans said.

"Bamcu is gearing to campaign for the abolition of asbestos mines in South Africa because "our people are faces with the danger of losing their lives.""

"We have already sent our men overseas to study various strategies we can apply to bring pressure on local mine managers. Asbestos is a killer, that it is natural that we should act to protect our members."

"During the conference, attended by several delegates, slides and video tapes depicting the various ways in which miners can contract the disease, we showed the intensification and report-back meetings will be held from time to time," Mr. Nefolobodwe said.

Bamcu will also welcome expert advice from other sources concerning the "killer disease." "We are also particularly disturbed by the fact that our members do not earn the same as their white counterparts," he said.

The campaign, if successful might have repercussions on workers, especially blacks who are already reeling under large scale unemployment, worsened by recession and the high rate of inflation.

"One factor that must also be taken into consideration is that the closure of these mines might affect other industries which are related to asbestos. Does it mean South Africa will afford to import asbestos? If so, this might mean that the country's workers will be hard-hit.

"Mine managers, on the other hand, will have to take precautionary steps to avoid what could lead to serious confrontation.

"Unions and mine management will have to come together to avoid..."
ADE worker fired for wearing UDF badge

Labour Reporter

A WORKER at the State-owned Atlantic Diesel Engines factory in Atlantis was fired last week after refusing to remove a United Democratic Front badge from his clothes.

After initial attempts to have him remove the badge, he was finally dismissed in terms of a regulation prohibiting the "promotion of any political cause or organization" introduced the day after he was first asked to remove the badge.

Mr Isaac Phooko, 23, of 38 Mornet Road, Atlantis, who had worked at ADE since April 1963, said he had first been asked to remove the badge on Tuesday.

Mr Phooko, who was an assembly operator, said he had refused as there were no company rules against it.

He was eventually given a written warning for "abuse and misuse of company property — his overall — and refusing to obey a legitimate instruction."

On Wednesday, the company introduced its new rule and he was again asked by a company official to remove the badge.

Despite further meetings with company officials, Mr Phooko decided he wanted to continue wearing the badge to work and was eventually fired on Friday morning.

Mr Wally Rautenbach, ADE's chief executive of marketing and public affairs, confirmed the incident.
Dismissals: Union threatens action

THE soaring rate at which management dismiss strikers has been deplored and challenged by emerging trade unions following the sacking of employees at a Boksburg company.

About 110 employees of Minsteel Products in Boksburg were dismissed this week because they went on strike over the dismissal of colleagues fired last week.

The workers, members of the United Mining and Metal and Allied Workers' Union (Ummawu) went on strike last Thursday after their colleagues were victimised for being union members, according to a spokesman.

The union held talks with management on the issue. They were told to return to work, but they refused and demanded that their colleagues be reinstated.

The talks between management and the union reached a deadlock and management dismissed the workers.

This was confirmed by Mr J Trim, director of the company. He said the workers were warned about their activities, but they would not listen whereupon they were dismissed.

Ummawu's secretary Mr Sam Ntuli yesterday said the rate at which management dismiss workers who go on strike seems to be escalating, and “we are going to challenge some of the reasons in court”.

Metal Box taxed profits down 13%  

JOHANNESBURG — Metal Box with a turnover 11 percent higher for the six months ended March 31, saw profits after taxation drop by 13 percent to R16.99m compared to R19.69m for the same period last year.

The unaudited consolidated results of the group show finance operating profit before finance costs increase by only two percent from R33.06m to R33.79m

Then an increase in finance costs of 57 percent at R6.66m (1984 R4.25m) shaved the profit before tax down by six percent to R27.13m (R22.52m)

Tax up, 10 percent at R10.14m (R9.22m) reduced the after tax profit by the 13 percent and earnings a share were reduced by the same percentage to 24.9c (28.7c)

However, an interim dividend matching last year’s 10c has been declared and the directors say that unless there is a further deterioration in trading conditions in the second half of the financial year, the earnings for the year as a whole are expected to be in line with those achieved last year.

For the year ended September 1984, after tax profit was R34.47m and a final dividend of 22c was paid with earnings a share at 50.5c.

The directors say the recession which resulted in weaker consumer demand for a wide range of the group’s products, had a negative impact on real sales volumes in the six months.

The beverage can, diypac, plastics and liquid packaging divisions were especially affected by the reduction in demand.

The food cans division’s sales volumes were reduced by the effect of unfavourable weather affecting peach and apricot crops in the Western Cape.

Margins in the liquid packaging and plastics divisions came under particular pressure which adversely affected profitability.

However, the flexible packaging division’s results were satisfactory, the directors say.

The effect of the generally weak economic conditions and intensified competition was reduced by stringent cost control measures in line with falling demand and an improvement in the results of the glass division, which achieved operating efficiencies and sales volumes well ahead of expectation, they say.

The directors say the second glass furnace is likely to be commissioned before June 30 this year and it will have beneficial effects in the second half of the year. The final cost of the project will not exceed the budgeted amount — Sapa
Row brewing over Iscor loss

Political Staff
A ROW is brewing over the government's decision to cover the R54,3m lost by Iscor on the Sishen-Saldanha line without disclosing the contents of the Maree report on its viability.

In effect, the taxpayer will cough up for Iscor's losses without being given a full explanation as to how they were incurred and why it has become necessary for the government to step in.

It seems Iscor may fear that if it is forced to pay up, its iron-ore exports will be priced out of the market.

The government itself will have been considerably embarrassed — if only in private — over the decision to build the line in the first place, and would wish to spare itself a roasting by going public with the report.

Mr John Malcolm (PFP, Port Elizabeth Central) described the decision to build the iron-ore exporting line as a monumental government blunder, and said: "I find it impossible to believe that the whole report must be kept secret. How can Parliament pass legislation on this without being completely in the picture?"

According to a memorandum, the Maree committee decided it was in the country's interest to continue exporting iron ore through the Sishen-Saldanha project, a recommendation which is accepted.

But the Treasury would make good the losses that Iscor has incurred on the line.

The South African Transport Services took over the line and the harbour against payment of the capital cost with loan finance provided by the Treasury and operated for the account of Iscor.

SATS tariffs were structured so that these costs would be fully recoverable from Iscor.

However:
- international demand for South African iron ore was seriously overestimated in the planning of the line,
- expectations that other users would export considerable tonnage through Sishen-Saldanha were never fulfilled, and
- Iscor's losses on the export of iron ore mean that it can no longer afford what have become crippling tariffs.
Row over Iscor's R814m rail losses

VIABILITY of the Sishen-Saldanha railway line has flared into a major controversy after government's decision to cover Iscor's R814,3m loss on the line without revealing the contents of an official inquiry.

The taxpayer will have to cough up for Iscor's losses without any explanation about how they were incurred and why it has become necessary for government to step in.

Iscor apparently fears that if it is forced to pay up, its iron ore exports — which have at huge losses in recent years — will be priced out of the market.

Government has also been embarrassed — if only in private — over the decision to build the line and apparently wishes to spare itself a roasting by not releasing the report of John Maree's inquiry into the viability of the line.

There was heated reaction yesterday to the announcement by Trade and Industry Minister Dawie de Villiers on Tuesday that the report would not be released because it "contains information which can be detrimental to Iscor's commercial interests. If made public".

John Malcomes (FFP Port Elizabeth Central) described the decision to build the iron-ore exporting line as a monumental government blunder for which the taxpayer was now expected to pay.

He said government was obsessed by secrecy, this obsession was often misplaced because it had more to do with the interests of the National Party than those of the country.

"I call on government to release this report with those parts excised which could be properly deemed to be secret," he said.

"How can Parliament pass legislation on this without being completely in the picture?" he asked.

The Maree report was released confi-
Metal firm’s hearing on dispute adjourned

THE Industrial Court hearing into a dispute between the Metal and Allied Workers’ Union and a Durban metal company over union bargaining rights at plant level has been adjourned to July 12 for legal argument.

The dispute arises from a refusal by Hart Limited, manufacturers of cooking utensils, to negotiate wages and certain other matters at plant level directly with the union.

The company argued that it was not obliged to negotiate wages with the union other than at Industrial Council level.

Mr Geoff Schreiner, general secretary of the union, told the Court considerable industrial unrest could be avoided if the union were allowed to ‘collectively bargain wages and a funeral benefit scheme directly with the company’.

**Acceded**

He emphasised the union saw ‘plant bargaining’ as supplementary to industrial bargaining through the National Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry.

Eighteen local companies covered by the National Council main agreement had acceded to such supplementary bargaining whereas there were only between six and eight companies who were refusing bargaining rights, he said.

Mr Sam van Coller, director of the employers’ association — Steel Engineering Industries Federation of South Africa — told the hearing that if employers were to accede to ‘plant-level bargaining’ on wages it could lead to the disintegration of the Industrial Council system.

Dr D R Ethers and Mr Mohamed Ameen Bulbulia preceded at the three-day hearing at the Ecumenical Centre in Durban.
Johannesburg—Wage talks between the Confederation of Metal and Building Unions and the Steel and Engineering Industries Federation of South Africa have ended in deadlock ($1.0).
Mawu wage talks are adjourned

THE Industrial Council wage talks for the metal industry, which began on Tuesday against the backdrop of the arrest of unionists outside the negotiating hall, have been adjourned until May 15 without agreement being reached on union demands.

Before the talks began, about 40 unionists, members of the Metal and Allied Workers' Union, were arrested after marching to the Johannesburg City Hall where the talks were held.

The adjournment is the second since the talks began between trade unions and the Steel Engineering Industries Federation at the beginning of April.

The negotiations resumed after unions had declared a dispute with employers when employers suggested a pay freeze for a year.

According to a union source, the unions rejected an employer offer of an hourly pay rise of between 17c for artisans and 8c for unskilled workers. This was later raised to 20c and 10c respectively, but unionists still felt it would not meet the high cost of living.

The source said after the arrest of unionists outside the City Hall, a leading SEIFSA official suggested the talks be halted while efforts were made to try and secure their release. But unionists decided the talks should continue so they would be able to report back to their members.
370 000 workers in deadlock

Seifisa strained as metal unions consider ballot

THE two major trade union blocks on the Metal Industrial Council, representing about 370 000 workers, will decide this week whether to proceed with a strike ballot following a deadlock in pay talks.

Deadlock was reached seven weeks after a dispute with the Steel and Engineering Industries Federation (Seifisa) was declared by the entire spectrum of unions on the council, the largest bargaining forum in the country.

It raises the possibility of widespread industrial unrest in the industry and the likelihood of stepped-up demands for plant-level bargaining, undermining the industrial council.

After earlier proposing an effective wage freeze, Seifisa last week offered a 17c, or 8%, increase on the minimum rates, a guaranteed 24c rise for artisans and 14c for unskilled workers.

In a plea to the unions on Thursday, executive director of Seifisa Sam van Coller said the industrial council was experiencing its most difficult period in 40 years.

He said that in the current economic climate there was no way the industry could accommodate the union demands, which would lead to massive unemployment, further shutdowns and more rapid mechanisation.

The Confederation of Metal and Building Unions (CMBU), representing mainly skilled and semi-skilled workers, will caucus today with the all-white SA Yster en Staal.

CMBU director Ben Nicholson said they were considering three options, further informal negotiations, arbitration, or holding a strike ballot.

At this stage the CMBU is more likely to look for ways of reaching settlement than the other major bloc, the local co-ordinating committee of the International Metalworkers' Federation, representing mainly unskilled workers.

The four IMF unions — the SA Boilermakers' Society, the Metal and Allied Workers' Union (MAWU), the Engineering Industrial Workers' Union and the Steel, Engineering and Allied Workers' Union — will be meeting tomorrow.

IMF spokesman Brian Fredericks said there was no way the IMF could accept Seifisa's offer and that they would obviously be considering some form of industrial action.
Dorbyl in 
PE lays off 300 workers
Argus Bureau
PORT ELIZABETH —
Three hundred men and women at Dorbyl Automotive Products here will be laid off tomorrow because of the slump in the motor industry.

The company's executive director, Mr J H Herdman, said the retrenchments would be in agreement with the two trade unions concerned.

The company has a workforce of 1,800 and the retrenchments were made on the "last in, first out" principle.

COMPONENTS

Half the 300 affected are in the bus division and the other half in the components division.

Mr Herdman said they were given a week's notice of retrenchment.

Those affected will be given first preference to work for the company if the economic position improves.

Employees have been working a 35-hour week instead of a 46 hours for seven months.
300 to be paid off tomorrow

Post Reporter

THREE hundred workers — men and women — at Dorbyl Automotive Products in Port Elizabeth's Newave Township will be paid off tomorrow because of the slump in the motor industry.

The company's executive director, Mr J H Herdman, said the retrenchments would be carried out in agreement with the two trade unions concerned.

The company has a total workforce of 1 800 and the retrenchments were made on the "last in, first out" principle.

Half of the 300 affected worked in the bus division and the other half in the auto components division.

Mr Herdman said they were given a week's notice of their impending retrenchment.
Iscor almost doubles monthly overseas sales

PRETORIA — Raw steel consumption could fall by as much as 20 percent during 1985, according to the head of steel production at Iscor, who today said Iscor was aiming to increase its share of the international market.

Mr Nols Olivier, general manager of the steel division at Iscor, said that since October, when the company first decided to turn to the export market, it had almost doubled monthly sales overseas.

According to present trends, he said, Iscor's steel exports during the current financial year compared with 1983/1984 would increase by 95 percent to Africa, 68 percent to the Far East and 72 percent to Europe.

The Middle East, at present the major buyer of South African steel, would buy a total of 0.69-million tons, or 93 percent more than last year.

Mr Olivier said exports were averaging 230,000 tons a month, or 2.7-million tons on an annual basis, compared with only half that figure during 1983/1984.

Local demand

He said Iscor anticipated foreign earnings of R700-million from these sales, compared with R449-million last year.

Mr Olivier, who said he expected the company's revenue to drop during 1985, said the decision to stimulate exports had been taken after a fall-off in local demand.

He said sales in South Africa were expected to decline by 13 percent to 2,806-million tons in the current financial year.

Sales for the 1985 calendar year would probably drop by as much as 20 percent. This followed increases of 12 percent and 20 percent over the previous two years.

"We are holding our market share," Mr Olivier said. "So what is happening to us is happening to the rest of the industry."

Iscor produces about 75 percent of the country's demands for raw steel, according to industry market surveys.

Mr Olivier said he did not expect the local market to deteriorate but added that sales would improve only once interest rates, now standing at about 24 percent, fell to below 20 percent. He added that he did not expect any change before the end of 1985.

Mr Olivier said that despite the growing export market, he expected Iscor's revenue to drop during 1985.

Besides having to both cut its price to compete on the export market and take losses on transporting the material abroad, production costs had increased — Sapa.
PORT ELIZABETH — Three hundred workers at Dorbil automotive products in New Brighton township will be paid off today because of the slump in the motor industry.

The company's executive director Mr J H Herdman said the retrenchments would be carried out in agreement with the two trade unions concerned.

The company has a total workforce of 1,800 and the retrenchments were made on the 'last in, first out' principle.

Employees have been working a 53-hour week during the past seven months. — Sapa
Unions seek to resume talks

By CLAIRE PICKARD-CAMBRIDGE

TWO major trade union blocks, representing 37 000 metal workers, want to resume negotiations with the Steel and Engineering Industries Federation of South Africa (Seifsa) after a deadlock was reached in annual pay talks last week.

Brian Fredericks, of the local coordinating committee of the International Metalworkers' Federation (IMF), said the decision had been made with the Confederation of Metal and Building Unions (CMBU) this week.

This did not rule out the possibility of taking strike ballots among members. Recommendations had been made on Tuesday, however, and they would meet again to decide their course on June 18.
800 workers in disputes with bosses

By JOSHUA RABOROKO

MORE than 800 members of the Metal and Allied Workers' Union were locked in disputes with employers at two separate companies in the East Rand yesterday.

About 600 workers at Brollo Africa in Elandsfontein downed tools in protest against the dismissal of a shop steward. Members claim that management has not explained reasons for the firing.

In another labour move, about 200 employees at Barlow Railway Products in Boksburg went on strike over severance pay and other benefits they demanded when the company was bought by Dorbyl from Barlow Rand Limited.

Mayekiso Transvaal secretary, Mr Moses

Mayekiso, also said their members who were dismissed at Hendler and Hendler in Boksburg have been reinstated following a judgment in the Industrial Court this week.

Brollo management has confirmed the strike at its plant. The company said the workers were sacked in terms of disciplinary procedures at which the employee was represented. The dismissed worker has the right to appeal.

Mr Mayekiso said the problem at Barlow arose after the company was bought by Dorbyl. Workers felt they should be given their severance pay and other benefits because they were taken as new staff members.

Twice workers have staged sit-ins at Barlow Rand's headquarters in Randton demanding that they be paid their rights. Both management have promised to resolve the matter but without success.
Bid to break impasse on threatened metal workers

A NEW attempt is being made to break the impasse on the giant metal industrial council that threatens to leave about 570,000 workers without an agreement on wages and working conditions at the end of the month.

The Confederation of Metal and Building Unions (CMBU) of overseas unionists is meeting the Steel and Engineering Industries Federation (Seifsa), tomorrow to see if the deadlock can be broken.

The two union blocks, the CMBU and the local committee of the International Metal Workers Federation, reached deadlock with Seifsa, representing 44 employer associations, two weeks ago.

Seifsa offered an increase on the minimum rates of 6.3% for artisans and 9.8% for labourers, with the CMBU demanding 10.3% and 15.6% respectively, and the IMF unions demanding 15.7% and 100% for unskilled workers.

The dispute has provided the council with the biggest crisis in its 40-year history and, according to union and employer sources, could result in industrial unrest and chaos in the industry with workers not entitled to annual increases.

Ben Nicholson, chairman of the CMBU, said they had decided to press for off-the-record informal negotiations with the employers and this would be discussed at the meeting of the council's executive on Friday.

The IMF unions have also sought further talks, but are unlikely to be present at Friday's meeting.

Sam van Coller, executive director of Seifsa, said yesterday he remained optimistic that agreement could be struck in the industry, but declined to comment further.

It is understood that Seifsa will be meeting on Monday to deal with the crisis and further negotiations could proceed at the next meeting of the full industrial council on Tuesday.

Nicholson said there was a delicate balance at the moment and that the question of protection afforded by an agreement in the industry could not be overemphasised.

He stressed that if agreement were not reached by the end of the month, there would be no protection and no statutory increases for the 370,000 workers covered by the industrial council.

In addition, the deadlock in the talks meant that all 370,000 workers could be entitled to take legal strike action at the end of the month.
In addition, the President recommended the court to be
as lean as possible for
rates of tax

With respect of other

Court The
maintenance
costs
Patronage
owners
are and it
washing asset until
the resource
expires.

Firm selling heavy tools faces closure

Court Reporter

THE turnover of a Durban firm supplying heavy industrial tools and machinery dropped by half during 1983 and by December 1984 the company had a bank overdraft in excess of R300 000. A judge was told yesterday.

In the Supreme Court, Durban, Mr Justice Dicott granted an order placing Metric Industrials (Pty) Ltd of Victoria Embankment under provisional liquidation and called upon interested parties to give reasons on July 8 why the order should not be made final.

In an affidavit, Mr Michael Duncan Robertson, a director and shareholder of Metric Industrials, said the company had started to trade in 1973. The business was successful until 1983 when sales more than halved and it became necessary to use overdraft facilities in order to continue trading.

Mr Robertson said that in December 1984 it had become obvious to him that Metric Industrials was unable to meet its commitments. At that stage the liabilities were R750 000 and the assets were R530 000.

An arrangement was made with Action Tooling (Pty) Ltd to take over the business operations of Metric Industrials and to sell its stock. Action Tooling also undertook to take over the leased premises and to pay the rent from March 1985.

The scheme had been acceptable to the bank, provided that the overdraft was reduced, and also to most creditors. However, one of the creditors who had not accepted the scheme obtained a judgment against the company and certain assets including stock were attached for a sale in execution to be held on June 13.

Mr Robertson said the company's only source of income was from the sale of its stock and once it had been sold, the company could not continue to operate.

In another matter, the judge granted judgment by default against Max Adler Clothing Industries, Prince Edward Street, Durban, for payment of R161 492 in respect of goods sold and delivered by Consolidated Fine Spinners and Weavers Ltd of Jacobs Bay.
ADE set to break new ground

By TOM HOOD

A MAJOR breakthrough has been achieved by Atlantis Diesel Engines whose giant plant near Cape Town has started making engine blocks and other components for petrol-engined cars, opening the way to a multi-million rand expansion.

The factory's high-quality diesel products have met the meticulous standards of both Daimler-Benz and Perkins. As a result the Mercedes-Benz organisation in South Africa has placed orders for petrol-engine blocks and crankshafts.

"We can see more and more components coming our way," says managing director Hartmut Beckurts. "This does not mean added cost for us—we are purely expanding our business."

"This factory in years to come will be not only a diesel-engine plant but the area could develop into the centre for engine components for the rest of the country. We have an enormous infrastructure. All the services needed are concentrated here and we only need to expand on it."

The first engine was assembled and tested only four years ago and an ADE engine is now accepted in South Africa as a first-class product and in many instances superior to imported ones, claims Mr Beckurts.

"The warranty costs per engine are lower than the standard for engines generally overseas. People cannot tell the difference between a local and an imported block."

Atlantis has the facility to make 50,000 engines a year and today it is "totally underutilised" with production estimated at 16,000 engines this year.

"The factory is running at its lowest level since production started in July 1981.

ADE is also looking for exports, although the company is under some restraints and would need the approval of its partners, Daimler-Benz of Germany and Perkins of Britain, before exporting outside Africa.

Although ADE does not so far directly export its diesel engines elsewhere, they are used in other countries in vehicles and machinery exported by South African companies.

Mr Beckurts also sees a good potential for a South African high-speed diesel engine for bakkies and other light commercial vehicles. Until now ADE has concentrated on medium-speed engines for lorries and tractors.

"If we were to find the right product to power these vehicles that would be a very interesting addition to our products."

"We want to be able to build engines soon which are as competitive as others. We want to improve our productivity so that we can produce at prices which are more or less internationally competitive."

"The Government might eventually reduce the protection given to ADE engines. By that time we must be able to produce efficiently so that people would not be willing to move from ADE engines."

Mr Beckurts is also confident the Government-backed Industrial Development Corporation will sell shares in ADE to the public.

This offer could be made once the company is showing profits and has recouped its losses.

Quality is the policy of Mr Beckurts. "We wish to be judged by our quality of our workmanship, the quality of our service and the integrity of our relationships with people both inside and outside the company."

Quality for ADE starts on the factory floor. Its cleanliness must be an eye opener for industrialists outside food factories, for dust could pose a threat to the engines.

"It becomes part of our lives. You can produce a quality product only if you are prepared to subject yourself to this discipline. We are trying to maintain quality consciousness throughout and I believe that is the recipe for success."

"We are very proud that the feedback from the market is a positive one. Initially, there was a reluctance to accept a South African product—people felt it would not work. ADE could not afford to turn out a product that would be suspect and never took any chances. We made certain that at every stage of the operation quality was checked and controlled."

"We have gained access to the latest technologies that were not available before in South Africa and this is one of the remarkable spin-offs of the ADE project."

ADE should be producing 40,000 engines this year. "But we will probably not reach 18,000, so we can hardly be as cheap as an imported product which is turned out in thousands," added Mr Beckurts.
MEMBERS of the Fosatu-affiliate Metal and Allied Workers Union (Mawu) at four Dorbyl plants on the East Rand are to hold ballots after declaring a dispute with the company over various issues, including wages and housing benefits.

Mawu's general secretary, Mr. Moses Mayekhe, said after Barlow Rand Limited had sold the company to Dorbyl, workers have made representations to the new company which had employed them as new workers.

The issues revolve around annual wage increases, severance pay, long service pay, housing schemes, and other benefits which they enjoyed from their previous employer.

**Demands**

The four plants have been the scene of work stoppages and demonstrations conducted by workers in an attempt to pressure management to meet their demands.

The workers have also stopped work and travelled to the head office of Barlow Rand in Sandton where they demonstrated against the company for not helping them.

However, a spokesman for the company has said that they were busy negotiating with the union on various aspects. Barlow said this matter was discussed by Dorbyl and the union.

At a meeting in Germiston last Tuesday, workers resolved to

- Take the dispute over long-service and severance pay to the Industrial Court.
Steel industry slump costs 94 000 jobs

JOHANNESBURG — The metal and engineering industries had suffered a further downturn in activity levels during the first quarter of this year, reports the Steel and Engineering Industries Federation of South Africa (SEIFSA).

In its survey, SEIFSA said the downturn in business conditions had affected, in particular, the large engineering sector and machinery, electrical machinery and foundry industries.

"Most sectors report that production is slack, hours worked continued normally, but with a tendency towards short-time in the more depressed industries, and new order intake is poor."

Some 10 000 jobs were lost between the 1984 year-end and the first quarter of this year.

There had been a decrease in employees in production processes in the metal industries of 94 000 from the 1981 year end until the first quarter of 1985, SEIFSA said.

This year there are 360 000 employees in the field, compared with 454 000 in 1981.

"In addition to deteriorating domestic demand, SEIFSA's manufacturing sectors had to contend with increased costs of raw materials and other inputs, and a continued loss of market share to imports, despite the weakness of the rand."

However, export sales in the base metals and certain second steel product sectors were expected to show some improvement over last year.

"The current rand exchange rate, combined with continuing growth patterns in South Africa's major foreign markets, suggests some reasonable growth in primary steel exports, in spite of South Africa's voluntary cutback to the United States."

— Sapa
Metal industries face low orders and short-time

METAL industry employment has declined by more than 20% in the past five years. More than 10,000 workers have been laid off this year alone.

The latest quarterly survey of Seifsa — the Steel and Engineering Industries Federation of South Africa — says an estimated 250,000 people were employed in metal industry production processes at the end of March compared to 454,000 at the end of 1983.

It adds "Employment statistics, based on a comparison between the 1984 year-end and first quarter 1985 wage surveys, reflect a loss of some 10,000 jobs during the period, highlighting the strong recessionary conditions which now characterise the Seifsa group of industries."

The survey says the downturn in the first quarter of this year was most evident in the general engineering sector and machinery, electrical machinery and foundry industries.

Most sectors reported slack production, more short-time working and poor order intake.

"In addition to deteriorating domestic demand, Seifsa’s manufacturing sectors are contending with increased costs of raw materials and other inputs and a continuing loss of market share to imports, despite the weakness of the rand."

On the positive side, exports of base metal and some secondary steel products are expected to improve this year. The rand’s weakness is expected to bolster primary steel exports, despite South Africa’s voluntary cutback to the US, while ferro-chrome and ferro-manganese exports are also expected to perform better.

"In contrast, the machinery and electrical machinery sectors expect no improvement in their poor export performance during 1984."

The survey says further slowdowns in the activities of major steel consuming sectors, such as the motor vehicle industry, are expected to cause a 12% drop in domestic primary steel demand this year compared to 1984.

"Nevertheless, steel producers are of the opinion that the higher levels of world steel production and consumption experienced during 1984 will continue through 1985 and these trends, coupled with a continuing weakness of the rand, will stimulate export sales, now targeted at 2.5 million tons and to sustain satisfactory capacity utilisation.”

Production returns for the first quarter of 1985 suggest a possible bottoming-out of the foundry industry but the industry’s short-term to medium-term prospects remain bleak, says the Seifsa survey.

Engineering and metal fabricating industries are expected to suffer narrowing profit margins and continued difficulty in securing adequate short-term working to satisfactorily use production facilities.

The non-electrical machinery industry is also experiencing severe depression and little relief is seen this year.

The survey concludes: "Against this background, the year 1985 is seen as a critical period for the metal and engineering industries, with activity levels remaining low throughout the year."
Johannesburg — About 10,000 workers were laid off in the metal industry in the first three months of this year, according to the quarterly survey of the Steel and Engineering Industries Federation of South Africa (Seifsa).

The survey also shows that employment in the industry has dropped by 84,000 since the beginning of the recession.

At the end of 1981, there was a peak of 454,000 workers employed in the industry, but this had dropped to 360,000 by the end of the first quarter of this year.

The report says the job losses since the beginning of the year highlighted the "strong recessionary conditions" which currently characterized the Seifsa group of industries.

These conditions have been forwarded as a reason for the low increases offered by Seifsa to the metal unions, which in turn has sparked a dispute that threatens to leave the industry without an agreement at the end of the month.
Seifsa hits bottom and worse

Why is the industry in such difficulty?

It goes back to 1982, when we suffered setbacks brought about by the poor gold price and the drought. We had an overvalued rand and as a result encountered intense competition from imported goods and the engineering industry — heavily involved in long-term capital projects — was at a competitive disadvantage. Overseas counterparts were able to obtain low interest rates on export activities while our local rates climbed steadily. Traditional exports such as ferro-alloys and steel suffered because our major trading partner's economies were in the doldrums.

In 1984 it looked as if we had hit the bottom and in fact there were some signs of improvement but the rand came down dramatically and we were caught by the inflationary impacts. Concern that inflation would take off again led to severe financial and monetary restraints. This affected the whole consumer durables industry which faced cutbacks in white goods and the motor assembly — both areas where we are heavily involved. Organizations such as Escom, which had continued to function at a reasonably high level during the earlier part of the recession,

The metal and engineering industries face continued difficulties. According to the latest quarterly survey of Seifsa — the Metal and Engineering Industries' Federation — an end to the problem is still a long way off. CHERILYN IRETON asked Seifsa director Sam van Coller for the background.

keeping many of our members in business, had to tighten up.

But with the rand's low rate of exchange our overseas competitiveness has improved and the export side is looking good. Who are Seifsa's major trading partners? We sell ferro-alloys to the major steel producing countries and we're selling steel all over the world. The test now is whether we are able to market manufactured metal products overseas. It is critical to us that cost escalation be contained so we can take advantage of the low rand.

When do you see a revival of the industry? It's very difficult to predict the likely upturn. Obviously there are three things that can help the economy come right: the gold price, a decent summer rain and improved performance on the export market.

Exports remain the prime area of survival but our international performance is tied to the level of overseas economic activity. It doesn't look as if there will be money available in SA until well into 1985. Which sectors are not running at full capacity? The general engineering; consumer durables such as white goods, motor parts — foundry and heavy engineering sectors have been badly affected. Now contracting sectors where fortunes are determined by the building industry are casualties. Are a lot of companies being put out of work? Definitely. It's difficult to tell how many because even in a recession people start new small businesses. The metal industry as a whole comprises more than 9,000 companies. By far the majority are very small employers.

Will the recession destroy the industry's competitiveness? I doubt it if we have reached a level where competition has been removed. Certain highly-specialised sectors which the market isn't large enough to support may have disappeared but the industry, which recorded more than R70bn in sales last year, is characterised by high levels of competition.
Deadlock drags on in metal industry

By CLAIRE PICKARD-CAMBRIDGE

The deadlock on the giant Metal Industrial Council is still unbroken and threatens to leave 370,000 workers without an agreement on wages and working conditions if it is not resolved by the end of the month.

The 1984 agreement expires at the end of this month and Brian Fredericks, secretary of the local council of the International Metalworkers' Federation (IMF), said the Engineering Industries' Federation (Seifsa) — which represents 44 employer associations — had not altered its offer.

The local IMF body and the Confederation of Metal and Building Unions (CMBU) are the main union blocs who meet with Seifsa for industrial council negotiations.

Sam van Coller, executive director of Seifsa, said earlier that the dispute over wages and conditions had provided the council with the biggest crisis in its 40-year history.

Asked whether any meetings were scheduled between Seifsa and the unions, Van Coller said: "The dispute procedure is still running its course and it would be inappropriate for me to comment now."

Seifsa has offered a minimum increase of 8.3% for artisans and 9.8% for labourers on the grades and both union blocs are rejecting this as insufficient.

Ben Nicholson of the CMBU said there was an unconfirmed possibility that their union representatives would meet with Seifsa next week to try and find a solution to the impasse.

Brian Fredericks of the IMF said some of his unionists would be meeting with members this week to decide on their course of action. Strike action was one of the alternatives if agreement could not be reached.

Fredericks said employers had shown in the past that there was pressure on unions to sign the annual agreement to prevent disarray in the industry. Unions were unhappy with the situation because employers could determine wages as they pleased if agreement was not reached.
Recession hits blacks worst

More than 10 000 workers, mostly blacks, have been laid off in the metal industry this year, according to the Steel Engineering Industries Federation of South Africa (Seifsa) report. The latest quarterly survey of the steel engineering industries federation of South Africa says metal industry employment opportunities have declined by more than 20 percent in the past five years.

It says an estimated 360 000 people were employed in the metal production process at the end of March compared to 454 000 at the end of 1981.

"Employment statistics, based on a comparison between 1984 year-end and first quarter 1985 wage surveys, reflect a loss of some 10 000 jobs during the period, highlighting the strong recessory conditions which now characterise the Seifsa group of industries," says the report.

Concern

These latest statistics have caused concern among trade unions operation in the metal industries, especially the Metal and Allied Workers' Union, the Southern Africa Boilermakers' Society and the Steel Engineering and Allied Workers' Union.

The three unions, which are affiliated to the International Metalworkers' Federation (IMF) have said that they will lose a vast majority of members. Mawu's Transvaal secretary, Mr Moses Mayekiso, said the retrenchments came in the wake of a deadlock reached between the unions and Seifsa over wages and working conditions. Mawu will meet its members at the weekend to discuss the issue.
Heavy going

Next month’s expected cost increases in the metal and engineering sectors will wipe out much of the export edge manufacturers have gained from the low rand.

Adding to fears of steel and electricity price hikes (Business June 7) is the threat of a major pay award to the industries’ 360,000 workers. The annual round of pay negotiations are already in dispute.

Making the picture more gloomy for the 3,500 companies in the Steel and Engineering Industries Federation (Seifsa) are severe inroads in the local market by cheap imports, says Seifsa director Sam van Collier. Foreign exporters are assisted by their governments which provide generous export incentives and soft-loan packages.

The strong recessionary conditions which characterise Seifsa companies are likely to keep unemployment rising. This outlook, says Van Collier, is based on a recent Seifsa survey which shows layoffs moved up to 10,000 workers in 1985’s first quarter.

Falling interest rates are providing limited relief but the manufacturers most able to withstand the mounting pressures will be those which maintain substantial exports. Examples are steel producers Iscor and Highveld Steel.

The FM learns that Iscor’s target of exporting 43% of production has now been exceeded. An Iscor spokesman says production volumes about equal last year’s so far, but exports are way over 50% of production this year. “However, our cash flow will be down,” he says.

Highveld has increased exports to 40% of total production. But a spokesman warns that “inflation will have a long-term detrimental effect and the protection of the low rand will not last forever.”

Hopefully, the wage dispute will not end in strike action. “But,” says Van Collier, “we can’t anticipate what will happen if there’s no agreement when the present one expires on June 30.”
THE two-month wage deadlock in the metal industry could be broken in the next days, but it will allow the industry only a short respite.

But the scene is set for confrontation between the National Union of Mineworkers (NUM) and the Chamber of Mines.

All metal unions except the black Metal and Allied Work-ers Union have agreed to recommend to their members that the employers' final offer be accepted.

Factory level

But the recommendation is only meant as a short-term solution, allowing the wage battle to move from industrial council to factory level.

The final offer is an 8.9% increase for artisans and 9.8% for labourers.

A trade unionist says "We have accepted the offer as a short-term settlement, and will press for plant-level bargaining to improve it."

The Federation of South African Trade Unions affiliated to the Metal and Allied Workers' Union, has not accepted the offer and has called for far-reaching changes to the Industrial council as a negotiating forum.

The NUM's central committee has rejected the Chamber of Mines's final offer of a R25 increase for group 1 surface workers and R74 for underground workers.

The union says it has invited the chamber back to the negotiating table in an attempt to avoid a showdown.

Marginal

However, on Friday, 1818 AECI strikers broke out at Gencor's Bracken mine in the Eastern Transvaal after the mining house announced the previous night the pay increase it intended implementing.

The chamber was paused on Friday to implement its final offer which NUM had rejected for both union and non-union workers. The reason given for the move is that the black work force expects its pay increase from July 1.

Gencor, however, beat the chamber to the gun. Gencor had apparently indicated throughout the negotiations that workers at NUM-recog-
Metalmen accept wage offer

The deadlock in the metal industry wage negotiations, which threatened to leave more than 350,000 workers without a pay agreement, came close to breaking today when unions belonging to the International Metalworkers' Federation (IMF) announced their acceptance of employers' final offer.

A letter confirming this was sent to the Industrial Council today. But it is understood one union in the grouping, the Metal and Allied Workers' Union, is unlikely to sign the agreement which will grant hourly pay rises of between 14c and 24c.

The IMF unions had demanded a 50c-an-hour increase.
The two month-long recognition battle between the Metal and Allied Workers’ Union (Mawu) and the British subsidiary, BTR Sarmcol, has spilled over into the local community of Empophomeni, near Howick and has so far claimed two lives.

The two, dead after a bus carrying Sarmcol workers was stoned in the township.

"One of the dead is believed to have been a new employee of Sarmcol, hired by the company after 975 Mawu members were fired in April.

A mob of youths and women was said to have searched the bus for new Sarmcol workers. They then attacked people and tried to set the bus on fire.

Huts belonging to new Sarmcol workers are reported to have been set on fire last Monday night.

SHOPS BOYCOTTED

Township residents have also been boycotting white shops in the area for their alleged failure to support workers against BTR Sarmcol.

The attacks came after the union had warned that the dismissals could lead to the "destruction of the community of Empophomeni" as many of those dismissed lived in the township.

The dismissed workers have said lack of income would harm their families as BTR is the only major employer in the town.

This week all meetings and gatherings in the Empophomeni magisterial district were banned.

The union has cautioned that the banning could "have the effect of escalating the violence in Empophomeni because the ban will drastically undermine the union’s ability to maintain some order and discipline."

UNION OFFER

It said it was willing to meet the company "unconditionally to prevent further deaths and violence."

Repeated efforts to reach company spokesmen last week failed.

At the centre of the dispute is the company’s decision to fire the workers two months ago.

The workers had struck over the recognition of their union, Mawu.

A series of accusations and counter-accusations then followed, with the company saying the strike was illegal and the union insisting it was not.

The union accused the company of "union bashing" while the company blamed the union for intimidation.

The list of claims and counter-claims is endless. Meanwhile the fight at Sarmcol is having far-reaching consequences in the Empophomeni community.
600 fired after going on strike

More than 600 workers were yesterday dismissed by the Vanderbijlpark company, Vitro Building Products after going on strike over dissatisfaction with their annual wage increases.

An Anglo American spokesman said Vitro, a subsidiary of Amcoal, had fired the workers after they had staged "illegal" work stoppages on Monday and Tuesday over wages.

The workers were dissatisfied with their increments, which were based on the Steel Engineering Industries Federation (Seifsa) rates, he said.

Most trade unions in the steel and engineering industry have rejected the Seifsa rates.

The Anglo spokesman said the Vitro workers were not unionised.

Recruitment to replace the dismissed workers had begun today.
Unhappy
unions sign
agreement

Mercant Correspondent
Johannesburg — From yesterday 350,000
metalworkers were without an industrial council
agreement, but a deadlock has been broken
with four employers, now prepared to sign the
1983 agreement.

Three of the four unions bargaining at the
local committee of the International Metalwork-
ers' Federation (IMF) informed the industrial
council yesterday that they were prepared to
sign the agreement.

Fosfit's Metal and Allied Workers' Union
(Mawu), which has threatened a national strike
over wages, now is the only industrial council
member not to sign the agreement.

Yesterday's letter followed a decision last
week by the artisan unions, including the SA
Youth on Steel Union and the affiliates of the
Confederation of Metal and Building Unions (CMBU),
to reluctantly endorse the agreement.

This means that metal workers will now re-
ceiving increases ranging from 8.5 percent to 10.5
percent. But technically, the industry will remain
without an agreement until it has been gazetted by
the Minister of Man-
power.

A spokesman for the council said the employ-
ers association, the Steel and Engineering Indus-
tries Federation (Sefisa), had indicated that it
would be implementing the new agreement from
July 1

Mr Brian Fredericks,
chairman of the local
committee of the IMF,
said the three IMF unions
who accepted the offer
yesterday were still very
unhappy with it.

These unions are the
SA Boilermakers' So-
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dustrial Workers Union
and Cusa's Steel Engi-
neering and Allied Work-
ers' Union.

He said the unions
would be approaching in
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tial membership to de-
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A spokesman for Mawu
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tion to take now that they
had rejected the industri-
al council proposals.

This is the third year
that Mawu, which has only
been on the council for
three years, has refused to
sign the agreement.

Worker dies
as unrest at
mines continues

Johannesburg — Further unrest occurred
at the strike-hit mines of the Gencor group this
afternoon, with the death of one black worker being
reported.

The death occurred at Winkelhaak gold mine,
where work was disrupted last night when 4,000
workers from one of the
hostsels failed to report
for work.

A Gencor spokesman
said the dead man was
brought to the hospital at
Winkelhaak by two em-
ployees who subsequent-
ly ran away. The cause of
death is unknown and is
being investigated, hesaid.

Almost 20,000 workers
are on strike over pay at
Mawu now only industrial council member not party to agreement

Deadlock broken over new metalworkers' deal

FROM yesterday 360 000 metal workers were without an industrial council agreement — but deadlock has been broken, with all but one union now prepared to sign the 1985 agreement.

Three of the four unions bargaining as the local committee of the International Metalworkers' Federation (IMF) informed the industrial council yesterday that they were prepared to sign the agreement.

STRIKE THREAT

Fosatru's Metal and Allied Workers' Union (Mawu), which has threatened a national strike over wages, is now the only industrial council member not party to the agreement.

Yesterday's letter followed a decision last week by the artisan unions, including the SA Yster en Staal Unie and the affiliates of the Confederation of Metal and Building Unions, to endorse, reluctantly, the agreement.

This means metal workers will now be receiving increases ranging from 8.5% to 9.5%, but technically the industry will remain without an agreement until it has been gazetted by the Minister of Manpower.

A spokesman for the council said the employers' association, the Steel and Engineering Industries Federation (Senisa), had indicated it would be implementing the new agreement from July 1.

Brian Fredericks, chairman of the local committee of the IMF, said the three IMF unions which accepted the offer yesterday were still very unhappy with it.

These unions are the SA Boilermakers' Society, the Engineering Industrial Workers' Union, and Cusa's Steel Engineering and Allied Workers' Union.

Fredericks said that by signing the agreement these unions had at least ensured minimum conditions for the unorganised workers covered by the council.

He said the unions would be approaching individual employers where the unions had substantial membership to demand increases over and above the industrial council minimum rates, and any employer who resisted would face action.

"In addition we have submitted proposals to amend the collective-bargaining structure," he said. "Otherwise all four unions will reconsider their participation in the council.

"There's no way we're going to go through this situation again next year."

NATIONAL TALKS

A spokesman for Mawu said the union would be holding a national executive committee meeting at the weekend to plot what action to take now that it had rejected the industrial council proposals.

This is the third year that Mawu, which has been on the council for only three years, has refused to sign the agreement.

The Mawu spokesman said the union was already involved in plant-level negotiations with 10 employers and would be approaching more in the weeks ahead.
The Federation of South African Trade Unions (Fosatu) said yesterday it would mount a region-wide campaign in Natal against the British multinational subsidiary BTR Sarmcol for dismissing about 1,000 workers in April.

The Sarmcol workers, members of the Fosatu-affiliated Metal and Allied Workers' Union, were sacked after striking to back a demand for the recognition of Mawu.

Two workers died last week as the battle between Sarmcol and Mawu spilled over into the local Empolweni township.

A spokesman from Sarmcol's Johannesburg headquarters said today he could not comment on Fosatu's plans as he had not heard of them.

The company was also unaware of a letter Mawu said it sent the company asking for an "unconditional" meeting.

Asked if the company would be willing to talk to the union, he said there was no point in doing so as there were no longer Mawu members in Sarmcol's employ.
Natbolt takeover zips up the fastener market

By PRISCILLA WHYTE

Natbolt with much-needed suitable production capacity for the export market in which it has made significant inroads.

Competition Board chairman Dr Steef Naude said yesterday that Natbolt had consulted with the board in terms of the Maintenance and Promotion of Competition Act regarding its acquisition of Cut Steel, a subsidiary of Lenings which is, in turn, a wholly-owned subsidiary of JCI.

"Based on the information currently at its disposal, it is the opinion of the board that this acquisition is not contrary to the public interest."

The US market size in fasteners is $3.5bn of which it imports about $600m, mainly from Japan, Taiwan and Korea.

With the acquisition of Cut Steel's more modern plant and machinery, Natbolt now has a stronger base to increase its share of the giant US market because of more efficient machines and longer production runs.

In SA the level of demand for fasteners is low and, due to enormous manufacturing overcapacity, further rationalisation of the R250m-R300m fastener industry is necessary, said Liebesman.

"Since both National Bolts and Cut Steel have high levels and duplication of stock holdings, significant reduction in these levels is now possible," he added.

It is apparent that National Bolts will be in a better position to be a more efficient producer and, if it is to succeed abroad, must concentrate on becoming a low-cost quality producer of international repute.

National Bolts is aiming at exporting 25% of production.

NATIONAL BOLTS, a member of the industrial holdings group Form-scaff, has acquired the entire industrial-fastener business of Cut Steel and Lennings, and their subsidiaries, for R20m.

National Bolts chairman Jeff Liebesman said last night that the benefits arising from the acquisition and subsequent rationalisation of the industrial fastener operations of Natbolt, Cut Steel and Lennings would substantially enhance the profitability of Natbolt.

Some R10.5m in compulsory convertible preference shares have been issued to finance the deal.

JCI, the former controlling shareholder of Cut Steel, gains a 25% stake in National Bolts as a result of the takeover.

Liebesman said "The structure of the company's balance sheet will be strengthened. It will also provide..."
ISCO's steel export programme is making a "tremendous" contribution to the national economy and it was vital that it should continue, Iscor GM Willem van Wyk, said in Pretoria.

Exports were running at about 200,000 tons a month and last year foreign exchange earnings topped R700m. Van Wyk said the original contract with Japanese interests was for the export of 7.5-million tons a year.

This had been reduced to a 5-million. Sales were also being made to Europe, including West Germany and Italy, and to Taiwan. Additional income, Van Wyk said, exceeded additional expenditure involved.

On the matter sale of the Sishen-Saldanha line to Sats, Van Wyk said the scheme was built to handle 18-million tons of ore a year. Provision was made in the planning to raise this to 36-million tons.

But even the 18-million target had never been reached. In 1963-67 8-million tons were exported and in the following three years 13-million tons, another 13-million tons and 16-million tons. Iscor losses on the scheme in 1962-63 reached R25m, and the following year R16m. Since then exports had declined to about 9-million tons.

VOLUMES CUT

Van Wyk said that in 1976 the stage had been reached when Iscor could no longer continue to own the entire Sishen-Saldanha system. And the fact that other users were reluctant to export had led to a decision to sell for R650m.

It had been thought that Sats' ownership of the line would encourage other exporters to use the facility.

"When it reached a stage where export volumes were reduced to half the target of 18-million tons we could not see our way clear to continue on the old basis where we were not even earning enough to meet interest payments on the capital involved," Van Wyk said.

He said that a commission had recommended Treasury take over the R814m interest burden on outstanding capital with Iscor and other users paying moneys in excess of their costs.

Van Wyk estimated Iscor's contribution this year at R118m. He stressed that if conditions did not change drastically it was strongly in the national interest that the export programme be continued.

He added it had been decided to close one of the two plants at Sishen.
Accord bar one

New wage levels were due to be introduced in the metal industry from July 1. This follows a decision by all but one of the unions on the National Industrial Council for the Iron, Steel and Metallurgical Industry to accept an offer from the Steel and Engineering Industries Federation of SA (Seifs). But perhaps the most important aspect of the settlement is that the parties on the council have agreed to start talks on the security of employment clause in the main agreement, and the future collective bargaining structure for the industry. This is likely to lead to a restructuring of metal industry collective bargaining.

In terms of the new agreement, skilled workers in the industry will now receive an increase of 8.3%, while unskilled workers will receive a 9.8% increase. Thus, the minimum wage for a Rate A journeyman will increase by R40 to R521/hour. At the bottom of the job scale, the minimum rate has increased by 17c to R1,90/hour. The guaranteed minimum increase for workers earning more than the minima is 24c/hour at the top and 14c/hour at the bottom.

Other provisions in the agreement, which will cover some 350,000 workers and 18,000 employers, include increased afternoon and night shift allowances, leave bonuses and subsistence allowances.

The agreement was struck with the Yster en Staal Uin, the Confederation of Metal and Building Unions (CMBU), which represents mainly skilled workers, and the SA Co-ordinating Council of the International Metalworkers' Federation (SAIMF), representing mainly unskilled ones.

The Metal and Allied Workers' Union (Mawu), an affiliate of the Federation of SA Trade Unions (Fosatu), is the odd-man-out, which has broken ranks with the other unions. Mawu has now refused to sign the agreement every year since it joined the council. But even so, its members will be affected by the agreement.

The SAIMF's Brian Fredericks tells the FM that although three of the unions in that camp have signed, they are "certainly unhappy" with the offer. He says that irresponsible of the signing, the SAIMF unions will approach individual employers where they have substantial membership in an effort to secure improved conditions over and above what was agreed. Any employers who resist these efforts "will face whatever action our membership deems is expedient under the circumstances," he says. He also says the unions will be submitting proposals to amend the present collective bargaining processes within the industrial council and warns that unless a structure acceptable to them is attained in the next year, the SAIMF unions will have to seriously consider their continued participation in the council.

"The council minimum rates are there to keep the small Seifs guys in business. But some Seifs employers are doing very well, despite the recession, and they are hiding behind the small guys," says Fredericks.

How is Mawu likely to react? Mawu's Moses Mayekos says the union will be meeting this weekend to decide on strategies. Even though Mawu will be going it alone if it takes action, Mayekos says "I would not be surprised if the workers decide to go on a national strike.

Remote possibility

But at least one leading metal employer thinks this is a remote possibility. He predicts instead that in the next few months Mawu will place pressure on individual employers for plant-level bargaining. "There may be go-slows, work-to-rules, overtime bans, and probably even some strikes. International labour organisations may also be used to put pressure on multinationals for plant-level negotiations," he forecasts.

Ironically, the first strike over the new wages was staged at Silverton Engineering in Pretoria on Monday by members of the National Automobile and Allied Workers' Union (Naawu), which is not a member of the council. Naawu says the workers, who have been dismissed, struck after management unilaterally announced that it would implement the Seifs increases on July 1, cutting across negotiations which had been in progress at plant level. The union has demanded their reinstatement.

Demands for plant-level negotiations — which Seifs is implacably opposed to — are likely to be on the agenda if the SAIMF unions, centralised bargaining does provide some advantages to them as they face a logistical problem in getting round to individual companies. One employer told the FM he anticipates that the metal industrial council will probably be changed and restructured along sectoral lines and perhaps even regional lines, although he does not think this would all be done at once.
Steel price set to be raised modestly soon

AN INCREASE in the steel price is expected to be announced by Minister of Trade and Industries Dawie de Villiers within the next 10 days.

But that it will be a modest one is confirmed by Iscor senior general manager (steel) Nols Olivier, who said in Pretoria yesterday an adjustment was unavoidable.

However, the increase would be limited against a background of the extraordinarily high 16.1% inflation rate, and other factors.

Olivier pointed out that Iscor’s margins on export and local steel sales were under pressure.

"Sure the rand-dollar rate favours exports, but in recent months the price of steel on an over-supplied world market has sagged significantly," he pointed out.

That during the past five years increases in the price of steel had been kept four to five percent below the inflation rate.

The coming adjustment was still being discussed but the increase would not seriously aggravate the inflation rate.

Iscor had always made strenuous efforts wherever possible to absorb costs and keep increases down to a minimum, but a point was inevitably reached where an adjustment had to be made.
The strike-hit Baldwins Steel Company in Vanderbijlpark has laid-off about 56 black employees following a strike by the entire workforce over retrenchments and other working conditions.

Mr Johannes Maloka, branch secretary of the Steel Engineering and Allied Workers' Union (Seawu), yesterday accused the company of "unfair labour practice" for refusing to negotiate the retrenchment of the workers in "good faith" with the union.

The workforce downed tools for four days last week after management had refused to negotiate the retrenchment issue which the union maintains was aimed at "victimising our members."

However, the company's branch manager, Mr R C Gybons, has confirmed that workers have been retrenched because of the current recession. He denied that the workers were unfairly retrenched. He also denied the strike action.

May Day

The strike by the workers is the third since the beginning of the year. During May, workers downed tools to celebrate May Day, according to Mr Maloka.

Workers were made to sign forms wherein they undertook not to stay away from work. Since that time workers have been victimised and threatened with dismissal.

"Management has also used "dirty tactics" to lure workers to return to work after the strike last week. "We view this kind of practice as unfair and will challenge management."

Mr Gybons declined to comment on the allegations and claimed "This is a matter between the union and the company, and not the Press."

The union is to hold its annual general meeting at the Cathedral Place, Johannesburg on Saturday, starting at 10am. The agenda includes elections, financial reports, amendment to the constitution and the unemployment and strike funds."
Mawu vows to down tools

THE Fosatu-affiliate Metal and Allied Workers' Union has threatened to go on a national strike if employers in the metal industries refuse to negotiate wages at plant level.

This follows Mawu's rejection of a wage offer for the 350 000 metal workers at the Industrial Council (IC) — the Steel Engineering Industries Federation of South Africa (SEIFSA) last week.

Mawu is the only union in the metal industries' IC which refused to sign the wage agreement — the second time in two years. The union is a member of the International Metalworkers Federation (IMF).

Two other IMF members which took part in the IC wage negotiations — South African Boilermakers' Society and the Steel Engineering and Allied Workers Union — have signed the agreement.

The agreement means that metal workers will now receive increases ranging from 8.3 percent to 9.8 percent as from July 1, but the agreement still has to be gazetted by the Minister of Manpower.

However, Mr Brian Fredericks, chairman of the local committee of the IMF, said the unions were still unhappy about the offer and will be approaching management at plant level. The unions will clamour for increases above the IC minimum rates and those employers who refuse to negotiate will face action.

Mawu said it was unable to sign an agreement which was not accepted by its members. It will not be pressured by anybody into accepting the offer because "we are fully committed to the establishment of a living wage."

"The union remains totally opposed to SEIFSA's policy of discouraging plant level bargaining and points out that this policy is based on a spurious intellectual and a historical supposition and has the effect of:

- Causing massive industrial unrest,
- Protecting highly profitable companies from paying wages commensurate with their income and profits, and
- Distorting the collective bargaining process.
Metal industry's wage pact does not guarantee peace

By Mike Shuma

The conclusion of a wage agreement in the metal industry this month may not have guaranteed peace between employers and a large section of the industry's nearly 300,000 workers.

All unions in the International Metalworkers Federation (IMF), save one, signed the agreement only last week, after three months of tough negotiations with the employer body, the Steel Engineering Industries Federation (Seifsa).

The IMF unions are the South African Boilermakers Society (Sabs), the Steel Engineering and Allied Workers' Union (Seawu) and the Metal and Allied Workers' Union (Mawu) and the Engineering Industrial Workers' Union (EIU).

They have a membership of more than 120,000, comprising mainly unskilled workers.

In signing the agreement, these unions made it clear they were doing so 'under protest' as they were unhappy with the employers' offer.

The Seifsa's final offer was refused.

Mawu is the only union which has for the third time in as many years, refused to sign.

The other union grouping in the industry, the Confederation of Metal and Building Unions (CMBU) representing mostly skilled and semi-skilled workers, has also accepted the employers' offer.

At the start of the talks, the two union groupings presented separate sets of demands.

The CMBU demands included a 40-hour working week and a 26 percent increase in minimum wages for all categories.

The IMF unions asked for, among others:

- The raising of the hourly minimum wage rate for unskilled workers from R1.78 to R3.50 and a guaranteed across-the-board 50c an hour increase.

- The reduction of the working week to 40 hours without loss of pay.

- A strict control on overtime to curb retrenchments.

- The recognition of May 1 as a paid holiday.

Seifsa's final offer came after talks had broken down several times and a declaration of dispute by the unions.

The employers rejected many of the union demands, but have agreed to raise the minimum wage for artisans by 40c to R5.21 an hour. The minimum wage for unskilled workers will be R1.80 an hour.

An across-the-board hourly rise of 24c for artisans and 14c for labourers has also been granted.

Although the agreement came into effect on July 1, the unions have rejected as not meeting the high cost of living.

When signing the agreement, the IMF unions said they reserved the right to negotiate supplementary agreements with the more profitable companies in the industry.

ATTACKED

They attacked the Seifsa position as "discouraging plant-level bargaining." The unions contend that the setting of general wage minimums at the Industrial Council (IC) is meant to protect the smaller employers. But the bigger employers whose profits were greater and therefore could pay more, were hiding behind the IC minimums, the unions said.

It is these employers with which the union will negotiate directly.

Employers who resisted these attempts would "face whatever action our membership deems expedient," said the local IMF secretary, Mr Brian Fredericks.

Mawu was even more explicit, hinting at a possibility of a national strike if employers refused to negotiate at plant level.

The union claims a signed-up membership of more than 40,000.

A union source this week predicted work stoppages over the next few weeks to back plant-level negotiations with some companies.

Last week 500 workers were dismissed by the Pretoria firm Silverton Steel Engineering after striking over the issue.

Their union, the IMF-affiliated National Automobile and Allied Workers' Union, said the company had implemented the new wage rates while direct negotiations were in progress.
R560 million foreign exchange saving for ADE

By TOM HOOD

MORE than R560 million in foreign exchange has been saved by the local production of 69,000 engines since Atlas Diesel Engines started in 1981, says Mr Otto Scholtz, director of finance and management services.

Total investment in fixed assets is R290 million, priced at a time when dollar was $1.36 to the rand.

The same development today would cost upwards of R700 million, he estimated this week.

"The project has become more and more justified with the devaluation of the rand."

Criticism had been levelled at ADE for its price increases but Mr Scholtz claimed the increase in prices of petrol engines manufactured elsewhere and ADE's increases were practically in a straight line.

However, the recession had hit ADE's plans for six.

The country's total diesel engine market was 25,000 engines a year when it started but this had dropped to about 8,000 this year.

The normal market would average 14,000 to 15,000 a year.

The plant was designed for double shift operation. But it was working only one shift a day and at about 50 percent of capacity and so could meet South African demand for some time to come.

There could however, be a sudden increase in demand, especially if agriculture recovered.

In its planning ADE expected the replacement market to drop because its engines were likely to have a longer life span than many currently available.

One of the long-term benefits to ADE was that practically every garage would be trained to work on its engines so there would be considerably less downtime for users, said Mr Scholtz.

Standardisation would bring tremendous benefits. There could be three or four spares dealers in any town competing.

A major development would be the production of components for petrol engines.

The Mercedes-Benz organisation had placed orders for petrol-engine blocks and crankshafts and more components could be produced without increasing costs.
Own Correspondent --

JOHANNESBURG. —

More than 1,000 workers went on strike at five Siemens plants in the Transvaal yesterday as the Metal and Allied Workers' Union (Mawu) stepped up its plant-level wage demands.

Mawu was the only union which refused to sign the metal industrial council's annual agreement two weeks ago.

The strike at Siemens, which manufactures cables and power-engineering and telecommunication equipment, followed a refusal by the firm to negotiate wages over and above the council's increases of 14c an hour.
Vigil to mark funeral of UDF victims

Staff Reporter

A VIGIL organised by the Mowbray Inter Race Group (MIRGE) will be held in St George's Cathedral on Saturday to mark the funeral in Croydon of four murdered United Democratic Front leaders: Mr Matthew Gouw, Mr Fort Calata, Mr Sparrow Mkhonto and Mr Sicelo Mlakayili.

Starting at 6pm, the vigil will be to express sympathy with the bereaved and all victims of the unrest, concern about escalating violence and commitment towards achieving justice reconciliation and peace in South Africa, according to Mrs Daphne Wilson of MIRGE.

Archbishop Stephen Naidoo will open the service and members of the Langa Adult Choir and the Princess Square African Choir will lead the singing of hymns.

Treason trial: 'Bail notes valid'

Argus Correspondent

PRETORIA — The State has set about trying to prove to a Pretoria magistrate that the Attorney-General’s certificates denning bail to the 22 Vlakfontein treason accused are valid.

Defence counsel Mr Ismail Mahomed had told the court at an earlier hearing that the documents were illegal because they were issued before the men were formally arrested.

This was a violation of Section 30 of the Internal Security Act, in terms of which the certificates were made.

The State submitted that a magistrate could not rule on the certificates validly and a lengthy legal dispute ensued.

However, magistrate Mr J.B Koekemoer finally ruled yesterday that a lower court could decide if certain concrete provisions in Section 30 had been complied with.

One of these, he said, was the provision that certificates must be issued after arrest.

Deputy Attorney-General Mr P.E. Jacobs, for the State, then argued the definition of the word 'issued' saying a certificate could only be considered to have been issued once it had been handed into court.

UDF badge hearing postponed

Labour Reporter

AN Industrial Court hearing on an allegation of unfair labour practice by a man fired for wearing a United Democratic Front badge at work was postponed for a ruling on the court's competence to hear the complaint.

The case arose out of the dismissal of Mr Isaac Phooko from Atlantis Diesel Engines in May.

After lengthy legal argument in which Mr F. Erasmus, for ADE, claimed that the hearing could not be held because the application had not fulfilled legal requirements the presiding officer, Mr P.E. Roux SC, yesterday postponed the hearing.

It is alleged that after being given a written warning for refusing to obey an instruction and “abuse and misuse” of company property — the overall to which the badge was panned — the company introduced a new rule the following day prohibiting promotion of any political cause or organisation.

Mr Phooko was dismissed the following day.

He has applied for reinstatement in terms of Section 43 of the Industrial Relations Act. He is represented by Mr L.J. Bagele of the Legal Resources Centre.
Siemens and union meet over strike

SEIMENS management and the Metal and Allied Workers' Union (Mawu) are meeting today in the hope of breaking the strike deadlock and re-employing 1,250 dismissed workers.

Both parties have indicated their willingness to negotiate and to come to an acceptable agreement.

Workers' demands of plant-level bargaining and an R1 across-the-board increase led to a deadlock in talks with Siemens management on Tuesday evening.

Mawu, representing most of the strikers, is the only union which rejects the wage increase negotiated with employers through the Industrial Council for the metal industry.

Joint Siemens MD Johan Trotskie said yesterday that Mawu had dropped its plant-level bargaining demand, while Mawu's Transvaal organizing secretary, Moses Mayekiso, said their demands remained the same.

By FRED STIGLINGH

"We don't know what management have up their sleeves," Mayekiso said, "but if they are serious about considering our point, then we too are committed."

He expressed his disappointment in the Steel and Engineering Industry Federation of South Africa (Seftsa), who "added with Siemens'"

Seftsa director Sam van Coller had indicated that Seftsa members were strongly opposed to plant-level (shop-floor) bargaining and did not believe it possible to bargain on the same matter on two different levels.

Siemens' Trotskie said that 500 coloured workers who were threatened by striking workers at the Pretoria factory on Wednesday had returned yesterday, together with "some black workers."

Reports concerning a sympathy strike at Dordal plants remained unconfirmed yesterday.
PE plants shut down by strike

PORT ELIZABETH - Volkswagen and the locomotive plant of General Motors shut down yesterday through continuing strike action by the workers.

Workers at Ford's Neave plant resumed work yesterday but by 10 30am had downed tools again. They went on strike on Wednesday.

A spokesman for Ford said it was not clear at this stage whether the Neave plant would be closed down for the day.

On Wednesday, for the second time this year, all three motor companies in the Eastern Cape had workers out on strike.

Meanwhile the National Union of Mineworkers (NUM) plans to go ahead with a strike on 27 gold mines and collieries throughout the country early next month, according to the union's information secretary, Ms Manoko Ncwhe.

More than 210,000 of the country's 550,000 black miners are employed on the designated mines, which would make the strike, if successful, the largest in South African history.

Ms Ncwhe said ballotting at 16 of the 27 mines where the union is recognized had brought in more than 60,000 votes favouring the strike with fewer than 1,900 opposing.

This represented 92 percent of workers on the balloted mines according to the union's figures. "The strike is going ahead," Ms Ncwhe said.

The industrial relations adviser to the Chamber of Mines Mr Johann Liebenberg said yesterday the NUM represented 85,000 paid-up members on the mines.

"The chamber contends that the NUM does not have a mandate from the 27 mines where it is recognized, and most definitely not from throughout the industry," he said.

In Johannesburg, the Siemens management will meet representatives of the Metal and Allied Workers' Union (MAWU) today to try to overcome the deadlock situation in which about 2,000 striking workers were dismissed, a company statement said last night.

The workers were dismissed at five Siemens plants for going on strike on Monday to back demands for plant-level wage negotiations to supplement Industrial Council wage rates.

Siemens said the company was willing to consider re-employment of the fired workers many of whom were loyal to Siemens — Sapa.
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2 000 strike at Siemens

More than 2,000 workers from Siemens factories in the Transvaal downed tools today to back demands for a 14c across-the-board hourly wage increase. The Metal and Allied Workers' Union (Mawu) said the workers are from Siemens factories in Spartan (Kempton Park), Isando, Kudospoort, Watloo and Rosslyn (Pretoria).

A union spokesman said the workers were not satisfied with the 14c an hour raise granted by employers at the Metal Industry's Industrial Council.

"From the company's financial statements, we are convinced that the company can afford what we are asking for," the spokesman added.
deed the keystones of the Reagan presidency — jammed up in the Congress for him to be even partly incapacitated.

The time pressure is especially acute. Congress goes on holiday on August 1. When it returns in mid-September the lawmakers will be looking ahead to the mid-term 1986 elections for the full House and 33 of the 100 senators — 22 of them incumbent Republicans.

So the Congress will be in even less a mood than to compromise over tax reform, the budget deficit and important foreign policy questions such as the sanctions against Nicaragua and SA and the president’s October summit meeting with Soviet leader Mikhail Gorbachev.

The question thus is: how quickly can Ronald Reagan snap back?

The president has experienced only mild discomfort from the operation. He is resting well and relaxing between briefing documents with a series of bedside novels and visits from his wife.

And as for the American presidency, except for a seven-hour period when George Bush was in charge, it remains clearly in the hands of Reagan. Chief of Staff Donald Regan has taken over much of the detail work which the president had passed on before he entered the hospital.

But soon that backlog of executive decisions will be exhausted. New decisions will have to be taken, initiatives planned and — insofar as the recalcitrant Congress is concerned — bargains will have to be struck.

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**NEW TERMS**

**Novel strike clause**

Durban motor components manufacturers, Rowen, and Fosatu's National Union of Automotive and Allied Workers (Naawu), have signed a recognition agreement containing a unique clause whereby the company undertakes not to dismiss strikers for four weeks — provided they have adhered to the agreed dispute procedures.

Unions have long argued that striking workers should be entitled to some form of protection from dismissal if they have followed dispute-resolving procedures. This agreement goes beyond this argument by providing this protection, and is set to be a major talking point in industrial relations circles.

The agreed dispute procedure comes into effect once a deadlock has been reached in negotiations over conditions of employment, or when the disciplinary or grievance procedures have been exhausted. It includes:

- A five-day cooling-off period.
- Thereafter management and the union are obliged to meet twice within 14 days to attempt to resolve the dispute.
- If that fails, a mediator may be appointed by mutual consent, and he has seven days to bring the two sides to agree, and
- Unless mutually agreed otherwise, the

**dispute-resolving mechanisms contained in the Labour Relations Act must be invoked.**

Once these steps have been followed, workers are entitled to embark on an "authorised" strike, which may be legal, with the guarantee that they will not be dismissed for at least 20 working days.

The philosophy behind the agreement, says a Rowen spokesman, is to create an onus on both sides to prevent strikes and to build a relationship based on trust. "We do not want wildcat strikes. This clause is an incentive for the union to follow the lengthy procedures. Hopefully, once they have been followed, any dispute will be resolved. But if not, and there is a strike, we believe that to dismiss our employees immediately would destroy any trust that has been built," he adds.

Rowen employs 800 people. It is part of the Met Air group and supplies a major proportion of its products to Toyota. Toyota is, in fact, a shareholder in Met-Air, and a Naawu spokesman believes the agreement has implications for the whole Toyota group.

The first strike following the wage settlement at the National Industrial Council for the iron, steel and metalurgical Industry has been resolved. According to a Naawu spokesman, 500 members at Silverton Engineering returned to work having won an improved wage increase. They are to receive hourly increases of 15c from July 1, with two further 5c increases in October and December. The new minimum rate at the company is R2,15/hour. The new Industrial Council minimum is R1,90/hour with guaranteed increases of 14c/hour in the lowest job category.

Still at issue, however, is whether the workers should be fully reinstated or treated as new employees. They went on strike on July 1 over a management decision to implement the council increases while plant level negotiations were in progress, and were dismissed (Current Affairs July 5).

Naawu is not a party to the Industrial Council. However, another Fosatu affiliate which is, the Metal and Allied Workers’ Union, refused to sign the agreement and has said it plans to campaign for extensive plant level wage settlements.

**THE PFP AND REFORM**

**Brokering peace**

The leader of the Progressive Federal Party (PFP), Frederik van Zyl Slabbert, pulled the self-fashioned mantle of national peace broker more firmly around his shoulders this week with a well-reasoned and apparently effective lecture to influential young Afrikaners in Stellenbosch.

Speaking at the annual congress of the Afrikaanse Studentebond (ASB), Slabbert laid the country’s choices before delegates continue on the road towards siege, or negotiate away from it.

Judging by questions afterwards, his concept of dialogue certainly captured some
Car industry strikers ‘to go back to work’

Own Correspondent
PORT ELIZABETH — Workers at Volkswagen in Uitenhage and Ford’s Neave plant here are expected to return to work early next week ending strikes at both factories.

A spokesman for the National Automobile and Allied Workers Union (Naawu), which represents most hourly-paid workers at both plants, said workers at VW were expected to return on Monday and Tuesday and Neave workers on Tuesday.

Strikes at both companies started on Wednesday this week and affected about 5,000 workers. Both plants were closed yesterday.

Workers at VW downed tools after demands for refunds from pension contributions were refused. Workers at Ford stopped work because of the company’s refusal to backdate interim wage increases, the Naawu spokesman said.

These issues are expected to be high on the agenda when Ford, General Motors and VW meet trade union representatives in the Industrial Council on Monday.

Negotiations over wage increases have been going on for about eight months with no results.

Ford and Volkswagen spokesmen could not be reached late yesterday to comment on the expected return to work.

Sapa reports that yesterday’s talks between Siemens and the Metal and Allied Workers Union (Maawu) to break a deadlock after 1,200 workers were fired for striking this week will be resumed on Monday.

A Siemens statement last night said Maawu delegates were told that the company was willing to re-employ the vast majority of the dismissed workers, as it believed them loyal to Siemens.

It said that while the company ‘clarified’ its refusal of the R1-hour increase, individual workers would receive an additional increase based on performance and merit.

The statement said, however, “A small number of the dismissed workers will not be re-employed where acts of violence and intimidation can be proved. In addition, where disciplinary records exist, this will also be taken into account.”

The company added it was seeking that a small committee, representing both sides in the dispute, investigate the fairness of each case.
Sanlam's heavy vehicle merger

CHERYL N IRETON

SANLAM has reinforced its base in the heavy vehicle industry through a merger between Gradtek, the construction equipment company, and Premier Metal, an offshoot of Messina.

Through Sankorp, Sanlam holds a 50.5% interest in Messina, which has a 75% controlling share in the new company, Premier Equipment. Delta SA, Gradtek's holding company, remains a substantial minority shareholder.

The tie-up follows a merger between the companies' overseas principals, Volvo BM and Clark Michigan Euclid, in the Netherlands earlier this year. Premier Equipment has exclusive distribution rights for Volvo BM, Clark Michigan and Euclid products, as well as Hitachi, Coles, Grove and Ford construction products and Clark forklift trucks.

Premier Equipment chairman Tony Buchan said the merger would eventually lead to a rationalisation of the company's product lines.

"Although there are areas of overlap, our activities are complementary."

Construction equipment will be the biggest section of the new company's business. Its strength will be the heavy-duty front-end loaders and large mining and construction trucks manufactured by Clark/Euclid and Volvo's small- to medium-range of front-end loaders and articulated trucks.

Clark forklifts will continue to run as a separate handling division within the new company.

Peter Law, GM of Premier Metal will be MD of the new company and a member of the Board of Directors. Other board members are Paul Smits, Delta's chief executive and Bruno Wright, a director of Gradtek.
BUSINESS TODAY

Shell SA to invest R60 million in new mining venture

Liberty, UBS form new life company

A NEW life insurance company with the medium and lower end of the market as its target has been formed by Liberty Life and the United Building Society.

The company, Charter Life Insurance, initially will have assets of about R70 million and premium income of R18 million.

Liberty will have a 67 percent stake and UBS Insurance will hold 33 percent.

- Metal Closures Group is paying an unchanged interim dividend of 31c although net profit dipped to R2.2 million from R2.4 million.
- Free State Development and Investment Corporation is raising its final dividend to 65c (37.5c) after a rise in earnings to R3 million from R2.2 million.
- Sage Group’s three property trusts, Fedfund, Pioneer and CBD Fund, all raised their earnings and dividends for the half-year to June.

Fedfund’s interim is up by 9.7 percent to 11.35c, Pioneer’s is 11.63c, up by 17 percent while CBD Fund is paying 11.95c.

- Everite’s total dividend is a same-again 60c after an unchanged final of 46c although

By DEREK TOMMEN
Financial Editor

SHELL South Africa, one of the country’s major oil distributors, is on the way to becoming an important mining company as well.

Already a major coal exporter, Shell is spending R60 million developing an open cast lead and zinc mine at Pemung, near Vryburg, the chairman, Mr John R. Wilson, reports in a review of the company’s activities.

Shell is also planning to develop a tin-tungsten mine near Upton, once market conditions for these metals improve.

Expenditure on the new mine will push Shell’s investment in South Africa to above the R1 billion mark, making it one of the biggest foreign investors in the country.

COAL EXPORTS

The Pemung mine will be open cast and worked with conventional truck and shovel equipment. It will produce 60,000 tons of zinc concentrates and 8,000 tons of lead concentrates a year.

Shell exported 5.8 million tons of coal last year, which was a million tons more than in 1983.

Mr Wilson says that the capacity of the Richards Bay Coal Terminal, in which Shell has a 12.5 percent stake, has been raised to 44 million tons, and could be raised to 89 million tons by 1997.

However, he warns that future South African coal sales overseas could be constrained by political considerations.

He says discussions are taking place between the oil industry, the Government and motor vehicle manufacturers on the desirability of lowering the lead content of petrol.

A programme has been designed which, if implemented, will lead to a reduction in the lead content of locally manufactured petrol by 1986.

Should this happen it would substantially increase production costs of petrol.

SELF-SERVICE STATIONS

New filling stations were being designed to facilitate fast flow and to be converted at short notice to accommodate self-service.

Under the oil industry rationalisation plan Shell has been able to open only five new filling stations in the four years ending December 1985, and a further one, up to a maximum of five, for every four filling stations closed.

Since 1981 Shell has spent R3 million on an educational programme for blacks, aimed at upgrading their language, mathematical and scientific knowledge and skills to acceptable levels for university education.

Sincere good for R3 million.

25/4/10
AGREEMENT has still not been reached at Siemens where about 1 250 strikers were dismissed last week, but the Metal and Allied Workers' Union (Mawu) said yesterday the firm had made an improved offer.

Moses Mayekko, Mawu branch secretary, did not want to talk about the offer until the matter had been discussed with members, but said the union was still demanding a R1 an hour across-the-board increase and rejected the industry minimum of a 14c increase implemented on July 1.

Mawu is also demanding plant-level bargaining as an additional alternative to industrial council negotiations, and the reinstatement of all dismissed workers.

Johan Trottske, joint MD of Siemens, said the company had offered to re-employ the majority of the dismissed workers, but could exclude about 40 where acts of violence and intimidation could be proven.

A small committee representing both sides in the dispute would investigate the fairness of each case, he said.

The company has also said they do not want to agree to plant-level bargaining until the outcome of certain developments in Seifa, the employer federation.

Seifa plans to meet with certain trade unions to discuss collective bargaining arrangements in the industry.
Steel product prices to rise

PRETORIA — The South African steel industry was entering a "difficult phase", and its future profitability would largely be determined by the effect of a new tariff structure announced yesterday by Government's chairman, Mr Floors Koltzee said yesterday.

Mr Koltzee released a statement in Pretoria in reaction to the announcement by Trade and Industry Minister Dr Desie de Villiers abolishing quantitative import control on steel products, replacing it with a customs tariff system.

The new policy which also abolished price control on basic steel products will become effective from today.

Mr Koltzee said the announcement was not unexpected.

"Owing to the exceptional conditions prevailing in the international steel industry for the past few years, and the consequent cut-throat competition, world steel prices in the export market are abnormally low at present," he said.

The position was aggravated by the increase of steel production in certain countries as well as government subsidization, especially in EEC member countries. "These abnormal conditions are expected to persist for a long time," he said, "which means that for some time to come there will not be any hope for normal market-oriented prices for steel in the international markets."

Mr Koltzee said while the new tariff system would offer "moderate protection" to the local industry, "the abolition of price control on primary steel products heralds a new era in the history of the South African steel industry."

Local steel prices among the country's nine independent steel producers would in future develop largely in keeping with market forces, without government interference and in competition with imports, Mr Koltzee said.

In his statement, Mr Koltzee also said price increases on several steel products will be announced today but said they would be below the current rate of inflation — Sapa.
Steel pricing system to be changed

Financial Staff

South Africa's steel pricing system is to be remodelled.

The Minister of Trade and Industries, Dr. Dawie de Villiers, announced yesterday that price controls on locally produced primary steel products and quantitative import controls over foreign primary steel imports are to be scrapped.

In place of the quantitative import controls "appropriate customs duties" will come into operation from today. Dr. De Villiers said:

"The extent and method of the customs duties are expected to be outlined in schedules to be published in the Government Gazette today."

But at the same time many locally primary steel product manufacturers will also increase their prices from today.

Price controls on primary steel products from Iscor and other South African rolled steel producers date back nearly 45 years to 1941 when it was introduced as a war measure to curtail rising prices during a period of shortages.

In recent years though, the South African steel industry has come under severe pressure because of high internal production costs and the cheap price of "dumped" foreign steel, much of it produced with the aid of government subsidies.

Steel prices were "traditionally" reviewed and increased — in July of each year after the go ahead from the government.
Govt drops price control on steel

PRETORIA — Price control and quantitative import control on primary steel products is to be abolished with effect from today, the Minister of Trade and Industry, Dr Dawie de Villiers announced yesterday.

Dr De Villiers said price control on primary steel products dated back to 1941 when it was introduced as a war measure to curtail rising prices in a period of shortages.

He said that since then the government had been of the opinion that it would not have been advisable to expose the local industry to foreign competition without tariff protection.

"It is common knowledge that steel prices on the world markets are at unrealistically low levels on account of the imbalance existing between supply and demand. Consequently overseas steel producers are prepared to export primary steel products at marginal prices while the governments concerned are prepared to support their steel industries by means of export subsidies and other forms of assistance." Dr De Villiers said these measures did not apply in the case of South Africa steel producers.

In view of these factors the government had decided that it was now opportune to abolish price control as well as quantitative import control on primary steel products.

He said the abolition would come into effect today when revised customs duties come into effect.

Dr De Villiers said the abolition of price control would have numerous advantages for the country because among other things it would result in greater competition between steel producers and more price flexibility — Sapa.

Steel product prices to rise, page 13
Wage talks roundup

Industry-wide strike action, threatened by the Metal and Allied Workers' Union (Mawu) after its refusal to sign the metal industry's wage agreement, has not materialized. But Mawu and other metal-sector unions, including the SA Boilermakers' Society and those affiliated to the Confederation of Metal and Building Unions, are proceeding with — or have completed — plant-level wage negotiations with a number of major metal industry employers.

A new agreement for the National Industrial Council for the Iron, Steel and Metalurgical Industry came into effect on July 1, providing for minimum increases ranging from 14c/hour for unskilled workers to 24c/hour for those in the highest job categories. Most members of the Steel and Engineering Industries Federation of SA (Seifsa) are plausibly opposed to plant-level wage bargaining, and, says Seifsa director Sam van Coller, "Seifsa seeks to guide members accordingly." But Seifsa is a voluntary organisation, and members who disagree with this policy are entitled to do so, he adds.

At Siemens, wage talks precipitated a strike by 1,250 Mawu members at five plants. They were dismissed by the company and at the time of going to press the union was considering whether to accept a management offer of selective re-employment.

The strike began on Wednesday last week when deadlock was reached over a Mawu demand for R1/hour wage increases. The FM understands that Siemens has offered to take back most of the strikers, but some would be placed on suspension pending disciplinary hearings over their conduct during the strike.

Meanwhile, other wage talks have gone ahead. According to a Mawu spokesman, agreement has been reached whereby some 1,400 employees at Alussaf in Richards Bay will receive increases ranging from 20c/hour to 41c/hour, plus improved shift and tool allowances and sick leave.

Negotiations with other companies are not yet completed, but indications are that most settlements will be above the industrial council minimums. The Mawu spokesman says the Highveld Steel and Vanadium Corporation is offering 17c/hour to 27c/hour increases for its 5,000 employees. All unions involved in the talks, except Mawu and the SA Boilermakers' Society, have already accepted the offer.

Samancor, which employs about 1,500 people, has offered 19c/hour to 38c/hour increases. According to Mawu, Ferralloys has made a "final offer" of 25c/hour to 40c/hour increases. The company will not confirm the figures, saying only the parties' respective proposals are not far apart. But it is unclear whether 370 of the workers — almost the entire black workforce — will benefit from any wage agreement.

They staged a work stoppage on Thursday.

in sympathy with the striking BTR Sarmcol workers (see page 73), and, on their return the following day, were told they had been dismissed. Most of the 370 are Mawu members, although a small number belong to the Boilermakers' Society. Talks with the two unions over their re-engagement are in progress.

In another set of negotiations, Mawu has declared a dispute with Iscor. Iscor has offered workers in the lower job categories increases only marginally higher than those agreed at the industrial council, but the offer to the skilled workers is in the 38c/hour to 42c/hour range.
Govt lifts controls on steel imports

QUANTITATIVE import controls on primary steel products are being abolished and replaced by import tariffs.

The decision, forecast in yesterday's Business Day, was announced in Pretoria last night by Trade and Industry Minister Dawie de Villiers.

He said the new import policy would take effect from today, but gave no details of the new level of tariffs.

De Villiers said the abolition of control on primary steel products would encourage competition and price flexibility among local steel producers.

"Similarly, competition from overseas will act as an incentive for the local steel industry to continue to increase productivity and efficiency on an intensified scale," he said.

It would also stimulate regional development in coastal areas, where secondary manufacturers were situated far from the large rolled steel producers in the interior.

Iscor chairman Floors Kotzee said the SA steel industry was entering a "difficult phase" and its profitability would largely be determined by the effect of the new tariff structure.

"Owing to the exceptional conditions prevailing in the international steel industry for the past few years, and the consequent cut-throat competition, world steel prices in the export market are abnormally low at present," said Kotzee, also chairman of the SA Rolled Steel Producers Co-Ordination Council.

"These abnormal conditions are expected to persist for a long time yet, which means that for some time to come there will not be any hope for normal market-orientated prices for steel in the international markets."

Major steel markets in Europe and the United States had moved away from tariff protection towards quantitative protection in terms of import quota restrictions for steel, he said.

"Looking at it from this point of view, the domestic steel industry would have preferred that quantitative import control be abolished only when the international situation has improved after supply and demand have come closer to equilibrium."

Business Day Reporters
Sacked workers to be rehired

Pretoria Correspondent

Letters of re-employment were handed out to 1250 workers at five Siemens factories in Pretoria and Isando today — ending a two-week strike.

The joint managing director of Siemens, Mr J Trotske, confirmed that all workers barring 40 would receive notices of re-employment, and conditions at the plants in Roslyn, Waltinoo, Koedoespoort and Isando are expected to return to normal.

The workers, members of the Metal and Allied Workers' Union, downed tools to back demands for plant-level wage negotiations and a R1/h across-the-board increase. When the parties failed to reach an agreement, Siemens dismissed the strikers.

But after a week of bargaining the parties agreed that workers would return to work at the Industrial Council for the metal industry's wage increase of 14c/h, and the question of plant-level wage negotiations would be discussed after an investigation into collective bargaining practices in the metal industry was finalised.

The union reserved the right to reopen negotiations on pay increases. An independent arbitrator will be appointed to inquire into charges of intimidation and violence brought by management against 40 workers.
Workers declare dispute with Dorbyl group

The Metal and Allied Workers' Union (Mawu) has declared a dispute with the Dorbyl group over wages and other issues, and plans to take strike ballots among members on August 12.

The dispute affects Dorbyl Railway Products, Dorbyl Structural Products, Dorbyl Structural Engineering and Dorbyl Forging and Machining Division.

Mawu said yesterday that deadlock had been reached with the group on several issues, including the company's refusal to meet Mawu's request of negotiating wage benefits at plant level.

The company could not be reached for comment last night.

The union's demands include a 40-hour working week without loss of pay, an increase in the long-service bonus and improvements in severance pay. It is also demanding that the Dorbyl group provides family accommodation at a reasonable rent for all its workers, regardless of Section 10 qualifications.

A union statement said Dorbyl had refused all its proposals except family housing, on which it said the union should come up with the concrete proposals.

The matter was referred to the industrial council to arrange conciliation and deadlock was also reached there, the statement said.

The statement added that Metkor controls Dorbyl and that Metkor workers would also consider solidarity action with those at Dorbyl.
Threat from abroad

Government's moves to free the steel industry from import quotas and price control should be welcomed by the private sector as a whole. But for the industry itself it raises the spectre of increased competition from imports when producers are already suffering from heavily reduced sales.

And, making matters worse, price hikes have just been agreed for primary steels, and the sole stainless steel producer has asked the Board of Trade and Industries (BTI) for an increase in its reference price, on which duties are based.

This is set to trigger a higher price for stainless steel on the local market — which will, in turn, make downstream fabricators even less competitive compared to foreign manufacturers, who have already been accused of using SA as a dumping ground.

Local fabricators are rapidly losing share in the domestic market to marginally-priced and subsidised imports. Hardest hit are hollow ware fabricators, such as pressure vessels and boilers.

"Since 1982, the fob value of imports has soared from R90m to R250m, while the market has shrunk 30% to R300m in the same period," says Pressure Vessel Manufacturers' Association chairman Arthur Goodman.

The Southern Africa Stainless Steel Development Association (SASSDA) has also submitted a case for more protection for hollow ware manufacturers to the BTI. The decision is still awaited.

"Meanwhile the industry will bleed quietly as imports from Spain and South Korea stream in at a third of domestic prices," says SASSDA chief executive George Malan.

All this means that fears are growing in the steel producing and fabrication industries that the liberalisation has been misused.

Says SA Rolled Steel Producers' Co-ordinating Council chairman FP Kotze: "Without question the industry is entering a difficult phase."

Steel producers say Department of Industry's decision to scrap import quotas has come just when major markets in the US and the European Community are showing up their protectionist hiccoughs.

They are proud of the fact that the new steel price increase will be pegged below 10%, although it is above last year's 7.5%.

This may have a good psychological effect on the market but is, nevertheless, a hike fabricators can ill-afford.

Downstream users will find it even more difficult to turn back the tide of imports because finished products enter SA, in their view, with inadequate protection.

Under the new legislation, quantifiable import control is replaced with permut-free tariff protection. As it stands, the new system is a self-regulating formula tariff that ensures that the lower the fob value, the higher the duty to bring up the floor price.

For many producers, however, this will not make SA safer against dumped steel imports.

Coastal users are likely to import more because of the high railage costs from Reef producers. Iscor, for one, sees this as a major headache.

One solution could be a special Sats tariff for "exports" to coastal users to make local steel more competitive. But foreign producers would see this as subsidisation.

Despite a limited recovery in demand and reduced output by mills, the world steel market is still depressed.

Admittedly, foreign governments are trying to wean steel industries off subsidies but many are having only mixed success. There are signs that the European Community's intention to stop bankrolling loss-making producers by year-end has been shelved for at least 18 months.

Clearly, the ideal conditions for deregulating SA's steel industry are nowhere in sight. Although Iscor disagrees, there is, however, a glimmer of hope that opening up imports may drive down domestic steel prices.

The move to dismantle import quotas may have been largely motivated by the need to appease the General Agreement on Tariffs and Trade (GATT), rather than a desire to soften domestic conditions.

It could also take some of the sting out of foreign moves against SA's increasing steel exports. In the past, both Iscor and Highveld have been targets of US anti-dumping actions.

While the recession at home means producers must court foreign buyers to take up the capacity slack, major foreign markets have become a minefield of anti-import activity.

Notably, the US has pegged steel imports to 18.5% of consumption by securing voluntary restraint agreements with suppliers, including SA.

In effect, this makes SA more vulnerable to maverick imports. Foreign producers, particularly from threshold industrial countries, which relied on the US to take surplus steel, are looking elsewhere.

The new reference prices for carbon steels had to be refined recently to keep pace with the dollar, local inflation and international metal fixings.

A major gripe about the new tariff is the absence of a mechanism allowing these rates to flex continually with exchange rates. "The legislation is still as rigid as it was in March 1984," says Highveld Steel marketing director Rob Herbertson.

The Board of Trade and Industries (BTI) has turned down all calls for a mechanism to cope with volatile exchange rates.

It believes that while the steel industry deserves moderate protection, it is not the Exchequer's role to compensate producers for natural business risks, including the vagaries of the rand/dollar exchange rate.

In May further increases in stainless steel reference prices were gazetted because the sliding rand had forced Middelburg Steel & Alloys (MSA) into an inflationary cost-price spiral.

"Static reference prices since October 1983 put the rates at which our duties cut in wildly out of line with the overseas market," says marketing director Leo Melvill.

Prices of steel, for example, soared from R3 500/t to R10 000/t in 24 months.

The metal accounts for around 50% of MSA's raw material costs in popular grades of stainless steel.

Downstream stainless steel users are nervously awaiting the outcome of MSA's application to the BTI to raise protective duties.

"The higher import duties will also drive up local prices," says Malan.

Which is the last thing fabricators need when profits are being cut to the bone by the flood of cheap imports. The argument is that if mills receive import protection, the so-called "back-end" should also be shielded.

Placing the industry, admits Melvill, is not easy, although SASSDA has been assured that the increases will be "responsible."

The major hurdle to downstream protection is the 18-24 months lead time between filing a case and the go-ahead for formula tariffs.

There is, however, one shred of comfort. Although the lead time before import statistics are published is still around four months, the new demand for details of imports will make policing possible. The data, it's hoped, will jolt government into action.

PARKFAIR

Still at risk

The R50m Parkfair Group, which narrowly escaped liquidation in the Cape Town Supreme Court, last week, is effectively being closed down.

The group, owned by black entrepreneur...
Ferralloys' spinoff

The SA Boilermakers' Society is seeking an urgent meeting with the executive of the Metal and Allied Workers' Union (Mawu) in an attempt to resolve a dispute which has arisen between the two unions. The Boilermakers allege that 35 of their members were forced by Mawu unionists to participate in a one-day work stoppage at Ferralloys two weeks ago. They have suffered severe financial losses as a result. The Boilermakers also plan to declare a dispute with the company over members' losses.

The strike by 371 black workers at the Anglovaal subsidiary in Machadodorp on July 18 was in sympathy with Mawu members dismissed from BTR Sarmol in Howick (Current Affairs July 26). The workers were dismissed the same day.

Last week, management agreed to re-employ most of the strikers. However, they have been taken back as new employees — meaning a loss not only of long-service benefits, but also a full in wages. Ferralloys is now paying the strikers at minimum company rates for the various job categories.

According to Boilermakers' president Ike van der Watt, some long-serving employees are being paid up to 20c/hour less than before the strike.

The Boilermakers have alleged that there was "large-scale intimidation" of its members during the strike. At least seven have made statements to the police claiming just this and three Mawu members have been arrested. The three, plus another two, have not been re-employed because of their alleged conduct during the strike.

Mawu and the Boilermakers have unique links. There is the closest working relationship that exists between an emerging union and an older established union in SA. They are both leading forces in the SA Co-ordinating Council of the International Metalworkers' Federation and have collaborated closely in recent wage negotiations in the metal industry.

Van der Watt acknowledges that recent developments are likely to create "a tremendous strain" in the relationship, but the union feels it had to take action. He hopes this will not create a breach "that cannot be healed." The Boilermakers wish to meet Mawu to defuse the situation and to discuss "how similar problems can be avoided in future." The FM was unable to reach Mawu for comment.

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Haggie raises profits 32%.

JOHANNESBURG — Haggie has achieved a 32 percent increase in attributable profits in the six months to June, with earnings a share of 101c compared with 77c in the same period last year. Attributable profits totalled R19.4m (R14.7m) and profits before taxation were 35 percent up at R41.1m (R30.5m). Turnover increased 53 percent to R285.7m. The group has declared an interim dividend of 25c a share (20c).

The directors state in the interim report that "generally conditions in the local market have proved to be extremely difficult but the group is fortunate in being a major supplier to the mining industry and has developed a substantial export market. "Exports could reach R85m this year compared with R40m in 1993." - Sapa
The process of manufacturing steel involves several key steps. First, scrap steel is recycled, which is a significant component in the production of new steel. This recycled steel is then melted in a blast furnace to create pig iron. The pig iron is then refined in a basic oxygen furnace (BOF) or an electric arc furnace (EAF) to remove impurities and produce steel. The final step is to heat-treat the steel to improve its properties. This process is crucial for ensuring the quality and durability of steel products. It's important to note that steel is not only used in construction but also in a wide range of industries such as automotive, aerospace, and manufacturing.
Exports boost Hirveld's earnings 45%
MEMBERS of the right-wing white Mine workers' Union have voted to strike at Matthey Rustenburg, JCI's platinum refinery in Wadewille, after the dismissal of a white worker who allegedly assaulted a black worker.

However, MWU general secretary Arrie Paulus said yesterday that the union was trying to arrange a meeting with management before going ahead with a stoppage.

The MWU declared a dispute with the company over the dismissal of employee Piet Robbertze, who is understood to have been involved in a series of racially-linked incidents.

The company declined to comment yesterday.

Paulus said that the alleged incident had occurred at a multi-racial braai held on company premises in March. A black worker had gone into the toilets and claimed he'd been assaulted by Robbertze.

The MWU declared a dispute with the company over Robbertze's dismissal which followed a disciplinary hearing and an appeal.

Minister of Manpower Pietie du Plessis refused to appoint a conciliation board to resolve the issue and the Industrial Court was unable to prove that Robbertze had been responsible for the alleged assault. A status quo order for temporary re-instatement compelled the company to restore Robbertze to the payroll although he was not allowed to work.

Paulus said that the temporary provision had expired at the end of last month and members were now determined to take action to have him reinstated.
Tedexlex shows R26,4m loss

JOHANNESBURG — Tedexlex showed an attributable loss of R26,4m or 198c a share for the six months to June, compared to a loss of R12m (90c a share) for the comparable period last year. Turnover for this year’s six months was R182,3m against R212,3m last year. No dividend has been declared.

Commenting on the results, the directors say the outlook for the rest of 1985 is bleak but the company’s medium to long-term prospects are encouraging. They say provided a stable trading environment is restored Tedexlex’s performance will improve in 1986, when the benefits of the impending rights issue and the generally expected lower interest rates will have a favourable effect on profitability.

The interim results show a trading profit before finance costs and taxation of R7,2m (1984 R21,3m). Finance costs for the half-year were R30,4m against R27,4m in 1984. The directors say that trading in most sectors in which Tedexlex operates reflects the depressed state of the economy and sharply reduced consumer demand. The situation has been aggravated by the continuing unrest. They attribute the increase in financing costs to a significantly higher net interest payable as a result of additional borrowings to finance currency losses incurred last year. Those losses necessitated the restructuring of Tedexlex’s capital base through the proposed rights issue, they say, and the issue, which will be underwritten by Tedexlex’s major shareholder, Gencor, is intended to raise R122,6m. — Sapa
Shipbuilders mourn removal of subsidy

COMMERCIAL shipbuilding in South Africa has been in a parlous state since the cessation of the government subsidy 18 months ago, say executives of Dorbyl Marine.

"The removal of that subsidy was damaging," says MD Trevor Jackson. "We have to compete with an international industry also feeling the effects of the shipping recession and which has heavy subsidies in most cases."

The currently weak rand is not giving any relief on exports. "This has not made much difference to us because most of the specialised equipment for ships has to be imported and we suffer from the weak rand in that respect," says GM Rob Deans.

The peak for Dorbyl was in the 1982/83 period when it had up to six ships on the stocks at any one time and well-padded order books.

"But in 1984 we suddenly found ourselves with no orders on the books until SARS ordered the last two of six tugs they required," says Deans. "We have just finished the last of these and only have enough work to keep us going to the end of the year."

Jackson hopes to be able to acquire enough small local work to keep the commercial shipbuilding industry going, but is not over-optimistic about seeing boom days again.

"We have to keep together the expertise and facilities because of its value as a specialised industry, but there is not much going on locally and I don't know where the worldwide shipbuilding industry is going to go."

ALAN PEAT
of manufacturers' price-cutting moves, outside the usual discounts on fleet sales. "We're not in the banking business," affirms marketing director Brand Pretorius. Nissan chairman Peter Whitfield says that popular marketing to make sales is likely to leave dealers discounting heavily to shed stock quickly. The split in strategy on discounts and special incentives between makers has created a "hawks" and "doves" rift in the troubled industry. Alfa Romeo (AR), which fired the first public shot, is extending its sales blitz for another month. Samcor, however, will not say when its Mazda 323 promotion ends.

The doves, who oppose discounts, say cut prices will merely delay the inevitable fall in AR and 323 sales. They expect Naamia's monthly new-sales figures to show the discounters rapidly losing market share by the first quarter of the year, as a result of bringing sales forward.

There may, however, be other motives for the apparent madness. The current Mazda strategy appears to be designed to clear stockyards before a new model 323 is launched, towards the end of the year. Samcor is banking on the current sales drive to give the new 323 an extra push.

Clearly, the industry's troubles are far from over, and a very different manufacturer-dealer scenario is expected to emerge in the next year. It will certainly be a leaner industry, but whether it will be healthier only time will tell.

MANGANESE

The merger last week of the world's two largest manganese metal producers - Delta Manganese and the Electrolytic Metal Corporation (Emcor) — creates a new company which carries heavy clout in world markets for the metal.

The new company, the Manganese Metal Company (MMC), exports 98% of South Africa's production which, in turn, meets 75% of the West's demand for electrolytic manganese - a high-purity metal used for high-strength, low-alloy (HSLA) steels and aluminum and copper alloys, particularly in the motor industry.

Delta Manganese is a subsidiary of the UK's Delta Group. Delta Manganese and Gencor-controlled Emcor have worked together in the past, following each other's price leads.

But the new deal will lead to rationalisation benefits, and eventually strengthen the producers' bargaining power in overseas markets.

Delta's Nelspruit plant, with a rated capacity of 26,000 t/year, will operate at full capacity while Emcor's smaller Krugersdorp facility will absorb the overflow and the smaller runs.

MMC stresses that there are no moves to close Krugersdorp. "The main thrust behind the merger was to rationalise plants and pool resources and shipping arrangements to avoid duplication," says MMC MD John Jacobs. "We are not cartelising," he adds.

Although the Delta plant is bigger, Jacobs explains that it was agreed that Gencor would have the majority shareholding. Emcor now owns 51% of the merged operation.

The move is in line with most of Gencor's acquisitions, which tend to give it a majority stake. Emcor is to pay R8m to Delta's shareholders in an immediate down payment, and a further tranche may be paid on a performance-related basis in 1988.

Abroad, the depressed state of manganese markets has triggered a spate of mergers to combine resources and establish corporates with consumers - the SA Manganese Corporation, for example, owns a ferro-alloy plant in the US.

Elkom, the major Norwegian ferro-alloy producer, recently acquired a majority shareholding in Gabon's Comilog. It also manufactures electrolytic manganese in the US, along with Kerr-McGee.

The manganese industry has suffered from stagnant demand, tumbling prices and the fact that manganese is a virtual hostage to the steel industry.

Electrolytic manganese has fared rather better, but virtually static demand in the Seventies and early-Eighties mothballed the Foote plant in the US and squeezed Yamagata of Japan out of the market altogether.

Currently, manganese metal prices are buoyant, but there are storm clouds on the horizon.

Competition for the SA producers will increase when Brazil's Metallurg electrolytic manganese plant comes on stream with possible production of around 20,000 t/year. This is likely to upset the market unless demand picks up.

In April, Delta MD Langham Carter told a minor metals conference in Paris that a new plant coming on stream "will provoke aggressive retaliation from producers," which will severely dampen prices.

Since SA producers currently control 60% of world market sales, it is hoped the newly-formed MMC will be a potent force in countering the Metallurg threat.

Already the industry is Shouldering the financial penalties of excess capacity. Although world sales increased from 44,000 t to 58,000 t between 1981 and 1984, installed capacity is around 76,000 t/year.

"Merging the two plants," says Jacobs, "will undoubtedly help us take up the slack." Other SA exporters, particularly of strategic materials, are bound to look increasingly at similar moves to strengthen their bargaining position in world markets as the sanctions threat grows.
Little hope for Cape Town's shipyards

CAPE TOWN'S shipbuilding industry has been dead for years and the prospect of it being resurrected in the foreseeable future remains dim.

Though the main companies concerned, Dorman Long, Swan Hunter and Gloebe, have not exactly shut up shop, their yards have virtually been reduced to the level of a caretaker maintenance operation.

In the past year, turnover is conservatively estimated to have declined by more than 50%.

Most of the labour force employed by these shipyards has long since moved to other industries. Only a residue of senior skilled staff remain, but even their jobs are now on the line. Under these conditions the survival span of Cape Town's ship repair industry is forecast to be not much more than two to three years.

"We are not yet terminal, but definitely on a life support system," says an industry executive. This drip feed is coming mainly from SA'sisers and offshore trawling industry.

With marine resource showing encouraging signs of recovering, fishing companies are expanding their fleets and spending money on refitting and refurbishing many of their vessels. Most of the latter business is being placed with local yards.

But it still remains a meagre fare to survive on. Industry executives confess they are fervently hoping Soco's Mossel Bay gasfield is considered to be commercially viable and that a decision will be taken to exploit the resource.

The ship maintenance and repair work that will inevitably flow from this venture should provide a shot in the arm needed to take Cape Town's shipyards out of intensive care.

When the oil industry was booming during the 1970s, Cape Town's shipyards obtained the bulk of their business from the passing tanker traffic. That has now mostly dried up, particularly with much of the focus turning to the North Sea oil fields.

Containerisation has also had a major impact. At one time it was a common sight to see 23 to 39 cargo vessels waiting in the roadstead, many of them requiring some sort of repair job or another. They, too, have disappeared.

Cape Town's other problem is that it is not considered to be a terminal port. Few vessels completely offload their cargoes in the port. Those that do generally prefer to conduct any necessary maintenance at overseas yards.

Though Sats last year introduced a discount scheme for shipping companies putting their vessels into Sturrock drydock as a means of assisting local repairers, it has not proved to be a big enough carrot. Incentives offered elsewhere have been far more attractive.
Aluminum Industry: Highflying on 2 Fronts

Since export is tipped as the future for SA's aluminum industry, a recent report says, its export growth is expected to continue. The report also notes that the domestic market for aluminum is expected to grow. The report further states that the aluminum industry is expected to see a rise in export prices. The report also mentions that the aluminum industry is expected to see a rise in export prices.
Crisis in electrical engineering

Giants battle for survival

By Kerry Clarke

SOUTH Africa's electrical engineering industry is slashing prices to survive.

Paul Hatty, managing director of GEC SA, the nation's largest electrical engineering organisation, says price cutting is the norm in the industry.

"There are areas where we have gone out on tenders at prices 25% below those which we quoted two years ago — and we have still not won the contracts."

Turnover falls

"This is the situation in a business where costs of our raw material inputs have risen dramatically, particularly copper, where the price has increased by approximately 86% in the past year."

Mr Hatty says in an interview with the journal, Barlow's '85, that the GEC group, which last year had a turnover of R386-million, has experienced a 12% decline in turnover this year and there are no signs of improvement.

"I believe next year is also going to be difficult because we will have completed two major traction contracts with very little further traction business on the cards."

The real problem is the reduction in margins, primarily due to reduction in selling prices and rising material input costs.

Toughest

"We make very little profit on major contracts and it is the smaller business that is holding up best at the moment. The area where we are least affected by the downturn in the economy are those businesses involved in service or maintenance."

Mr Hatty says GEC is involved in infrastructural contracts and therefore in the tender business, which is one of the toughest. Once a company puts in a price, there is no room for manoeuvre.

The group has made a representation to the Board of Trade and its chairman, Basse Klei, on the need for understanding of the industry.

He says representatives from the Industrial Advisory Board and leaders from industry should get together and discuss the strategic nature of the industry and the way in which the Government can help it to not only survive but increase its opportunities for employment, import replacement and export.

The electrical engineering industry has been shedding employees while potential customers have been importing products from Japan, Germany and Sweden.
Auto battery output plummets

Demand for lead falls as car sales decline

LINDA ENSOR

About 80% of the lead used in South Africa is imported in refined form, primarily from Tsunel in South West Africa but also from Zambia. The remainder is recycled from batteries and electric cable sheathing.

Chris Devine, MD of Castle Lead Works (TVL), agreed prospects for the lead industry were directly linked to those of the motor industry, but added that the battery replacement sector had been expanding.

The original equipment market was "substantially down" compared with last year, he said, while lead supplies to the building, cable and nuclear industries had suffered only a slight decline.

An exception, however, was the expanded plant of SA Smelting Works at Mamebe, KwaZulu. GM Guy Marshall said the newly-commissioned R11.5 million plant, which had increased capacity four times, was operating at full capacity to satisfy the increased demands of its steady customers.

The plant included a sophisticated bag-house anti-pollution facility, a UK manufactured rotary smelting furnace and an Italian fully-automated ingot caster.

Annual output is expected to be 7,000 tons and Marshall hopes to pick up at least 10% of the export market for antimonial lead.

While it is to be expected that the general economic conditions would have had an adverse affect on the lead industry, its intrinsic long-term prospects are not something to get excited about.

There are few new outlets for lead apart from batteries, says Henry.

In addition, substitutes for its traditional uses are being sought because of the metal's toxicity. Overseas the lead content of petrol has been substantially reduced for this reason, and its use in paint has been phased out.

Less solder is used for electronics because of the trend towards miniaturised printed circuit boards, and the use of lead in printing has also declined. Research is underway overseas to discover new ways of using lead, for example, to stabilise asphalt in roads, but tests have to be done to ensure it will be safe.

The only sector indicating some improvement in the use of lead is pigments.
Plant-level demands legitimate

Expert slams Seifsa's stance on bargaining

OPPOSITION by the Steel Engineering Industries Federation (Seifsa) to plant-level bargaining was an example of the inflexibility that had caused SA's current crisis, a labour expert said yesterday.

Industrial relations consultant Andrew Levy said at a Johannesburg conference Seifsa's opposition to plant-level bargaining was a refusal to recognise legitimate aspirations and legitimate power.

He said debate about the level of collective bargaining was ultimately political and would have a major influence on the outcome of SA's political balance of power.

"In seeking to negotiate wages with their employers though their trade unions at plant level, blacks are exercising the very participation in the sort of dialogue that all reasonable people in SA must support.

"By denying them this opportunity, employers are demonstrating just the sort of thinking that has led to the current crisis," he said.

Seifsa argues that similar issues cannot be bargained effectively at two levels (when there is already an Industrial Council) and that shopfloor bargaining will lead to disorder.

But Levy said a failure to realise that a judicious blend of plant bargaining and national regulation was appropriate and to set an industry on a path likely to result in greater conflict did not seem worth the price it might exact.

About 1,000 companies, including some of the most influential employers, already bargained at plant level and Levy believed the dispute about the level of collective bargaining would also pass.

Industrial conflict in the metal industry, which employed over 400,000 workers, would have an economic and political impact, he said.
Minerals must relocate plant in SA
Employers win case on plant bargaining

THE Industrial Court has ruled in one of its most important judgments that a refusal to negotiate at plant level does not necessarily constitute an unfair labour practice.

Although the ruling does not necessarily set a precedent, it will have far-reaching implications for wage negotiations involving hundreds of thousands of workers.

The implication for the metal industry, which employs more than 400,000 black workers, is particularly important.

Justified

Plant-level bargaining to secure higher wages than industrial council rates is at the centre of a major dispute involving 40,000 metal workers and nearly 100 factories.

The Industrial Court heard an action in which the Metal and Allied Workers Union claimed that Hart’s refusal to negotiate wages above the industrial council rate was an unfair labour practice.

Hart is a Metkor subsidiary and is involved in metal goods manufacture and plastics. The dispute concerned its Durban plant.

The court said “the employers’ failure or refusal to negotiate with the union at plant level appears reason-

By Amit Manka

ably justified, and under the circumstances, does not constitute an unfair labour practice.”

Several industrial councils have experienced major setbacks recently as trade unions have withdrawn to continue negotiations at factory level.

The Steel and Engineering Industries Federation of SA argues that shop-floor bargaining will lead to disorder if the same issues are negotiated at two levels.

Seisa director Sam van Coller says “It appears that our argument against one party simply having to go to court to compel another to negotiate on any matter has been upheld.”

Labour consultant Andrew Levy says the ruling is not necessarily a total denial of plant-bargaining rights.

The court said in its judgment that although plant bargaining ought to be encouraged, negotiations should also assume a voluntary character to be effective.

“It has been viewed in a narrow private law context which ignores the implications of a refusal to negotiate with majority membership unions.”

“Industrial conflict in the metal industry, which employs more than 400,000 workers, could have both an economic and political impact.”

Employers should be compelled to negotiate at plant level if the majority of workers wish to.

Resistance

“It is clear that the union will eventually win the right over plant-level bargaining. But it will be at the cost of thousands in lost manhours and a bitter struggle resulting in widespread labour unrest.”

Employers who interpret the ruling as not compelling them to negotiate at plant level could meet strong resistance from Numsa. The union plans strikes at nearly 100 factories that have been challenged on the issue.

In another important labour test case, the National Union of Mineworkers application to declare evictions from hostels illegal has been postponed indefinitely.

A resumption of strike action on the mines therefore seems unlikely, at least until the Rand Supreme Court hands down a judgment.”
such negotiations. Some employers see this as part of growing union militancy in response to the political situation.

In the eagerly-awaited judgment, the court has rejected Mawu’s contention that Hart committed an unfair labour practice by refusing to negotiate on effective wages above the rates negotiated in the main agreement of the metal industry industrial council and the introduction of a funeral benefit scheme.

From the start, the dispute had implications which extended beyond the differences between the two parties. The underlying issue is one of the major unresolved debates in SA industrial relations: the thorny question of the relationship between industry-level bargaining at industrial councils and bargaining at plant level.

Differences on the issue have been a major point of friction between Mawu and the metal industry’s employer federation, the Steel and Engineering Industries Federation of SA (Seifisa). Seifisa is opposed to plant-level bargaining on any matters covered by the main industrial council agreement. Despite this, many metal companies have chosen to defy Seifisa’s guidelines.

Against this background, the Hart matter was seen as the test case to determine whether the union could win concessions in the court that it has not been able to wring out of Seifisa. The fact that the court granted a Seifisa application for leave to intervene in the case as an interested party and that the sole witness for Hart was Seifisa director Sam van Coller, points to the nature of the stakes in the case.

One of Van Coller’s principal arguments was that if the court upheld the notion of compelling parties to bargain, it would undermine the voluntarism which characterizes industrial relations in the industry and bargaining in good faith at industrial council level.

The court found that “under the circumstances” Hart had not committed an unfair labour practice. It said, “Although it would seem that some of the results of the refusal to negotiate at plant level could be comparable with those in the definition of ‘unfair labour practice’ one should not overlook the justification which might exist for such refusal.”

Despite this finding, the court has failed to make a coherent statement on the issue of what constitutes an appropriate bargaining level plant- or industry-wide. Indeed, the judgement reads “If the court had to proffer opinion as to which of the two systems was the better one, it would find itself hard put to make up its mind.”

Comments Van Coller on the outcome: “We are pleased that the judgment appears to support the need for voluntarism in collective bargaining.” But other labour observers have criticized the court for failing to address the fundamentals of the debate.

Says one labour lawyer: “The court had the opportunity to create a procedure for plant-level bargaining other than industrial

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Recipe for conflict

The attempt by the Metal and Allied Workers Union (Mawu) to use the Industrial Court to compel Hart Ltd to negotiate with it at plant level has failed. But the full ramifications of this landmark judgment have yet to be felt.

Mawu says the Hart judgment will “encourage chaos” in the metal industry. The union has canvassed some 100 companies about their attitude to plant-level bargaining and is threatening to declare disputes with any that refuse to accede to its demand for

An image of Van Coller supporting voluntarism.

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The court’s judgment will undermine the court’s image and means that unions will be forced to rely on industrial action rather than the courts.”

Mawu has stated the judgment, but it also says it is not surprising by it as the court called the parties together before the case was heard and stated that the time “was not right” to grant an order requiring an employer to bargain at plant level.

While the core issue of voluntarism versus compulsion raised in the Hart case has

been resolved, the practical question of what constitutes an appropriate bargaining level has not. The latest metal industry agreement, which Mawu has not signed, contains a commitment by the metal employers and unions to examine the industry’s collective bargaining structure.

Seifisa states, however, that the unions falling under the SA Co-ordinating Council of the International Metalworkers Federation (which includes Mawu) have not yet put forward any proposals. The coming weeks and months will determine whether industrial action or debate will clarify the controversy over plant- and industry-level bargaining.
THOUSANDS of engineering construction workers in Wadeville, near Germiston, are paying at least R2 a month from their scant earnings to help maintain the "boys on the borders," City Press learnt this week.

Angry Katlehong father of four Alpheus Se-
Workers end strike over assault

About 200 workers who went on strike on Friday at the Pretoria cable manufacturing firm, Asea Electric, returned to work today after a foreman who allegedly assaulted a colleague resigned.

The workers were part of a staff complement of about 760 at three plants who downed tools demanding the dismissal of the foreman, on the grounds it was procedure under the company's disciplinary code to dismiss workers guilty of assault.

About 135 workers who went on strike at Structural Hollow Flooring Company at Robertson on Tuesday returned to work yesterday after successful wage negotiations between the company and the Black Allied Metal and Construction Workers' Union.
Major ruling on labour practice

THE Industrial Court has made a far-reaching ruling that a refusal to bargain at plant level is not necessarily an unfair labour practice.

However, the outcome of the case between the Metal and Allied Workers Union (Mawu) and Hart Ltd in Durban has drawn the wrath of union leaders, who believe the judgment is going to "point unions in the direction" of more strike action.

The judgment is likely to have an important influence on employers, particularly in the metal industry, where the employer body, the Steel and Engineering Industries Federation of SA (Seifsa), advises members not to grant increasing union demands for plant-level bargaining.

The hearing was regarded as an important test case because unions argue that plant level bargaining is needed to supplement Industrial Council negotiations where only minimum wages and certain conditions of employment are set.

Mawu said afterwards it was not surprised at the judgment. "Before the case was heard, the court called the lawyers and the parties together and stated that the time was not right for such an order to be granted."

It said the outcome confirmed Mawu's view that the Industrial Court took a very parochial and narrow view of its jurisdiction.

Seifsa, in turn, said it was pleased with the judgment because it supported the notion of voluntarism in collective bargaining, rather than legal compulsion.

In its judgment, the court said it did not find the two systems of collective bargaining to be incompatible. It said bargaining at plant level ought to be encouraged as much as possible, but the court had taken into account that negotiations should always be voluntary in order to be effective.
people — exceedingly difficult under the circumstances.

So if the political dynamics don’t once and for all confirm the irrelevancy of consolidation, the process is likely to be frustrated indefinitely by the resistance of the communities faced with removal themselves.

Whether government has any hope of seeing the boundaries of the national states firmly in place by its set date of March 1987 is a moot point. Tempel won’t be drawn. He merely says: “We’ve got a job to do. What the future will bring is open to speculation. I don’t want to commit myself to that.”

METAL INDUSTRY

Mawu showdown

The Metal and Allied Workers’ Union (Mawu) is preparing for a major confrontation with metal industry employers over the issue of plant-level bargaining. The move comes after the vast majority of the 100 metal companies who had been sent letters asking them to spell out their attitude towards plant-level bargaining rejected Mawu’s demands.

For years now the merits of bargaining at plant level as against industry-wide bargaining at industrial councils has been a hotly debated industrial relations issue. In the metal industry in particular it has been a prime source of conflict between Mawu and the industry’s employer federation, the Steel Industry Employers’ Federation (Sefsa), which is opposed to plant-level bargaining on any issues covered in the main agreement of the metal industry industrial council.

In its attempts to gain this concession, Mawu has even gone to the Industrial Court. Its recent case against Hart Ltd was an attempt to get the court to declare that an employer’s refusal to bargain at plant level constitutes an unfair labour practice. But its hopes were dashed when the court rejected its claims against the company.

Now using the court’s finding in the Hart case, Mawu, which is affiliated to the Federation of SA Trade Unions, has now decided to use the threat of industrial action to force metal employers’ hand over the issue. This week the union announced that 70 out of the 100 companies it had challenged with demands for plant-level talks had refused to accept its demands.

According to the union, the replies from the companies fall into three broad categories:

☐ Companies that have refused to recognise the union at all;
☐ Companies that have refused to engage in plant-level bargaining, insisting instead that the metal industrial council should be the only forum for negotiating wages and working conditions. These include Siemens, Dorbyl, Scaw Metals and Jaggie Rand; and
☐ Companies that have insisted on pre-conditions for plant-level bargaining. Some, like GEC, are only prepared to negotiate at plant level if Mawu agrees to joint negotiations with other unions which have members in their plants. Others, like Barlow Rand subsidiaries, want Mawu to sign a procedural agreement before they will agree to negotiating at plant level.

Mawu’s Transvaal branch secretary, Moses Mayekoske, says the union has declared disputes with companies that fall into the first two categories. He also says the union has informed the industrial council about the disputes. If the council does not manage to resolve the disputes within 30 days, workers at those plants will be entitled to strike. 

Accordingly says Mayekoske “We want unconditional plant-level bargaining, accompanied by preparedness to negotiate fairly.”

The declaration of the disputes is a sign of increased union militancy and raises the possibility of widespread disruption in the metal industry. How are metal employers reacting to the threat?

Sefsa director Sam van Collier says the federation is aware that the disputes have been declared but refuses to make any further comment. A leading Sefsa member, however, was prepared to offer an opinion: “It doesn’t seem to me that Mawu members are geared for national strike action. But the union may zero in on individual companies, Multinationals and some large SA-owned companies may be targeted.” he says.

One way or the other it seems that the metal industry is in for a torrid time in the coming weeks.

CONVENTION ALLIANCE

A cautious start

There were no great expectations from the fledgling Convention Alliance’s tentative first meeting, held in the Sandton Sun hotel last Saturday. It was, as the PFPP organisers explained from the outset, exploratory, to see if there is a need for such an alliance of the political middle ground and to work out an agenda for it (Current affairs September 20).

A formal decision to launch the alliance was duly taken and a provisional steering committee chosen by the 150 or more delegates. The committee, which is to meet early next week, sees as its first priority the need to broaden its base of representation. It will then start formulating a plan of action which is expected to be unveiled shortly.

The 10-member steering committee is made up of its convenor Jules Browde, a distinguished lawyer who is also chairman of the Lawyers for Human Rights, the PFPP’s Colin Eglin and Alex Boraine, INKatha’s Os- car Dikomo, businessman Raymond Ackerman, the Black Sash’s Joyce Harris, the NGK’s Professor David Bosch, the Rev Stanley Magoba, Natal University’s Professor Denis Schreiner, who was chief author of the Buthelezi Commission report, and Tony Ardington.

The major drawback of the alliance at this stage is obviously the expected stayaway of the most important parties to the conflict — government representatives as well as, for example, the UDF from the opposite end of the spectrum. The ascension of the UDf leadership of course hampers any chances of the organisation participating.

And if the presence of Chief Mangosuthu Buthelezi’s Inkatha might make the UDF hold back, the alliance organisers point out that a start nevertheless has to be made somewhere if the eventual goal, a national convention, is to be realised. There was no significant Afrikaner business presence at the alliance meeting, but enough Afrikaner academics Bishop Desmond Tutu, who did not attend, at least sent a message of goodwill. Other important clerics, like UDF patrons the Rev Beyers Naude and Allan Boesak, did not attend.

Certainly Browde is aware that it is “very important to try to persuade government and the UDF to take part.” He is also aware of the difficulties which lie ahead due to deep suspicions that prevail. But Browde is bullish about the need to develop a “third force” to negotiate fundamental change in SA and says there has been an “extraordinary re-
Seifsa warns of a long haul to uplift

DOMESTIC demand for steel products dropped substantially during the first half of 1985 as the slump in the motor, transport and heavy engineering industries deepened.

According to the half-yearly report of the Steel and Engineering Industries Federation of SA (Seifsa), some recovery is expected toward the year end and should cushion the estimated 22% drop in local demand.

An increase in export volume should offset the decline in domestic demand.

Seifsa targets steel exports for 1985 at 2,5-million tons and this increase has contributed towards satisfactory capacity utilisation.

Seifsa predicts that activity levels of its industries will remain low for the rest of 1985.

No real recovery in the metal and engineering industries is seen before mid-1986.

The combined industries sacrificed over 15 000 employees in the first six months of the year.

Since 1981 the metal industries have shed nearly 100 000 people.

Physical volumes of production fell 3% against the yearly average for 1984. Major drops in output were recorded by the automobile components industry down 32%, transport equipment down 21% and electrical machinery which has dropped by 19%.

Steel sales to the automotive industry fell by 78% between January and June and during the same period the South African Transport Services demand dropped by 38%.

Production totals for iron and steel castings are still falling and Seifsa regards the industry's short to medium prospects as uncertain.

Ferrous casting production is down 61% from 601 800 tons in 1973 to 372 700 tons last year, indicating the extent of this sector's contraction.

The heavy engineering industry, despite rationalisation, continues to report under-used capacity and a further narrowing of profit margins.

Depressed performance levels also characterise the constructional engineering sector which reports disappointing new orders and negligible enquiries for heavy and medium structural steel fabrications and erection.

Some overall growth for 1985 is anticipated by the electrical machinery sector, despite deferments in the Post Office, SATS and ESCOM project completion dates.
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Metalworkers elect new leader after unions clash

CLAIRE PICKARD-CAMBRIDGE

THE powerful SA Co-ordinating Council of the International Metalworkers' Federation has elected a new chairman after a clash between two of its key unions.

Des East, general secretary of the Motor Industry Combined Workers' Union (Mawu), has been elected chairman of the 200,000-member council after the resignation of Ibe van der Watt, president of the SA Boilermakers' Society.

Van der Watt said he had stepped down to make it easier for the council to resolve differences between society and the Metal and Allied Workers' Union (Mawu).

Conflict between the two unions, which used to work closely together, was sparked by a strike at Ferroalloys in Machadodorp two months ago when the society accused Mawu of intimidating its members.

The relationship has deteriorated further with the society arguing that Mawu has taken other unilateral decisions affecting society members.

"But we've arranged some meetings with Mawu and I'm confident this will improve the situation," Van der Watt said yesterday.

Van der Watt and the National Automobile and Allied Workers' Union (Naawu) general secretary, Fred Sauls, have been elected vice-chairmen of the metalworkers' council.

The council is about to submit proposals for the restructuring of bargaining arrangements in the industry to the Industrial Council. Included are proposals from Mawu, which is particularly unhappy with the bargaining system.

Boilermakers' Society general secretary Olkere Oosthuizen said yesterday the Minister of Manpower would meet employee and employer representatives in Johannesburg on October 24 to discuss the future of industrial councils in most industries.
Domestic steel sales slump

Isocor plans to boost exports to R1.2bn for '85

The value of Isocor's steel exports will rise by 26.6% to nearly R1.2bn for the current financial year, according to Nois Olivier, the corporation's senior general manager (steel).

Isocor's aim, he said in Pretoria yesterday, was to raise exports this year to 47% of total production.

In the year to June exports were expected to earn about R500m compared with R490m the previous year - an increase of 3.7%.

Earnings could be even higher when the effect of the weak rand was taken into account, he said.

Olivier said steel exports increased from 1.3-million tons for the year to June, 1984, to 2.1-million tons for the same period this year.

Because of depressed domestic conditions the sale of steel locally dropped sharply from 3.2-million tons in the 1983/84 year to 2.8-million tons this year.

Steel sales dropped in the first quarter of the year compared with the same period last year - in the motor industry by 79%, white goods by 75%, the SA Transport Services by 38% and heavy engineering by 25%.

Olivier was pessimistic about the outlook for domestic turnovers next year.

However, he said indications were that demand would remain fairly constant.

Referring to two second-hand electric arc furnaces bought by Isocor in Britain for R90m, Olivier said the rand was worth $0.70 at the time - so the timing of the purchase was favourable.

Olivier said a major reason for buying the furnaces had been to reduce pollution because older furnaces were a serious pollution problem.

Another reason for the purchase was that production of heavy profile steel by Isocor and the private sector had been in excess of local demand.

Potential production had now been reduced from 1.5-million tons to 900,000 tons, Olivier said.
15,000 metalsworkers lose jobs as industry reels

ihe duty of employees from 55,000 at the
1988, Sierra (and 40,000 in the total)

(51 percent) and metalworkers
at the (52 percent) and workers

The decline in production levels
- Metalworkers lose jobs as steel

- Metalworkers lose jobs as steel
Mawu threatens to strike

URGENT steps are being taken by the Transvaal metal and engineering indus-
trial council to deal with 70 disputes in the industry.

A council spokesman said this was the largest number of disputes submitted in
one letter against companies party to the council.

The council has withdrawn inspectors from the field to help attend to the dis-
putes, which were declared by the Metal and Allied Workers' Union in demand
for plant-level bargaining.

Mawu is threatening to strike at the end of the month at companies with
which it cannot reach agreement. It said talks had not yet begun but it believed
strikes would be legal because 59 days

would have lapsed after declaring the disputes.

The council is also having to cope with
additional disputes which do not involve
Mawu's demand for plant-level bargain-
ing. There are 15 unions and 45 employer
associations which are party to the in-
dustrial council.

Parties to the dispute will have to
decide which companies can deal with
the situation jointly.

The council spokesman said he could
not yet give details about dispute-resolv-
ing arrangements, but he expected that
as much time as parties required would
be allocated.
Dorbyl engineers nearly everything SA requires

RATIONALISATION, exports and import replacement are prominent among the common-sense items in Dorbyl's handbook for success.

General rationalisation comes in handy when talking about the heavy and diversified group. The 10 subsidiaries generating annual sales of R1.8bn are all involved in metal engineering.

Activities include shipbuilding, shiprepair, heavy engineering, structural steel construction, manufacture of rolling stock, locomotives and automotive components, buses and commercial vehicle bodybuilding, erection of mechanical and electrical equipment, project engineering, and the range of products and services of the Stewarts & Londys group.

Small wonder, taking to heart the company statement that Dorbyl can "engineer almost anything and everything the Republic needs in metal", that rationalisation in the form of takeovers was on the cards during the past financial year.

Group MD David Mostert says: "Thank goodness we did not retain cost structures as they were," when referring to the recession reaching deep into management that did not bargain for while planning recent takeovers.

Car-Part Industries, producing machined components, was bought in October last year for R25m to complement Dorbyl's Automotive Products. This was followed by the buying-out of Barlow Railway and Engineering products and Barlow Heavy Engineering, and later the Stewarts & Londys merger.

St&L fell under the same owners as Dorbyl (the Methor Group and Anglo American together hold all the shares in International Pipe and Steel Investments, which in turn holds 51% of Dorbyl's shares).

"It is better for the economy to reduce the number of companies in the face of reduction in total demand," says Mostert.

A series of weak businesses are unable to justify modernisation and expansion to meet new opportunities.

In the six months after the mergers, he adds, they were able to "tune the sets of management to harmonise totally successfully... Harmony seems to be the best policy in the face of strong competition both locally and overseas."

Although there is no similar group in SA "competing for the same market" with Dorbyl, local competition is marked for each of the company's subsidiaries, and international competition is stiff, particularly in the areas of heavy engineering.

Korean, Japanese and European suppliers aggressively market business in SA, and quote competitive prices, together with attractive financial packages.

High local raw material costs, with "relatively high labour costs", make it hard to compete with imports.

The answer, says Mostert, is simply to gear the business to continue meeting the markets, matching activity levels with demand.

The customer still stays the most important man, and adapting to needs in volume, quality and price, stays top priority.

Main customers, for the record, are SA Transport Services, the motor, mining, iron and steel industries, Escom, and other quasi-government organisations.

Further solution to competition, says Mostert, lies in doubled marketing efforts to cash in on overseas markets newly opened because of the low rand. By the same token, products previously uncompetitive to make locally, can now be produced.

"Customers who have suffered emergency losses will seriously consider local manufacture," says Mostert, adding the new 10% surcharge offers further import replacement opportunity.

Material imports are not a major worry, although, by local content for shipbuilding is only 90%, most raw materials for other subsidiaries are locally sourced.

We try to push up local content in our manufacturing, and when we buy, we follow the same approach.

"How can we encourage steel mills to buy Dorbyl spares rather than import them, while at the same time we turn out to be importers of steel?"

Mostert identifies low-cost housing as a major growth area, where Dorbyl supplies construction services and materials. He also sees large potential in mineral extraction, with the company supplying the mining and basic material industries.

"Energy and related fields have tremendous opportunities," Mostert says. "SA is importing 50% of its liquid fuel requirements, and we could reduce this through Saroil and through Soekor.

"The automotive industry, despite the gloom," says Mostert, "is a growth industry in the long term."

A depressed motor car market has meant drastic cutbacks on automotive components, but says Mostert, diversification in the group means the different subsidiaries are at various points in the economic cycle. People and resources cut from one subsidiary can often be moved to another.

Despite this advantage, Dorbyl was down to 18,000 employees last year between -4% to 8%.

"This year, there were further cut-backs," says Mostert, "partly due to the deepening recession, and partly to rationalisation."

Outflows, says Mostert, always takes place further up the line.

The Bedworth head office is in the sun on alun mines & people make up group financial, manpower, legal, financial relations and public relations services.

Being a "true SA company", says Mostert, holds the advantage of "having no major overseas shareholders whom we have to window-dress."

By this he means taking the concept of equal opportunities "too far for the sake of being fashionable."

"There was a stage when it was the done thing to mention how many non-whites you had in good positions, but we've followed a practical rather than ideological approach."

People are indeed selected on merit, "but it is not that simple", he says, "you cannot solve the skilled manpower shortage overnight by breaking down all race barriers."

The bottom line of Dorbyl's success? Says Mostert: "We don't see ourselves as anything but a pretty basic industry, and we continuously adapt."

FRED STOLINGH
Plant-level deal despite opposition by Seifsa

CLAIRE PICKARD-CAMBRIDGE
FRY'S METALS in Germiston has gone against the advice of its giant employer organisation in agreeing to plant-level negotiations on wages and conditions of employment.

The Metal and Allied Workers' Union (Mawu) said it had negotiated a wage agreement with the British company, despite advice by the Steel and Engineering Industries Federation of SA (Seifsa) that companies should refuse to negotiate at plant level.

The company could not be contacted yesterday.

Seifsa advises members not to negotiate fundamental issues at plant level because minimum wages and other conditions are set at industrial-council level. But a few companies in the industry have begun concluding plant-level agreements with unions to negotiate further increases after the minimum was set at industrial-council level.

Mawu said all multinationals should learn that plant-level bargaining did not kill a company, but rather improved relations with employees.

Mawu also claimed that progressive companies and multinationals were going to be forced to heed the call for plant-level bargaining.

It said that according to the new agreement, Fry's Metals had agreed to raise the minimum wage from R1.90 an hour to R2.10. But further bonuses raised the actual increase to a possible R2.47 on base rates, the union said.

It said these increases were in addition to the 1985 industrial-council hikes and would be backdated to July 15.
Boilermakers do site pay deal

THE SA Boilermakers' Society (SABS) has signed its first site level bargaining agreement with a company which is also governed by the main agreement of the metal and engineering industry.

SABS's procedural agreement with the Kew Site of Burrows Manufacturing Company covers all conditions of employment and comes at a time when the merits of plant or site level bargaining are being hotly debated.

The union has accepted an across-the-board increase of 5c per hour and the company has agreed to extend the hike to 200 non-union members, effective from November.
BERNIE FANAROFF

Transnationals and responsibility

Bernie Fanaroff is national organiser for the Metal and Allied Workers' Union

Three representatives of the Federation of SA Trade Unions (Fosatu) gave evidence at the recent hearings of the UN Sub-Committee on transnationals in SA. The representatives from the Metal and Allied Workers' Union (Mawu) and the National Union of Textile Workers (NUTW) presented very substantial reports to the sub-committee documenting in great detail the anti-union and anti-worker activities of transnationals BTR, Data Tidwell and Transvaal Alloys.

In evidence to the committee, and in answering questions, our representatives made the point very forcibly that the various codes of conduct - Sullivan European Economic Community, and the Urban Foundation/SA Consultative Committee on Labour Affairs codes - have been an abject failure and that the international community has to create more satisfactory mechanisms to prevent unacceptable behaviour by transnationals in SA.

It has to be accepted that transnationals are here to exploit the markets and the labour conditions. They have not come here with the objective of improving the living conditions of the people of SA. For many years they, like other companies here, have benefited from apartheid.

Workers are no longer prepared to accept this situation. The codes of conduct have, however, failed to make any significant change. They are not mandatory or enforceable. They cannot deal with the sophisticated union-busting tactics of the transnationals nor the disputes which result. They do not require corporations to commit themselves to eradicate apartheid as a national policy and practice.

A radically new approach is required. We proposed at the hearings that the international community create a mechanism whereby breaches of internationally-accepted labour standards could be aired. Where such a breach is established, the metropolitan governments should undertake to take action against the offending transnational corporation (including for instance refusal of government contracts, export guarantees, trade credits, etc.)

Obviously, pressure would have to be exerted in SA first. In the case of BTR, for instance massive pressure by Mawu members, other Fosatu unions and the community have all failed to move BTR. So up to now has pressure from the international labour movement through the International Metalworkers' Federation, Trades Union Congress and the International Confederation of Free Trade Unions. Given BTR's union bashing in other countries this is not surprising, and clearly something more is needed.

Besides their unacceptable labour practices, the four companies about which our representatives testified directly and indirectly, support apartheid BTR, for instance, has had the SA Police extensively involved in their labour affairs for the past 12 years. And their chairman, Peter Fatharly is on record in the London Sunday Times as saying that the State of Emergency was necessary and that change should not come too quickly.

It is the UN, the BTR, their advisers, Andrew Levy & Associates and many other transnationals are substantially out-of-step with even the conservative business establishment. This obvious raises the question of whether they should stay or go.

Our attitude, which was explained at the hearings in New York, is straightforward. We believe that maximum pressure should be exerted on the apartheid regime. To the extent that disinvestment is one pressure it should be maintained and intensified. Proper account must, however, be taken of the fact that the greater part of the wealth and assets of the transnationals in SA has been created by South African workers - so transnationals have no right to ship out this wealth.

The South African employer representatives at the UN hearings seemed to understand that something more is needed than simply more talk of codes. During their session they argued that they are well placed to facilitate negotiations between the political groups to end apartheid, and that if they had not fulfilled this responsibility within one year they understood that the international community would have to go ahead with economic pressures. They also committed employers to one-man-one-vote, albeit within a federal system.

The media in SA seemed to be scared to report this. Despite the extensive coverage of the hearings and press statements from Mawu, there was very little reporting of the union delegations presence or evidence. Nor was there a report of the remarkable commitments of the employers' representatives. It seems that it is not only the SABC which is "protecting" the public.
Boost for local farm machinery manufacturers

As the agricultural sector feels the impact of the recent 10 percent surcharge on imports, more agricultural mechanical parts are to be manufactured at local plants where other machinery is made.

The most popular agricultural gearbox—a 50 hp unit used in slasher and mowers—has been in production at Uitenhage since last year and sales are expected to rise by 100 percent following the surcharge announcement.

Mr. D. Walton told *The Star* that the gearboxes, made at the plant along with heavy-duty rear axles, were 160 percent locally manufactured.

The export potential of the gearboxes was being investigated, he said.

"A locally made smaller gearbox is expected to enter the local market in January when stocks of imported units will have run out," he added.

Power turnover shafts, usually imported from Italy, are being manufactured in Uitenhage by another company which also makes prop shafts.

All but 30 percent of their components are made from South African materials.

**AGGRAVATED BY LONG DROUGHT**

A spokesman for the manufacturer, Mr. Derek Edwards, said that, although his company’s products would not be affected by the 10 percent surcharge—unlike his competitors—sales would depend on what farmers could afford in their difficult situation which had been aggravated by four years of drought.

Mr. C. H. Strydom, managing director of J. J. Case South Africa (Pty) Ltd, a large agricultural equipment importing organisation, criticised the local manufacture of high technology agricultural equipment.

"Local manufacturers simply get Government protection for their goods at the cost of quality imported equipment becoming more expensive," he said.

"South Africa does not have the volume of production to justify having high technology equipment manufactured here," he added.

Mr. Strydom also condemned the imports surcharge.

"High-production farmers need to renew their imported machinery and the Government has given no reason why it has imposed the surcharge," he said.
Retailers rush for photographic stocks

The photographic industry faces a bleak Christmas as prices continue to soar in the wake of the worsening exchange rate and a recently imposed surcharge on imported goods.

Buyers can expect to pay up to R500 more for some cameras than they would have done a few months ago and dealers expect further increases.

Wholesalers stocks were depleted this month after retailers, fearing further price rises, rushed to buy cameras and accessories at old prices.

"The situation is terrible — absolutely terrible," said one photographic shop owner in Durban.

"There have been big increases, up to 50 per cent in some cases in a matter of only one month," said Mr Theuma van Wyk of Ekkmids Smith Street branch.

All photographic equipment is imported and therefore affected by the poor exchange rate and the 10 percent import surcharge implemented by the Government recently.

"It has become impossible to quote prices because they are going up all the time," Mr van Wyk said.

A Cannon T50 camera which had been R650 about a month ago now cost R1,150, he said.

"Retailers can't even buy cameras because most wholesalers are out of stock all of a sudden."

The price of film has doubled in the last six months and is going up almost every two weeks. Another increase is expected at the end of the month.

Some wholesalers had been out of stock for the past three or four weeks, said Mr van Wyk.

Mr Narendra Modi of Modison's Photographic said "Things are very bad with increases of about 40 percent in the last three months."

He gave an example of a popular brand of autofocus camera which had increased in cost from between R290 and R350 to about R550 in the past three months.

Mr Modi said although he had not experienced any major price rises getting stocks, wholesalers seemed to be cutting down on being more selective about products they imported because they were not sure whether the public would buy at such high prices.

Price increases of between 8 percent and 25 percent had been implemented by film suppliers three times in the past three months, he said.

"Tremendous" Mr Stan Cooper, a sales representative for a major photographic wholesaler, said: "At this point we do not have stocks on hand but they have arrived at the airport."

"There are going to be tremendous price hikes, up to 50 percent in some cases."

"Last month we had stocks in all our ranges, but because of imminent price hikes the stores bought out all our stocks."

He said there was no problem obtaining stocks from Japan, but the main concern of wholesalers was whether the high-priced cameras would sell.
50 fired over strike

Labour Reporter

About 50 employees of Fine Scrap Metals in Jacobs had been dismissed after going on strike. Mr B E Fine, the company's managing director, confirmed yesterday.

He said the workers had downed tools on Friday and in spite of talks with union shop stewards, they had refused to return to work.

He said they appeared to have so many different grievances it was still not clear what their real problem was.

The dismissed workers were still milling around the premises yesterday.

Spokesmen for the workers could not be reached for comment late yesterday.
Chrome ban threat is causing alarm

The Star's Foreign News Service

MELBOURNE — There is considerable alarm in Australia over South Africa's threat to ban crucial chrome exports if any countries impose economic sanctions against it. Such a ban could easily throw Australia's steel industry into chaos.

The Melbourne Herald led its front page today with a warning that the Australian Government could find itself embroiled in a sanctions "war" with South Africa.

Minister for Trade Mr John Dawkins said the government would consider retaliating.

A spokesman for Mr Dawkins said: "If South Africa wishes to reason in that way, instead of the logical one of looking at its internal domestic policies, the government would consider its own response.

"Australia's biggest consumer, BHP, relies on imported chrome to feed its stainless-steel plants. A spokesman said the company might have to switch to manganese. Job losses would depend on the time it takes to adapt to the change.

"Australian business groups have also warned that unless action against apartheid is taken, companies trading in South Africa under a code of conduct will lose business.

At the South African Embassy in Canberra, union leaders have refused to call off their protest despite requests by the government.

"The pickets have been on since June and have stopped deliveries of foreign embassy staff to bring supplies to their own cars.

The government believes the pickets could be breaching the Genève Agreement, which allows free movement to diplomatic staff.

"See Page 6."
PW denies threat to withhold vital supplies of chromium

Political Correspondent

The State President's Office strongly denied today that the Government had in any way hinted or suggested it would withhold chromium supplies in retaliation for anti-apartheid sanctions.

An international furor has ensued following an apparently incorrect report that President Botha made the threat to suspend supplies during a by-election speech in Bethlehem on Monday.

Mr. Botha's message was that sanctions imposed from overseas could boomerang on those countries which imposed them. A block on South African chromium, imposed from abroad, could, for example, put one million Americans out of work, he said.

Mr. Botha's spokesman said today the reference to chromium was misinterpreted when taken out of context.

All the President was doing was setting up a series of hypothetical consequences of trade sanctions, in order to highlight the folly of such measures.

The incorrect report led to United States legislators warning that a cutting of chromium supplies would have serious consequences for the American economy.

And in Australia the Minister of Trade, Mr. John Dawkins, suggested that there might be some form of trade retaliation if South Africa carried out its threat while the Australian media warned of a looming trade war.

Platinum prices hardened on major international markets as dealers grew worried that a South African ban on chromium might be extended to platinum, which is even more strategic and scarce.
Iscor raises exports — profits decline

PRETORIA — The South African Iron & Steel Corporation (Iscor) group had a net profit of R23m after tax in the year ending June 1985 down R9m from the R32m of the previous year, according to the group's annual report released yesterday.

However foreign exports increased by 54 percent from R486m to R733m, as the foreign market took advantage of the weakened rand, Iscor's chairman, Mr F P Kotze, told a press conference at Iscor's headquarters.

The group had a profit before tax of R33m, compared with R26m last year, and local sales of steel declined by 13 percent after a 16 percent increase in the preceding year — "in keeping with the overall economic climate in South Africa," he said.

"The profit performance declined, notwithstanding an increase in the total sale of steel products of 259 000 tons or five percent compared with the figure for the previous year. "This happened mainly on account of a drop of 359 000 tons in sales to the local market," the chairman said.

Steel products account for about 88 percent of Iscor's total turnover.

Mr Kotze emphasized that the Western world industry was experiencing a "gross over-capacity, of about 30 percent, with many producers of flat products on the world market at reduced prices.

"They were able to do this because they were often subsidized while this was not the case in South Africa," Mr Kotze said.

The freeze on repayments of foreign loans and the unrest situation had caused uncertainty overseas about South Africa, he said.

The restrictions on sales mainly to the United States and the European Economic Community meant that new markets had to be found and international market prices had been further depressed.

The poorer operating results of necessity also had a negative effect on the group's internal cash flow "which still amounts to the substantial sum of R355m of which Iscor contributed R23m—appreciably less than its R507m contribution in the previous year."

Asked about the possible privatization of Iscor, which is almost totally government-owned, the chairman said he was "not really on the cards."

"It's government policy but there has been nothing specific regarding negotiations."

"It will be up to the shareholders to decide on their line of action," Mr Kotze said — Sapa.
Diesel engine plant opens in Atlantis

THE Minister of Trade & Industry, Dr Dawie de Villiers, yesterday morning officially opened a R7m engine manufacturing plant at Atlantis in the Western Cape.

The Probuilt Diesel Plant, which will eventually employ 200 people, was built to complete 20 remanufactured engines daily, although it would initially only complete three engines a day.

An engine exchange on a truck could take about 18 hours, while overhauling an engine could take up to 10 days, according to the factory’s general manager, Mr Graham McComb.

The factory would initially only rebuild truck engines, moving on to tractor and other diesel engines later if there is sufficient demand, Mr McComb said.

All remanufactured engines would have a 12-month guarantee — Sapa
Industry saws prices despite increases

SA steel producers forced to go abroad

Prospects are bleak

Sales plummet - prospects are bleak
Privatisation way to cheaper steel

Highveld's aggressive exporting

Diagrams and text on the page.
Corrosion

The detrimental effect of corrosion on the structural integrity of metallic and non-metallic materials can be significant. It is important to monitor and protect these materials to ensure their longevity and safety. The prevention of corrosion involves understanding the mechanisms of corrosion and implementing effective mitigation strategies. A comprehensive approach to corrosion management requires a combination of material selection, design considerations, and protective coatings. The selection of appropriate materials and coatings is crucial in minimizing the risk of corrosion. The role of metals and alloys in various applications underscores the importance of corrosion resistance. The design of structures and systems that are mindful of corrosion is essential for long-term reliability. The application of protective coatings can significantly extend the service life of metallic components. The effectiveness of protective coatings depends on the selection of the right coating material and its application technique. The implementation of corrosion management strategies can lead to substantial savings in maintenance and repair costs. The report emphasizes the need for a proactive approach to corrosion control, highlighting the importance of regular inspection and maintenance schedules. The enhancement of corrosion performance can lead to reduced downtime and improved operational efficiency. The role of the author and other experts in the field is acknowledged for their contributions to the understanding and management of corrosion.
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SUBSTANTIAL INCREASE IN STEEL EXPORTS

Abridged version of the review by the Chairman of Isecor, Mr P F Koxter, in the report for the financial year ended 30 June 1989, together with operational and financial results.

The Isecor Group profited for the year, before and after provision for unrealised trading stocks, decreased to R375.9 million for the previous year. The group's net profit after tax amounted to R152 million, as against R92 million for the previous year.

The profit performance, notwithstanding an increase in total steel exports of 407,910 tons, or 9.5%, compared with 1988, and an overall increase in the average industry by 13.5%.

In an effort to prevent production cutbacks, the Group succeeded in issuing orders abroad for higher tonnages. Total exports amounted to 2,351,669 tons — an improvement of 81,260 tons on the previous year's performance.

THE WORLD STEEL INDUSTRY

The world production capacity has been a major contributor to the steel industry for some years, and this trend continues. In 1993, steel production in the world increased by 3% to 1,387 million tons, an increase of 327 million tons on the previous year's level.

However, these capacities will certainly demand the demand for steel to increase by 36%, as a result of the increasing demand for steel in the USA, Japan, and Europe. Further expansion is therefore not required.

The production approach on the part of industrial countries to achieve a higher balance between the supply of steel and demand for steel, was unfortunately discontinued when a large number of the world's largest producers in the developing countries.

The result is that steel has been overproduced throughout this period.

The tendency to protect local steel industries by restricting imports is apparent. This tendency is evident from the inter-industry review agreement (IRRA) and the Washington Agreement.

The steel industry is heavily dependent on the world market, with South Africa's steel industry exporting steel to all parts of the world.

The government of South Africa has announced that the steel industry will receive a further R50 million in aid from the government during the current year.

SALES OF IRON & STEEL PRODUCTS

Similar measures in respect of imports from 13 other countries into the USA have been negotiated, and it is understood that these measures will be effective from 1 October 1994.

The Czar has announced that the USA will be able to import 1,000,000 tons of steel products at a duty-free level, which will help to reduce the steel industry's dependence on the world market.

The government has also announced that it will provide R1.5 billion for the steel industry to expand its production capacity.

The steel industry is hopeful that this trend towards protectionism will continue.

The local steel market

The steel market has been declining throughout the year under review, as a result of the government's economic policies. This has led to a decrease in the demand for steel products.

In an effort to prevent production cutbacks, the Group succeeded in issuing orders abroad for higher tonnages. Total exports amounted to 2,351,669 tons — an improvement of 81,260 tons on the previous year's performance.

Although these factors on their own could not have led to a recovery in the economy and local steel industry, it was nevertheless expected that general economic conditions would gradually improve as the government's policies of restructuring the economy and increasing exports would have a positive impact on the steel industry.

The government has announced that the steel industry will receive a further R50 million in aid from the government during the current year.

This additional aid will help to reduce the steel industry's dependence on the world market and will enable the industry to expand its production capacity.

The government has also announced that it will provide R1.5 billion for the steel industry to expand its production capacity.

The steel industry is hopeful that this trend towards protectionism will continue.
DEREGULATION

After the end of the state under review, the Government, by way of an announcement, the Government Resolutions of 26 July 1986, abandoned price-maintenance and the price control on primary steel products. This effect from the above dates, a new tariff system on import of primary steel products has been in force.

These steps are in line with the Government’s announced policy of promoting the free-market economy, which also affects the steel industry. However, some of the effects of these measures, particularly as regards the question of quantitative import controls on primary steel products, are only lately beginning to be observed in the steel industry.

As expected, the international steel industry continues to be threatened by the severe losses reported in the international steel industry in the USA and ECC countries. The authorities concerned are working together to help the industry and to protect its interests against the threat of dumping.

Steel productions are expected to increase in the near future. The allocation of steel products is at the stage of expanding the South African steel industry to the threat of unfairly cheap imports.

The position will be satisfactorily met, and it is likely to take several years before any effect of ending the direct and indirect subsidies will be observed. However, other economic policies are likely to be effective in a similar way.

IRON-ORE EXPORTS

In the past year’s review it was pointed out that the Cabinet, after considering the advice of the Committee’s recommendations, is likely to decide whether to permit iron ore exports to continue.

In the present, the necessary legislation was introduced to permit the iron ore traffic to continue for the time being, thereby allowing for the removal of subsidies and allowances. On the other hand, a ban on permits for the export of iron ore would considerably benefit the lower external value of the rand.

In the case of the exports regarding the exports of iron ore, the value of the rand, and to a large extent the export of ore and iron ore, are considered to be urgently needed for the Rand currency.

The position will be satisfactorily met, and it is likely to take several years before any effect of ending the direct and indirect subsidies will be observed. However, other economic policies are likely to be effective in a similar way.

RATE OF EXCHANGE

Currency in circulation prevailing now is valued at 32.05. The Rand is valued at 32.05. This rate is expected to continue for the time being, thereby allowing for the removal of subsidies and allowances. On the other hand, a ban on permits for the export of iron ore would considerably benefit the lower external value of the rand.

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INDUSTRIAL RELATIONS

The year past has been characterized by nationalized industry. All its basic economic conditions are likely to continue. The Rand is valued at 32.05. This rate is expected to continue for the time being, thereby allowing for the removal of subsidies and allowances. On the other hand, a ban on permits for the export of iron ore would considerably benefit the lower external value of the rand.

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AGRICULTURE

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ISCOR

Going mod

Iscor’s hot-strip steel production at the Vanderbijlpark works is set to be major modernisation programme, drastically reducing operating costs and improving the steelmaker’s flat product. Capital cost is slated at R300m.

“A lot of groundwork still has to be done,” says Iscor GM (Planning and Development) Keith Prince. “But tenders should be out by mid-1986.”

The guts of the plan involves closing Vanderbijlpark’s narrow hot-strip (600 mm-1 200 mm) mill and grafting production onto the modern wide mill (up to 1 800 mm), installed in 1974 by Mitsubishi. The modernised mill is due to come on stream by the end of 1988.

The narrow strip mill has hampered Iscor for years. It was installed in the early 1950s and the technology now lags behind similar mills for flat-rolled products in most industrialised countries.

“Running two strips has meant higher operating costs,” says Prince. “So merging the two operations makes a lot of financial sense.”

But the move is more than a cost-cutting exercise. Planners see the mill’s limited product range putting Iscor at a disadvantage in its future exports, which it is now planning until towards the end of the decade.

The project is not listed in Iscor’s latest annual report, but clearly dovetails with chairman Floors Kotze’s stated aim of consolidating and upgrading existing facilities, rather than increasing capacity.

At one stage Iscor envisaged a two-phase overhaul of the narrow strip mill, which basically involved replacing obsolete equipment.

“Provision for future expansion had already been made at the wide mill when it was built,” says Prince. “There are no plans to increase hot-strip capacity, so the infrastructure can be used to best advantage.”

Combined capacity of Iscor’s hot-strip production is rated at 320 000 t a month, of which two-thirds goes into wide production.

It seems that Iscor (like many other producers) planned for an expansion in steel sheet that never materialised. Flat steel is a key item on Iscor’s product schedule, but the world market is heavily overstocked, with producers often placing surplus tonnes at heavily discounted prices.

The size and health of Iscor’s sheet production therefore depends on timely rationalisation and improved quality. The result of the new project should be marked improvement in coil quality through better width, gauge and shape control.

Likely contenders for the tender is a matter of speculation at the moment, although Mitsubishi is obviously well placed. However, at least two other Japanese firms could bid — Hitachi and Nippon Steel, through Nissho Iwai, which recently got the contract for the 400 000 t a year continuous annealing line at Vanderbijlpark.

Bids are also likely to be submitted from West Germany’s Schloeman-Siemag and the US’s Wean-United.
Metal Box may re-hire workers

The more than 500 Metal Box workers at Rosslyn near Pretoria who were dismissed on Thursday for going on strike in protest against what they termed the company's "racist" policies, may be re-employed if they reapply.

This was said by the company's plant manager, Mr A.J. McLeish, in a Press statement released in Pretoria after the dismissal.

All 500 workers are members of the South African Allied Workers' Union (Sawu). The strike which started on October 22 followed the employment of three whites just after the retrenchment of 22 black workers recently.

Lengthy discussions to resolve the matter failed to break the deadlock and management gave the workers an ultimatum to return to work on Thursday morning or be fired.

DEMANDS

Mr McLeish said some of the demands by the union were that the striking workers be paid for the 16 days they had been on strike and that the three whites be dismissed.

"We could not accede to their specific demands and the company have on at least three occasions suggested that the matter be referred to court for arbitration and this was rejected as inappropriate by Sawu," he said.

He said the company regrets having been forced to take this action but that many employees re-applied for their jobs by 1pm on November 15.

A spokesman for Sawu, Mr Chuma Chido, said a meeting was held with management yesterday but the management was still not prepared to rescind its decision on the dismissal.

He said Sawu rejected the ultimatum which was premature because the company's head office had not yet intervened.
Metal Box may re-hire workers

McKeed Kotolo
Pretoria Bureau

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"We could not accede to their specific demands and the company have on at least three occasions suggested that the matter be referred to court for arbitration and this was rejected as inappropriate by Sawu."

He said "the company regrets having been forced to take this action, but we have undertaken to re-employ them provided they reapply for their jobs by 1pm on November 15."

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He said Sawu rejected the ultimatum which was premature because the company's head office had not yet intervened.
ADE extends shutdown

ATLANTIS Diesel Engines has decided to extend its annual plant shutdown by 11 days this year because of the depressed state of the motor industry nationwide.

In a statement released yesterday by Mr. Andre van der Zwan, public affairs manager for the firm, ADE said: "The depressed conditions in the motor, commercial, and tractor industries has affected both sales and manufacture.

"Consequently, several original equipment manufacturers have introduced extended shutdowns and other actions such as retrenchments."

As a result, the annual shutdown would be extended by 11 days by ADE.

The shutdown would include six days "fully approved and paid absence" and the remaining five days would be combined with annual leave arrangements and would have "no detrimental financial effect on employees."

The shutdown would be from November 29 to January 13, 1968, and would affect about 2,000 employees, "from the managing director down," Mr. Van der Zwan said.

The extended shutdown has increased fears that Atlantis, an artificially created "growth point" established in terms of the government's decentralisation policies, could be on the verge of a major social and economic disaster.

* Defiant Atlantis vows to "take action", page 8

Press club ovation for Heard

Chief Reporter

THE Editor of the Cape Times, Mr. Anthony Heard, received an ovation from the biggest-ever attendance at a Cape Town Press Club lunch yesterday when he spoke on press freedom and on the role of journalism in the current crisis in South Africa.

Among those who attended yesterday's lunch - at his own request - was the American best-selling author Arthur Hailey.

The Editor of the Argus, Mr. Andrew Drysdale, thanked Mr. Heard "for saying what needs to be said and again these days."

"The attendance here today is ample evidence of the support, concern and interest of your fellow editors and colleagues elsewhere."

"You have spoken eloquently and bravely, and we wish you well."

* Full text, page 11

Support
Confrontation looms

The strike ballots conducted by the Metal and Allied Workers' Union (Mawu) last week at three Asea group-factories are the first manifestations of its campaign to force metal industry companies to bargain wages and working conditions at plant level. They follow the failure of the metal industry industrial council to settle the disputes Mawu has declared with Asea and a large number of companies whom it issued with demands for plant level bargaining in September.

According to Mawu, workers at all three Asea plants voted in favour of striking by a big majority. They have appealed to workers in related Altech and Powertech companies to support them.

Mawu has long been at odds with the metal industry employer federation, the Steel and Engineering Industries Federation of SA (Sefisa), over plant level bargaining. Although it joined the metal council three years ago, Mawu has always insisted that it should have the right to supplement industry-wide bargaining there with plant level bargaining as well. Sefisa, for its part, has consistently opposed plant level talks on any items covered in the council's main agreement. Mawu's campaign follows its defeat in a test case over an issue in the Industrial Court with Natal company Hart Ltd.

In late September Mawu announced that it had declared disputes with many of the metal companies which rejected its demands for plant level bargaining. Mawu national organiser Bernie Fanaroff says that disputes against some of them have been withdrawn, but that the rest have been taken up. He says a number of dispute meetings besides those involving Asea have taken place at the industrial council and that more are scheduled.

"We don't expect these disputes to be settled as the companies are sticking to Sefisa's line. We believe there will be deadlock and when that happens we will move to strike ballots," says Fanaroff.

Fanaroff also says Mawu expects to reach deadlock with some US companies, one of which is a subsidiary of American Brands. Fanaroff says Mawu is taking steps to con-
Unions in on shut-down

Staff Reporter

ATLANTIS Diesel Engines (Pty) Ltd have asked that a paragraph omitted from a report in yesterday's Cape Times on their statement about this year's extended shut-down of the ADE plant in Atlantic be published.

The paragraph referring to the fact that ADE would be shutting down for an extra 11 days during which employees would receive full pay, reads: "Atlantic Diesel Engines in agreement with the para trade unions decided to extend its annual shut down by 11 working days"
Fighting worse than wearing badge

Staff Reporter

FIGHTING on the shop floor was a far more serious offence than wearing a badge, a worker, fired from Atlantis Diesel Engines factory for refusing to remove a United Democratic Front badge, told an Industrial Court.

Mr Isaac Phooko, 23, was fired on May 3 after two years' service with the company. He had been unemployed since then, the court heard yesterday.

The dismissal followed his refusal to heed company warnings on "abuse and misuse" of company property, refusing to obey a legitimate instruction and refusing to accept a disciplinary procedure "prohibiting employees to advance and/or promote political organisations within the confines of ADE."

Mr Phooko said he was "disturbed" about a rule introduced "overnight" prohibiting the "promotion of any political cause on the premises" after he was warned by a foreman, Mr P P Wollner, to remove the badge and his refusal to comply.

"USING THE LAW"

He refused, he said, because he felt the foreman had "used the company law to satisfy himself — he seemed opposed to organisations like the UDF."

Mr Phooko said the rule was "fair to a certain extent."

"If it had been a case of someone wearing a T-shirt with slogans or carrying a banner, I might have accepted the law, but the badge was probably no bigger than my thumb and a person walking past might not even have seen it."

He had seen men fighting on the shop floor and getting away unpunished — yet this was "a far more serious offence than wearing a badge."

The hearing continues today.

Mr P E Roux, SC, is presiding. Mr L J Bozak of the Legal Resources Centre, appears for Mr Phooko and Mr F Erasmus, ADE general manager, human resources, appears for the company.
Ferro-alloys boom for SA

THE greatest profit boom in the history of SA's ferro-alloys sector still has some way to run.

But John Gomersall, MD of Middelburg Steel's ferro-alloys division, and Dr John Muller, Samancor's GM manganese, both agree that 1983 will mark a fall in export prices and volumes of ferro-chromium and ferro-manganese — by far the major exports of SA's ferro-alloys industry — as growth in the world's steel industry slackens and oversupply develops.

The Chamber of Mines forecasts that the volume of ferro-alloys exports will fall by 8% in 1983, with ferro-chromium and ferro-allicon the worst affected. Ex- port income, it says, will drop 11% on 1982's projected R1,322bn to R1,177bn.

The rand's collapse has also made SA the most price-competitive ferro-alloys exporter in the world.

Samancor, SA's largest integrated ferro-alloys producer, reported a 39.5% advance in net profit to R112.2m at its end-August interim. Barlow Rand's unlisted ferro-alloys and steel producer Middelburg Steel notched up an attributable profit rise from R100 000 to R52m in the year to end-September. In 1982, Middelburg posted an R18m loss. Anglovaal's Associated Manganese (which is diversifying into ferro-chrome) lifted interim profit at end-June 23.5% to R24.4m.

But longer-term storm clouds are gathering. Relentless cost advances, notably in electricity prices, are eroding SA competitiveness.

And while Muller and Gomersall deny that SA ferro-alloys exports have been hit by politically-inspired boycotts, they agree that the future growth of such exports could be impaired.

This of course holds implications for the longer-term growth of the ferro-alloys industry, only about 4% of whose output is consumed in SA.

Since the current boom got under way in 1983, ferro-alloys exports have risen from roughly 3.5% to 5.5% of the total value of SA's mineral exports, and SA's mineral planners, such as Mintek president Dr Aidan Edwards, espouse ambitious plans for continued growth.

Gomersall and Muller see as bullish the prospect that ferro-alloys markets in future may avoid the boom-and-bust cycles which characterised their fortunes in the past 10 years. The world's carbon steel industry, which accounts for 95% of demand for ferro-manganese, is likely to grow at a stable 1% a year in the rest of the 80s.

As SA possesses the world's largest reserves of chrome ore, about 55%, it could be well placed, if it got its political house in order, to supply a growing ferro-chromium market.

Samancor, Muller says, will not extend capacity until the industry has been further restructured.
Soviet and Zimbabwean delegations on possible military assistance to Zimbabwe
To cap it all, the Zimbabwe Herald, the country's main newspaper, carried banner headlines on Mugabe's return from Moscow and Vienna, proclaiming "South Africa set to invade." Mugabe claims Pretoria has embarked on a major military build-up along its border with Zimbabwe, and even normally cautious western diplomats were reported saying they would not be surprised if SA did carry out its threat to launch a "hot pursuit" raid into Zimbabwe.

The general raising of the political temperature over the past fortnight suggests that the church leaders have already been overtaken and are unlikely to have a major impact on the course of events within southern Africa. This gloomy, if realistic, conclusion needs to be viewed alongside the possibility that the stance taken by the South African church leaders in Harare last week will generate more heat than light within the Republic and its conservative churchmen and their supporters enter the fray.

Forging structures
The annual wage negotiations at the metal industry industrial council are probably the most important ones in the industrial relations calendar. They not only establish working conditions for some 352 000 metalworkers, but also influence wage levels throughout the manufacturing sector. And because they are literally such big events, venues as large as the Johannesburg City Hall or the Wanderers' Club have to be hired.

Ranged on the one side is the Steel and Engineering Industries Federation of SA (Seifsa) representing 45 employer associations. On the other, are 16 trade unions.

The unions fall into two main camps, those under the SA Co-ordinating Council of the International Metalworkers' Federation (SAIMF), and a group affiliated to the Confederation of Metal and Building Unions (CMBU). The all-white Yster- en Staal- aides negotiates independently.

The aim is to negotiate the terms of the industrial council's main agreement. It is the key agreement of 32 administered by the council. Collective bargaining in a forum comprising so many employer and union delegates, with different interests on both sides, is a difficult task.

Seifsa members range from gigantic iron foundries to small plastics manufacturers. The SAIMF represents mainly unskilled and semi-skilled workers, and the CMBU is primarily an artisan and semi-skilled workers' body. Because of the complexities involved, Seifsa and the unions agreed earlier this year to discuss new collective bargaining structures.

The SAIMF is looking to maintain industry-wide bargaining at the council, but also wants sectoral bargaining where its unions are strong. Secondly, it wants house agreements for major concerns like Iscor and Highveld Steel to be maintained. SAIMF's third demand is for the entrenchment of unions' rights to a company covenant. Lastly, it wants bargaining at the council to be "more democratic" by instituting proportional union voting rights.

Seifsa's Brian Fredericks says the demands are deliberately broad in order to test employer reaction. "Then we can develop strategies to negotiate them," he says.

Seifsa has yet to formulate its proposals for the new bargaining structure. But the Metal and Allied Workers' Union (Mawu), an SAIMF affiliate which has refused to sign the main agreement in the three years it has been a member of the council, says it has a pretty good idea of employer thinking.

Mawu's Bernie Fanaroff believes that Seifsa will propose separate bargaining for some sectors. Although details are not clear, indications are that they will include the cable manufacturing and electrical engineering sectors, says Fanaroff. He reckons that Seifsa will also propose geographical differentiation for rural, coastal and urban areas. Fanaroff expects Seifsa to propose that negotiations on issues like notice periods can take place at company level but will not budge on its long-standing opposition to bargaining on other matters covered by the main agreement at this level.

Fanaroff says Mawu will oppose all these "proposals." Mawu would be sceptical of employer bona fides regarding sectoral bargaining because, it says, cable sector employers reneged on separate bargaining in the past.

Further, he says, Mawu will not accept lower wage offers for the rural and coastal areas. For urban areas, it is a demand the council will consider. Mawu wants to negotiate substantive issues like wages, hours of work, and bonuses with individual companies. Indeed, this is what its present dispute with about 50 metal companies is all about. Says Fanaroff: "Seifsa wants us to put a hold on these disputes until the negotiations on the future collective bargaining system are completed. We say they are separate issues."

In addition to the SAIMF demands, Mawu wants Seifsa employers to disclose information about their wage bills in future negotiations. And it wants an undertaking that legal strikers will not be dismissed.

Seifsa director Sam van Coller refutes Fanaroff's claims. "Metal employers have not yet completed their deliberations. Therefore, no particular viewpoint has crystallised. In any event, Seifsa would not wish to discuss its views in public given its commitment to discuss the union's claims with the unions early in the new year," said Van Coller. He also takes issue with Mawu's claims about the cable sector, saying the union had once declared a dispute on this issue but did not follow it through.

Face-to-face talks on the future collective bargaining system for the metal industry will probably begin in February. The unknown factor is what government will do about its proposals for industrial councils. It seems likely the Manpower Department will insist on new criteria for determining the representivity of unions and employer associations. When deciding whether to extend council agreements, the government's criteria will be key.

Mixed marriages
A rocky road
Five months after the legalisation of mixed marriages, couples who have taken the leap (or the plunge) are still having to battle against the myriad laws that prevent them living a normal married life.

Section 12 of the Group Areas Act effectively ostracises whites marrying across the colour line by forcing them into domicile in the "non-white" part of the country. Yet, 192 couples took the step in the period between the scrapping of the laws (the Mixed Marriages Act and Section 16 of the Immorality Act) on June 19, and October 31.

One of government's solutions to deal with the problem of related apartheid legislation was to issue a circular. Shortly after the legislation was repealed, it requested married couples to advise couples going into such a marriage of the legal implications for them and any children born of the union.

These relate to where the married couple can live, the exercise of their parliamentary franchise — especially if one partner chooses to be reclassified, the population group into which their children may be classified and the schools they will be able to attend. The guidelines seem to be that the mixed couple takes on the legal status of the darker partner.

The euphoria that followed the repeal of the laws meant many mixed couples married without fully considering the legal implications.

In July, the month after mixed marriages became legal, 64 mixed couples were married out of an estimated total of 6 000 marriages countrywide. The number dropped to 51 in August, 40 in September and 32 in October.

Rightwing resistance to mixed marriages has been a problem. Mixed couples have had to face daily harassment and even death threats, in addition to problems of legal residence. A Sasolburg family, the Van den Bergs, became the target of election propaganda against "integrationist policies." Herstigte Nasionale Party (HNP) candidate and winner of the Sasolburg seat, Louis Stober, said the campaign was not a personal attack against the Van den Bergs family, "but people see this as symbolic of the immense
Soviet and Zimbabwean delegations or possible military assistance to Zimbabwe

To cap it all the Zimbabwe Herald the country's main newspaper, carried banner headlines on Mugabe's return from Moscow and Vienna, proclaiming "South Africa set to invade." Mugabe claims Pretoria has embarked on a major military build-up along its border with Zimbabwe and even normally cautious western diplomats were reported saying they would not be surprised if SA did carry out its threat to launch a "hot pursuit" raid into Zimbabwe.

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**Forging structure**

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**MIXED MARRIAGES**

A rocky road

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Dismal picture for metal industry

Metal industries employment has fallen more than 20% since 1981.

Over 15 000 jobs were lost in the first six months of this year alone, according to the annual report of Seifsa, the Steel and Engineering Industries Federation.

Says the report: “The estimate of employees in production processes in the metal industries at mid-year 1985 is 325 000, compared with an employment peak of 454 000 at year-end 1981.”

Outgoing president Florens Kotzee paints a dismal picture of the year.

Cutbacks in government and parasatal expenditure reduced local steel demand by 16% in the first six months of 1985 over the equivalent period in 1984, he says.

This was offset to some degree by increased exports, aided by the weaker rand and improved overseas economic conditions.

“In the case of steel, substantial increases in exports have been achieved to compensate for the decline in domestic demand. Because of the depressed world steel markets, however, these increases have been achieved at relatively low price levels.”

Kotzee says Seifsa’s production indices at mid-1985 showed an overall 8.8% drop on 1984.

Biggest drops in output were recorded by the automotive components industry, down 43%, electrical machinery 23%, other machinery, including machine tools and farm machinery, also 23%, and transport equipment 19%.”
THE Industrial Court has ruled that
35 former employees at Trident Steel in Johannesburg were unfairly
dismissed, after taking part in an
overtime ban, and has ordered the
company to pay them six months' wages and benefits.

The case is significant because it is
one of the few major matters to have
reached the Industrial Court as an application
for permanent re-instatement under Section 48(9) of the Labour Relations Act.

The workforce originally placed a ban
on overtime in July last year, when the company refused to grant workers the
hourly increase they were demanding. Trident argued it dismissed workers be
cause it had been unable to continue operating without regular overtime.

The court found that the dismissal in August last year was unfair because Tri-
dent's order to resume work under its
over-time system was unlawful for two reasons:

- Overtime called for sometimes exceeded the maximum prescribed in the
  industrial council agreement. The over-
time called for contained a significant unlawful element" and it was unfair to
dismiss workers for refusing to comply
  with this instruction.
- Secondly, workers were not given the
  chance to defend themselves before being dismissed.

The matter between the Steel, Engineer-
ing and Allied Workers' Union of SA
and others and Trident Steel is significant because workers lost their case
when applying for temporary re-instate-
ment under Section 43 of the Act.

But their partial success when they
applied for permanent re-instatement
has illustrated that giving full evidence
can change a situation considerably.

The court did not find the dismissals
to be selective or discriminatory.

In his judgment Mr G John, an advo-
cate, said that to order re-instatement 15
months after the rest of the workforce
was re-employed would disrupt Tri-
dent's business and distress those in po-
sitions previously occupied by the 35
workers.

To order payment of wages as an
alternative without some time limit
would also place the 35 workers in an
unrealistically favourable position.

He said the workers were not blame-
less. They had participated in the over-
time ban before negotiations had com-
enced properly and declined to follow
the advice of the union to return to work
pending attempts to resolve the over-
time issue.
Packaging makers incensed by... Soaring cost of raw materials

PACKAGING manufacturers, incensed by hefty price increases in raw materials, see the rising costs of these goods as their major hurdle for 1986.

Locally manufactured raw materials have risen by as much as 45% in the last two years, pushing up the end price of packaging by more than 50%.

With more increases on the way in January, the main suppliers — paper and steel mills, who together supply more than 55% of SA’s packaging material — have been accused of disregarding the state of the economy.

Manufacturers complain that many of the price adjustments have been justified by the exchange rate, even though the materials are of local origin.

Nampak Corrugated Container Division MD, Adrian Barker, slated the paper mills for hiking the price of some products by as much as 43% over two years.

“Raw materials make up 65% of the selling price. When major primary producers increase price in this manner, there is a ripple effect. This sort of action is not only a disservice to the paper and packaging industry, but to the entire economy.”

Barker hit out at suppliers for using the low value of the rand as an excuse to make large exports profitable. “Suppliers cannot have the benefit of the low rand without living with some of its drawbacks,” he said.

Packaging companies have also had to cope with falling volumes as consumer demand has slumped. Nampak group MD Don McCartan attributes some of the volume problems to the difficulties linked to delivering goods in the townships.

However, towards the end of November, demand picked up and packaging manufacturers are eagerly awaiting January to see whether the surge signals the start of a recovery.

SA still follows Western countries when it comes to packaging trends and design. However, the exchange rate has forced manufacturers to become less reliant on material and design. “Up till now our markets have not been big enough for us to set trends. However, a lot of companies are now looking to export markets to maintain their volumes,” said McCartan.

Export activities are set to intensify with high volume markets such as South America and South East Asia.
Mining told to seek market base

ROY BENNETTS

MINING and metallurgical industries should move from the traditional approach of a resource base to a market base, says Henry James, president of the Institute of Mining and Metallurgy.

A move away from production orientation to market orientation, with less reliance on exploration and economics of scale, should reap a reward by further advances in process innovation and product development, he says.

His comment comes in the wake of a report claiming that research and development in mineral sciences and technology have been neglected in most countries in favour of mineral exploration.

James says that the conservatism of the minerals industry, with its emphasis on proven processes, does not permit process innovations to emerge until the signals of market decline have become clear and indisputable.

According to the recently published annual review of the Minerals Bureau, South Africa produced more than 60 different mineral and metal commodities in 1984.

It exported these resources to 87 countries, with the largest demand coming from North America, Europe and the Far East.

SA gold mines alone have produced almost one-third of all the gold mined since the beginning of history.

They lay claim to a cumulative output of about 39 544 tons of gold since mining started in the early 1870s to the end of 1984, says James.

Although annual production peaked in 1970 at 1 000 tons and has since dropped by a third, SA's dependence on gold has steadily increased over the past 25 years.

He says this is evident from the fact that gold, as a percentage of SA's total export revenue, increased from less than 30% in 1950 to about 50% last year.

The increase in the price of gold has taken up the slack caused by the drop in production.

Much has been said and written about SA's need to reduce its dependence on gold.

James suggests that this can be achieved if more attention is paid to the mining, beneficiation and export of the 59 other mineral commodities produced in SA.

A favourable area of development is the further processing of commodities to yield added-value, mineral-based products.

James uses the example of stainless steel.

This, he says, could be exported in place of ferrochromium.

Chromium could be processed to chromium chemicals, and titanium oxide could be exported in the form of titanium pigments.

What SA urgently needs, he says, is to unlock the latent potential that exists for the conversion of minerals and metals to added-value products before they are exported.
Moves afoot to protect stainless steel producers
Union Steel Corp expects further losses

Union Steel Corporation (Usco), after recording losses for the first time in the group's history last year, is not offering shareholders much comfort.

Chairman P P Kotzee says in the annual report that further losses are expected in the current year.

With steel sales declining by 17% last year, the local demand for steel sections, hollow drill steel and forgings is not expected to recover in the current year.

The group plans to use the excess capacity of its melting plant and the continuous casting machines to manufacture billets for export. Last year 63,000 tons of billets were exported, but the tonnage of billets sold locally dropped from 29,000 to 3,000, with export sales revenue insufficient to compensate for the slump in local sales.

The market for non-ferrous products is expected to weaken because of cutbacks in capital projects by Escom, Sasra and the Department of Posts and Telecommunications.

The group is also having problems with its new direct reduction plant which will be under-used in its first year of operation.

The castings foundry, a loss-making unit since 1978, again made a loss last year and it has been decided to close this division. The plant ceases production from today.

Last year the gas plant at Klip Works was closed, and a 35% saving in gas costs is expected.

Kotzee says "Further closures of uneconomic activities may be considered."

The financing of the direct reduction and pelleting plant - through loans and lease agreements - has weakened the balance sheet, with gearing rising from 68% to 100% and finance charges cover dropping from 3.2 to 0.5 times.

Liquidity is also reduced, with the current ratio down from 1.4:1 to 1:1.

The share has fallen from 130c in May - on the publication of losses at the interim stage - to its current 82c where it stands at a 78% discount to net worth.

At present the shares might appeal only to long-term investors.
Engineer outlook complex

FSET STATION

ENGLISH...