MANUFACTURING - MOTOR INDUSTRY

1984

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

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

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

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

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

The striking workers have received the backing of the Port Elizabeth Civic Organisation (Pebco)
Big developments in pipeline

Toyota driving for 25% of the market

By Malcolm Fethergill

A year in which Toyota increased its market share without introducing any new models, MD Colin Adcock is confident that it will keep going right for South Africa's premier motor maker in 1984.

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

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

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

An idea of how quickly it has grown is that, when it was basically a commercial vehicle operation, it sold 4.5 percent of all passenger cars. By November 1983 (the latest figure available) it held 20.4 percent, against 18.8 percent a year earlier.

NOWHERE NEAR LIMIT

Its share of the total vehicle market had grown to 27.7 percent by November, against 21.6 percent in November 1982, while its share of the total commercial vehicle market remained 27.4 percent.

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

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

Reasons for Toyota's success? Mr Adcock lists them as producing high-quality, low-cost vehicles, importing them in large quantities, marketing and support.

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

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

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

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

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

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

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

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

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

KEEPING THEIR JOBS

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

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

On the national scene, Mr Adcock believes gold will improve slowly in 1984, finishing the year above $400. He also expects American interest rates to ease, bringing a small improvement in the rand/dollar rate.

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

If SA made no attempt to correct the swings in foreign exchange rates it could theoretically lose R7.5 billion a year. So it closely watches and tries to hedge forward where necessary to protect its position.

"We don't aim to make money out of managing our currency, we just aim to match our budgeted targets," Mr Adcock, who rates 1983 as the most fascinating year of his career, expects to see "real growth across the board" in the second half of 1984 after a pedestrian first half.

America's size is emunctory.

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

"Businessmen of goodwill, however important, can do very little in direct political matters." For this reason he has played no part in the political arena since his return to SA from up north almost 10 years ago - and has no intention of becoming more active.

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

With good reason he well remembers December 13, 1976, about 5.15 A.M. He had just completed a round of golf at Vaal Reefs gold mine's Okneen course as the last football at a hit and zag game tournament - where the men and women play together.

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

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

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

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

Etheredge's retirement will lead to busy new role

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

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

The other day for what must be the first time in 26-old years "I was amazed how easy it was." But that is the lighter side of a man respected worldwide for his honesty and professionalism.

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

But he has no illusions about such a billing being ephemeral. Recently asked to address yet another conference later this year in the US, he politely declined and suggested selection of someone closer to the pulse.

Candid as ever, Mr Etheredge says "I no longer matter," while some of one's experience is relevant for a long time, he says, "it becomes outdated very quickly." His early days with Anglo, amid the torrid politics of Southern Rhodesia, taught him a lifelong lesson.

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

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

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En 1984, les chiffres de Toyota dépassent les 25% du marché. Colin Adcock est confiant dans la persistance de la croissance de sa marque dans la première année de 1984. Parmi les développements importants dans la pipeline figurent le lancement en avril de quatre nouveaux camions dans les types Hino et Da Super Dolphin, la probable sortie prochaine d'une version Front-Wheel-Drive Corolla à la fin de l'année et une tentative d'entrée dans la production de composants.

Les détails de ces nouveaux composants seront annoncés "bientôt", mais les plans pour la prochaine voiture de ligne sont gardés en vrac pour le moment.

Mr Adcock n'admet pas que le marché de Toyota soit proche de son point de saturation. "Je ne crois pas à une limite de marché. Dans tout marché, il existe un point à partir duquel la croissance devient difficile, mais nous ne sommes encore loin de ce point.

Les raisons de la réussite de Toyota ? Selon lui, ce sont la production de voitures de haute qualité à prix compétitifs, l'importation en grande quantité, la force de vente et la stratégie marketing.

Il note aussi que, sauf Renault, chaque autre constructeur dispose d'au moins trois lignes, contre deux pour Toyota.

Il croit que la diversification de l'offre peut détruire les efforts de marketing de la concurrence tout en évitant l'économie d'échelle de coût.

Les efforts de Toyota en 1984 seront axés sur l'introduction de ses Super Dolphin trucks, dont les capacités de 10 à 15 tonnes devraient s'insérer entre les types F existants.

Le long terme est de dépasser les ventes de Toyota en Afrique du Sud, ce qui est actuellement le deuxième marché mondial, derrière Mercedes-Benz.

Les cercles de qualité, introduits à différents niveaux et descendus dans les équipes de base, ont atteint le niveau moyen des cadres de la société.

Enfin, la promesse de la compagnie de respecter l'emploi à vie, pendant que les autres se contentent de "first in, last out" pendant les périodes difficiles, a conduit les ouvriers à suivre le conseil de la direction.

Le deuxième quart de l'année 1984 devrait être la période culminante pour Toyota en Afrique du Sud, avec l'arrivée de nouveaux modèles et une croissance des ventes à un rythme soutenu. Il est confiant dans le maintien de la croissance pour l'année 1984 et s'attend à des résultats positifs pour ses clients et pour l'entreprise.
ABANDON 1500 workers at BMW's Rosslyn plant near Pretoria downed tools yesterday while negotiations for better wages were being held.

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

The statement said production on about 80 cars had been disrupted, but that they would have no problems in supplying customers.
Ford silent as PE workers meet

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

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

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

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

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

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

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

Further representations were made by the workers to the management a week later about a certain employee, alleged to have a "bad attitude and poor human relations."

Last night the workers were reported to have resolved the grievance. They gave the two unions a mandate to investigate the issue.

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

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

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

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

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

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Sigma retrenches 850 employees in Pretoria

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

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

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

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

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

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

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

The company, owned jointly by the Anglo American Corporation and Anglo American Industrial Corporation, had a loss of about R50 million last year and is heading for another big loss this year.
Sigma lays off 850 workers

PRETORIA — Almost 850 workers at Sigma Motor Corporation were retrenched yesterday. The workers, about 120 salaried and 725 hourly-paid workers, were told it had "regretfully become necessary" for them to lose their jobs as a result of the giant motor manufacturer having to reduce its fixed and variable costs in a drive to meet competition.

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

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

The spokesman said severe supply problems in the fourth quarter and lack of adequate dealer representation had resulted in sales volumes not reaching expectations. Sigma, with a present staff of about 7,000, is the biggest employer in the private sector in the Pretoria area.

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

A company spokesman said the retrenchments would be on a "last in, first out" basis. All affected workers had received statutory notice, redundancy benefits, and for those who qualified, additional benefits in terms of the corporation's supplementary unemployment benefits fund.

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

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

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

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

FEWER CARS

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

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

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

DEPARTURE

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

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

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

Spokesmen for the other major vehicle manufacturers in the area, General Motors and Volkswagen, said they did not anticipate any layoffs in the immediate future.
THE Ford Motor Company in Port Elizabeth announced today that 490 hourly paid workers in the city were being retrenched.

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

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

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

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

The rest were retrenched at Neave.

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

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

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

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

"Despite depressed mar-

ket conditions and, therefore, a difficult financial climate in 1983, Ford made no reductions in personnel," he said.

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

"We have considered a number of alternatives in order to prevent the retrenchment. Including working extended short time at the end of last year.

We have now reached the point where we can no longer absorb these penalties.

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

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

He said that in the past Ford management and the union had not discussed problems. But this time they had only been a brief statement that workers would be retrenched and there had been no consultation with the union.

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

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

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

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

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

In Pretoria, the Sigma Motor Corporation retrenched about 120 salaried staff and 725 hourly paid workers yesterday
Ford workers hit at 'lack of consultation

By JIMMY MATYLU

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

Some 500 African and coloured workers attended a meeting in KwaZakhele today.

It was organised by the Ford Workers' Committee.

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

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

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

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

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

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

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

He said this time there was no such communication between the unions and the management. Instead retrenchment was first heard of by way of rumour.
Manpower competency is key to quality

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

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

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

TRAINING

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

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

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

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

OBJECTIVES

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

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

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

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

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

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

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

"We further believe that the strength and quality of a training programme largely rest in the training technology used. Selected training managers research different training technologies and trends in America and Europe, and find out how they can be applied in South Africa. They also generally look at ways for training the company's training officers."
The BMW car manufacturing plant at Rosslyn, Pretoria, has been closed down indefinitely by a "wildcat strike" involving about 1,500 workers.

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

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

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

"The plant will remain closed until management is confident that the intimidation of fellow workers will not recur," the statement said.
Union to seek meeting over retrenchment

By SHIRLEY PRESSLY

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

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

Mr Neer confirmed that workers feared further retrenchments.

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

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

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

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

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

Mr Bob Kernohan, Press relations manager for Ford, said this afternoon:

"Ford's Neave plant was working a four-day week and was closed today. Production at Straundale was normal. He declined further comment."
Unionists due to consult

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

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

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

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

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

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

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

REFUSED

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

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

The union spokesman said Naawu had been trying to reach management to propose a new round of talks to solve the dispute. BMW management could not be reached for comment.

Hundreds of workers at three branches in Johannesburg downed tools yesterday in sympathy with 180 Sandton Hyperama workers who were dismissed last week after striking.
Ford lay-offs bring new model plant to standstill

BY PHILLIP VAN NIEKERK

THE Ford Sierra plant in Port Elizabeth was closed down early yesterday after hundreds of workers downed tools in protest against the retrenchment of 496 colleagues.

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

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

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

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

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

Replying to the union allegations, Mr Ferreira said: "We have considered a number of alternatives in order to prevent the retrenchment, including working extended short time at the end of last year. We have now reached the point where we cannot longer absorb these penalties."

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

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

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

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

They claimed that by the current retrenchments the company was "having back at the unions the last time Ford retrenched workers was in August 1982. At that time there were widespread strikes in the Port Elizabeth motor industry."

Mr Naar said "Ford has a new approach as far as communication with the workers is concerned. In the past it was agreed that if there were retrenchments pending we should be informed but now they spring this on us at the last moment."
1500 workers strike at BMW Rosslyn plant

PRETORIA — About 1500 workers at the BMW car-manufacturing plant in Rosslyn here went on strike today — the second in eight days — following a breakdown in negotiations for a pay increase.

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

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

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

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

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

The BMW management could not immediately be reached for a comment.

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

By JOSHUA RABOROKO

- About 300 workers at Valco Latex Company in Industria went on strike yesterday over wage demands. The workers were told to leave the company's premises and to report for work today.
- The company's director, Mr S Lipschutz, said the workers made wage demands in the morning and the management was having discussions with the workers.
- About 450 mineworkers at Ucar Mining in Phuthaditjhaba went on strike again yesterday, after the Government had put pressure on the company, Union Carbide, not to talk to the National Union of Mineworkers (Num), which represents the miners.
- Other strikes were at OK Bazaars Carlton Hotel, Promex Plastics in Wynberg, Reliable Products in Johannesburg and Powerlines in Springs. The strikes are over the dismissal and retrenchment of workers.

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

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

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

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

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

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

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

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

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

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

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

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

The Mawu spokesman said about 400 workers were on strike at Powerlines in Springs over the dismissal of a union shop steward.
BMW talks in limbo as plant stays shut.

By PHILLIP VAN NIEKERK

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

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

A spokesman for the National Automobile and Allied Workers’ Union said they had met with their shop stewards and general membership yesterday and that they would be attempting to re-open talks with the company. “A BMW spokesman said there had been no further talks and the plant would not re-open until we are satisfied our people will be safe when they report for work.”

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The Mawu spokesman said about 400 workers were on strike at Powerlines in Springs over the dismissal of a union shop steward. The Mail was unable to obtain further comment yesterday.
Nissan factory retrenches 700

Pretoria Correspondent

26/1/87

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

This brings the number of workers retrenched in the motor vehicle industry so far this year to 2,900.

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

Nissan management could not be reached today for comment.
Nissan lays off 700 workers

BY PHILLIP VAN NIEKERK

NISSAN SA yesterday announced that about 700 workers at their plant at Rostlyn, near Pretoria, have been retrenched — becoming the third major motor manufacturer in a week to lay off workers. Last week Ford and Sagma each laid off hundreds of workers as a result of economic conditions in the motor industry.

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

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

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

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

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

The BMW plant in Rostlyn — where about 1,500 workers went on strike on Friday — remained closed yesterday.
Model delay for BMW

By SIMON WILLSON
Industrial Editor

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

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

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

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

With normal output at Rosslyn totalling about 70 cars a day, and prices in the luxury BMW range averaging about R25,000, the dispute must be costing the company at least R1.7 million a day in lost sales.

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

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

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

Since then Rosslyn has been manufacturing only the 320 model in the 3 Series range. The variants in the range — the 318i and the top-of-the-range 333i — were due to roll off the assembly line this February and March.

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

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

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

More than 2,000 3 Series models have been sold in the three months the range has been on the market. Last month sales totalled 803 units, giving the range 3.6% of the market.

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

Before the 3 Series launch, BMW was ninth, with 905 sales and 3.5% of the market. Last month the manufacturer held seventh place in the rankings with 1,517 sales and 3.6% of the market.

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

The company spokesman said the plant's labour force was the best-paid in the motor industry, earning a minimum of R2,50 an hour. Workers had accepted last June's 10c an hour across-the-board increase.

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

Own Correspondent

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

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

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

"During the past few months we have used other methods, such as working short time, to avoid laying off workers, but now we have had to take this action to safeguard the interest of the company and the majority of its employees," he said. However, Mrs D Nowathu, general secretary of the United African Motor and Allied Workers' Union (UAMAWU), said workers were unhappy about the way in which the retrenchments had been handled.

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

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

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

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

The BMW plant in Rosslyn — where about 1,500 workers went on strike on Tuesday — remained closed yesterday.
How SA's motor industry got it wrong

By SIMON WILLSON
Industrial Editor

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

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

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

The 1983 total is only 3.7% down on 1982 and 8.3% adrift of the record sales year of 1981.

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

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

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

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

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

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

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

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

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

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

December sales of General Motors' Rekord-Commodore-Senator marque, for example, shot up by 185% over the previous month as GM finally got into gear and met the showroom demand for the models.

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

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

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

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

Much the same story lies behind the 40% rise in sales of the Mercedes 123 range. From a total of 977 units in November last year, sales leapt to 1,234 in December.

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

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

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

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

BMW is losing R1.7m a day

By PHILIP VAN NERKEN

THE strike by about 1,900 BMW workers at the Roslyn plant near Pretoria has entered its fourth day and the demand for higher wages remains unresolved.

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

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

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

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

The company paid the highest minimum wage in the industry, R670 a month.

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

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

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

"In fact, the way they have been treated is the reason they are strike," he said.

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

After a general meeting yesterday, the workers decided they should not report for this hearing as this constituted "victimisation".
Debate over local content is expected

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

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

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

Mr Wilking's speech will be on The Local Content Programme — a Reassessment.

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

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

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

Prof Chris van Vaipen, of the University of South Africa's School of Business Leadership, will present some new concepts in marketing and planning in the 1980s.

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

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

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

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

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

The morning-only session will be followed by a lunch hosted by Mr Jules Opperman, general manager (Eastern Cape) of Barclays National Bank.
BMW paid its employees the highest wages in the motor industry, but it was being held to ransom by people who demanded even more, a spokesman for BMW South Africa has said.

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

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

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

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

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

—Sapa
Ford chief on PE lay-offs

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

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

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

"The only thing that counts at the end of the day is a sound and profitable company and the only way in which a company can continue remaining sound and profitable is to deal with the realities with which it is confronted. "Governments may, but private companies simply cannot provide jobs when there's no useful market demand for their products," said Mr Caldwell.

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

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

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

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

"And another fact which has impressed me is that it's no overstatement in any way to say that Ford (SA) is making the highest-quality products of any manufacturer in South Africa,” he said.

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

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

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

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

"We have followed the path of respecting whatever these rules are and operate under varying conditions -- in some cases local content requirements of up to 50%.

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

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

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

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

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

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

UCDD is currently owned 39.9 per cent by Volkskas 36.7 per cent by Daimler-Benz and 23.4 per cent by the Gohner Foundation of Switzerland.

As a result of an expansion in UCDD’s share capital effective by June 1984 at the latest, the Daimler-Benz shareholding will move to 50.1 per cent Volkskas moves to 20.5 per cent and the Gohner stake remains at 23.4 per cent.

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

Substantially increased commercial vehicle production and increased the capacity of the parts operation.

The manufacturing and assembly operation in East London is one of the largest Mercedes-Benz car and commercial vehicle market.

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

UCDD’s East London wage and salary bill (including bonuses and employee benefits) for the 3,800 employees at its CDA plant is about R34 million a year.

The company spend a further R35 million a year on local content purchases rates and utilities in the Border/Ciskei area and pays freight and wharfage charges to the East London port authorities of some R96 million a year.

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

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

UCDD, which is owned 39.9 percent by Volkskas, 33.7 percent by Daimler-Benz and 23.4 percent by the Gohner Foundation of Switzerland, makes and distributes Mercedes-Benz cars and commercial vehicles and also holds the Honda car franchise.

As a result of an expansion in the firm's share capital, the Daimler-Benz shareholding will increase to 50.1 percent, the Volkskas share will decline to 26.5 percent, and the Gohner stake will stay at 23.4 percent.

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

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

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

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

The programme has more than doubled car production capacity and substantially increased commercial vehicle production at the CDA assembly plant in East London."
It's D-Day for car plant's 1,500 strikers

By Carolyn Dempster, Labour Reporter

BMW is to decide today whether to fire the 1,500 workers who went on strike at the motor manufacturer's Rosslyn plant in Pretoria last week. Talks between the National Automobile and Allied Workers' Union (Naawu) delegation and management deadlocked yesterday and the fate of 19 union members charged with intimidation and violence is still uncertain.

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

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

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

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

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

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

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

By ALINA DUBE

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

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

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

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

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

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

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

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

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

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

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

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

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

BMW spokesman replied that the company was not prepared to reconsider a 15c an hour wage rise which NAAWU charges sparked the strike. It also said it was unwilling to re-open the plant unless workers returned.

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

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to prevent the in billions of dollars.
Striking workers must 'sign'

MORE than 500 sacked strikers at Vetsak, Isando, have been forced to sign documents undertaking not to go on strike again as a condition of re-employment.

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

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

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

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

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

BMW UNDER FIRE

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

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

By Carolyn Dempster
Labour Reporter

The fate of the 1500 striking workers at BMW’s Rosslyn plant was still hanging in the balance as the factory remained shut for the eighth day today.

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

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

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

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

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

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

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

Management has accused certain union members of intimidation and violence. Naawu assistant general secretary Mr Brain Fredericks also denied management allegations that there were “political overtones” to the strike.

“If management is not prepared to recognize that the workers have legitimate needs, then it is behaving in a totally unrealistic way,” he said.
Black buying power potent for car trade

By LOUIS BECKERLING
Business Editor

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

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

Notwithstanding the bullish impact on the SA economy of recovery in the United States economy which saw an inflation-adjusted increase in GNP for 1963 of 6,1% — “stronger than during any of the past four recoveries” — a weak gold price, inflation and high interest rates would continue to exert limiting influences on business conditions.

“And the prospects of a sustained upward sales cycle in all three sectors of the industry is unlikely until the latter part of 1964.”

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

- Some 48 200 people were directly employed in the manufacture of all classes of vehicles, a further 104 000 were employed by manufacturers of component supplies, and between 125 000 and 150 000 were employed by the country’s 2 500 vehicle dealers.
- The value of annual retail sales of all vehicles last year was some R3 400 million — or 4,25% of gross domestic product.

Meeting that General Motors forecast the sale of 440 000 vehicles in 1964 — some 35 000 units, or 8,6%, up on the 1963 figure

- Light commercials:
  In this sector sales were likely to grow at an average annual rate of some 4% during the ’60s.

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

The average long-term growth rate of roughly 3% should, however, be maintained during the ’60s.

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

By contrast in 1963 blacks owned 53 000 cars, and at an estimated 222 000 units in 1963, the participation by black South Africans in the motorcar market, represented only 16 units per 1 000 of the black population.

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

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

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

- Passenger cars:
  Having grown annually on average almost 5,5% since the ’50s (though shrinking almost 4% last year), sales in this sector, Mr Wilking said, “should resume the steady long-term growth trend from the third quarter of 1964.”

Earlier in his speech Mr Wilking told the dealers...
Legal action threat in BMW strike

Steven Friedman
Labor Correspondent

Relations between motor firm BMW and the National Union of Automobile, Aircraft and Allied Workers—which represents workers at its Rosslyn plant—deteriorated sharply last year, with the two sides refusing to talk with each other.

Key developments yesterday at the plant, which the company shut nine days ago after a wage strike by about 1,600 workers:

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

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

The company dropped notices by helicopter over three black townships in the area sharply attacking the union. NAAWU charged the pamphlet was "defamatory" and said it might take legal action.

BMW said it had told NAAWU it reserved the right to sue for damages resulting from the strike and to end its recognition agreement with the union.

The company later dropped a second pamphlet over the townships inviting workers and their wives to an "entertainment" at which free cold drinks would be served, videos shown and the strike discussed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Disenchanted strikers quitting union BMW

By STEVEN FRIEDMAN
Labour Correspondent

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

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

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

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

NAAWU says this has angered workers and raised tensions in the dispute BMW's statement comes in the wake of a sharp deterioration in relations between it and NAAWU, a union it recognises.

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

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

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

The company has announced that the plant will be reopened by the end of the month, but says no decision has been taken to restart production.

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

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

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

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

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

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

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

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

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

Ford's PE plant ... pragmatism the order of the day
BMW workers sign 'ballot'

By Carolyn Dempster
Labour Reporter

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

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

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

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

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

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

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

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

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

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

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

By STEVEN FRIEDMAN
Labour Correspondent

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

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

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

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

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

The dispute which closed the plant began when workers rejected a R16 an hour wage increase granted by the company and demanded a R1 an hour rise.

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

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

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

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

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

But a NAAWU organiser, Mr. Brian Fredericks, said the workers’ decision to return to the plant and offer their services was taken by about 1 460 BMW workers at a union meeting on Thursday and was communicated to the company in a telex from the union office.

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

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

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

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

“It appears now that at most 16 out of 1 460 workers resigned. The majority remain strong and committed to their union,” he said.
IN WHAT must be regarded as one of the most determined efforts to break a strike, BMW in Pretoria have used their company helicopter to drop pamphlets over Mabopane and Garankuwa inviting workers and their wives to a party today.

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

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

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

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

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

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

The pamphlets from BMW's helicopter urge workers to "come to the main entrance of the plant where notices will be handed out daily." Approximately 900 workers at a Naawu meeting in Soshanguve welcomed the helicopter with stones and chants of "We are not afraid."

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

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

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

A company spokesman said the first batch of resignations from people apparently disillusioned with Naawu had arrived on Wednesday.
words...
BOP Manpower Minister Rowan Cronje, a former member of Ian Smith's Rhodesian Front Cabinet, has apparently changed his tune about trade unions.

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

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

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

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

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

game and its misguided advances"

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

Cusa also alleged that the Bophuthatswana government had come to a deal with the white mine-workers of the Mine Workers' Union, and warned that this would sow the seeds of discord and suffering among workers.

It also slammed Mr Cronje for his "pusillanimous and sanctimonious utterances" in supporting the homeland ban.

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

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

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

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

Ticket inspector 'told me to strip'

BY BENITO PHILLIPS

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

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

The girl told the court she had been taken into a second-class compartment by the controller, who said he wanted to speak to her about her ticket.
Labour unrest cost BMW R1.6m in lost production

Pretoria Correspondent

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

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

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

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

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

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

By Eugene Saldanha

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

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

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

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

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

A BMW statement said the company had reached agreement with Naawu that the existing wage structure would not change before July 1.
BMW gets back into gear after pay dispute

BY SIMON WILLSON

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

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

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

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

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

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

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

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

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

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

The union also recognised the company's right to take disciplinary action against workers who went on strike.
Ford retrenches 30 salaried workers

By CLAIRE PICKARD-CAMBRIDGE

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

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

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

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

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

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

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

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

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

Ford had considered several alternatives to prevent the retrenchments, including working extended short time at the end of last year but they had reached the point where they could no longer absorb these penalties.
By Angus Macmillan
BMW used unorthodox tactics — including shining a spotlight on a union meeting with leaflets from a helicopter and asking workers to a soccer match — to bring the militant National Automobile and Allied Workers Union to heel this week.

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

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

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

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

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

The dispute arose over dissatisfaction with a management offer of a 10c an hour pay increase. Workers wanted R1 an hour more — or about 10% — says BMW, who adds that it pays R570 a month on average.

NAAWU spokesman Taffy Adler says BMW pegs wages unilaterally, merely consulting a puppet workers' council. He claims that the increase offered was less than that granted by other motor companies.

But Professor Roux van der Merwe, of the University of Port Elizabeth, says "Management should do its damnedest to put its point across to workers. BMW has been innovative, but most realise that winning a battle does not necessarily mean winning the peace."
Motor union plans action against six companies

Pretoria Correspondent

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

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

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

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

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

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

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

Fast-selling Sierra

Misdeclaration on price structure causes £3m loss

BY SION WILLIAMS

2/1/92

Ford, the car maker, has suffered a huge loss of £3m due to a misdeclaration on price structure. The company had declared a higher price than the actual price, leading to a loss of £3m. The Sierra model was the most successful and the most under-priced. The Ford model was the least successful, losing £3m in the past few months. The Sierra model, however, gained £3m.
Toyota lifts earnings to record R40,1m

By PATRICK McLOUGHLIN

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

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

On an earnings per share basis, the latest figure of 1 000.54c compares with 386.91c.

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

**Dividend cover**

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

The fact that retentions have swelled significantly — from R10.9m to R34.6m — has resulted in a hefty increase in dividend cover, from 3.1 times to 6.7 times.

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

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

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

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

**Market re-rating**

Even with the relatively conservative dividend increase, the share currently standing at R42 yields 3.6 percent on dividends. On earnings Toyota now yields 23.9 percent and the price earnings ratio stands at just 4.2.

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

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

A statement from Dr Wessels said the substantial improvement in operating income was mainly the result of a further improvement in the productivity of all sections of the company.

“It was also helped by the smooth co-operation and integration with Toyota Motor Corporation in Japan,” he said.

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

Toyota’s operating income before life and tax thus jumped by 65.1 percent, from R50.1m to R82.7m, in spite of the fact that total vehicle sales dipped 0.5 percent.

Last year to 92 386 units (92 631 units)

**Inflation rate**

The provision for life fell dramatically from R23.7m to R8.6m because of the lower inflation rate and the correction of excess stock levels of heavy commercial vehicles which prevailed at the end of 1982.

Taxation was substanti-
Parts hold-up for car plants?

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

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

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

"There are some 400 local component suppliers, ranging in size from the very substantial, such as the Tyre Manufacturers, to the very small, such as companies manufacturing single items like windshield wiper blades and vehicle badges.

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

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

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

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

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

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

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

According to Prof. Shostak, the adjustments to the model have produced some significant changes to the forecasts of sales of new vehicles during the expected economic upswing during 1985 and 1986.

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

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

"A repetition of the situation which prevailed during 1980 and 1981 appears highly likely during the next upswing in sales.

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

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

Call for taxation of SA money market

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

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

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

The money market is divided into two distinct areas, the primary market and the secondary market. "Instruments," or securities traded,

Since opening a regional office in Port Elizabeth last year, investment broker National Acceptances has re-routed millions of rands investments from Port Elizabeth to the country's complex money markets.

In this article National Acceptances branch manager Mr. Gary Scallon introduces BUSINESS POST readers unfamiliar with the markets, to the investment opportunities awaiting them.

A daily call or short-term basis

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

Units of R100 000 are normally considered a minimum in this market. In most concessions are made in certain geographical areas where units as low as R10 000 are accepted (PE included).

The short-term market offers investors the opportunity to dodge
A landmark decision this week by the Transvaal Supreme Court has thrown doubt on the status and powers of the Industrial Court (IC). In essence, the ruling, by Judges Emslin and Bliss, is that when it decides on unfair labour practice matters the IC does not have the authority of a court.

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

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

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

Appeal

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

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

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

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

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

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

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

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

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

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

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

By ALINAH DUBE
Sunstar 7/3/84

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

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

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

A spokesman for Nawu confirmed that some of the workers had been fired from work after inquiries were held. He said, however, the union would meet BMW soon to review the situation. "I would not like to go into details as we have an agreement to always make a joint statement," he said.
THE working week for about 250 employees at the Auto Plastic Car Seat Manufacturing factory in Roslyn, Pretoria, has been reduced to three days.

Workers told The SOWETAN that they were presently working Tuesdays, Thursdays and Fridays only. Most of the affected are machinists. The manager of the company, Mr Gordon Musgrave, said the short-time was for purely economic reasons and that it was not permanent.

 Asked if the reduction of hours came as a result of the recent retrenchments at most of the car manufacturing companies, he said: "We are dealing with motor industries and each time there is a 'dive' in the trade, we become affected."
gives workers an across-the-board increase of 25c/hour and brings the minimum wage at the factory to R2.37/hour. Naawu says this is the highest rate in the tyre manufacturing industry and is in sharp contrast to the current minimum wage agreement reached by the Industrial Council for the Tyre and Rubber Industry in the eastern Cape — R1.38/hour.

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

The union has obviously set its sights on the eastern Cape and Natal as areas for expansion — despite resistance from established unions — and particularly on the Dunlop factory in Ladysmith. Naawu claims the minimum rate at the Dunlop works is R1.51/hour — an amount it contrasts with the minimum negotiated at Firestone's Brits plant.

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

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

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

By SIMON WILLSON

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

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

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

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

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

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

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

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

South Africa forms a unique manufacturing location for each company. BMW’s local assembly plant is the only one outside Germany, and the Audi complex in the Eastern Cape is the only one outside Germany producing the company’s new flagship, the Audi 5000.

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

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

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

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

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

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

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

They will need the rules adjusted so that the weight of imported components is offset against that of similar, South African-made exported components.
BRICKS

Push-pull situation

The lifting of price control on bricks has bed to cushion the industry in the current recession. But there have been strains on profit opportunities, as well as possibilities for substantial new investment. A new opening has been opened up as Cedric Savage, MD of Toncoro— which controls about half of the market—points out a 10% expansion of industry manufacturing capacity in the next two years will bring up growth over any comparable period in the past decade. "There will be no repeat of the severe 1980-81 shortage, which brought a head and culminated in the withdrawal of controls," he says. The building industry is underpinned by the growing shortfall of 500,000 homes for blacks and 160,000 homes for other groups.

Major new brick manufacturing capacity, costing more than R70m, is already under construction at Rydal, due on stream in December, Sasolburg in March, Pretoria in August, as well as Olfantsfontein, Free State, Brackenfell, in Swaziland and elsewhere. Planning has started on more clay brick and concrete brick projects. Indeed, a temporary surplus of face bricks is expected in the Transvaal in November.

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

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

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

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

The feeling is that the present price of plaster bricks does not justify new factory investment. But substitutes are more expensive and clay qualities are still strongly favoured by the construction sector. Supply and demand must eventually push up plaster brick prices. Adding more impetus to building costs is the shortage of 500,000 homes for blacks and 160,000 homes for other groups.

MOTORCYCLES

Trade-ins, trade-offs

After a four-month widely advertised one-off promotion, several of Suzuki Distributors (SD) claims have cleared excess stock. But one trade source claims there has been a trade-in value.

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

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

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

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

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

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

The way Stobart sees it, there is room for both conference operators and independents.
Some tractor concerns now facing collapse

By Hannes Ferguson

Farming Correspondent

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

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

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

In 1983 only 8,381 units were sold.

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

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

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

THE END FOR SOME

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

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

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

At market upper end John Deere stands rather alone.

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

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

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

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

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

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

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

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

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

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

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

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

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

Unions warn the motor men after big retrenchments

By Barney Mthombothi

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

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

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

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

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

Union sources say there has been a change of attitude to unions at Ford and that the company has recently been "a source of considerable conflict." General secretary of the Motor Assemblers' and Component Workers' Union, Dennis Neer, said this week that he had heard of the retrenchments at Ford a week before they were to be carried out "almost as a rumour".

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

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

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

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

Also critical of Ford was Fred Sauls, general secretary of the National Automobile and Allied Workers' Union, who said since 1980 Ford had been a source of considerable conflict. He said the union was informed by Ford only two days before the lay-off. A meeting was held only at the union's request and Ford refused to consider alternatives or to delay the retrenchments until after a union meeting.

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

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

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

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

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

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

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

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

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

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

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

By STEVEN FRIEDMAN
Labour Correspondent

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

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

And BMW said yesterday it
had postponed indefinitely
a meeting scheduled for
Monday at which fired
strikers were to have ap-
pealed against their sack-
ing.

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

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

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

According to the company’s
figures, a total of 97 work-
ers appeared at hearings,
of which 37 were fired.

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

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

Mr Sauls said that, at this
week’s meeting of the
South African council of
the International Metal-
workers Federation, to
which NAAWU belongs,
the IMF’s general secre-
tary, Mr Herman Rehman,
pledged overseas union
support for local unions
NAAWU had asked a major
German union, IG Metall,
to act in terms of that com-
mmitment.

A company spokesman said
yesterday the appeal meet-
ing would not be held
until NAAWU submitted
the list BMW requested.
Accord in motor industry ‘war’

BY LOUIS BECKERLING
Business Editor

IN the spirit of Nkomazi, a unique accord has been thrashed out between the “warring” parties in the South African motor industry.

A joint statement released today after a meeting at Jan Smuts Airport commits the signatories, Naamsa (representing car manufacturers), and Nacacma (representing car component makers), to combined action for the first time in the history of the industry.

The conflict between the two bodies centres on the belief by Nacacma that more South African-made components should be included in locally made vehicles, while Naamsa resists this because locally produced components tend to be considerably more expensive than their overseas equivalents.

Naamsa contends that car prices are pushed up beyond the ability of many potential buyers.

In terms of the statement released today, however, the two bodies have now undertaken to form a joint action committee to investigate a principal cause of the higher prices of South African-made products — inflated costs of the local raw materials.

The implication is that a new combined lobby will be formed with two alternative objectives:

- Pressuring the Government into allowing imports of cheaper raw materials such as steel, copper, plastics, and rubber.
- Pressuring bodies such as Iscor to reduce its prices in line with world prices.

“It’s ridiculous that Japanese ore carriers can load iron ore into their ships in Port Elizabeth, ship it halfway across the world, convert it into steel and ship it all the way back — at prices which are lower than those charged by Iscor to do the job locally,” commented one industry spokesman today.

The statement observes that the first in a planned series of meetings of the executive committees of both bodies was held in Johannesburg on March 30 to consider the findings of the investigations conducted independently by each association into the future direction of local content.

It is also intended to research the question of providing some form of encouragement for the exportation of local automotive components and vehicles.

“Moreover it was decided, with immediate effect, to form an automotive industry action group, comprising three representatives of Naamsa and Nacacma.

“The first project to be undertaken by the action group, on a priority basis, will be to examine the impact of administered prices in respect of raw materials, (particularly steel), transport and energy on the production costs of local components and motor vehicles.”
Detroit – The Ford Motor Company had its best sales outside North America last year since the record year of 1979, maintaining its position as the dominant firm in international markets, according to a senior executive.

Combined Ford car sales in Europe, Latin America, Africa and the Asia-Pacific region rose five percent over 1982 to a record 1.741.400, though lorry sales of 282,700 declined six percent.

Though Ford — the world's second largest motor company — made no money in South Africa last year despite a small gain in volume, the company intended to become profitable there this year, said Mr. Robert Lutz, the company's international chief.

Ford made substantial gains in Asian and Pacific markets and increased its overall share of international sales from 10.1 percent to 10.4 percent, he said.

However, Ford ranks behind General Motors when US and foreign sales are combined, its 1983 sales kept it ahead of its competitors for sales outside their home countries.

Looking ahead, Mr. Lutz said he expected Ford's sales outside the United States and Canada to improve again overall with the Asian-Pacific countries showing the best growth.

Latin America remained a "problem area," he said, because government anti-inflation measures made it unlikely the company would make adequate profits there in the near future.

Reuter
Mr R R HULEY asked the Minister of Industries, Commerce and Tourism

(1) Whether he or his Department monitors the operating results of Atlantis Diesel Engines, if not, why not, if so what was the operating profit or loss of this concern for the latest specified period for which figures are available.

(2) Whether Atlantis Diesel Engines is able at present to meet the requirements of the South African market in respect of the sizes of engine it produces, if not, why not?

The MINISTER OF INDUSTRIES
COMMERCE AND TOURISM

(1) No, but the Department keeps itself posted of the operating results of ADE. Normally the operating results of private companies in which the State together with outside interests has an investment are not divulged.
In view of the special position of ADE I am, however, prepared to furnish the honourable member with the information on a confidential basis.

(2) Yes.

Aflatoxin

Mr S P BARNARD asked the Minister of Health and Welfare

(a) How many containers of peanut butter with levels of aflatoxin exceeding the legal permissible limits according to his reply to Question No 15 on 15 February 1984 were withdrawn from the market recently and (b) what was the estimated value of the contaminated containers?
Year with a little luck: Atlantis could break even this year.

By Bill Law

Atlantis, South Africa's leading producer of uranium ore, could break even this year, according to forecasts. The company's chief executive, Mr. Steve Bailey, expects the company to achieve a level of profitability that will allow it to withstand the recent downturn in the industry. However, he warns that the company still faces significant challenges, including fluctuations in uranium prices and increasing costs of production.

Mr. Bailey attributes the company's improved performance to a combination of factors, including increased sales and improved cost control. He also points to the company's efforts to diversify its product line, which has helped to reduce its dependency on uranium ore. Despite these efforts, Mr. Bailey acknowledges that the company still faces significant challenges, including the need to increase production and improve efficiency.

The company's forecasts for the year ahead are based on a number of assumptions, including stable uranium prices and continued support from the South African government. Mr. Bailey emphasizes the importance of these factors in ensuring the company's success. He also highlights the role of technology in helping the company to achieve its goals.

Despite the challenges, Mr. Bailey is confident that the company will continue to grow and improve its performance in the years ahead. He encourages investors to support the company, noting that its success will have a positive impact on the South African economy.
Atlantis Diesel could break even this year

By BILL LEVITT

ATLANTIS Diesel Engines, hit by huge losses in its first two years of operation, could break even this year "with a little luck."

That is the forecast of Mr Hartmut Beckurts, Atlantis's managing director, who says ADE has targeted another 200 employees - bringing its workforce to slightly more than 2,000 - and plans a second eight-hour shift on its truck line by May.

Another 100 workers may be required as soon as the tractor market picks up.

Revised forecasts for 1984 show the truck and tractor engine plants will operate at close to 55 percent capacity - up from 31 percent last year, have a turnover of R200-million and produce a total of 27,000 engines - up from an earlier projection of 22,000.

The figure will be 35,000 for 1985 - which could be the first year the company shows a profit.

Forced up prices

In an interview this week, Mr Beckurts rejected allegations that the company's government-protected monopoly - and its high-priced engines - had forced up truck prices by 30 percent.

Admitting that his engine prices had increased to cover inflation and foreign-exchange losses, Mr Beckurts accused truck manufacturers of making Atlantis a scapegoat to hide hefty increases for improved braking systems, control panels and cab layouts.

He said price rises had been below increases in both the consumer and wholesale price indices.

He hinted at the possibility that Atlantis would ask the Government to reduce gradually its protective tariffs on imports as the company's market penetration increased.

He said the company estimated it had captured about 80 percent of the truck market and about 70 percent of the depressed tractor market.

In spite of international objections to import sanctions by signatories to the General Agreement on Tariffs and Trade - which includes South Africa's major trading partners - the Government had a responsibility to use barriers to stimulate local development and create skilled jobs.

"To compete against imports we must become more productive. We can no longer rely on gold to cover our debts. We must develop an industrial base."

Peace efforts in Angola and Mozambique could lead to economic co-operation with other African countries and open up export markets for ADE's truck and tractor engines.

Exports could then find their way to Europe and the United States.

The idea of a local diesel engine manufacturer with a government-sanctioned monopoly was conceived in the late 70s as a solution to the threat of international boycotts.

Mr Jimmy Carter, US President at the time, had cut the flow of some American truck exports to South Africa on grounds that they were intended for military use. That triggered the decision to create ADE.

Mr Beckurts rejected the contention that the move had backfired because the firm still imported two key components - the turbocharger and the diesel fuel pump.

"If the push came, we could manufacture them," he said.

Local content

ADE's local content by value is about 70 percent.

The factory at Atlantis, consists of two ultra-modern engine plants, a training centre and technical school, two foundries, two warehouses, three spacious cafes, an administration building and an energy building.

The Government put up R408-million to set up ADE in 1978 and gradually raised tariffs on imported truck and tractor engines to 80 percent in some cases.

ADE began production in 1982 only to be hit by three major setbacks - the recession, drought and a glut of cheaper imports rushed in by truck manufacturers to beat the tariff increases.

Loss figures

Those factors, combined with a growing stockpile of diesel engines as truckmakers cancelled orders with ADE as their sales plummeted, shoved the firm deeply into the red. Official loss figures are confidential.

But things appear to be turning around. Cheap imports no longer abound and embarrassing stockpiles of ADE engines have been cleared away.

Although total truck and tractor sales are likely to remain at last year's levels, ADE stands to gain because "it's now the only show in town."

The company, which manufactures Daimler-Benz and Perkins engines under licence, sold a total of 15,500 truck and tractor engines in 1983 - down from 19,000 originally forecast.

The company has added a new computer system which will enable it to reduce lead times significantly.

Atlan...
Union wins pay rise
27/2/84
By Carolyn Delimister, Labour Reporter

The National Automobile and Allied Workers' Union yesterday achieved a 62 percent pay increase for its members at Miller Engineering, a components manufacturer in Pretoria.

The wage agreement, which raises wages from 89 c to R1.38 an hour has been hailed by the union as a significant increase in view of the recession. It will come into effect this month and is operative until next March.

A spokesman for the Fosatu-affiliated union said the agreement was the start of a drive by NAAWU to organise the components manufacturing industry.
to ensure that workers in the country are fairly compensated and that the company is operating in a way that is consistent with the expectations of the community.

We are not responsible for the actions of our suppliers. We have a responsibility to ensure that our business practices are fair and just. We are committed to providing a safe and healthy working environment for our employees and to respecting the rights of those who work for us.

We encourage our suppliers to follow the same principles we hold ourselves to. We believe that by working together, we can create a better world for everyone.

Motor industry accused of putting profits before people

By corpora reporter
Motor industry prospects are far from bleak

In recent weeks hundreds of workers have been laid off by motor manufacturers, sparking speculation that all might not be well in the industry. Max Braun, fleet management and marketing consultant to the industry and a leading trade journalist in the field, explains why 1984 may not be a bad year and how the sector can look forward to strong growth in the medium to long term.

In the next few months and there is no underlying reason why sales should show sustained growth until the economy lifts off. Most economic buffs now predict that this won't happen until early 1985.

But there are reasons why 1984 may be a much better year than a superficial glance might suggest.

For a start, 1984 will be another year characterised by new model launches. It will be the year of the 'turbo', with at least nine turbocharged cars scheduled to be launched.

Other new models of note include the front-wheel-drive Corolla, BMW's four-door Three Series, the Ford Sierra station wagon and two GM Ascona, fuel-injected coupes.

Manufacturers will have little option but to increase their vehicle prices. The ravages of inflation, expensive money, high real interest rates, the weak rand, the high cost of tooling for new models and expensive labour provide scant alternatives to what has become a customary 14 to 15 percent annual price rise, spread in three or four smaller, easier-to-digest adjustments every few months.

Many buyers see this as a good reason to buy now.

Recent staff retrenchments by a number of manufacturers — usually viewed by commentators in a negative light — probably indicate that manufacturers have become more efficient in their use of labour rather than depressed economic times. As new models are introduced, so are more modern manufacturing skills and techniques.

Motor manufacturers still have a long way to go when it comes to matching the productivity of the Japanese and Germans in this regard.

Do not be surprised if most of those recently retrenched are never replaced.

Modern management, with the aid of the most up-to-date technology, aims to reduce inventory and work in progress and try to improve its use of physical, human and financial resources. This is something that trade unions, who purport to represent the best interests of automotive workers, ought to be bear in mind.

Most new cars in South Africa, possibly more than 60 percent, are paid for or are financed with company funds. The growth of leasing, the coming onslaught of full service leasing and contract hire will play a large part in stimulating the car market.

Wider acceptance of alternative methods of financing, structured to suit the specific cash requirements of companies, professionals and individuals makes it possible for all to upgrade their "scale of magnificence", an important and emotional issue among South Africa businessmen.

It also means buyers can take advantage of the latest in new models and technology, replacing vehicles more frequently without the burden of disposing of used vehicles.

Taking all these things into account, the motor industry should, all other things being equal, fare reasonably well in 1984. Total sales should be at least the same, if not a little better, than in 1983.
At PE automotive engineering seminar

At this week's automotive engineering seminar held at the Hotel Elizabeth on Wednesday were (from the left) Mr BRUCE AVERN TAPLIN, Mr DENVER BARNES, Mr RUDI GEGGUS, Professor VOS HATTINGH, Mr JAN RENHART, Mr JOHN SUMMERSSELL and Mr DON GILLARD.

A 'world car' for SA is proposed

THE limitations under which South African motor manufacturers operate — economic and statutory — struck a common chord during a day-long seminar on automotive engineering held in Port Elizabeth this week.

The refrains recurring in the addresses delivered on Wednesday at the Hotel Elizabeth by motor industry engineers were:

- The constraints imposed on the industry by limited production runs of unprofitable models.

- The consequences of a statutory obligation to incorporate 66% by mass of local material in passenger vehicles.

Other essentially South African problems imposed an engineering design of high altitude and sea level.

- The altitude at which the vast majority of the country's passenger cars operate on the Reef (far higher above sea level than at the case with their prototypes designed for European and US conditions).

- The frequency with which these same vehicles commuted between high altitudes and sea level.

A hint of the ominous outcome for investment in the industry of all these factors was provided by Ford's Mr J A Heynartz, who revealed that by European and American standards Ford's investment in South Africa justifies a production output 31% higher than was the case.

Naturally Mr Heynartz, executive vehicle engineer in charge of product engineering at Ford, did not refer to this figure in the entirely negative context of over-capitalisation in a limited market characterised by extravagant model variations.

As far as financial return on investment was concerned, he told some 70 delegates to the conference, Ford SA's "commitment to product quality/integrity is ungoverned by the fact that a similar investment on the European scale of operation would support a vehicle volume of some 31% over current FSA output."

Speculating on means of improving the return on these investments, another Ford man, Mr Denver Barnes (car planning manager), raised the prospect of common engines in competing models.

"Not all the local manufacturers have engine plants and there appears to be scope on a joint venture basis to achieve greater engine volume for a given investment," concluded Mr Barnes after sketching the procedures adopted by Ford in planning cars for the SA market.

Interviewed after the meeting, Mr Barnes confirmed that his suggestion, while being far from novel in the industry, may be equally far from practical implementation.

"It is perhaps a little idealistic at this stage, but there are at least two companies that may be interested in such a venture in the future," speculated Mr Barnes.

The two companies are General Motors (which has closed down its engineering plant at Aloe), and Sigma, which has no such plant.

Significantly, the concluding observation in Mr Barnes' address was on the development towards a "world car."

Referring to the "growing trend of co-operation between US and European companies with Japanese companies and the resultant exchange of technical data such as the Ford agreement with Toyo Kogyo," Mr Barnes observed that the question for the future is to what extent we will see the principle of hybrid models, both within and outside traditional relationships, applied and developed in this local market.

Under the circumstances where an investment of "anything between R250 million and R300 million" is required to develop a new product in the South African market, in which 11 competitors currently have 10 models and 199 vehicle derivatives, the advantages of such rationalisation are only too clear.

Yet another factor causing headaches for the SA vehicle industry, observed Mr J Bester, technical manager of General Tire & Rubber, was the State's sensitivity to "strategic" issues.

Commenting on the tests required to ensure that South African tyres made from locally-produced synthetic rubber products were acceptable, Mr Bester observed:

"This enforced substitution for supposedly strategic reasons (of natural rubber for synthetic material) is increasingly becoming a blight on our industry and is tying up extraordinary amounts of time and money which could otherwise have been spent on improving the product."

By Louis Beckerling
Business Editor
By LOUIS BECKERLING
Business Editor
PRESSURE on South African car makers to use more locally-made parts "would be tantamount to committing slow economic suicide".

Delivering this blunt warning on the eve of a Government review of its laws prescribing local content for the motor industry, General Motors South African managing director Mr. Louf Wilking alluded to Port Elizabeth today to a creeping withdrawal from the industry by multi-national investors.

"The danger of further import replacement in the form of higher local content is the possible demise to South Africa of certain technological developments," Mr Wilking told his audience at the Midland Chamber of Industries economic outlook seminar at the Hotel Elizabeth.

Predicting, in effect, a freezing of the investment and technology exposure of multi-national competitors in the SA market, Mr Wilking warned that "the capital costs of taking local content to its fullest extent would result in the same vehicles coming off the production line in the year 2000 as we are producing today".

Delivering the closing address at the MCI seminar, at the Hotel Elizabeth, Mr Wilking said moves to raise the local content requirements on motor manufacturers would not achieve the primary purpose for which the policy was introduced.

• The capital-intensive method of production such high levels of local content demanded would require highly specialised labour.
• In view of the lack of such skilled labour on the local market, manufacturers would be forced into higher levels of overseas recruitment.
• Compounding this depressing impact on local labour recruitment would be the dampening effect a higher-priced vehicle (a natural corollary of higher local content) would have on demand, prompting the overall conclusion that "increased local content would lead to less, not more, employment."

Mr Wilking's comments come on the eve of releases on the subject of local content by Naamsa (the National Association of Automobile Manufacturers of SA), and Naacam (the National Association of Automotive Component and Allied Manufacturers).

Endeavours have been made by both organisations to compromise on their conflicting objectives, but latest indications are that Naacsam, not unaturally, seeks higher levels of local content, while Naacam is keen to maintain the status quo.

"In a barb aimed at Naacsam, Mr Wilking observed in his address today that "the local component supply industry should appreciate that a mandatory increase of local content could force most vehicle manufacturers into expensive and sophisticated components which would call for in-plant manufacturing facilities."

"To justify such a facility there is a strong possibility that components which are presently bought out would be changed to in-plant manufacture."

Arguing in favour of maintaining the status quo, Mr Wilking recommended the following five-point plan for the motor industry:

• The current 66% local content requirement should remain unchanged.
• There should be no switch from the current focus of control - namely the mass of local content.
• In view of existing burdens on the industry, excise duties should be reduced or duty rebates increased "as an incentive to manufacturers to increase, on a voluntary basis, the local content in their vehicles."
• The protective customs duty on imported components should be abolished.
• Steps be considered to progressively remove controls over administered prices "particularly in the case of steel, transport, and energy costs."

The closing address at the MCI seminar.

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The closing address at the MCI seminar.
key talks on path
of motor industry

By Louis Beckering

Business Editor
mum up to R2.47/hour. It was also agreed that negotiations would be conducted annually in future instead of half-yearly.

Toyota, the only motor company making a healthy profit, has its plant in Natal. There the company has been paying a R2.65 real minimum wage since the beginning of July. Naawu has 35% membership at the plant. A union spokesman tells the FM wages in Natal are directly influenced by what Naawu has achieved in other areas.

By contrast, eastern Cape wages have stabilised largely due to the fact that an 18-month agreement was negotiated on June 7, 1963. It expires at the end of this year. The eastern Cape motor industrial council's minimum wage is R2.15/hour. This amount swells to a minimum of R2.28/hour if the industry's year-end gratuity of approximately 4% of basic salary and an attendance allowance are included. A union spokesman tells the FM that the average actual wage is R2.70/hour.

Far lower

Wages in the motor components sector are far lower. The industrial council minimum is R1.11/hour — agreed in December last year. In terms of the agreement it will rise to R1.50 from October. The lower wages in this sector is largely accounted for by the fact that components manufacture is split between a large number of small companies — who lack both the sources and the vulnerability of the big motor companies.

Naawu and UAMWU both have presence in the motor components sector as has Fosatu's Metal and Allied Workers' Union (Mawu). But the key union is the Trade Union Council of SA's Motor Industry Combined Workers' Union (Micwu). These unions are all committed to increasing wages.

Signs of co-operation have already become apparent. Last year, in an unusual display of Fosatu-Tucsa co-operation, Naawu publicly backed Micwu's wage demands. This year Mawu, Mawu and UAMWU met to discuss future co-operation. Micwu and the Fosatu unions are all affiliates of the SA Co-ordinating Council of the International Metalworkers' Federation. Naawu and Micwu have also applied to join the sector's industrial council. This could spell trouble for the council's two dominant unions — the Motor Industry Staff Association and the Motor Industry Employees' Union of SA. Union strength will also be enhanced if the current unity talks initiative succeeds in creating a single union out of Naawu and UAMWU.

Naawu's Taffy Adler tells the FM the union has a short-term aim to increase the component sector's minimum wage to R2. Its aims for the assembly industry are clear: it wants a R3.50 minimum wage. But this demand is unlikely to meet favour among employers struggling with increased costs and low rates of exchange.

One employer told the FM, "If they are going to to call for R3.50/hour they may be prepared to back off at R3/hour or lower. Otherwise they'll have to strike for a long time."

too came about largely through concerted union activity and a number of strikes.

The two important (mainly black) unions in the motor assembly industry are Naawu, an affiliate of the Federation of SA Trade Unions (FoSatu) and the United African Motor Workers' Union (UAMWU) which is affiliated to the Council of Unions of SA.

The Motor Assembly Component Workers' Union of SA has a small presence in the eastern Cape but it has recently been affected by internal dissent.

Naawu is the dominant union with significant representation in every motor assembly plant in SA except Nissan near Pretoria, where UAMWU holds sway.

This year the union's members have been involved in a number of major strikes. At BMW's Rosslyn plant 1,500 workers struck for ten days in late January over dissatisfaction with an interim increase the company awarded after discussions with a works council. They returned to work after obtaining a management commitment to negotiate wages with the union.

In negotiations with Naawu BMW agreed on a minimum across the board increase of 33c/hour — bringing the minimum wage in the factory to R2.73/hour. Other conditions included a compulsory year-end bonus, the introduction of an attendance allowance ranging from 10c to 20c depending on length of service, voluntary overtime rates and the adoption of procedures to be followed in the event of overtime work. The agreement expires at the end of June 1965.

Workers at Alfa Romeo's Brits plant struck for six days in July over a wage dispute. To the end they won a 10c across the board increase effective from July 1 to October 1 with an additional 4c from October 1 to December 31. From October the minimum wage will be R3.44 an hour. Negotiations with the Naawu for next year's wages open in September.

In April Naawu negotiated a minimum R2.20/hour wage with Sigma (now Armco) management. Due to a productivity deal workers are actually guaranteed a minimum wage of R2.40/hour and can earn up to R2.55/hour, depending on productivity.

UAMWU too has been involved in a major strike. In late June 7,000 workers at Messina's Nissan, Magna Truck and Motorworx complex struck in support of union demands for a 45c/hour increase. Management had offered between 8c and 10c. In negotiations after the strikers returned to work, the parties agreed on an 8c across the board increase effective from July 1 and further 2c/hour increase from September. That will bring the mini-

From 3/18/84

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**MOTOR INDUSTRY**

Assembling strength

Management in the motor industry has been complaining about tough times — but their assembly line workers are sitting pretty. They are among the country's highest paid workers. Whether they will be able to maintain their position now depends on a combination of economic conditions and union strength.

Until recently it was the militant eastern Cape motor workers who topped the wage scale for unskilled labourers. That position was won after a number of strikes in the Uitenhage area at the end of 1960 in which the National Automobile and Allied Workers' Union (Naawu) called for a minimum R2/hour wage. Some of the union's success can be attributed to the fact that, as signatories to foreign employment codes, many of the companies — Ford, GM, Volkswagen and BMW — are obliged to pay more than minimum wages.

But in the last year the wage gap between the eastern Cape workers and those in the Transvaal and Natal has closed. This
More for less in motor industry

Business Day/Industry

More for less in motor industry

Business Day/Industry
Motor industry mergers are key to survival

Crunch is near in SA car wars

Fourteen years ago the American Chrysler Valiant was South Africa’s top-selling car. It and all American cars have disappeared from the local market. Eleven years ago, the 4.1 litre Chevrolet 4100 from General Motors was the top-seller, emphasizing South Africa’s love affair with big cars. The fuel crisis changed that dramatically and today, as sales plunge, there is further realignment in our besieged motor industry. HARVEY THOMAS reports.

And its pricing policy for the Japanese-sourced Isuzu bakkies is a cause of concern for executives in rival boardrooms who privately claim that GM is “giving the Isuzus away”

When the then Sigma Motor Corporation was formed out of a union of Ilings and Chrysler (which disappeared from the South African market), the then chairman, Mr Chris Griffith, made the often quoted prediction that the South African motor industry would ultimately shrink to seven companies, later he reduced this to six, possibly even five

This has not happened as the only “major” manufacturer to have withdrawn from the market has been Fiat

After a lengthy courtship Fiat was finally taken over by Alfa Romeo South Africa and the Fiat name has effectively vanished from this country

Toyota South Africa is rampant as it sells about one in every three new vehicles in this country. The other manufacturers are scrambling for a slice of the diminishing cake

But, if they are losing money heavily and have little prospect of becoming profitable, why don’t they simply close up shop?

The reasons are complex: Japanese cars and bakkies have established a stranglehold on the South African market but history has proven this market to be cyclical and Toyota’s dominance cannot last for ever

With one eye cocked towards the emerging importance of black purchasing power, companies such as Nissan and AMCAR (Mazda and Mitsubishi) are trying desperately to put together that elusive formula for sales success that will enable them to mount an effective challenge to Toyota

TOO SMALL

Curiously the Europeans have grabbed the luxury car market to themselves and this explains the success of Mercedes-Benz and BMW

Behind the talks now going on — and likely to start between other companies — is a simple fact of life in the South African motor industry: the present new vehicle market is too small to sustain so many different assembly plants

It does not necessarily mean that well-known car names will vanish but it does point to the fact that there is likely to be consolidation into three or four major groups which will then each form an umbrella for the marketing of a product.
Fourteen years ago the best-selling car models in South Africa were Chrysler's Valiant and Rebel. In those days South Africans were enjoying the luxury of driving the larger American cars and didn't give fuel consumption a second thought. Another best-seller three years later was the Chevrolet 4100.

Fuel-efficient – the Toyota Corolla 1300L. Toyota has dominated the SA car market for several years in all but the luxury ranges which are still the preserve of Mercedes and BMW, forcing many other manufacturers to think in terms of survival.
Thousands paid off, others on short-time as manufacturers review their positions

Motor industry in turmoil as recession bites

By Trevor Walker
Pan American is experiencing phenomenal success flying out of Johannesbur, the United States, despite a fall in the rand and the  weakness of the economy.
Mr Doug Davison, Dir of Pan American World Airways

By Alan Russel

Only one of South Africa's 11 motor manufacturers is in full production of its entire range of cars amid speculation that at least one manufacturer may be reviewing its position in the South African market.

All other manufacturers are either shut down for varying periods, working short time or curtailing production of certain models as reports of takeovers strengthen.

Manufacturers have resorted to massive redundancies and have cut back on salaried staff with more cutbacks expected if the position does not improve soon.

TAKING OVER

Speculation in the industry is that Nissan South Africa, based in Rosslyn, is the target of a takeover bid with parent Messina taking a hard look at its loss-making investment.

Insurance giant, Sanlam and financial giant Anglo American are reportedly the main parties interested in taking total control of Nissan.

CUT-BACK

Nissan has suffered heavily in the present recession and has adopted a three-day week after earlier cuts to a 42½-hour week. Black hourly-paid contract workers have been laid off, salaried staff have been retrained in all levels and, although market share has held up, outlook for the immediate future is bleak.

Nissan's managing director, John Newbury, is now in Japan but details of his visit are not available.

Nissan Motor Holdings (formerly Sigma) makers of Mazda, Nissan and Peugeot cars, has closed its plant for six weeks. Salaried staff will take an early week's leave on Monday. Hourly-paid black staff have been laid off and there has been some retrenchment of employees.

The Amcar plant, the biggest in the Southern hemisphere and also working well below capacity although the company was moving significantly towards recovery after three disastrous years.

Some quarters in the industry believe Amcar is open to producing for another manufacturer in recent weeks it has been suggested another Japanese range could be switched to the former Sigma plant in a rationalisation of interests.

Amcar already operates on the principle of marketing its three present ranges independently.

Speculation in the eastern Cape revolves mainly around intentions of Ford where salaried staff have been put on leave after some redundancies and hourly-paid workers have been paid off.

Again, the talk here is of closing certain sections of the operation and some form of merger with another manufacturer to rationalise output.

General Motors, also suffering from staff cuts and reduced production, has made no secret that it would consider a South African partner. This is partly due, however, to pressure from disinvestment groups in the United States.

Amcar's group managing director, Mr Spencer Sterling, recently noted in an address to the Institute of the motor industry that some form of production and marketing rationalisation was overdue.

SMALL MARKET

He said about 11 car makers and 11 commercial vehicle manufacturers were competing for a market of about 400,000 vehicles a year.

In Australia, a market of some 750,000 vehicles a year, there are only five markers and authorities still consider this too high. The aim was to reduce them to three by 1990.

In the past ten years, Mr Sterling said, the cost of tooling new cars and light commercial vehicles in the Republic under the Phase V local content regulations had escalated from R3 million to between R30-40 million, depending on the size, complexity and origin of the model range.

Competition at retail level was vicious. Acceptable profits and profitability had become extremely difficult in the motor industry in most cases and totally impossible in some.

CO-OPERATION

On co-operation and rationalisation between manufacturers, Mr Sterling said: "I believe this development is more than possible".

"In fact I believe it is highly probable. But once again, the exact form and timing cannot be predicted. Suffice it to say the pressures are escalating and, sooner or later, something is going to give."

Sugar now triple the free market price

By Trevor Walker

The government has seen the price of South African sugar to three times that of the open market in London.

The price has been up 29 percent in the past 12 months and one cannot but feel for Mr Henrie Viljoen, president of the SA Federation of Drink manufacturers, who asks why the soft drink industry

Potential exchange losses

The Star Saturday September 15 1984
Motor assembly companies have been accused of failing to give sufficient consideration to the human and social costs of attempts to increase profits. The charge comes from the National Automobile and Allied Workers' Union (Naamsa) following publication of figures showing that the industry is attaining the highest productivity levels since the 1981 boom.

While 1984 motor vehicle sales are expected to be the third highest ever — more than 12,000 up on last year — the average workforce is likely to be down by almost 4,500. Productivity for the first six months of the year surpassed that of 1980 and 1981 (see graph).

Hundreds of union members have been laid off and thousands of others are working short-time — or being forced to take unpaid leave while plants are temporarily closed. Ford laid off 455 workers recently and closed its three plants for a week. One of these is now working a four-day week.

General Motors has retrenched 129 employees and is working a 26-hour week while Alfa Romeo has been on a four-day week since the beginning of the year.

In August, Nissan decided not to renew the contracts of 240 temporary workers and is now working a three-day week. Projected workforce figures indicate that the declining trend is likely to continue for the rest of the year.

A spokesman for the National Association of Automobile Manufacturers of SA (Naamsa) says the impact of recent monetary and fiscal measures has "regrettably led to a decline in economic activity and a fairly sharp reduction in the demand for new motor vehicles." This has forced many companies to reduce costs.

Other companies say this is a result of the 1981 boom when most companies took on extra staff to cope with increased production. What is occurring now is a "correction" of the situation. Companies now have to make better use of labour to survive (Business September 14).

A Naamsa spokesman describes this as "nonsense." He says "Thusphenomenon has less to do with the cyclical nature of the economy and more to do with investment and production patterns of the companies who seek to increase profit margins by using more productive machinery and techniques regardless of human and social costs."

Normal procedures inadequate

He adds that the union is intensively engaged in working out ways of combating the consequences of the current "productivity drive by management." Normal retrenchment procedures are no longer seen as adequate.

Naawu recently made participation in a productivity scheme at a particular factory conditional on no jobs being lost as a result of productivity improvements. But, says the spokesman, the problem is deep-rooted and more comprehensive and permanent solutions will have to be found. Hence the far-reaching discussions within the union.

Ford's Fred Ferreira says that the figures bolster the accusation regarding the industry's lack of social concern. He argues that the relatively high employment figures in 1982 and 1983, when sales were dropping, show precisely that this concern is "foremost in the minds" of companies. In the industry. This is also indicated by the regular talks on the subject held with the union. The Naamsa spokesman supports this viewpoint. "Retrenchments are a last resort and such increases are never taken lightly. If, however, an employer does not adapt to the prevailing situation, the whole enterprise could be at risk, and this could, in the long term, lead to more rather than fewer retrenchments."

The short working week is a responsible attempt by companies to come to terms with social problems caused by retrenchments," he adds.

He argues that it is necessary to look at sales figures in greater depth. Of this year's expected 467,500 vehicle sales, 267,352 occurred in the six months to June, before the high interest rate increases. Prospects in the second half of 1984 are not encouraging.

The industry says the creation of job opportunities remains a top priority and hopes the current high interest rates and severe monetary measures will be of short duration.

Nasus Strydom, Nissan's human resources director, says the company has negotiated an agreement with the United African Motor Workers Union (UAMWU) whereby no permanent workers will be retrenched before the end of the year.

Short-term contracts

However, the agreement allows the company to employ workers on short-term contracts. These workers' contracts are renewed only if circumstances permit. Nissan considers this to be a satisfactory solution.

The Naawu spokesman sees the short-term contract system as an "additional evil." He argues that it allows workers to accumulate a lot of service with the company — new temporary workers are often the same people who had previously been laid off — but because they are considered temporary employees they forfeit many of the normal fringe benefits.

UAMWU general secretary, Dora Nowatha, whose union has majority membership at Nissan, would not comment.

As the recession bites deeper, retrenchment promises to be a controversial issue. Unions will continue to fight for the job security of their members while companies attempt to maintain or improve profit levels by, among other remedies, the more productive use of labour.

Naawu is not convinced by management's arguments, which it sees as failing to address retrenchment as a long-term social and economic problem. The union sees a conflict between the industry's economic decisions and its social responsibilities. Time will tell whether the union, in its deliberations, will be able to find mutually acceptable solutions.
STUNNED automotive component manufacturers listened in silence this week as one of the chief architects of the government's industrial policy — the chairman of the Board of Trade and Industries, Dr Basse Kieu — delivered some blunt truths on the state of the domestic motor industry.

Many delegates had come to the fifth annual meeting of Nacamin (National Association of Automotive Component and Allied Manufacturers) in Pietermaritzburg with the hope that the government might persuade them to put more emphasis on their local industry.

At one stage during the run-up to Wednesday's meeting of the component manufacturers' association, there was talk of the government persuading them to raise local content targets from the current 60% to 80% or more.

Instead, the delegates heard from Dr Kieu:

- That managerial deficiencies which existed 20 years ago were "still prevalent";
- It was "seriously" to be questioned if after 20 years of encouragement by the government, the "infant" industry still required protection;
- That productivity and efficiency gains — particularly from improved management and training techniques — were now being preferred by government to "making life difficult for foreign competitors";
- That the future of the component industry lay in the hands of the industry itself, and not in government's hands.

At the lunch which followed Dr Kieu's speech, the delegates agreed with the principle of Dr Kieu's address and had already introduced progressive training methods as a response to productivity problems.

Mr-Angelo Dashwood of Peugeot-based Afcan Muffler argued that the circumstances in which the industry had found itself meant that its future was tied up with government policy.

A lone delegate rose to make his point during the question-time which followed immediately after Dr Kieu's speech.

"Surely the industry's future lies in the hands of the industry itself, rather than simply industry's hands," asked the speaker.

In reply Dr Kieu said that unlike the Japanese model, where private sector and public sector worked closely together in a "production complex", the domestic industry was characterised by individualism — and should be encouraged to use its strengths.

During his address, Dr Kieu pointed out that industry in South Africa remained a net exporter of foreign exchange and that its growth would be a burden to the balance of payments.

"So when we consider applications for protection, the Board of Trade and Industries has to consider the overall benefits accruing to the country's balance of payments," Dr Kieu said.

Deficiencies he had discovered in the motor industry during personal research conducted 20 years ago remained prevalent despite great improvements in some areas.

"You must make the necessary technological innovations — which does not mean you must have the most modern technology available, but the appropriate combinations of technologies for our domestic circumstances," said Dr Kieu.

"Here you'll have no choice. You'll either keep up with appropriate technology or you'll go under," Dr Kieu devoted a considerable part of his address to the Japanese industry, referring in detail to the explosion of "myths" regarding Japanese workers and management by US researcher Prof J Weiss.

"Prof Weiss found that contrary to popular belief, Japanese workers were no more prone to absenteeism than their American counterparts, were no more 'loyal' to their companies and did not work at a greater pace than their US counterparts.

"And Weiss came to the conclusion that Japanese industry was more productive not for romantic 'Oriental' reasons, but because of more mundane aspects of management," said Dr Kieu.

The realities of Japanese production, as opposed to the popular myths, were that Japanese companies:
- Employed more engineers per worker;
- And a high return on engineering effort may also explain the commonplace observation that cost reductions are strongly correlated with cumulative output with a fall in unit cost caused not by producing a large volume of output, but by the engineering efforts that accompany large-scale production runs.

- Recruited the elite of the labour force;
- Paid high wages to experienced workers and low wages to new employees — "a policy which leads to low labour turnover".

Dr Kieu said it was argued that the South African market was too fragmented and should be rationalised — "but one must take care not to place the full blame for uncompetitiveness on the market structure as a whole".

"It seems unlikely that a large measure of rationalisation of models and manufacturers will soon occur in South Africa.

"It is not the government's policy to enforce rationalisation and it was never the intention of the local content scheme to do so.

"Given that the South African market was small and would remain so for the foreseeable future, said Dr Kieu, "has not the time come to adjust our objectives and to consider the world market as part of our plans?"

"One of our problems in this area may be the restrictions on exports placed on local subsidiaries of multinational firms."

"The board would be willing to consider proposals by vehicle and component manufacturers regarding possible assistance in getting an export drive established."

By Louis Beckerling

Business Editor
Big Naawu pay rise

Argus Correspondent

JOHANNESBURG. — The National Automobile and Allied Workers' Union this week achieved a 62-percent pay rise for members at Miller Engineering, a components manufacturer in Pretoria.

The wage agreement, which pushes salaries up from 80c to R1 30 an hour, has been hailed by the union as a significant increase considering the recession. It will come into effect this month and is operative until next March.

A spokesman for the Fosatu-affiliated union said the agreement was the start of a drive by Naawu to organise the components manufacturing industry.
Union to hold strike ballots

Labour Correspondent

The unregistered National General Workers Union says it will hold strike ballots at two Pretoria motor parts dealers because the motor industrial council has failed to intervene in recognition disputes between the NGWU and the dealers.

The union's general secretary, Mr. Dennis Kamalo, said the NGWU had referred to the council recognition disputes with Nationwide Motor Spares and Pretoria Tyre Centre, an labour law required it to do.

One dispute had been referred to the council in January, and the other last month, he said. In both cases, the union alleged the companies were guilty of an "unfair labour practice."

"Labour law says the council must try to settle the dispute within 30 days — but they haven't even replied to our letters. This means we are entitled to go to the Industrial Court or hold a strike ballot," he said.

He said the union had opted for a ballot and added: "The council does not seem to be interested in settling disputes if union recognition is involved."

A spokesman for the council denied that it was unwilling to settle certain types of disputes. "We always make sure we carry out our disputes-settling duties in terms of the law," he said.

He added that he could not comment on the NGWU's claims because he did not have details of the specific dispute.

"But there is nothing in the law which says we must settle a dispute — it merely says that if we do not the aggrieved party can take action," he said.
200 Lose Jobs as Plant Closes

Finance Reporter
ALONG with their pay packets yesterday, 200 bus building plant workers in New Germany were informed the plant was to close at the end of April.

Employees, some with 24 years' experience, were informed of the shock decision by Dorbyl Bus and Vehicle Division, under which Busaf now falls, quite unexpectedly.

The plant's production load is to be passed on to its other plant in Letaba Gazankulu. It has another production facility in Port Elizabeth.

The executive director of the Bus and Vehicle Division of Dorbyl Automotive Products, Mr J H Herdman, said yesterday that the current depression in the bus market had necessitated the closure.

Retired
All workers have been given either early retirement or varying amounts of redundancy payments, he said.

'No one likes to see something like this happen after the 25 years we have been there, but the bus market has been the worst we have seen in recent years and we do not foresee any upswing until about 1986.'

'It was necessary for us to close.'

One of the workers affected, Mr Henry Dunn, a shop floor supervisor, said the news had been a shock to the workers. 'It has been very confusing lately with the little incidents of unrest we have been experiencing among workers, but this is something we cannot believe.'
GERMAN CAR-MAKERS

BMW challenges follow Rs200-m spending

By David Cote
**IMPORTER**

**TARGET**

Before 1966, Mercedes of Germany had no interest in UCDD, which was purely an importer. "We were concentrating on expensive cars," said Dr. Leon, who has now become the owner of the company.

The company is now buying components from BAU, BMW and SA. BMW plans to "export" components to its German parent company. There will be emphasis on the production of leather upholstery.

Neither of the two makers expects to reveal a new model soon. Both have high expectations.

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**MOTOR INDUSTRY 1983 — SALES AND TURNOVER**

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<th>Position</th>
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<th>Manufacturer</th>
<th>Car</th>
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<th>HCV (4000 kg)</th>
<th>Total</th>
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Total revenue of all car and truck-makers in South Africa. Sales were calculated by multiplication of sales by average 1983 price. Mercedes-Benz of SA did the calculations.
New industry making seat belts in EL

BY TOM LOUW
Business Editor
EAST LONDON — The Border’s newest industry has started producing seat belts for motor vehicles in East London.

Yesterday guests from the city and from the motor industry attended an opening ceremony at the Autoflug South Africa factory in Woodbrook, formerly the property of the Sauer company.

They heard the managing director of Autoflug SA, Mr. H. G. Kuster, explain that within a few months the firm will be producing 30,000 inertia reel seat belts a month in East London. Previously, the entire production has been concentrated in its factory in Krugersdorp in the Transvaal.

All plastic parts will be made in the East London factory, and metal parts will come from Krugersdorp.

Belts are already being assembled in East London from parts supplied by the Krugersdorp plant.

Also to be made in East London are control cables and speedometer cables. When the machinery for this part of the enterprise is installed, it will be necessary to extend the factory, and plans have already been drawn up for the extensions.

Also in East London for the occasion yesterday was the chairman of the parent company in West Germany, Dr. G. Sedlmayr. He and Mr. Kuster told me that Autoflug is confident of markets and already holds substantial contracts with motor manufacturers.

Mr. Kuster said the intention is that the East London plant will produce all plastic parts and Krugersdorp will make all metal sections. This will provide transport economies, for trucks will travel with full loads in both directions.

The East London section will supply belts to all the coastal motor manufacturers, from Cape Town through to Durban, while the Krugersdorp factory will provide belts to the Transvaal factories.

The reason for this, he explained, is that motor manufacturers have reduced their stocks of components to 24 hours’ supply, and so it has become important for the component supplier to be close to his markets to ensure quick response to orders.

In East London, Autoflug will employ between 60 and 70 non-whites and about 10 whites. Mr. Kuster commented, “That means 600 or 700 hungry mouths that we will be helping to fill, and this is important to us.”

When the control cable operation is under way, the labour force will increase by about 25.
CDA name changes to Mercedes-Benz

PRETORIA — One of the giants of the South African motor industry UCDD (Pty) Limited, has been renamed Mercedes-Benz of South Africa.

This name change will apply to all the operating companies in the group, including the wholly owned CDA assembly plant in East London.

The new Mercedes-Benz SA had a turnover in 1983 from sales of Mercedes-Benz cars and commercial vehicles and Honda cars, of almost R700 million.

The company’s manufacturing and assembly operation in East London is one of the largest Mercedes-Benz car and commercial vehicle activities outside West Germany.

The decision to change the name of UCDD to Mercedes-Benz of South Africa has been taken following the acquisition by Daimler-Benz of Germany of a 50.1 per cent controlling stake in its South African franchise holder. The decision has been taken together with the other major shareholders, Volkskas Industries Limited (25.5 per cent) and the Ernest Gohner Foundation of Switzerland (23.4 per cent) and has been welcomed by the Honda organisation in Japan.

Daimler-Benz acquired control of UCDD as a result of a R50 million rights issue earlier this year in which Volkskas elected not to follow its rights in full.

Chairman of the board of directors of Mercedes-Benz SA, Dr Tom Muller, who is also vice-chairman of the Volkskas group and a director of Volkskas Industries said “The move to allow Daimler-Benz to assume control of the company has had the fullest support at all times of the Volkskas group, and we welcome the advent of the illustrious Mercedes-Benz name to the ranks of South Africa’s motor manufacturers.

“The Mercedes-Benz group and its dealer organisation around the country are in the completion stage of a R200 million expansion programme started in 1981 in order also to accommodate the new Honda passenger car franchise, Dr Gerhard Lienar Daimler Benz,” said.

At its assembly plant in East London, Mercedes-Benz South Africa has effectively more than doubled the car production capacity and substantially increased commercial vehicle capacity, as well as increasing the scope of the parts operation.

“Honda has been an outstanding success since its introduction in October 1982, and its activities will be continued on an extended basis. With sales in 1983 close to 10 000 units, Honda achieved a 3.6 per cent share of the market,” he said.

● “Mercedes-Benz has announced the name of the successor to Mr Morris Shenker, when he relinquishes the position of chairman of the company’s management board towards the end of 1983.

He is Mr Jurgen Schrempp, a former senior executive who became vice-chairman of the management board with responsibilities for marketing.

Mr Shenker has now also been appointed to the shareholder board and Mr Schrempp rejoin the management board — DDC.
Company recalls 4,000 vehicles for correction

N.T. Report

TOYOTA South Africa is recalling 4,000 HiAce vehicles with incorrectly assembled brake pipes.

According to Toyota, braking efficiency is not impaired under normal operation, but instead of having a safe dual circuit system, the HiAces have a single circuit system.

The dual circuit system ensures that, should the front or rear brakes fail, two wheels will still have brakes.

The fault has, instead of a 60-40, front-rear wheel braking ratio, caused the vehicles to have a 50-50 system.

Toyota's public relations manager, Mr. Plip Wilkin, said the 4,000 vehicles were being recalled for a visual inspection and rectification if necessary.

He added that Toyota had sent out personal letters to owners of all potentially affected vehicles to return them to their nearest dealer.
27 024 SA car sales set record for March

Financial Editor

NEW-CAR SALES rose sharply last month by 3 326 to 27 024 — the highest monthly figure since June 1982, and the best March sales figure in the industry’s history.

Sales of light commercial vehicles and trucks also showed a significant improvement.

Toyota was again leader with sales of 5 829 cars, giving it 20,6 percent of the market. Ford was second overall with 3 967 sales and 14,7 percent market share.

Sigma was third overall in car sales with 3 121 and 11,5 percent of the market, while Mercedes-Benz moved up to fourth place with 3 072 and 11,4 percent.

The only other manufacturer to get into double figures on market share was Volkswagen with 18,4 percent from 2 802 sales.

DOMINATED

Toyota’s Corolla dominated the top 10 models with 3 129 sales, followed by its stablemate, Cressida, with 2 351, and Ford’s Sierra third with 2 273.

Escort sales in March were 1 436, to make it the fourth most popular model, with the Mazda 626 fifth on 1 422; the VW Golf/Jetta range sixth with 1 341, then the Mercedes W123 range seventh with 1 322, ahead of the 1 170 sales of General Motors’ Rekord, Commodore and Senator model range.

The Nissan Langley was the ninth best-selling model on 1 087, and the Mazda 323 10th with 1 049.

"March vehicle sales again reflected some underlying confidence in general business prospects," said Toyota’s marketing director, Mr. Brand Pretorius. "However, there was also some pre-budget buying which inflated the figures.

A total of 11 326 light commercial vehicles were sold, the highest figure since last November. Sales of commercial vehicles in the 2-ton to 4-ton range amounted to 611, while 1 232 heavy vehicles were sold."
R2,2-million rationalisation of manufacturing at DAP

By LOUIS BECKERLING
Business Editor

IN A R2,2-million move, the Port Elizabeth-based auto-components division of Dorbyl Automotive Products (Pty) Ltd has rationalised all its manufacturing operations at new premises in Deal Party.

The company's assemblies will continue to be conducted at its Neave Township site, where extensions and improvements amounting to some R500 000 are presently being undertaken.

Officially opening his subsidiary's new Deal Party premises at the weekend, chairman and chief executive of Dorbyl Ltd, Mr Keith Jenkins, pointed out that the latest investment by the company came on top of an expenditure of some R28 million over a period of four years at both the Port Elizabeth and Uitenhage plants of Dorbyl Automotive Products (DAP).

"This is not a bad record when one considers that the automotive component business is frequently accused of not investing adequately in capital equipment to meet the future demands of the industry."

On the controversial question of the relatively higher price of SA-made components for the motor industry in relation to cheaper imported components, and implications for employment of higher levels of imports, Mr Jenkins said:

"At the risk of being blunt, I must point out that I do not consider overseas suppliers to be fair competitors, we all know that the take-out price of any component in a CKD kit is equivalent to nothing less than dumping.

"The creation of job opportunities is a matter of major national concern and if ever there was a time when this issue should be given urgent attention it is now.

"Neither mining, nor agriculture are presently capable of providing sufficient new job opportunities. The manufacturing industries in South Africa will have to play a vital role in this regard and this can only be achieved by supporting South African industries."

Mr Jenkins said this support would not only create work, "but will also stimulate the development and improvement of local expertise and knowhow, to meet present and future demands."

The contribution by DAP's automotive division to Dorbyl Ltd, said Mr Jenkins, had grown since 1983 from a turnover of less than R500 000 to an expected figure of '30 times that' in 1984. More than 1,000 people were now employed by the division in Port Elizabeth.

The automotive component division of DAP was established in 1983 as a department within BusaF (Dorbyl's bus and truck-body building operation, also represented in Port Elizabeth).

Original objective was limited to the manufacture of seats for buses...

In the newly expanded and consolidated Deal Party premises of Dorbyl Automotive Components are Mr JEREMY POWELL (left), general manager (Port Elizabeth), and Mr ARTHUR PEARCE, works manager of the PE plant.

"However, the development of this product line into the market for the bench-type passenger car seat was logical, and the first order for such seats was received for the all-South African Ranger motorcar."

Since this development the manufacture of more diverse components for the automotive industry had gradually expanded and with the purchase of Pascor in 1983 the extent of the division's activities grew to the point where "a separate administration and management became a necessity."

"With the subsequent addition of Cosmo Engineering to the division, licensing from tried and tested overseas manufacturers, and the technological developments seat-manufacture, the site at Neave township becoming quite inadequate and we had to find other accommodation urgently."

Conceding these developments, Dorbyl Structures Engineering closed down its Port Elizabeth operation and the premises at Deal Party became available," said Mr Jenkins...
TOYOTA

Success all down the line

The rising sun won't set for a long while yet at Toyota. The motor manufacturing and marketing group — which unlike its main competitors, is a wholly-owned SA company (90% held by the Wessels family and 20% by JCI) — must rate as SA’s most successful car company of all time. Its two car models, the Corolla and Cressida, with a respective 11.8% and 7.8% at present of the total passenger car market, are the two best-selling cars in SA — an unprecedented feat for one company.

Toyota’s earnings and sales growth rank among the best in the business annals of the Eighties. From 1979 to 1983, turnover raced ahead from R235,7m to R364,1m. In the same period, earnings a share soared from 118c to 117,4c. Shareholders were rewarded with a 450% rise from 28c to 156c in dividends. Even recession-hit 1983 failed to halt the advance. Total car and commercial vehicle sales shrank by 4.9% last year. But Toyota’s sales fell to 0.5%, so increasing its total market penetration to 22.8%, in what is probably the most over-traded motor market in the world.

The share price has reflected the market’s enthusiasm for the company. Five years ago, investors could buy at R15c and in March 1983 at 2,800c. At end-March this year, the price reached 6,000c, before falling back to 5,650c. For chairman Albert Wessels, the returns are sweet indeed in the past year alone, the family holding has appreciated by R8.5m.

MD Colin Adcock gives a deceptively simple reason for the performance: “We use a better and more thorough marketing mix than any other business. To Toyota, marketing is a total corporate philosophy. Every function, from designing to engineering to selling, is marketing related.”

Industry sources see clear reasons for Toyota’s marketing success. It sells quality products at attractive prices, provides strong after-sales service, rarely sacrifices profitability for bigger sales, and management maintains tight stock controls. The corporate image is further helped by snappy, relentless advertising — most of the executives are expert communicators.

New vistas

Management places tremendous importance on productivity: “To maintain margins, we must increase productivity,” says Adcock. “We spend more time at management level studying and improving productivity levels than anything else. Every year, we open up new vistas.”

The results look convincing. Toyota’s manufacturing plant in Durban, which turns out 434 vehicles a day, is regarded as one of the most efficient in the industry and has twice won awards from the National Productivity Institute. A premium is placed on securing workers’ co-operation by avoiding retrenchments wherever possible. As an example, Adcock points out that although robots can spray paint and paint cars and build vehicle bodies, this would be at the expense of job opportunities. These functions at Toyota are, therefore, done manually.

As a result, labour relations are relatively harmonious. Since 1973, Toyota has been hit by only two strikes. Last year, a recognition agreement was signed with the National Automobile and Allied Workers’ Union. Much emphasis is placed on technical training and promotion is on merit alone.

Greater productivity from roughly the same number of workers means that more cars must be sold, an obvious fact which helps determine strategy. This year,
Adcock wants Toyota to capture 24% and next year 25% of SA's total car and commercial vehicle market. Adcock is not too specific about forward projections but indications are that Toyota expects total industry sales to grow by 40% to 1983-4 from 1982's 405 000 units. Truck sales are expected to lead this growth, in contrast with the last five years, when passenger car sales accounted for a bulk of the group's expansion.

**Improved product range**

After consolidating its dominance in the car market, Toyota is now turning greater attention to the commercial vehicles sector. It has lagged the field in heavy and medium truck sales but the introduction last year of the Hino-F series and the four-ton Dyna have improved the group's product range. This year's first-quarter sales show Toyota, with 15,1% of the market (6,1% a year ago), closing the gap behind nearest rivals, General Motors (GM) and Magnis.

Adcock says the target is to win second place in the heavy-duty stakes by 1985. A challenge against front-runner Mercedes Benz, which at present takes 26,7% of the heavy commercial vehicle market, would be the next step.

The light commercial market is proving a tougher nut to crack. First-quarter sales showed that Toyota's market share had shrunk to 27,7% from 30,3% a year ago. But the company remains the clear market leader as second-placed Nissan saw its market share well down on a year ago. A firm market, which caught Toyota unawares, and tough competition from GM, which increased its market share from 12,6% a year ago to 15,5%, were the main factors behind this fall.

In the passenger car market, Toyota plans this year to introduce a number of new models. Characteristically, Adcock will not give details ahead of the launch of the Cressida, though, will be upgraded to the top of the semi-luxury league to capitalise on what Toyota sees as an opening in this segment of the market. Future car sales growth, says Adcock, will come mostly from the black consumer as the white market is virtually saturated. Much attention is being paid to this.

Adcock believes the recession has proved that the motor industry is not as vulnerable to business cycles as it used to be. Black middle class spending, he argues, has remained strong — the fall-off in black demand resulted from unskilled workers losing their jobs or real wages remaining static. According to him, this helped underpin the motor industry. Indeed, last year, in the midst of recession, passenger car sales were at their third highest level ever and only 11% lower than in the record year of 1981.

To gear up for future industry growth, Toyota last year committed R220m to improving manufacturing facilities at its plant in Durban. Of this, some R170m will be spent on a paint shop and improved assembly facilities. Another R120m has been invested in tooling facilities for planned and new car models. When this expansion is completed by early next year, 550 vehicles will be made each day, compared with last year's 434 units. The improvements should cater for increased output for the next four years.

**Spending to earn**

Non-earning capital expansion projects, such as plant extensions, are paid for at Toyota out of internal funds. Borrowings are used to finance expenditure which generates revenue — such as model tooling investment. Retentions have thus been high in order to finance capital spending. Last year's dividend cover, after the lido adjustment, was 6,7. The debt equity ratio stood at a healthy 0,35.

Reflecting the stock market's expectations for still more growth, the share currently yields only 2,7% on dividend compared with the 3,1% average for the motor sector.

Adcock believes that this year the economy will begin moving out of recession, although slowly, and he expects industry sales to perk up 6% to 430 000 units. Wessels, in the 1983 annual report, cautions that profit margins could be subject to pressure from competition. And adverse exchange rates could raise the rand cost of motor-part imports from Japan. But profitability should remain strong, even if the growth rate does not match that of the last five years.

In the longer term, Toyota has to tackle the problem of being the market leader in an exceptionally product-sensitive industry. A competitor could well come into the market with a rival product that catches popular imagination. A third oil crisis, which could appear as unexpectedly as the previous two, could dampen any recovery in the motor industry. But for an unrivalled four years, the company has been SA's market leader. Adcock remains convinced that success breeds success.
Nissan on the road back

By Don Robertson

NISSAN South Africa is reducing stocks at its Rosslyn plant and hopes the action will produce a profit in the current financial year and a full recovery in 1985.

Nissan made a small profit in the 15 months to December, on turnover of R38-million. The motor manufacturer suffered a large drop in sales in the last six months, mainly because of quality problems. These conditions continued into the current financial period.

Nissan was unable to pay a dividend to the holding company, Messina. It was partly responsible for Messina having to miss its final dividend for the past year.

Nissan hopes to pay a dividend to Messina in 1985.

Finance cost

Quality problems left Nissan with a stock of R7-million which cost R1-million a month to finance. At the end of February, the company had 3,004 vehicles in its parking bay at Rosslyn, but this has been slashed to about 3,000 units, or slightly more than two weeks' stock.

This was achieved by a cut in production and the introduction of a sales campaign. The company is producing about 226 vehicles a day compared with a capacity of about 325.

The chairman, Peter Whitfield, says: "This large reduction in interest payments will have a major impact on profit performance."

A quality programme was introduced four months ago and marketing director Brian Wegner says: "It is now one of the best in the industry."

In the past financial period, Nissan had to make a provision of R7-million for currency losses on a R17-million foreign loan which was not covered by a forward facility. However, because of the lower interest rate on this loan, the company is "ahead of the game", says Mr Whitfield. There are plans for partial repayment of this loan soon.

Profitable

Nissan returned to profit in April. Sister company Magnus Truck Corporation experienced a declining market last year, but was able to achieve a profit. An upturn is expected in the market this year, with an improvement in earnings.

The recently launched Exa range, which has attracted considerable attention, has a waiting list of about three months. But additional Exa units cannot be produced as the local content is below the required 60%.

Production has been curtailed to allow the company to meet its quarterly local content mix. The first motors for this model went into production this week and this should help the local content problem.

With unsung operations running at a loss in the 15 months, the contribution from industrial companies provided the only operating income for Messina. However, the company hopes to sell about R90-million of assets this year to raise money.
Car industry hit by exchange rate

By LOUIS BECKERLING
Business Editor

CURRENCY fluctuations, rather than cost pressures, provided the motor industry's single largest problem at present, according to Dr Vito Bianco, deputy chairman and managing director of Alfa Romeo (SA) Pty Ltd.

In Port Elizabeth to present an award to local Alfa dealer St Crox Motors, Dr Bianco singled out the impact on the industry of such fluctuations — and, more specifically, an "undervalued" rand — as being of greater importance than wage rates or cost-differentials arising from location-al problems.

Illustrating the problem, Dr Bianco pointed out that at the time he had negotiated for the South African rights to distribute the Charade — initially as a fully-assembled import, and subsequently in a CKD (completely knocked down) kit for local assembly — the rand exchanged at a value of Y233 (Japanese yen).

"That was in May 1982, and today the rand is worth only Y178, which means that we have lost about 24% on the exchange." Increasing forward against such losses was a calculated risk which involved paying a premium based on the differential between ruling interest rates in the two countries, said Dr Bianco. This often negated the benefit of taking such insurance, and Alfa SA had not taken such cover.

"Under the current circumstances of high competition for market share, a manufacturer cannot recover losses of this order from the sales price, which can move only in relation to the rate of inflation," he added.

Dr Bianco conceded that the deliberate undervaluation of the South African currency was a strategy devised to bolster rand receipts from a depressed gold price, promote exports and discourage imports. Its impact on the motor industry, however, was severe.

While there was little manufacturers could do to remedy such a difficulty, there was a lot they could do to solve problems arising from high wage rates and other cost-pressures.

Increasing wage rates could be matched with increased productivity. "In my factory we are increasing productivity by some 20% to 25% a year," said Dr Bianco.

Dr Bianco was reluctant to become involved in a clash with Port Elizabeth-based motor manufacturers, but said the impact of the relatively higher wage rates in the city in comparison with the Reef would have a minimal impact on the final selling price of a vehicle.

"Based upon an 80-hour manufacturing period per vehicle, the difference in wages here and on the Reef would amount to about R80 per unit," he said — which was a negligible added cost on vehicles retailing at around R12 000 and upwards.

However he admitted that if estimates of an effective "penalty" paid by Port Elizabeth manufacturers of an additional R240 per vehicle in order to land South African steel in the city were accurate, this, together with the relatively higher wage rate, would have a considerable impact on the competitive position of FE-based motor manufacturers in comparison with their Reef-based competitors.

"That would amount to some 3% — and I can assure you that manufacturers are not operating on the sort of margins that will allow such an added cost burden," Dr Bianco and Mr Silvano Grimaldi, national sales and dealer development manager of Alfa SA were in Port Elizabeth to present the company's first-ever dealer award.

The award will be presented quarterly to the dealer who in our judgment has the best organisation, conducted the most improvements, and presents the best prospects for future sales," said Dr Bianco.

First winner of the award was St Crox Motors, in Port Elizabeth's North End "motor town"
New agreement on service and wage conditions

JOHANNESBURG — A new agreement on wages and service conditions has been concluded between the Sigma Motor Corporation and the National Automobile and Allied Workers Union (Naawu)

Effective for one year from May 12, Sigma said in a statement it included “the first negotiated productivity agreement... and the first formal maternity agreement in the assembly industry in South Africa”

• Covering all hourly rated employees except artisans, the agreement includes a general increase ranging from 10c to 15c an hour, based on the grading of the employee

It also includes a productivity incentive, “guaranteeing a minimum payment of 10c an hour in recognition of the improved productivity already achieved by the labour force over the past quarter”.

• “The incentive amount can be increased by 20c an hour based on improved performance in relation to the negotiated productivity formula

• “Productivity incentive payments will only be made to individuals in respect of actual hours worked

• “In view of the mutual benefits to be derived, the union and company are committed to contribute actively and fully in this scheme and will endeavour to remove all aspects which have a detrimental effect on productivity trends among direct and indirect hourly employees

• “In view of the interactive nature of their functions, challenges and bottlenecks will be tackled by labour, shop stewards and managers”

The new maternity benefits for female employees will provide 12 weeks unpaid maternity leave

“During that period, the company will pay the full amount of the employees' medical aid and pension contributions.”
LABOUR NE

Better wages contract signed at Sigma

Labour Correspondent

THE Pretoria-based motor component manufacturers Sigma, and the National Automobile and Allied Workers Union (Naawu), have signed a new wage agreement which includes the motor assembly industry's first formal maternity leave agreement.

It also includes the first agreement in the industry to offer workers wage incentives in exchange for greater productivity.

Details of the agreement were released yesterday in a joint statement by the company and union. It said the agreement would come into effect at the weekend and last for one year.

According to the statement, the two sides have also agreed on a general wage rise of between 10c and 13c an hour, depending on workers' job grades.

It said the maternity agreement would provide workers with 12 weeks' unpaid maternity leave.

It is understood, however, that Sigma has not conceded a Naawu demand that women workers be guaranteed their jobs back if they take maternity leave.

The statement added that the new productivity incentive would guarantee workers a minimum payment of 10c an hour in recognition of the improved productivity they had already achieved over the last quarter.

This could be increased to a maximum of 25c an hour, depending on productivity.

A formula had been negotiated between Sigma and Naawu to determine the size of this increase, the statement said.

Both the union and company were "committed to contribute actively and fully" in this scheme, it said.
Motor firm signs accord

SIGMA Motor Corporation has signed a new conditions agreement with the National Automobile and Allied Workers' Union (Naawa).

In a statement to The SOWETAN yesterday, the corporation's spokesman said the new agreement which covered "some significant matters" will become effective as from May 12.

The main elements of the agreement which covers all hourly rated employees except artisans are a general increase ranging from 10 cents to 13 cents per hour based on the grading of the employee and a productivity incentive guaranteeing a minimum payment of 10 cents per hour in recognition of the improved productivity already achieved by the labour force over the past quarter.

Details of the agreement will be explained at a Press conference in Johannesburg today.

New bus service

THE Vaal Bus Company is to introduce its luxury bus service in Evaton in the near future following a public request for faster transport in the area.
300 drivers still on strike at motor firm

Mercury Reporter

The strike by about 300 drivers at Motorvia, a Pinetown motor vehicle ferry service company, entered its second day yesterday with no indication when it would end.

The company’s premises at Westmead were packed with new cars and trucks waiting to be delivered to garages throughout the province yesterday.

The striking drivers were assembled at the offices of the Transport and General Workers’ Union while union representatives held urgent talks with the company management to help resolve the pay dispute.

Mr PJ Marais, Motorvia’s managing director, said negotiations were being held with workers’ representatives and a statement would be issued later.

The union spokesman, Mr John Mawbey, said the workers were striking over two issues—the long delay by the company in reaching agreement with the union over a new pay rating system and a demand for the payment of a basic wage for all drivers.

"Drivers were not given a basic wage but instead paid for the number of trips they made. We have been pressing the company since last year to pay workers a basic wage and scrap the trip rate system as it is illegal."

"At a meeting with the management on Friday the matter was raised again and the company offered to pay drivers a basic wage of R55, but this was rejected as they want a minimum wage of between R70 and R80 a week," he added.

New cars and trucks stand idle at Motorvia’s premises in Pinetown as the 300 drivers continued their strike over pay yesterday.
SALES TAX INCREASE

Car industry is shaken

"This is a shock," was the reaction of Mr Colin Adcock, chairman of the National Association of Automobile Manufacturers (Namass), when told of the GST increase.

"This means the tax content in the price of cars is beginning to rush upwards." He gave as an example a two-litre automatic, four-door sedan selling at a retail price of R14 400.

Under the phase five duty system the tax was R900.

Under the "ad valorem" tax of 1½ percent introduced in the recent Budget on all cars, and now the 10 percent GST, that two-litre vehicle would carry taxes of R2 150.

"It is a damned unfair blow to the motor industry. It continues to get hit," said Mr Adcock.

"We will make an approach to the Government to try to get the ad valorem duty removed, because it was absorbed by the motor industry..." Normally we would have sought a general price increase on July 1 to counter the effects of inflation, but with this tax increase I don't know how we can.

"The effects of this increase could be severe. At this stage I have no indication how it will affect parts of the industry but there is sure to be a rush of buying up to the end of June."

He added, "But it is amazing how the South African public just keeps on buying, even in the face of massive interest rates. I think people are price punch-drunk."
Car sales in April near record

Financial Editor

CAR sales are holding up well in spite of the recession. The National Association of Automobile Manufacturers reports that South Africans bought 24 584 cars last month

Assocom forecasts 11-12 pc inflation

THE Association of Chambers of Commerce expects the rate of inflation to rise this year to between 11 and 12 percent from the present 10,2 percent.

In a memorandum issued at its mid-year council meeting it forecasts a difficult year for the economy with no serious upturn before 1986.

It says the weak gold price and the drought are major problems.

Assocom believes expenditure on drought relief will far exceed the R460-million budgeted for the present tax year. But economic recovery in the industrialised world should improve prices of minerals apart from gold, increasing South African export earnings.

At a Press conference after the meeting the president, Mr Bill Yeawert, said members were unanimous that the business community should be consulted on means of financing the new triennium parliamentary system.

Sentrachem forms new chemicals division

SENTRACHEM has formed a new chemicals division which will contain National Chemical Products and Klipfontein Organic Products, with an annual turnover of more than R200-million.

Mr Chris Orpen, a senior general manager at Sentrachem, has been appointed chairman of the new division and Dr John Job its managing director.

Mr Dave Marlow, managing director of Sentrachem, said, "The new division will be able to seize opportunities which could not have been contemplated by either KOP or NCP on their own."

A new specialties division has been formed from companies formerly NCP subsidiaries—they are Poly Resin Products (formerly NCP Resins), Styrochem, a major polystyrene producer, Sages, the expanded polystyrene producer and converter, and the NCP Yeast companies.

Its chairman will be Mr Bob Larter, formerly managing director of NCP.

Audrey d'Angelo

Gold at $373

GOLD was fixed at $373 (R480.85) an ounce in London today, against the close of $373 in New York and $373.25 in London, Reuters reports.

It gained $1.50 in New York yesterday when the dollar weakened on concerns about central bank intervention to halt the currency's rise, dealers said.

The rand opened in Johannesburg today at $0.7757 after yesterday's close of $0.7765.

London gold fixings were:

| English | Dollars | Rand
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Wall St steady

NEW YORK — The stock market showed little change late in yesterday's session. Trading was active.

The Dow Jones average of 30 industrials, which moved within a narrow range for most of the session, edged up 1.67 to close at 1167.19, Dec. slightly outpaced advances and rose to 110.81-million shares from 109.59-million in the previous session. — Sapa-AP

London retreats

Argus Foreign Service

LONDON — Fears that interest rates would rise still higher undermined confidence on the London Stock Exchange yesterday. Leading equities fell for the fourth session in a row and the FT index eventually closed 11.3 down at 884.9, representing a slide of nearly 33 points from the peak.

Rand today

BARECLAYS Bank rates for the Rand today:

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Golds

JOHANNESBURG tended slightly lower on the Johannesburg market of a holding firm at av.

The easier trend lacked of interest in losses ranging to 30c and Doornfontein at 22c issues slipped at average. However, showed similar weakness, down, six up.

Mining financials shadowed golds, and to 2275c and Rnd 10e to 1490c, but steady with diamond up at 22c at 9275c.

From left: Price, Mining
ADE kills Louisville — others vulnerable

ONE of the most famous names in world trucking is leaving the South African scene. It is the most distinguished casualty so far of the Atlantis Diesel Engine local content programme.

By Colin Haynes

Ford says the up-market premium Louisville truck from the United States will be pulled out at the end of this year because there is no suitable ADE engine for it. Ford Louisville prepares to follow the Goshkosh into the post-ADE sunset, speculation increases that other well-known models at the heavy premium end may fall a victim.

In spite of denials, other manufacturers may adopt Ford's reluctant decision that it is not prepared to risk compromising a distinguished name by fitting power units which do not fully satisfy its own engineers in certain applications.

Cummins

However, not every manufacturer is in a position to get rid of unwanted models. The Louisville, fitted with Cummins diesels, has such a high reputation in South Africa that there is a strong demand for it.

Indeed, demand for the last Louisvilles to be sold in South Africa is so strong that the factory is forced to operate at overtime. Ford says it has already sold more than a hundred of the trucks.

Cummins engine

Mr Henderson stresses that this is no criticism of the ADE or its engine, which he says is still the best in the world. Ford agrees, but points out that the Louisville is not a suitable model for South Africa.

The Louisville will continue to be made in the USA for export, but Ford has pledged to use the Cummins engine in the future.
Samils head for export markets

This year marks the 20th anniversary of the start of a programme to change the whole structure of South Africa's most important fleet of trucks.

In an operation said to be without parallel, the military vehicle division of Armcor has equipped the South African Defence Force with the most remarkable range of vehicles conceived in a single engineering development programme of its type since the Second World War.

In 1961, the SADF began a far-reaching survey of its military vehicle requirements. The action was taken ahead of the United Nations arms embargo which came into full effect in 1968.

Secrets

Twenty years after the start of that survey, SA has three new families of military truck, called Samils and with more than 20 different body variations.

Details of the model mix and build numbers at SA's biggest truck-making plant, Magnum, are secret. But estimates published overseas put production so far at about 12,000 units, not counting the civilian Samil range spawned by the military Samils.

The real triumph for South African trucking is that the Samils have proved so good that Armcor is developing export markets for them.

The authoritative Jane's Review of Military Vehicles says: "It should not be long before purchasers appear."

The Samil truck range is without doubt the successful outcome of a long chain of operational experience and expertise. The vehicles involved have all been system engineered to meet the very demanding requirements of the South African Defence Forces down to the last detail.

"The Samil range is now 'combat proven' and in that process has proved to be extremely reliable, efficient and tough. To achieve this remarkable technology has been utilised, or any particular magic formula. "All that has been applied is a thorough systems approach, a simple design philosophy and sound engineering. The result is excellent."

High praise

That is probably the highest praise ever to come from abroad for any South African engineering or industrial project.

To celebrate what has been achieved, it seems appropriate to take a closer look at the wheels which keep the SADF trucking. We cannot be too specific about engines because of security requirements surrounding an active engineering development programme.

All three basic truck families have diesel units pushing out about 86kW in the Samil 20, 120kW in the Samil 50 and 200kW in the big Samil 100 model range.

These are the three distinct model families, with extensive variations played on their basic themes.

Wheel change

The Samil 20 has German Magirus-Dietrich and Hummmorg engines. Magnum has developed with Armcor a two-tonner with forward-control cabin, drive to front and rear axles to give a full 4x4 configuration, articulated chassis to cope with extreme terrain and several interesting design details, including a miniature "crane" to enable one man to change a wheel.

There are several distinct forms of the Samil 20, including some offering a remarkably high degree of protection against mines and small arms fire while preserving payload capabilities.

One of the best-known is the Bulldog armoured personnel carrier, with open rear body and its brother, the Rhino, with fully enclosed body.

Bulldogs and Rhinos look hary when they corner at speed, but the centre of gravity and vertical stability are much better than they appear and inexperienced troopers have to come up with good excuses if they are to get away with tipping one over.

Human fly

Like the other Samils, it can cope with up to 18 degrees of side slope, ford water well over a metre deep and has a particularly impressive 87% maximum gradability. That's not a must print — the 20 is about the closest in wheeled trucking to the human fly.

The five-tonner in the family, the Samil 50, is now also far removed from its European origins as to become an original South African truck. It is a 4x4 with remarkable climbing and cross-country agility, even when loaded to its maximum 4800kg payload.

Gun tractor

Top of the line-up is the Samil 100, derived from the 50 but much longer and more powerful with 6x6 configuration. It has a payload in general purpose form of 10 000kg and there is a particularly impressive tipper truck with normal 7.6 cubic metre body.

The Samil 100 also comes as a recovery unit and there is a highly specialised gun tractor.

In addition to its remarkable achievement in developing so many military trucks, Armcor produces a full family of specialised trailers for them. This is believed to total eight different types, about half of them semi-trailers, with capacities of up to 60 tons.
Ford's bakkie makes it in UK markets

Financial Staff
Ford SA is relying increasingly on the export of locally designed and produced bakkies.
Motivated by the need for increased volume from highly capitalised tooling, a long-term export programme started in 1962 is now bearing fruit.

Based on the Mark IV Cortina, the P100 one-ton pick-up is being exported to Ford UK. It is a best-seller in Britain.

The Escort-derived Bantam light pick-up might soon be added. It was being sold at the rate of 600 a month on the home market.

The South African bakkie was filling a European market gap previously dominated by European and Japanese manufacturers. The export flow had already reached a level equal to more than 20 per cent of local car sales.

The spokesman said that increasingly automated manufacturing made the export potential of the company's products more important than ever.

The motor industry would welcome any help the Government could offer in the form of export benefits.
City motor trade booms in rush to beat 10% GST

Staff Reporter

THE rush for cars is on in Cape Town as buyers climb in to avoid paying hundreds of rand — and in some cases thousands — when GST goes up.

Everyone in the motor trade, from those in the second-hand market to those dealing with six-figure jobs, appears to be experiencing a boom, with an even greater rush expected when the tax deadline approaches at the end of next month.

Mr David Wayne, manager of Market Cars, said that although the GST increase was announced only on Friday, there had already been a general upturn in demand for second-hand cars.

LIKE CHRISTMAS

"We are expecting a big rush, like the last weeks before Christmas," he said. "We had the same thing last time when GST went up by one percent, but this time it's three percent," he said.

On a second-hand car costing R5 000 a buyer would pay R150 more, and would be reluctant to pay the extra cash.

He said he expected three months' business to be squeezed into six weeks and there could be a slump once GST was increased, before the market returned to normal.

FLASH IN PAN?

Mr Jack Kerby, franchise director of Porter Sigma, said that an improvement in sales was noticed on Saturday and yesterday following the announcement on Friday that GST would go up in July.

"Whether this was a flash in the pan, we must wait and see," he added.

On an average R10 000 family sedan the new GST would add R300 to the price. This was the difference between buying a good car radio or a sun roof, he added.

Mr Piet Slabbert, managing director of Motors WP Porsche, said that once the GST announcement more pending deals had been concluded.

In one case this involved a car costing R120 000. If the buyer had delayed until July this would have added more than R3 000 to the price.

Although this might be "peanuts" to such buyers, to people in that income bracket "tax" was a dirty word, he added.

40 electrocuted

DELHI — Forty passengers were electrocuted when luggage on top of a bus touched power cables near Allahabad. — Sapa-Reuters.

Bazaar, an American magazine, says...
German strike: VW can assess impact soon

"Weekend Post Reporter

VOLKSWAGEN South Africa expects to know by the end of next week whether the metal workers' strike in West Germany will affect production in Uitenhage.

There are signs that the West German strike, which will shut down the VW supply plant on Monday, could be over by Friday - in which case work at Uitenhage would not be affected.

But if it continues beyond this week, production in Uitenhage could be disrupted by mid-July.

A prolonged stoppage in Germany would shut down the Uitenhage plant.

General Motors SA, which draws supplies from Opel, said the strike (which will close Opel in Germany on Monday) would not have any immediate effect on Port Elizabeth production.

"We have adequate stock at the moment, but the long-term situation depends on the duration of the strike," a spokesman said.

A spokesman for Mercedes Benz in East London said in-plant supplies should last four months, hopefully rendering the company immune from a short-term strike.

Volkswagen SA's public affairs manager, Mr Ronne Kruger, told Weekend Post: "They are stopping work at our supply plant in Germany on Monday evening, but it's a short week in Germany with the holiday on Thursday, and there appear to be signs the men will go back after Thursday.

"In that case it would just be a three-day stoppage.

"If the strike continues longer than that we could have a problem in July. It depends whether they have sufficient in-plant bits and pieces to satisfy our demands."

"If it continues and they don't have enough components to see us through, we won't be able to build cars.

"We have different lines for different products, so we may have a shortage on some lines which would shut them down.

"We could eventually have a shortage on all lines which would close them all down. Or we may have no shortage at all. These are the possibilities."

"The components we get from Germany are varied but some are critical components, among them transmission systems.

"We have stock in-plant to last till the end of June.

"I don't know what is in transit at the moment, but hopefully there is a shipment on its way, so that would take us into July.

"In Bonn, marathon talks between West German employers and representatives of the metal workers, who are demanding a 38-hour week, ended last night with no sign of compromise. But fresh negotiations were set for Tuesday, Sapa-Reuters reported today."
Strategy outlined for black vehicle market boom

By LOUIS BECKERLING

Business Editor

RETAILERS of high-ticket durable goods may take a leaf from the dissertation which gained for motor industry executive Mr Ian Thomas a Master of Business Leadership degree from the University of South Africa.

"It is suggested, that the next upturn should herald the start of the era when black purchases of passenger vehicles will constitute a worthwhile segment of the market.

"It would appear prudent to set marketing plans in action now during the current recession."

The comments are included in a paper titled A Marketing Strategy for the Expected Growth in Black Purchases of Motor Vehicles; one of four dissertations presented by Mr Thomas in support of his MBA.

Reviewing his industry, Mr Thomas highlights the salient characteristics of the manufacture of vehicles and their potential market (and, no doubt, broader parallels may be drawn with other industries).

He notes that the country has more manufacturers than are economically justifiable, and underlines this with a staggering set of statistics.

At the launch of Phase 3 of the local content programme (January, 1971), there were 11 manufacturers producing 116 variants for a 200,000-unit market today there are 18 manufacturers with 230 variants in a 300,000-unit market. This level of unit demand, he notes, is equivalent to "the volume produced by the smallest division of General Motors in the United States in a good year."

With the limitations of market size aggravated by escalating local content requirements, manufacturers, he argues, have been suffering severely.

"It is estimated that collective losses were running at up to R50 million per annum in the '70s."

(A recent seminar held in Port Elizabeth a speaker from Ford (SA) Pty Ltd said return on Ford's South African capital was some 30% lower than would be expected from comparable investment levels in the US).

"In truth it has been stated that there is room for no more than four or five manufacturers, so there must be another reason for them all remaining," observes Mr Thomas in his paper.

"This is to be found in the market potential that the black buyer offers."

And what is that potential?

- An analysis of the demographics of the SA market shows the black population increasing by 78% from 20.4 million to 36 million between 1950 and 2000.

- Disposable income of blacks will increase by 64.7% during the same period, compared with 32.5% for whites.

- As a result of these trends and the associated changes in lifestyle, the Board of Trade and Industries estimates that ownership among blacks will increase 551% over this period, compared with 88% for whites.

Having argued the case for a strategy to exploit this burgeoning market, Mr Thomas proceeds to a conventional "swat" analysis and isolates a number of recommendations:

- The target market should be narrowed to younger and better educated blacks in the PWV area.

- In support of this contention, Mr Thomas points out that of our current population of 20 million blacks, nine million are in urban areas with nearly seven million of these in the PWV area.

- "If 30% of these are in the age group 18 to 34 (the HSRC estimates this will rise to 75% by the year 2000), then we are looking at a prime target of two million in the PWV area with a further 0.75 million in the other urban areas."

- No manufacturers have developed products specifically for the black market, and indeed there is great danger inherent in doing so, as such black-tailed products are generally rejected as deliberately inferior.

- However, given the considerable cultural divide between whites and blacks and problems of differing perception of marketing campaigns, he suggests "a new and separate system for marketing plan development be set up."

- More detailed suggestions regarding advertising include the observation that these should be vigorous and action-packed, of the "show-and-say" variety, informative, and generally avoid symbolism (much of which is too often interpreted literally as with the documented case of Black Cat peanut butter perceived as a jar containing cat meat). Considering the implementation of his theories, Mr Thomas observes that the next economic upturn presents manufacturers with an opportunity to launch a new strategy.

Regarding organizational structure he emphasizes that a separate marketing section responsible for the black market should be established.

"This should be staffed by professionals and not, as so often happens, by salesmen who see themselves as marketeers or persons from other disciplines who fancy themselves in marketing because of their product knowledge."

"This section should, if possible, contain some qualified blacks, not as window-dressing, but to gain insight into the culture of the market, and facilitate communications."

"The first job of the new section would be data collection and "this will involve quite extensive market research as there is very little in-depth information available on the shelf." Collection via direct observation is "not a feasible technique for high-ticket items, mail questionnaires are cheap but contain a significant degree of error; telephone interviews are fast and inexpensive but too few blacks have telephones, and this leaves individual, or panel interviews. Panel interviews are expensive, and individual interviews are preferred."

Having observed black mistrust of tailor-made products, Mr Thomas offers a little specific advice: "Product differentiation, other than observing that product availability should dictate strengths."

"Distribution, he argues, should take place from within the "white" areas as opposed to within "black" residential areas."

O'Dowd (130)
Vilakazi (131)
Le Roux (132)
BMW workers now best paid in industry

Automobile workers at the BMW factory in Pretoria are to receive wage increases averaging 13 percent as from July 1.

The announcement was made yesterday after an agreement was concluded between BMW and the National Automobile and Allied Workers' Union.

The increases, pushing the minimum hourly wage at the plant up to R2.73, will mean that the BMW workers will be the highest paid in the motor industry.

Also negotiated in the agreement is an attendance allowance ranging from 5c an hour to 12c an hour depending on length of service, and a guaranteed bonus ranging from four percent to 8.53 percent also depending on service.
Wage hike for workers

The National Automobile and Allied Workers Union (Naawu) has signed a wage and working conditions agreement with BMW South Africa covering more than 1,500 workers.

In a statement to The SOWETAN yesterday the company said that the hourly-paid workers will receive a wage increase of more than 13 percent effective from July 1984 to June 30, 1985.

This raises BMW’s minimum wage to R2,73 per hour — the highest in the country’s motor manufacturing industry, according to the statement. The effective average wage has been increased to R3,30 per hour.

BMW was forced to close its plant in Rosslyn early this year following labour unrest sparked-off by wage demands and working conditions. The company later reopened its doors for the thousands of workers.

The company has also reached an agreement with the union on certain changes in the working conditions. A service attendance allowance ranging from 5 cents per hour to 12 cents per hour depending on length of service will be awarded.

The company has also undertaken to pay a guaranteed bonus ranging from 4 percent to 8-33 percent depending on length of service, according to the statement.

The union’s branch secretary, Mr. Charles Nthite, said that the wage negotiations, which took almost six weeks, were “tough” and he was “quite happy with the outcome.”

He said that management has shown great cooperation with the union and hoped that they will keep good labour relations with them in future.

“This is a major victory for us,” he said.
German strike hits PF

PORT ELIZABETH — The six-week strike by German metalworkers has forced General Motors to begin a four-day working week from tomorrow because of a shortage of vital components.

The assistant managing director of GM, Mr. Rod Ironside, said today the situation had been caused by factors completely beyond the control of GM. The company tried to minimise the impact on staff.

The move would affect about 2,000 workers at GM's vehicle assembly plants, while the truck and commercial assembly plants, which were Japanese sourced, would continue as normal.
Car workers strike over pay demand

Pretoria Correspondent

About 3,000 workers from three motor assembly and car parts companies in Rosslyn — Nissan and its two sister companies, Magnis Truck Corporation and Motoware — downed tools today over a demand for a wage increase.

Night-shift workers are expected to join their day-shift colleagues to show the management their dissatisfaction with an increase they have been offered.

The strike follows a deadlock in negotiations between the management of the companies and the United African Motor and Allied Workers' Union.

A meeting, attended by about 2,000 workers, was told yesterday that management had said that the companies had been working at a loss and could not afford to meet the demands.

Union representatives said "We even reduced our 75c-an-hour came demand to 45c across the board but they told us that, even if we went down to 20c, they would not agree."

Mrs Dorah Nowatha, secretary of the union, said they would meet management again today to try to end the dispute.

A company spokesman refused to comment on the strike.
'German strikes highlight SA industry vulnerability'

By WENDY FRAENKEL

THE seven-week-long metal workers' strike in West Germany, which has directly led to General Motors in Fort Elizabeth cutting work to a four-day week in their vehicle assembly plants as from June 30, shows how vulnerable the South African assembly manufacturers are.

This was the opinion of Mr Bill Hayward, director of the National Association of Automotive Components and Allied Manufacturers (Naacam), who was reacting to the report that about 2,000 workers in Port Elizabeth would be affected by the strike.

"If we could have more local content, especially steel stems, in the production of our motor vehicles, instead of importing the amount we do, it would prevent problems like this happening in the future," he said.

"I would like to see 100% of our components manufactured in South Africa, but realise that certain stems, like carburettors and other parts, cannot be manufactured here."

He believed that if local industry could be fully supported, prices of vehicles could be held down, job losses could be reduced and in the short term there would be a greater job stability.

"I would also like to see the cutting down of the number of models made here - South Africa has far too many models. The Australian Government is re-examining the motor industry there and intend to reduce the number of models from 13 to six per manufacturer," he said.

A spokesman for the National Association of Automobile Manufacturers of South Africa (Naamsa) said that on the other hand that increasing the local content would be "economics suicide."

"Our market in South Africa is far too small as it is to make the local manufacture of all components viable."

"Producing them all locally would prove very expensive and would be detrimental to inflation and would push up the price of motor vehicles," he said.

"We are also reliant on overseas research, development and technology in the motor industry and the South African industry reaps the benefit of this sophisticated technology which is both pioneered and applied there."
Nissan production halts as 5000 workers strike

By PHILIP VAN NIEKERK

ABOUT 5000 workers yesterday brought production to a halt at the Nissan motor plant and at two sister plants, Magna and Motoware, in Roslyn near Pretoria, when they went on strike, demanding higher wages.

The action followed a mass meeting of several thousand workers in Mamelodi on Wednesday night, where they were informed of the wage deadlock between Nissan and the United African Motor and Allied Workers' Union (UAMAWU).

Nissan is offering increases ranging from 8c to 16c an hour, while the union is demanding an increase of 45c across-the-board.

The workers have said they will not go back until their demands are met, while Nissan has refused to resume negotiations until they end the strike.

The union will be meeting with the company today in an attempt to break the deadlock.

About 3000 workers downed tools at 7am and later assembled outside the plant, where they were addressed by union leaders through a loudhailer. They dispersed peacefully after agreeing to return today to collect their pay.

The day-shift workers were joined by night-shift workers yesterday, bringing the total number of strikers to about 5000.

A spokesman for the UAMAWU said they were demanding a wage in a situation where the cost of living was constantly rising, and where the new general sales tax implementation was going to hit the entire black community.

Mr CV Strydom, the industrial relations director of Nissan, said negotiations of "normal bi-annual conditions of employment" between the UAMAWU and the company had taken place in the past week.
Motor strikers resume talks

CAPE TOWN — A 30-year-old man from Brakpan in the Transvaal has been detained for questioning in connection with the alleged shooting of a hitch-hiker near Beaufort West.

Detectives detained the man early today, but no charges have been laid.

Police are still engaged in an intensive search for the body of the hitcher, allegedly killed by a motorist who gave him a lift.

The hitcher is alleged to have been shot almost a month ago and the killing witnessed by a policeman and his sister, who were travelling with the alleged killer.

Rabies in Natal may get worse than deadly 1980’s

DURBAN — Natal is on the brink of a serious rabies epidemic that could become worse than in 1980 when 30 people died.

Dr Bill Posthumus, head of veterinary services in Natal, warned today that the latest increase in the number of cases in rabies was of grave concern and that unless immediate action is taken a epidemic is in the offering.

CONFIRMED

“In the month of June we have had nine confirmed cases of rabies, three in dormitory areas in Durban.

“On Monday staff from our department will start on a whole new inoculation campaign”.

He said that in the last 12 months 80 rabid animals had been found in Natal, 50 of them in white areas.

“I must point out that we had had fantastic response from the public, but the high incidence of people that we are unable to get to through television and newspapers and this is where our problems come from,” said Dr Posthumus.

Transvaal holidaymakers have been warned not to inoculate against rabies and any pets they intend taking to Natal.

SPEAK OUT!

Cigarette smoking is a nasty, anti-social, health-damaging habit, a bunch of interfering busy-bodies — or is the ever-dwindling anti-smoking lobby believes.

Non-smokers are a bunch of interfering busy-bodies — or is the ever-dwindling anti-smoking lobby believes.

Non-smokers are a bunch of interfering busy-bodies — or is the ever-dwindling anti-smoking lobby believes.

R100 000 cover for Soweto’s mayor

The Mayor of Soweto, Mr Ephraim Tahabala, is insured for R100 000 against “murder or death” while executing his duties. The expense is being carried by the Soweto City Council.

In the event of him becoming temporarily incapacitated while carrying out his duties, he will receive R2 000 a month for an unstipulated period.

These insurance figures were yesterday unanimously accepted by the full seating of the at its monthly meeting.
U’hage plant may escape effects of metal strike

By CLAIRE PICKARD-CAMBRIDGE
WITH luck, Volkswagen’s plant at Utenhage may escape any repercussions from the metal workers strike which has closed down their suppliers in West Germany.

Production at the Utenhage plant has not been affected yet by the strike called by IG Metall in West Germany and no reduction of the working week has been contemplated, according to Mr Ronne Kruger, public affairs manager at the company.

Mr Kruger was responding to queries following this week’s announcement by General Motors in Fort Elizabeth that it was being compelled to switch to a four-day week.

Mr Kruger said that up until now Volkswagen in Utenhage had managed to secure the component supplies they needed to keep their customers satisfied.

Although their plant was sensitive to the strike as a subsidiary of the mother company in Germany, there was no question of laying off any staff, he said.

Meanwhile a Sapa-Reuter report says that in Bonn yesterday major West German car manufacturers have stated they were ready to resume production in the next few days after the seven-week strike.

The announcements by Opel, BMW, Porsche, Audi, Daimler-Benz and Volkswagen followed the compromise reached by the metalworkers’ union and employers to end a dispute over working hours.

The deal is for a 90-minute cut to 38.5 hours and a 2.2% pay rise from next April, an interim raise of 3.3% from next Sunday and a single payment of 250 marks (R120).

The union, IG Metall, had sought a 30-hour week without loss of pay but it joined employers in endorsing the deal in the Stuttgart region and negotiators in Hesse state are meeting to decide whether to follow.

Union members in the Stuttgart area have begun voting on whether to approve the settlement and early returns indicated a high turnout, officials said.

Results are due on Monday night after a second day of balloting but only 25% of the 250,000 voters need say “Yes” to the deal for a return to work by Tuesday.

Employers in the region lifted lock-outs yesterday morning.

Spokesmen for the car companies said they did not expect to be able to recover all their production losses this year, although some ground could be made up.

In Stuttgart a spokesman for Daimler-Benz, where workers have been on strike since May 17, said car and truck production would resume on Tuesday if the dispute ended on Monday.

The conflict, described as the costliest in West German labour history, has lost car firms more than nine billion marks (R4.26 billion) in sales, according to industry estimates, and affected production in other European car plants.
Pretoria employees want 75c per hour increase

3 000 car workers strike

ABOUT 3 000 workers at three motor companies in Rosslyn, Pretoria yesterday went on strike over pay demands.

Workers resolved at a report-back meeting held in Soshanguve on Wednesday night to down tools until management meet their demand of 75 cents across the board hourly increase. The affected companies are Nissan and its two sister companies, Magna Truck Corporation and Motorware (Pty) Ltd.

The striking workers said it was high time companies were made to realise that workers' income had to be considered each time costs of living went up. They said it did not mean

SOWETAN

Reporter

authorities were unable to meet "a small amount we want." Black people always had to suffer before getting what is theirs.

"We are in fact tired of being graded into different sections when all of us are responsible for production. These are some of the deliberate actions by authorities to further divide us," they said.

A representative for the United African Motor and Allied Workers' Union, Mrs Dorah Nwathana, said management refused to listen to the workers' plight even after the union had come down to 45 cents across the board increase.

"We were told that even going as low as 20 cents would solve the problem," she said.

Mrs Nwathana said her union would continue negotiating to try and end the dispute.
300 VW workers out on strike

By CLAIRE PICKARD-CAMBRIDGE

ABOUT 300 workers went on strike at the Volkswagen factory in Wolfsburg this week following a dispute initially sparked off by a clash with a supervisor.

Mr Fred Sauls, national secretary of the National Union of Automobile and Allied Workers' Union (Naawu), said most of the workers involved in the strike were members of the union.

He said the problem had been sparked off about two weeks ago following a dispute with a foreman which led to some workers downing tools in the assembly line.

As a result the body shop could not continue operating and workers in that section had been laid off temporarily without being paid.

He said the dispute had been settled in the assembly line, but workers in the body shop were still dissatisfied with the situation and wanted compensation for the period they had been laid off.

Mr Sauls said Naawu had lodged a "grievance" with management, about compensation for the workers.

This was confirmed by a company spokesman, Mr Graham Hardy, who said the company would make a comment once the matter had been resolved.
reases advertising rates

The old "Seven Brides for Seven Brothers" came ninth, and "Voyagers," which has just ended its run, came 10th.

The SACB does not plan buying more series of "Voyagers" right now, but given its early afternoon slot, the fact that it came 10th is an indication of its popularity with adults.

This factor is almost certain to make the SACB take another look at the time-speed-motion series with Joe-Erik Huxham and Meeneo Peluse.

A SHORT SEASON of five top-rated movies starts on TV1 on July 12 in the lead-up to the start of the lavish soap opera "Marco Polo." The first film is Neville Duke's classic "On the Beach," with Gregory Peck, Ava Gardner, Fred Astaire and Anthony Perkins. It has a full four-star rating from the film guides.

The second is "Anne of the Thousand Days" (three stars), with Richard Burton and Genevieve Bujold, the historically accurate but highly engrossing story of Anne Boleyn and Henry VIII.

The third film is a 4½-star rated "This Sporting Life," with Richard Harris and Rachel Roberts, about a Yorkshire coalminer who becomes a rugby professional.

Fourth in the line-up is "Bonnie and Clyde," with Warren Beatty and Faye Dunaway, the four-star rated classic about the two legendary bank robbers.

The film has spawned a host of imitations but still remains tops.

The fifth film is the classic three-star-rated 1976 Ingmar Bergman classic "Autumn Sonata," with Ingrid Bergman and Liv Ullmann.

RADIO 702 yesterday announced that it would be setting up its own studio at the 1984 Los Angeles Olympic Games to bring full Olympic coverage to its listeners.

From Monday, July 2, there will be reports every morning at about 7.50am. There will also be in-depth personality spotlights on athletes with South African connections, like Zola Budd and Sydney Maree.

A week before the Games, 702's sports editor, Chris Gibbons, will fly to Los Angeles to establish the station's mini-studio.

He will then report every morning and evening from Los Angeles on every aspect of the Games.

And since TV1 can't buy the short feature film "Zola" because it's only for the cinema circuit, it's doing the next-best thing.

On Saturday, July 14, at 7.07pm, it is screening a documentary called "Die Gunners" about Sammy Coker, a promising 16-year-old gymnast.

She is subjected to a rigorous training programme by her coach, a former Olympics participant.

While Afrikaans TV1 is doing something about the Olympics, nothing is known at this stage as to what English TV1 or English radio for that matter is doing.

Afrikaans radio, as published in the MNL yesterday, is featuring a special series of programmes on the history of the Olympics.

Much of Nissan still on strike

By PHILIP VAN NIEKERK

A LARGE number of workers returned to their jobs yesterday at Rosslyn's three-strike-bound Nissan Motor plants in Pretoria, Motorware and Magnus — but production failed to resume at the largest of the plants, Nissan.

The situation has happened after more than 1,000 workers at the plant refused to go back to their jobs, in defiance of a call by officials of the United African Motor and Allied Workers' Union (UAMAU) that they return.

More than 5,000 workers at the three plants near Pretoria downed tools on Thursday, after the union and the company deadlocked earlier in the week over wage increases.

Management and union representatives met again yesterday, but the company said in a statement that "Nissan is not prepared to negotiate conditions of employment until the total workforce is back."

Mrs Dora Nowatha, the general secretary of the UAMAU, urged workers who gathered outside the three plants to return to work so that the negotiations could resume.

While most of the workers at the Motorware and Magnus plants returned to their jobs, a large number of Nissan workers refused to return, saying that they had taken a decision to remain on strike until their wage demands were met.

They had only gone to work to collect their pay.

Sources at the plant said production did not continue yesterday, and that those workers who had gone to work had been paid out and had left the premises before 1pm.

The UAMAU is demanding a 45c across-the-board increase, while the company is offering increases ranging from eight cents to 10c an hour.

Our Pretoria Bureau reports that an hour after the Nissan workers were told to line up at the main gate for their pay-packets, workers complained that a stamp was put through their pay-packets, arousing the suspicion that they might be expelled when they reported for work.

Members of another motor union with members at the plant — the National Automobile and Allied Workers' Union (NAWU) — stood outside the company's premises.

A union official said that they had decided to adopt a low-key stance as at this stage they still had majority.

SACC votes to pray or apartheid's end

SACC votes to pray or apartheid's end

of the World Alliance of Reformed Churches

A motion approved yesterday at the national council of the SACB was a

modification of Dr Boesak's call to pray for the downfall of the Government.

It called for a day of prayer for the abolition of all apartheid structures in South Africa.

Twenty seven people voted in favour of the motion with five against and five abstentions.

Bishop Manas Buthelezi was elected president and Bishop Desmond Tutu general secretary of the SACB.

ed fossils are 'spectacular'

were urgently necessary as population pressure on the island would soon make excavations difficult.

The first fossils of Procomulcus Afri
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Dr Richard Walker, of the John Hopkins Medical School in the US, said a

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Striking workers at VW return to work

Post Reporter

ABOUT 300 workers who went on strike at the Volkswagen factory in Ulstethage last week returned to work yesterday.

Mr Fred Sauls, national secretary of the National Union of Automobile and Allied Workers' Union (Nuawa), said shop stewards were holding talks with management and trying to clear up the matter through negotiation.

The workers had returned to work against the background of the talks.

The workers went on strike after a dispute initially sparked off by a clash with a supervisor which led to some workers downing tools on the assembly line.

As a result, the body shop could not continue operating and workers in that section were laid off temporarily without being paid.

The dispute was settled on the assembly line, but workers in the body shop were still dissatisfied. They wanted compensation for the period they had been laid off.

Mr Sauls said this grievance about compensation for the workers was being discussed with management by the shop stewards.
Nissan starts pay talks again

Mail Reporter

MORE than 5 000 workers at Nissan and its sister motor assembly plants at Roslyn near Pretoria returned to their jobs yesterday after management reopened wage negotiations with the United African Motor Workers' Union (UAMWU).

But there were unconfirmed reports late yesterday that the entire workforce downed tools again yesterday afternoon after rejecting Nissan's 'improved wage offer.'

The workers downed tools on Thursday after Nissan and the UAMWU deadlocked over wages, with the company offering increases of 6c and 10c an hour and the union demanding a 45c 'across-the-board' increase.

It is understood that the company's 'improved' offer yesterday was 18c an hour.

Most of the workers returned to their jobs on Friday but more than 1 000 at the Nissan plant ignored UAMWU pleas for them to stay out until management had made a better wage offer.

Management refused to reopen wage negotiations until all the workers had returned.

After the entire workforce at all three plants were back at their jobs yesterday morning, the company and the UAMWU restarted wage negotiations, which continued until late yesterday.
6,000 strikers back at work

Victoria Correspondent

Workers at three motor assembly and car parts companies in Roslyn have returned to work after agreeing to continue with wage negotiations.

The agreement yesterday ended a three-day strike by about 6,000 workers at the three companies, who had demanded a wage increase.
Improved wage offer by Nissan

Mail Reporter

OFFICIALS of the United African Motor Workers Union (UAMWU) yesterday agreed to take an improved wage offer by the Nissan group back to their members who have been on strike at Nissan and its two sister plants, Maginis and Motormare, at Rosslyn near Pretoria.

By late yesterday the Mail had not been informed of the outcome of the union report-back and neither management nor the union were prepared to disclose details of the improved offer before the workers had been informed.

It was also learnt yesterday that though workers returned to the Nissan plant on Monday, they stood by their machines without working.

The strike by more than 5,000 workers at the three plants began on Thursday last week after wage negotiations between the Nissan group and the UAMWU deadlocked, with the union demanding a 45c across-the-board increase and the company offering increases of up to 10c an hour.

Mr N. Strydom, Nissan South Africa's industrial relations director, said yesterday that everything was back to normal.
Dispute ends at car plants

Mail Reporter

THE dispute in which more than 5 000 workers at three motor assembly plants at Roslyn near Pretoria, Nissan, Magnus and Motorware, went on strike over wages last week, has been resolved.

A spokesman for the United African Motor Workers' Union (UAMWU) said yesterday the company had made an offer of 20c an hour which the union had accepted.

This was more than double the offer ranging from eight cents to 10c over which the workers went on strike a week ago, and had continued to protest against, during this week.

The UAMWU spokesman said the workers had accepted the increase after being addressed by union officials late on Tuesday.
Car workers on short time

Own Correspondent

EAST LONDON — Nearly 2,000 workers at the UCDD motor assembly plant are working short time because of a strike by German metal workers which has cut the component supply.

The affected staff had their working day shortened from nine to six hours yesterday.

A company spokesman said it was hoped that the hourly-paid workers would return to a nine-hour day next Monday. In any event they would be back on a normal working day by July 18.
industry's case for rescue operation

Ess poses a continual threat to the cities with the stagnant problem of housing and inadequate facilities.

The sugar industry is a vital role in stabilizing rural populations. Some 20,000 black farmers were involved in the industry, with many of them employed directly, 150,000 workers who supported 300,000 dependents.

"Additionally, Natal is one of the highest employment rates in the country. Without the sugar industry, the economy of Natal would "drown" dramatically.

"Many ancillary activities such as transport, engineering, general commerce, and the collapse with a severe adverse effect on the labour market.

Mr. Smaeton said the 90s had been disastrous, with drought in 1983-4. It was the worst in living memory and low world prices.

"I would point out that this industry has had no drought assistance other than Land Bank loans to certain farmers. This industry is deserving of better treatment by government."

The vice-chairman of the association, Mr. C. van der Pol, said the financial situation of a great number of individual sugar growers and millers was precarious to say the least.

Private borrowings had reached record levels and balance sheets in many cases had been weakened to the point of insolvency. Wherever possible, the foreign exchange to import.

While the industry was still working, unlike some other parts of the agricultural industry, it had not been able to cover the cost of interest — now R50 per year — on borrowings.

"The cash flow is negative and one may well be worse off than those who have no crop.

Dr. Van der Pol said the industry's main problem was in the export market where low prices ruled. The collapse of the international talks meant that the recovery was unlikely for some time.

Low prices did not stimulate increased consumption, as in many countries consumption had reached saturation and others, where it might be possible could not afford the foreign exchange to import.

Dr. Van der Pol said that at current world prices, sugar could compete with maize as animal feed and chemical feed stock and no doubts the 40 million tons of surplus sugar would be sold to these markets. He added "Not a single country can produce sugar at present prices or at full cost basis".

Motor assembly robot for EL

BY TOM LOUW
Business Editor
EAST LONDON — CDA, in East London, assemblers of Mercedes and Honda vehicles have ordered their first industrial robot.

The new machine is due to be installed on the Honda assembly line in the next six months. Its function is in application of hot melt bonding adhesive and the suppliers, the Robotics Robots. Wadew Face, Johannesburg, says it is the first of its type in South Africa.

The machine, costing approximately £70,000, is the latest and most sophisticated of its type available, combining design and technology from Honda and Arc Engineering. It has recently been installed on the Honda assembly line in Japan.

The role of national manager, Mr. E. Ter-ry. Rosenberg, says the robot will be used for the assembly of a hot adhesive to the outside edge of Honda windscreens prior to installation on the assembly line.

By using the machine, the adhesive can be applied in exact quantities within an accuracy of 0.1 mm and at extremely high speeds. This will result in savings in time and material and costly cleaning operations. A spokesman for CDA comments that the robot converts a messy, unpopular job into one that requires supervision of the machine's operation by a human operator.

This upgrades the quality and job content of the assembly worker's task, and at the same time enables the assembly line worker to handle the job more effectively and efficiently and to produce a consistently higher quality of performance.

Meat prices

PRETORIA — Meat prices in East London Market on the 25th were:

BEEF (190) super A 239.5 grade C 201 grade C 169.0 grade C 136.5
prime B 210.0 grade B 157.5 grade C 136.5 grade C 136.5 grade C 169.0
prime C 201.5 grade C 169.0 grade C 136.5
prime D 224.0 grade C 180.0 grade C 157.5 grade C 136.5
prime E 224.0 grade C 180.0 grade C 157.5 grade C 136.5

MUTTON (281) prime B 265 grade B 260.0 grade B 250.0 grade C 224.0 grade C 192.0 grade C 192.0 grade C 192.0 grade C 192.0

PORK (43) super B 271.5 grade C 260.0 grade C 240.0 grade C 192.0 grade C 169.0 grade C 136.5 grade C 136.5 grade C 136.5

Toyota T-U-V range

NOW!
A BETTER THAN EVER WORKHORSE.
Still at a basic price.

T-U-V now has an advanced new 2-tone up power and acceleration
Alfa workers down tools over pay dispute

Mail Reporter

MORE than 600 workers at Alfa Romeo's motor assembly plant at Brits, Brits Engineering, downed tools yesterday following a deadlock over wages between management and the National Automobile and Allied Workers’ Union (Naawu).

Sources at the plant said there was no production yesterday and workers waited inside the factory gates while management held talks in the afternoon with Naawu representatives.

However, Mr V Bianca, the managing director of Alfa Romeo South Africa, denied there had been a strike at all and said they were still discussing the problem "very, very peacefully".

Talks deadlocked last Friday with the company making a final offer of an 11c an hour across the board increase and the union demanding 50c an hour across the board.

A Naawu statement said yesterday that the company had flatly refused to negotiate other conditions of employment if the workers did not accept the 11c an hour offer.

"The workers have expressed concern over the attitude of management and as a result decided to down tools".

The statement said the company had also refused to allow Naawu officials to take part in the discussions yesterday morning but a union spokesman said last night that union representatives had taken part in negotiations in the afternoon.

It is not known whether an improved offer was made by the company, but negotiations are to continue today.
Over 800 at Brits down tools for 50c

By Carolyn Dempster, Labour Reporter

More than 800 workers downed tools at the Alfa Romeo plant in Brits yesterday in support of their demand for a 50c across-the-board increase.

Production was halted but negotiations between management and shop stewards of the National Automobile and Allied Workers' Union continued.

REFUSED

Wage negotiations deadlocked last Friday when management tabled an offer of an 11c across-the-board increase which was rejected by workers.

A Naawu spokesman said the management of Alfa Romeo refused to continue discussions with workers in the presence of union officials.

They also refused to negotiate improvements in working conditions if the workers were not prepared to accept the 11c increase.

Mr N Bianco, managing director of Alfa Romeo, denied that there had been a stoppage and said there had been no halt in production, no action and no labour unrest at the Brits plant.

Discussions between the personnel manager of Alfa Romeo and the workers' representatives were continuing peacefully with proposals and counter-proposals being brought to the negotiating table, he said.

Electrolyte balance toys for 1984

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Alfa workers still on strike

The Alfa Romeo plant at Brits was shut again yesterday as 813 workers continued their pay strike.

Production halted on Monday over the increase offered by the management in negotiations with the National Automobile and Allied Workers' Union.

After talks yesterday the management increased its offer from 11c to 16c. The union wants 50c. — Labour Reporter.
Labour NEW

Alfa and union deadlock

By PHILLIP VAN NIEKERK

The Alfa Romeo assembly plant in Brits, Brits Engineering, has been closed down until Monday after the company and the National Automobile and Allied Workers’ Union (Naawsa) failed to resolve their wage dispute yesterday.

This means there has been no production this week at the plant, which was shut down by the company on Wednesday after workers began striking on Monday.

More than 300 workers downed tools this week after wage talks between the company and Naawsa reached a deadlock late last week, with the company offering an 11c increase across the board increase and the union demanding a 50c increase.

Yesterday’s talks failed again to resolve the dispute after workers rejected an improved offer of 16c an hour.

Mr N Brame, managing director of Alfa Romeo South Africa, said he had decided to close the plant and that talks with the union would be resumed on Monday.
Settlement reached at Alfa plant

The National Automobile and Allied Workers Union (Naawu) and Alfa Romeo have settled the wage dispute which sparked a strike of 800 workers at the company's plant at Brits. The union accepted an immediate 16c an-hour increase. A further 40c increase will come into effect on October 1 this year, bringing the total increase this year to 37c. A 17c increase was granted in January.

This increase is the highest negotiated at a Pretoria motor firm this year.

Naawu expressed satisfaction with the increase and is now looking to September, when negotiations on wages and working conditions for 1989 will begin.

Earlier this month, the Alfa workers demanded 50c across-the-board increase. This was initially met by management offer of 11c.

Workers rejected this and downed tools.
Alfa workers resume

Mail Reporter

The wage dispute at the Alfa Romeo assembly plant in Brits, Brits Engineering, which closed the plant for the whole of last week, was settled yesterday and the workers have agreed to end their strike this morning.

Dr N Bianco, managing director of Alfa Romeo South Africa, said he was "very happy" with the deal because "with the increase in cost of living the workers need more money".

A statement by the National Automobile and Allied Workers' Union (Nawa) yesterday said the union had accepted an offer by the company for an immediate increase of 16c an hour, followed by 4c an hour in October.

A total of 600 workers went on strike on Monday last week, and the company closed the plant on Wednesday.

The Nawa statement said the deal brought the total increase at Alfa to an effective 37 cents an hour for the year, the highest yet negotiated.
Alfa Romeo gives way in pay dispute

THE WAGE dispute involving about 800 striking members of the National Automobile and Allied Workers' Union (NAWU) and Alfa Romeo company in Brits has been settled.

The two parties reached a settlement when the union accepted an offer of 16 cents from October 1. The increase means workers have received pay hikes totaling 37 cents for this year. They earlier received a 20 cents increase.

In a statement the union says that this increase is the highest yet negotiated by them and management this year so far.

The workers went on strike in support of wage demands and the company closed the factory on Wednesday.
Strike halts VW production

PORT ELIZABETH — Grievances about wage classifications and job gradings for workers in the engine plant of the Volkswagen factory in Uitenhage have resulted in a complete standstill in production.

VW's public affairs manager, Mr Ronnie Kruger, said yesterday that because a strike involving 140 members earlier this week took place in the engine plant, production was brought to a halt and the factory's 2,500 workers were sent home.

"It's a case of no engines — no ears," he said.

Asked how much money VW stood to lose because of the stoppage in production, Mr Kruger said he could not give a figure but that the plant usually manufactured 200 vehicles a day.

He said negotiations between management and workers' representatives were in progress.

"We hope production will resume on Monday or early next week."

Asked to comment on the petrol bomb attacks last month on the houses of two VW shop stewards who belong to the National Automobile and Allied Workers Union (Naawu), Mr Kruger said: "The bombs did not fall on our premises, so it does not affect us."

Efforts to contact the president of Naawu, Mr Jurie Harris, failed yesterday — DDC.
Motor industry braced for depression

KEITH MACPHERLANE
Motor Editor

The rise in interest rates announced by the Reserve Bank last night will have a depressing effect on the South African car market, according to both the motor industry and the motor trade.

"I would say the rise in rate will have a depressing effect on business," Clive Warrillow, marketing director of Volkswagen South Africa, told me today. "It will dampen consumer demand, and remember that more than half our business is done with private buyers, and most of them will have a car that they want to trade in.

"This is just another straw for the camel's back, another blow for the consumer whose after-tax salary anyway has not been keeping pace with inflation. I think that all consumer goods are going to be hit - white goods, radio, television, appliances.

OPTIMISTIC

"South Africa is traditionally optimistic, but there have been a lot of things recently - the gold price, interest rates, the falling rand - to affect that optimism.

"It's still a little early to make a considered judgment. What we're building we're selling. But it's not going to be easy. And what about the small businesses who work on borrowed money? Times are going to become very difficult for them."

Spence Stirling, managing director of Amcar - the new little for Sigma - told me: "The new measures will undoubtedly have a dampening effect on the new vehicle sales, which will be reflected in lower production rates - which, in turn, must have an effect within the industry on employment levels.

BANKS' VIEW

Dealers were not entirely pessimistic. Brian Porter, chairman of the Porter Group and one of the country's biggest motor dealers, told me that prospects depended on how the banks saw the new situation - whether they were prepared to take greater risks at the lower end of the market to get higher profits.
Fears for the future of the motor industry were expressed yesterday as it became clear that the Government's austerity measures would slash sales and lead to unemployment.

But at least one manufacturer thought the answer would be to rocket car prices — by five percent soon and by considerably more before the end of the year.

Mr Brand Pretorius, marketing director of Toyota SA, talked, almost in the same breath, of more competitive pricing being necessary for the survival of manufacturers, and of two price increases before the end of the year.

Mr Nico Vermeulen, director of the National Association of Automobile Manufacturers of South Africa, said of the Government's measures: 'It clearly has some serious implications for employment in the industry and ancillary industries.'

Decline

'In the case of new cars, the combined effect of the high interest rate and the shortening of the hire purchase period will increase payments by 18 percent in respect of the average car.'

The measures meant vehicle sales for the year would probably fall to between 376,000 and 390,000, instead of a predicted 500,000.

Between January and June, 159,181 new cars were sold — 26,500 a month, said Mr Vermeulen.

'But—we expect a poor second six months, with the monthly sales not exceeding 20,000, a fairly sharp decline of 25 percent,' he said.

'Notwithstanding a remarkable first six months, the total number of vehicles sold might not surpass last year’s total sales of 372,000.'

'We're in for a tough time — not just the motor industry but everyone.'

Naamsa's Mr Colin Adcock said that to cope with the decreased demand, manufacturers would have to give workers shorter hours or lay them off.

'While I don't foresee any plants having to close down, reducing production volumes can only be done through retrenchments, however some companies may give their workers shorter hours,' he said.

Mr Pretorius said the new measures would increase the average car repayment by R60 a month.

'We are surprised and concerned that the motor industry should now be hit four ways as a result of the latest developments,' he said.

'We were battling already to keep costs down, and the effective 20 percent devaluation of the rand over the past few months has also aggravated the situation considerably.

'About 35 percent of the cost of making a car in South Africa comes from imported components. Only increased productivity has made it possible to avoid passing the full effects on to the consumer.'

Competitive

'The increase in GST to 10 percent has depressed car sales in particular — perhaps by as much as 35 percent in July from June's record levels. Now the new terms on hire purchase agreements must have a negative effect.'

'The average outstanding balance on a hire purchase account for a private motorist in South Africa is around R6,000. The higher interest rates and shorter repayment periods will increase the monthly payments by about R10 for every R1,000 borrowed.'

Mr Pretorius said that with the higher cost of car ownership, buyers would tend to choose smaller cars with fewer additional features.

He forecast that the car market would have to become more competitive, with survival being increasingly dependent on value-for-money pricing.

'After-sales servicing will also become very important as motorists get more cost-conscious.'

In spite of this, Mr Pretorius suggested that car prices would rise by about five percent in coming months.

'Inflation, the fall in the value of the rand, and increased steel costs must put up the average price of cars by about five percent in the very near future. And there may be another significant increase before the end of the year.'

Pressure

The director of the Association of Motorcycle Importers and Distributors, Mr Bruce Johnstone, felt the measure would have a detrimental effect on motorcycle sales.

He said: 'The industry is already under tremendous pressure. The reduced exchange rate means any imported product costs more, which means not so many will be bought, which cuts down consumer spending.'

Mr Johnstone said there were dealers who had been struggling for survival and would struggle further.

'One must assume it will have an effect on the 550 cm³ machines and bigger,' he said.

'The immediate reaction will be a slowdown in sales over a few months.'

'The industry has been going through problems. A high stock holding caused by the boom has caused problems, but these were nearly over.'

'The industry was looking to an upturn, but it will be slowed down with the fiscal measures.'

See also Page 5

Motor industry curb

M. Murney 4/8/84 192

Afrikaans
VW shutdown over as wage strike ends

6/8/84 Post Reporter E. Payt

AFTER a three-day break in production last week, striking workers at Volkswagen in Uitenhage have returned to work.

The strike over grievances about wage classifications and job gradings started last week among the 140 engine plant workers, culminating in the factory’s 2,900 workers being sent home on Wednesday afternoon.

Consequently production ground to a standstill for 2½ days. The factory manufactures about 200 cars a day.

According to the public affairs manager, Mr Ronne Kruger, workers had agreed to return to work while their grievances were being discussed with management.

Discussions between management and the strikers, members of the National Automobile and Allied Workers Union would continue, he said.

The return to production would be staged in two parts, with the engine and final vehicle assembly working today and the paint and body shop staff working tomorrow.

This was the only way total smooth production could once again be achieved, he said.
Another union leaves Tucsa

By PHILLIP VAN NIEKERK

THE Motor Industry Combined Workers' Union (Mecwu) — whose general secretary, Mr Des East, was next in line for the presidency of the Trade Union Council of South Africa (Tucsa) — has pulled out of Tucsa.

This was confirmed yesterday by Mr East, who was not prepared to give reasons as Mecwu did not want to become involved in a "public slanging match".

However, the decision had nothing to do with the death last Friday of Tucsa's former general secretary Mr Arthur Grobbelaar, Mr East said.

Mecwu has followed at least seven other unions which have disaffiliated since Tucsa's congress last year where, among other controversial decisions, affiliation fees were doubled.

Other major unions to have left include the SA Butchers' Society, the Footplate Staff Association and the National Union of Furniture and Allied Workers (Nufawa).

Mr East said one of a number of reasons for leaving Tucsa was Mecwu's dissatisfaction at the admission to Tucsa of a white teachers union.

He said Mecwu was opposed to the principle of single-race unions which were contrary to the "spirit of trade unionism today".

Mr East was Tucsa's first vice-president, a post which historically has meant that he would automatically be the next president.

He said he had no regrets, because he was not "in the business for my own reputation."

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VW plant closed after string of work stoppages

By Carolyn Dempster, Labour Reporter

The closure of the Volkswagen plant in Uitenhage, affecting 4,000 workers, is the latest turn in a two-month running battle between management and the National Automobile and Allied Workers' Union.

The string of illegal stoppages, which Volkswagen's industrial relations director, Mr Brian Robinson, cited yesterday as the reason for the closure, began in mid-June.

The stoppages were sparked off by an altercation between a white assembly worker and a black worker, and the subsequent handling of the incident.

Mr Fred Sauls, general secretary of Naawu, said today that Mr Robinson's explanation for the closure was totally misleading.

He said the union had been amazed by the sudden closure of the plant and had sent a letter to Volkswagen requesting the appointment of an arbitrator to resolve the continuing dispute.

SCUFFLE

Should management have failed to reply by the end of the day, the union would take up the matter with the Industrial Council.

Mr Sauls said the dispute started on June 28 when a scuffle took place between a white worker, Mr J du Toit, and a black worker, Mr Johnson Gaika, in the paint shop.

The incident did not lead to a disruption in production and work resumed as normal.

The next day, the foreman called in Mr Gaika and informed him that an assault charge had been laid against him.

Union shop stewards were told the company was not prepared to accept fighting on the premises.

The first stoppage took place in mid-July when management sent Mr Gaika home and workers demanded that Mr du Toit also be suspended.

Management acceded to the demand of the workers.

The second stoppage occurred at the end of July when only Mr du Toit was re-admitted to the plant.
VW shop clash 'not the only problem'

Paint-shop incident with a white colleague. The black worker had been kept out of the factory while the white worker had remained.

- July 6: Workers downed tools, demanding that the white worker be given the same treatment as any other employee.
- July 12: Their demand was met and they returned to work.
- July 27: It was decided that because both employees were on full pay, they should be allowed to return to work while the company's labour relations section considered the matter and a decision was taken.
- July 30: The workers returned to work as agreed but the black employee was still refused permission to return to work. The white worker "experienced no problems".
Clash at VW

By CATHY SCHNELL

THE incident between a black and a white worker at Volkswagen in Uitenhage was only one of the issues raised by workers in the past month, the industrial relations director for the company, Mr Brian Robinson, said today.

He was responding to an allegation by the chairman of the Volkswagen branch of the National Automobile and Allied Workers' Union (Naawu), Mr John Gomomo, that the month-long spate of work stoppages stemmed from this altercation.

"This incident had been handled by management strictly in terms of agreement procedures agreed to by the union and the company," Mr Robinson said.

Moreover, previous reports had mentioned a case involving an alleged assault of a supervisor by the same employee, which was under review.

Until this case had been heard, the employee would receive full pay, Mr Robinson said.

The present situation remained "unchanged" and the plant would continue to remain closed, he said.

Two Naawu meetings were scheduled for today.

Mr Gomomo said the work stoppages and an alleged altercation involving a black employee and a white colleague would be discussed.

A letter outlining the workers' grievances and recommending that the dispute "either be taken care of by an arbitrator or by the Industrial Council" had been sent to Volkswagen management who had promised a reply later today, Mr Gomomo said.

He outlined events leading to the walk-outs:

- June 29: Union members were dissatisfied with the treatment meted out by the company to a black worker involved in a...
THE ball is now back in the National Automobile and Allied Workers' Union (Naawu) court with Volkswagen management in Uitenhage sitting tight and waiting to be contacted by the union.

The plant was still closed today, but management was keen to continue negotiations in order to resolve the situation as soon as possible, the industrial relations director for the company, Mr. Brian Robinson, said.

Yesterday workers remained resolute not to resume production until they had received a "satisfactory report back" on unresolved issues.

They are expected to contact management later today.

The plant was closed on Tuesday after a series of work stoppages over the past month.

About 4,000 employees, mainly production staff, are affected.
CDA pumps more than R100 million into Border Area

The East London Border area has one of the highest levels of unemployment in South Africa. The importance of CDA (Car Distributors Association) as the largest employer of black male labour in East London is obvious. The company presently employs more than 4,600 people.

CDA is a subsidiary company of Mercedes-Benz of South Africa (Pty) Limited, the general representatives for Mercedes-Benz products and Honda motor cars in South Africa.

CDA pumps more than R100 million a year into the economy of the East London Border area in the form of salaries and wages, annual rates, water and lights and other purchases for manufacturing purposes.

CDA is also a major user of the East London harbour, having cleared more than 102,000 cubic tonnes in 1983 with wharfage fees amounting to approximately R4 million.

The Mercedes-Benz of South Africa Group is at present occupied in a R200 million expansion programme which is scheduled for completion in 1986.

Within this massive expansion programme the areas of development at CDA include:

- More than doubling car production capacity, at a cost of some R47 million, to cater for substantial increases in sales of Mercedes-Benz and Honda cars, the latter having been introduced in October 1982.

- A 60 per cent increase in commercial vehicle production capacity at a cost of R10 million to push monthly unit production up to 1,000 by 1986.

- Installation of additional general infras- tructural facilities (R27.5 million) including R18.3 million on a new paint shop and pre-treatment plant.

This investment programme will make Mercedes-Benz of South Africa one of the largest firms in the South African motor industry and one of the country's biggest private companies.

TRAINING

Skill and proficiency of workers have also been a priority at CDA and in July 1981 a large multi-racial training centre costing R13.3 million was officially opened in Settler's Way.

The CDA Training Centre is able to accommodate 100 full-time apprentices as well as groups of in-service employees for training in advanced skills.

With the establishment of the Training Centre, CDA is in a position to train apprentices of all race groups in designated trades, as well as provide specialised courses at semi-skilled and skilled levels.

The specialisation of courses for operators concentrate at this stage on basic metal work, metal finishing, welding and brazing, engine assembly and trim assembly for both passenger cars and commercial vehicles. More than 600 trainees have completed these courses to date. The workshop will be enlarged in the near future to accommodate additional courses such as upholstery.

The expansion of the Training Centre will provide facilities for training apprentices in electrical work. The first apprentices in these trades will commence in January, 1985.

The company's trainee technicians who are studying mechanical and electrical engineering also undergo practical training in the Training Centre in addition to their studies at Technical College and rotational training in various departments in the company.

Management and supervisory training courses are offered in the Training Centre on a continuous basis. A total of 300 supervisory staff are scheduled for training in 1984. The extensions to the Training Centre provide for additional lecture rooms which will allow for more supervisory courses as well as class.
THE Volkswagen assembly plant in Uitenhage has been closed until further notice.

This was announced by the industrial relations director, Mr Brian Robinson, today.

He said the decision had been taken because of the "persistent unlawful work stoppages experienced during the past few weeks".

He said the actions of workers on the final assembly and engine assembly lines had made it impractical and uneconomical for the company to continue to run the plant.

The strike over grievances about wage classifications and job gradings started last week among the 140 engine plant workers.

Mr Robinson said the company was told by NAAWU (National Automobile and Allied Workers Union) representatives today that paint shop employees had refused to resume normal production unless certain worker demands were met.

The work stoppages by assembly and engine assembly employees had already affected areas vital to the continued operation of the entire plant.

The company remained committed to discussing and reviewing all employee grievances with the trade unions involved. It hoped to resolve these problems as soon as it was practically possible to allow the plant to re-open and resume normal production.

Mr Robinson declined to comment on how or whether salaried staff would be financially affected during the shutdown.

"He had no idea at this stage when the plant would be re-opened," he said.

Last week the strike resulted in a three-day break in production, with all 2,500 workers being sent home on Wednesday afternoon.

The plant produced about 200 cars a day.
Work stoppage hits Volkswagen production line

BY ANDREW DUNCAN

VOLKSWAGEN is losing production of about 200 cars a day because of a work stoppage at its Uitenhage factory.

The 4,000 production staff have been off since Tuesday.

The company said last night the situation was unchanged and the plant remained closed because of persistent work stoppages over the past month.

The public affairs manager, Mr. Graham Hardy, said that over the last few months there had been isolated work stoppages in various sections of the factory.

A dispute in the paint shop had forced the closedown of the whole plant.

Mr. Brian Robinson, Volkswagen's industrial relations director, said the repeated refusal by workers to follow agreed dispute and grievance procedures had made it impractical and uneconomical to continue production.

At issue are two incidents involving the alleged assault by black workers of a white colleague and a supervisor and a number of other grievances.

The first case was being dealt with by management strictly in terms of the grievance procedures agreed to by the unions and the company.

The second case involving the alleged assault of a supervisor was still to be reviewed. The employee would remain on full pay while the matter was being investigated.

Volkswagen is meeting representatives of the National Automobile & Allied Workers Union today in a bid to resolve the dispute.

Mr. Robinson said the company was willing to continue to negotiate with worker representatives in order to resolve the situation as quickly as possible.

Spokesmen for both General Motors and Ford said the dispute was confined to Volkswagen and that there had been no impact on their own production.
HP clamps menace motor industry jobs

By Don Robertson

The stock market has been quick to recognise the threat to the motor industry. Toyota, the only quoted motor manufacturer, and listed dealers have retreated sharply on the Johannesburg Stock Exchange.

**Forecasts**

Toyota has moved from a seller’s price of R32 000 to a bid of R27 000 in the past week, and Cannies, McCarthy Roadway, Williams, Hunt and Sahiers have all lost ground. With the deposit remaining at 20%, the monthly repayment on a car costing R10 000 will be R587.44 over 36 months at a maximum interest rate of 32%. In June, the repayment on a similar car over 42 months was R594.43.

A car costing R14 000, which attracts a lower finance charge of 30%, would require the same deposit of R2 000, but the monthly repayment rises to R675.46 over 36 months compared with R602.73 over 42 months. Colin Aedock, managing director of Toyota and president of the National Association of Automobile Manufacturers of South Africa, says 1985 car and commercial vehicle sales could fall between 15 000 and 18 000 below forecasts made at the beginning of the year. This could result in retrenchments affecting 2 000 workers and reduced working hours. The industry’s labour complement is about 47 000.

**Sensitive**

Spencer Stirling, group managing director of Amcar Motor Holdings, previously Sigma, says, “The move will have a dampening effect on sales which will be reflected in lower production and employment levels.”

He believes that customers will become more price sensitive and concentrate on cheaper cars and there might be a switch to second-hand vehicles.

Volkswagen, currently experiencing severe labour problems affecting 4 000 workers, expects production to be hit, but hopes that its own sales will be maintained with the launch of the new Golf later this year.

**Luxury sector**

Manufacturers of luxury cars, such as Mercedes-Benz, will be less severely affected as only about 15% of their sales are on HP. The rest are generally purchased through lease agreements, which have not been affected, save that the interest rate has increased.

Mercedes-Benz, however, expects sales of the Honda range to be affected.
Naamsa president says . . .

Fall in vehicle sales not so dramatic

Mercury Correspondent

JOHANNESBURG—The fall in South African vehicle sales in July is not so dramatic as might at first appear, says the president of the National Association of Automobile Manufacturers of South Africa (Naamsa), Mr Colin Adcock.

'July's figures were exceptional in the circumstances, considering the tremendous boost in May and June resulting from pre-emptive buying before the increase in GST,' commented Mr Adcock.

'Car sales in July were 37.9 percent down compared to June, but only 20.6 below the monthly average during the first five more stable months of the year.'

'Light commercial sales in July were only 12.9 percent below their five-month average, medium commercials 1.1 percent and heavy trucks 3.5 percent.'

'Consequently, there is an underlying trend which indicates a reasonably stable demand for vehicles for the rest of this year,' says Adcock.

In sharp contrast to the market trends, South Africa's leading motor maker, Toyota, had another record-breaking month and outsold its nearest competitors by nearly two to one.

In a month when everything kept going even more right for Toyota, and consequently for the 40,000 South Africans whose jobs depend on the company's success, all three of the country's most popular vehicles came from the Toyota stable.

The Corolla car led the industry with 2,579 sales in July. Then came the new Hilux bakke range with 2,121, followed by Toyota's other car model, the Cressida, with 1,826 sales.

Bullish

Not surprisingly, that makes Toyota more bullish than most of the rest of the industry, with marketing director Brand Pretorius forecasting that total South African car sales in 1984 will still reach 289,000 for the third best year ever.

There was considerable re-shuffling in the top ten, with the Pulsar/Langley range fourth with 1,399 sales, Escort fifth (1,270), BMW 3-series sixth (1,087), Golf/Jetta and Mercedes-Benz W123 series equal seventh (922), Renault 9 ninth (744) and the Rekord/Commodore/Senator range tenth (733). Sigma did not have a model in the top ten.

'It is still too early for definite trends to emerge in the figures because the full effect of the new hire purchase restrictions and higher interest rates will only be reflected in the August sales returns,' says Mr Pretorius.

'However, it is obvious that the small car is gaining a proportionately larger share of the market away from medium cars and that premium-priced luxury expensive cars are suffering from the economic situation.'

'Buyers are becoming more discerning about quality and value-for-money and these are now prime factors in reaching a purchase decision.'

Discounts

'Trying to influence buyers by offering substantial discounts off prices which are initially fixed too high no longer fools the South African motorist. That is one reason why the Corolla and Cressida are doing so well — they are priced at realistic value for money in the first place and their reputation for quality is well established.'

'Buyers are becoming very quality-conscious and we find an awareness out in the market place that the new hire-purchase regulations are not as bad as they first appeared to be.'

'Banks are not necessarily charging the maximum interest rates allowed and the total cost of borrowing to buy a car is now less because of the shorter repayment period.'

The fleet business remains stable and is not affected by emotional factors. This contributes to Toyota's success as we are traditionally very strong in fleet sales.

The effects of the drought continued to depress light commercial vehicle sales in July.
The Trade Union Council of SA has suffered two serious blows.

The first was the sudden passing of Mr. Arthur Grobbelaar, its general secretary.

Mr. Grobbelaar held this post for twenty years and so pivotal was his role that his name became almost synonymous with TuscA.

He has left no obvious successor. Mrs. Ruth Imrie, former assistant general secretary, has been appointed to act in his place but it will be some months at least before the post is filled permanently.

TuscA sources say Mr. Grobbelaar's death will lead to a reassessment of TuscA's future role.

This had already begun, largely in reaction to increased competition from emerging unions — TuscA's conference next month will debate in closed session a document on the organisation's future. But it will take on new urgency now.

The second blow was unrelated — a key union, the Motor Industry Combined Workers Union, has quit TuscA.

Mcuw's general secretary, Mr. Des East, was a TuscA vice-president, and was due to be its next president. He may have been a candidate for general secretary had Mcuw not quit.

The union is saying nothing publicly about its decision.

But it has begun to co-operate more closely with non-TuscA unions in the International Metalworkers Federation and appears to believe that this offers it more than continued membership of TuscA would.
4000 go back at Volkswagen

Argus Bureau

PORT ELIZABETH — The Volkswagen plant in Uitenhage reopened to 4000 workers today after being closed by the management for a week.

An agreement between management and trade union officials has been reached whereby a white and a black employee involved in a disagreement on the shop floor will both be suspended until the matter is decided by the Industrial Council.

Previously only the black worker was suspended.

An urgent meeting of the council has been convened for Friday to consider the case, while other worker grievances — over pay and job evaluations — would be resolved through normal agreement procedures, said Volkswagen public affairs manager, Mr R Kruger.
Argus Correspondent

JOHANNESBURG — Up to 2000 people could lose their jobs because of the slump in car sales, the president of the National Association of Automobile Manufacturers of South Africa (Namosa), Mr Colin Adcock, has warned.

"If car sales continue at July levels manufacturers will be forced to either lay off workers or move to a short-time week," he said.

In July car-sales figures were 38 percent down from June in the wake of the GST increase from seven to 10 percent.

Motor industry executives were not unanimous in their opinions on what this would mean to sales for the rest of the year but, said Mr Adcock, it was "generally accepted" that sales each month would be about 3000 units less than predicted.

"Working on a 23-day month, this means about 150 fewer cars a day. If you take into account the fact that about 15 people are involved in the production of each vehicle, then the figure of 2000 is very possible."

Shorter weeks

However, he said, more factories would probably work shorter weeks rather than lay off staff.

Even if this happens it will mean leaner take-home pay packages for thousands of motor industry workers.

Most of the major motor manufacturing companies, including Alfa Romeo, Amcar (formerly Sigma), Ford and General Motors, have already gone over to a four-day week.

Thousands of new cars are outsourced some assembly plants while manufacturers evaluate the situation.

"Not possible"

At Amcar Industrial Relations director Mr SS Lemmer said it was not possible yet to give details of steps the company was likely to take to combat the problems caused by the dip in the market.

"Much will depend on what is going to happen in August," he said. Any decisions would have to be taken after a review of the 10-day sales figures, and this would be towards the end of the week.

The industrial relations adviser for Ford South Africa, Mr Fred Ferreira, said the management was assessing the situation and would have a better picture by the beginning of next week.

Other options

Last week the company's Port Elizabeth plant closed on Friday, and indications are the four-day week trend will continue. Other options open to the company are short-time, a revolving shift system and retrenchment.

A spokesman for the National Automobile and Allied Workers' Union, which has a representative membership at most of the large motor companies, said the union had not yet been officially informed of any layoffs.

But in spite of its woes, some motor industry analysts said the industry was still likely to chalk up its third best year with sales of between 275000 and 280000 cars.
Pretoria firm ordered to reinstate 100 workers

BY STEVEN FRIEDMAN
Labour Correspondent

The industrial court has ordered a Pretoria motor components company, CIT Manufacturing to reinstate 100 members of the National Automobile and Allied Workers Union (Naawu) who were fired in late February.

In a statement Naawu, which belongs to the Federation of SA Trade Unions, welcomed the decision and said it highlighted the "unacceptable and demeaning wages and conditions" in many component manufacturing industries.

Naawu is conducting a major recruiting drive in component plants.

It has brushed aside conditions in these plants and vowed to campaign against them.

While welcoming the ruling, Naawu said it was disappointed that the court had reinstated the workers from August 7, not from the date they were fired.

The workers are to meet this morning to discuss whether to appeal against this aspect of the court's ruling.

However, a spokesman for CIT, Mr Lawrence Wilson, disputed the union's charges about conditions at the plant.

He noted that the court found that CIT and the union were equally to blame for the dispute. Had it endorsed Naawu's view of the dispute, it would have ordered that workers be reinstated from February.

Mr Wilson said his company accepted the court's ruling and would reinstate the workers.

In its statement, the union labelled the workers' firing as a "lockout".

It said that followed their refusal to work overtime in protest at the company's refusal to negotiate wages with Naawu.

The company, it said, had tried to get workers to sign a document agreeing to continue working overtime of up to 24 hours a shift.

These hours, it added, were "inhuman" and breached the law. When workers refused to sign, they were dismissed.

Naawu said the court held that workers had a "clear right to refuse to work such overtime" and their refusal to work was therefore not a strike.

It had also ruled that they were not compelled to work overtime at all.

Mr Wilson denied workers were locked out or forced to work 24 hours overtime.

He said the company offered the union a 1.5% raise, but Naawu had submitted a "ridiculous" wage demand, which would have raised minimum pay to R350 an hour for unskilled workers.

The document the company then asked them to sign simply asked them to agree to work overtime within the limits allowed by law, Mr Wilson said.

He said as a result of the court's order, workers at CIT would no longer work overtime at all.
Car slump threatens 2,000 jobs

The slump in car sales could mean that up to 2,000 people might lose their jobs. This warning was given in Johannesburg today by the president of the National Association of Automobile Manufacturers of South Africa (Naamsa), Mr Colin Adcock.

"It is generally accepted in the motor industry that, if car sales continue at July levels, manufacturers will be forced either to lay off workers or move to a short-time week," he said.

In July, car sales figures slumped by 33 percent (in comparison with June) in the wake of the GST increase from seven to 10 percent.

Motor industry executives are not unanimous in their opinions on what this will mean to sales for the remainder of the year. But, said Mr Adcock, it was "generally accepted" that sales each month would be about 2,000 units fewer than predicted.

"Working on a 23-day month this means about 150 fewer cars a day," he noted. "If you consider that about 15 people are involved in the production of each vehicle then the figure of 2,000 is very possible."

Widespread layoffs in the motor industry are feared in coming weeks as a result of a sudden drop in motor car sales and production cutbacks.

Most of the major motor manufacturing companies, including Alfa Romeo, Amcar (formerly Sigma), Ford and General Motors, have gone over to a four-day week in the wake of the July general sales tax increase and fiscal curbs introduced by the Government at the end of last month.

Thousands of new motor cars are stockpiled outside some assembly plants while manufacturers evaluate the situation.

Figures released yesterday showed a 38 percent drop in July motor car sales compared to a record month in June, with predictions for a continuing slide in sales.

At Amcar, industrial relations director Mr SS Lemmer said it was not yet possible to give details of possible steps.

But it was rumoured this week that the company planned to lay off a number of workers at its Amcar plant.

Industrial relations adviser for Ford South Africa, Mr Fred Ferreira, said management was assessing the situation and would have a better picture by the beginning of next week.
THE week-long shutdown at Volkswagen, Uitenhage, came to an end today with all 4,000 non-production employees returning to work.

This follows the decision by members of the National Automobile and Allied Workers' Union (Naawu) to resume normal production today after an agreement reached by the union and the company on Friday over worker demands.

This decision was received favourably by Naawu members at a report-back meeting in Uitenhage yesterday.

The recommendation of the agreement, which was suspended until finality was reached on the case in terms of the Industrial-Council dispute procedure, was received with a black worker would be suspended until finality was reached on the case in terms of the Industrial-Council dispute procedure.

An urgent meeting of the Industrial Council would be convened on Friday to consider the case, the communications manager at Volkswagen, Mr Graham Hardy, said.

He added that full production would be phased in as soon as possible.

The chairman of Naawu's Volkswagen branch, Mr John Gummo, could not be contacted for comment.
PRODUCTION at Volkswagen, Uitenhage was running smoothly with staff back in full force, the communications manager, Mr Graham Hardy, said today.

In order to phase the swing back into full production correctly, about half the non-production workers reported for work yesterday.

The entire labour force was present today.

Yesterday passed without incident, Mr Hardy said.

However, final resolutions of the dispute between the National Automobile and Allied Workers Union (Naawu) and management still hinges on the outcome of the Industrial Council meeting on Friday.
Motor trade fears

The eastern Cape is being hit by deep fears about the bleak prospects facing the motor industry in the second half of the year. The region is heavily dependent on the industry because:

- A disproportionate contribution to regional GDP — some 40% in the PE-Uitenhage area compared with a national average of 22% — comes from the manufacturing sector; and
- Some 70% of regional incomes generated by the manufacturing sector come directly from the motor industry. That adds up to a heavy dependence by retailers and job-seekers on the fortunes of the motor trade.

Since the area has also — unfairly, argues labour expert Professor Roux van der Merwe of the University of Port Elizabeth (UPET) — become known as SA's strike centre, the latest threat to motor sales is greeted with some anxiety in Port Elizabeth.

However, a recent study by Martheanne Fimmene, a lecturer at the Institute for Industrial Relations at UPET, suggests that fears of strikes erupting as a result of threatened labour lay-offs might be groundless. In a paper presented at the recent sociology conference at Witwatersrand University, she argues that the strike record in the eastern Cape motor industry suggests that during recessionary conditions "management was in a far more powerful position due to the lack of pressure for production."

Plant closures

When there were plant shutdowns enforced by management for economic reasons, her research showed "workers potential power was severely eroded."

Her findings support mobilisation theorists, who have demonstrated that it is not during periods "of absolute deprivation that a group is likely to mobilise, but rather when conditions are improving."

"This hypothesis is supported by events in the auto industry, as the strikes (of 1988, and again in 1989) did not occur during the period of low wages or absolute lack of collective power, but only after the negotiated minimum wage (in 1973) had, for the first time, exceeded the calculated subsistence level."

The perception of such "relative deprivation," according to Fimmene, is one of several factors which contributed to worker mobilisation in the eastern Cape motor industry.

The second of the "structural" factors, and the most important of all, she says, was the changing composition of the workforce and the growing dependence of the employers on black labour.

At Volkswagen's Uitenhage plant, for example, the number of Africans employed in 1989/90 was 227, while the total was 800. The ratio of skilled workers to unskilled was 0.36:1.

She pointed out that during the period of African resistance to lower wages and better terms of employment workers were more likely to resist along the lines of "thematic grievances" such as job-related injuries and discrimination.
cal party's ticket was widely applauded, as was the selection of Ferraro herself. A three-term congresswoman from New York, she brought a solid reputation as a lawmaker and party regular. She also has the personal advantages of being an Italian American Catholic who is both a mother, a successful lawyer and a moderate feminist. Her husband John Zaccaro was described in the press as being a “successful real estate investor.”

That was before the inquisitive press began to investigate the exact properties which Zaccaro owns. The $500000 rental housing units in the 20 midtown Manhattan properties managed by Zaccaro’s firm have drawn hundreds of housing housing code violations, and tenants universally complain that he turns the heat off in winter to save on fuel bills.

A week later other properties were discovered — including one used as a gambling house, which houses Zaccaro’s own offices, is shared by the editorial offices of such X-rated magazines as ‘Smut, Screw and Whips’ and ‘Gentlemen’s Magazine.’

Finally, it was disclosed that Ferraro is listed on a number of public documents as an officer of Zaccaro’s firm although she, with seeming truth, claimed she had never had a direct involvement in his business.

Ferraro promised her husband would make his private firm’s tax records a matter of public record. He lastly refused to do so.

“Gerry, I won’t tell you how to run the country. Don’t tell me how to run my business,” Zaccaro was reported as telling the would-be vice-president.

“If you are married to an Italian man, you know what it’s like,” Ferraro laughingly told reporters. Hardly a feminist comment. No one else laughed.

Drop out

Should Ferraro drop out of the race, thus sparing Mondale the embarrassment of trying to express sympathy for America’s poor while his running mate is married to a slum landlord? To drop her would arouse echoes of the disastrous incident in 1972 when the Democratic nominee George McGovern dropped Senator Thomas Eagleton from the slate after it was discovered he had received psychiatric treatment several years before.

But not to drop her risks offending the crucial block of black American voters. Mondale needs to attract in full measure if he is to have a hope of winning. Just two weeks ago, the first black woman to be named Miss America Vanessa Williams was forced to abdicate after soft-porn photographs of her were published in a girls’ magazine.

To keep Geraldine Ferraro after Vanessa Williams was given the sack could be seen as a clear demonstration of “the double standards” which blacks complain of in their dealings with American liberals.

The longer the dilemma persists the worse it will be for Mondale, Ferraro and everyone except Ronald Reagan.

STRIKES

All quiet at VW

An uneasy calm was restored to Volkswagen’s Uitenhage plant this week after sporadic work stoppages which culminated in the five-day shutdown ordered by management on August 7.

An agreement reached on Friday between management and the National Automobile and Allied Workers’ Union (Naawu) saw the first 2000 of the 4000 workers affected by the shutdown return to work on Monday, and the remaining 2000 back at the fully operational plant on Tuesday.

However, a degree of tension remains. The issue which sparked last week’s shutdown — an alleged assault by a black worker on a white operator — was to be heard on appeal by the Industrial Council for the industry tomorrow. A second inquiry relating to an alleged assault by the same worker on a white supervisor is yet to be heard.

Dissatisfaction among black workers about a “final warning” issued to the alleged assailant, and the presence on the shop floor of the white worker during disciplinary hearings (the black worker was suspended on full pay pending the outcome of the hearings), led to last week’s shutdown.

It is the “final warning” delivered to the black worker in terms of the company’s internal disciplinary procedure, which will be heard on appeal by the Industrial Council.

The second alleged assault has yet to be resolved.

Though the alleged assaults provided the flashpoint for illegal work stoppages and the eventual plant shutdown, company industrial relations director Brian Robinson tells the FM a number of other issues were involved.

These include grievances by workers over working hours, disputes regarding starting and stopping times, and disputes over pay grades. Robinson emphasizes, however, that whereas total employment at the Uitenhage plant was 7300, the disputes arising from the alleged assaults were initially confined to a relatively small number of employees.

Paint shop

Says Robinson “Regrettably, however, the paint shop, along with the engine plant, is a nerve centre, and if work stops at either point, the entire production line is affected, making it unpractical and uneconomical to run the rest of the plant.”

Naawu’s secretary Tom De Coninck was not available for comment, but it is understood that Naawu has taken a strong line on the issue of the alleged assaults.

The agreement negotiated with management on Friday resulted in the white worker — accused by the union of racial provocation — also being suspended. In turn, the union agreed to encourage its members to return to normal production on Monday, pending the hearings.

VW’s works . . . scene of ‘racial confrontation’?
Strike ends as 200 lead workers fired

A two-day strike by about 200 workers at Industrial Lead Works in Judius Paarl, Johannesburg, ended yesterday when the strikers were fired.

The workers downed tools on Wednesday and approached management with demands for the immediate recognition of their union — the General and Allied Workers' Union (Gawu) — and a wage increase. A Gawu organiser said the company had been locked in recognition talks with the union since workers' further demands.

May but had refused to negotiate wages outside of the National Industrial Council agreement.

Yesterday, management delivered an ultimatum to the 200 striking workers to return to work by 7:30 am or face dismissal.

The strikers were fired when they did not meet the deadline.

Mr D Friedman, a senior executive at Industrial Lead, said yesterday that the workforce of 450 had received increases averaging 13.3 percent on July 1 and the company could not meet the workers' further demands.
VOLKSWAGEN and the National Automobile and Allied Workers' Union (Naawu) agreed to refer their dispute over a shop-floor altercation to arbitration at a meeting of the Industrial Council yesterday.

Naawu's national secretary, Mr Freddie Sauls, said this was the quickest way of finalizing the case which had already gone on too long.

"During his period of suspension the affected employee would be on full pay," he said.

"The union is adamant that it has at all costs to defend a member who, in the opinion of members in his area, seems to have been unjustly treated by management," he said.

It is not clear when the dispute is likely to be brought before an arbitrator.
Workers on short time after double blow of GST and tough HP curbs

Crisis stalks car industry

FOUR major motor manufacturers have been forced to reduce working hours by the double blow of increased GST and tougher hire-purchase terms.

Vehicle sales slumped in July and after draconian economic measures this month, the outlook has deteriorated. The crunch hits not only manufacturers but component makers and dealers and salesmen.

Amcar (formerly Sigma), General Motors and Nissan are known to have been losing millions before the big crunch. Now they and others are on short time, and there are widespread fears that some motor-makers will either have to close or rationalise (See Page 9). Some manufacturers are agitating for reduced local content. This would be an additional blow to the component industry.

Companies, which have bought up to 60% of new cars, have been hit by falling sales and rising interest rates and tax. At the same time, consumers are squeezed in numerous areas.

The Government has promised to cut spending — spelling further gloom for the motor industry.

Slashed

The soft rand has increased the cost of imported components and motor manufacturers will be hard pressed to pass these on by way of higher prices.

Nissan, Amcar and Ford have slashed production, and General Motors is back on a normal working week after six weeks of short hours.

These companies employ 14,203 production line workers.

The shortage of components as a result of the German strike reduced General Motors production GM has laid off more than 800 workers, but hopes to re-employ most of them when components are coming in from Germany.

About 3,000 workers at GM were put on a four-day week for six weeks between July and August, but the company is again working a full shift. Daily production has been trimmed.

By Don Robertson

Hardest hit

Nissan is working only three days this week, says Nels Strydom, industrial relations director. The position will be reviewed in the next few days. About 3,000 employees have been put on short time.

The entire work force of 4,000 Ford was put off work at three plants on Friday two weeks ago and again a week ago.

In July, car sales fell to 20,125 — down 37.8% from the bumper June figure of 32,382. Light commercial sales fell 28.5% to 9,271 from 13,161. These figures are about 18% down on the average monthly sales total for the year.

In July were Amcar, General Motors and Volkswagen, sales-doublings ranging from 59.9% to 83.1%. Volkswagen was hit by a slump in sales of its Jetta-Golf range. The company says it has run out of old-style Golfs ahead of the launch of a new range. Amcar ascribes the decline in sales to a shortage of popular makes, including the 323 and the 623 models.
The workers from VWSA are making a massive contribution towards the...
Car plant to close for 38 days

JOHANNESBURG — Pretoria's motor giant Amcar Motor Holdings (formerly Sigma) is to lay off 315 workers and cease production for a total of 38 days because of reduced demand.

The steps had become necessary because of the effect over the past eight weeks of reduced credit facilities and increased general sales tax on the motor vehicle market, the company's director of human resources, Mr Mof Lemmer, said in a statement issued here.

He said the company's hourly work force would be reduced by 315 on the last-in-first-out principle, while production facilities would close for four weeks from August 27 and for a further 10 working days in October.

"These actions are unfortunately necessary if the company is to succeed in reducing its cost structure in response to the fiscal measures that have been implemented," Mr Lemmer said.

"These actions are being taken after full discussions between management and the National Automobile and Allied Workers' Union."

Affected employees would receive the statutory notice, redundancy benefits and additional benefits in terms of the company's supplementary unemployment fund.

Mr Lemmer said the company would also assist employees to obtain unemployment insurance fund benefits.

"The lay-off periods to be implemented, as agreed upon in consultation with the union, will enable us to reduce the number of employees being retrenched," he added. — Sapa
MOMENTUM of the local content programme for trucks is speeding up. Capital investment of R15-million is planned in an axle manufacturing project due to start this year.

Also being evaluated are SA manufacture of a single reduction axle for heavy trucks and new production facilities for gearboxes for light commercials.

The plans could result in another R30-million investment in the next three years, with extensions to the R15-million spent to set up the Astras truck gearbox plant at Boksburg. This is in addition to the venture’s annual R4-million capital allotment.

**Policy route**

By the end of the year Astras — part of the Sandecock-Austral engineering group and backed by Gencor — will be well into a R12-million axle manufacturing project. First off the line will be the MAN-AP hub reduction axle for heavies, with the possibility of a single reduction HCV axle following soon if market demand justifies the venture.

The 2½-year-old Astras is accelerating along the policy route which it intends will position it to manufacture all the gearboxes required for heavy trucks in SA.

A nine-speed synchromesh gearbox is being introduced and heavy investment is being made to manufacture a 16-speed Ecolplast box, the latest European transmission technology.

**Cost rises**

The cost of introducing a new gearbox to local manufacture has risen to between R3-million and R4-million, but Astras seems to have little option but to go ahead to expand its range to meet market requirements. In spite of being of strategic importance, the largest private enterprise venture in the local content component programme does not benefit from the large Government protection afforded to Atlas-tas, the Cape supplier of diesel engines for trucks.

Truck manufacturers have little option but to fit ADE power units, but Astras marketing chief Jan van Niekerk and his team must go out and win their customers in a fiercely competitive environment.

Other projects are in the pipeline. Jim Turner, the new Astras executive director, says the profitability of boxes for lighter commercial vehicles is being examined and would mean additional capital investment.

By the middle of next year, Astras will commission a small plant to manufacture synchromesh rings which, being prone to wear, periodically need replacement.

Mr Turner says “Astras took the decision early on to increase local content because we realized it was the only way we could become less subject to currency fluctuations and political changes.”

“We did not want to achieve local content at any cost, but only where we genuinely thought we could beat the imported price.”

“Frankly, that was not too difficult and as a policy we will continue to follow. We also want to introduce the nine-speed ZF synchromesh gearbox to make our range more flexible and adaptable to SA conditions. We are looking also at medium and light commercials of five to seven tons — and possibly below five tons.”

**First parts**

The Ecolplast eight-speed, 16-speed, 16-speed gearbox for heavy trucks has captured more than half the market. Forward estimates are for the supply of up to 700 Ecolplasts.

Mr Turner says “All our gearboxes will have 50% local content by the end of 1985. We are not using fully the gearbox production capacity in the plant, so we can start our axle production project. The first axle parts will be in production before the end of this year. There are about eight axle parts to produce locally in manufacturing the 10-ton AP hub reduction axle designed by MAN and Daimler-Benz.”

**Difficult**

Mr Turner says that engineering an axle into a chassis is a more difficult task than fitting a gearbox, but a reasonable market exists in South Africa.

Astras will provide mounting brackets to suit the customer, make any adaption required and supply different ratios. Attention will also be given to matching the existing braking characteristics of the vehicle.
VOLKSWAGEN SA (Pty) Ltd discharged workers who fought at the motor assembly plant, a Uitenhage magistrate was told today.

Before the court was Mr Johnson Gaika, of Tulas Street, Uitenhage, charged with assault with intent to do grievous bodily harm.

He is alleged to have punched, kicked and hit Mr Burger Steyn Delport with a length of chain on June 29.

Mr Gaika pleaded not guilty.

He admitted that there was an incident that morning but said he grappled and exchanged blows with Mr Delport in self defence. He denied kicking or using a chain.

Mr Delport said at about 7.20am he saw Mr Gaika talking to a Mr Du Toit who said he didn’t wish to make a case against Mr Gaika. He was referring to an assault the previous day. Mr Delport said he told Mr Du Toit that he could not just drop the matter — such things could not be permitted at the factory.

He said he then turned and walked away. He heard Mr Gaika swearing at him.

He said “voetsek, wie is jou”.

He turned and asked who he was talking to and Mr Gaika ran and punched him in the face. He grabbed him and the two grappled on to the floor where Mr Gaika tried to gouge his eyes with his fingers. He asked a Mr Smit for help and the two were separated.

He ordered Mr Gaika to report to his office and walked off. He was then hit on the back with a chain.

At that stage a Mr Mondile grabbed hold of Mr Gaika and a Mr Bezuidenhout took the chain.

He walked to his office. That was the end of the fight. At no stage had he struck back because if he had done so he could not have brought the case.

He said he had walked at VW for 15 years and knew the policy of not allowing fights on pain of discharge.

He said he received medical attention for the injury to his face and also found that he had a bite mark on his back and that his hand was cut in the fall.

Under cross-examination he agreed that the charge sheet included an allegation of kicking. He agreed that there had been no kicking.

He agreed that he had only been struck one fast blow in the face, that he was not sure where it landed and that he had not been cutover as was alleged in the charge.

He also admitted that a civil claim that he had made against Mr Gaika was incorrect in that it alleged there were various fast blows and that he was kicked.

(Proceeding)

Mr W Smit was on the Bench. Mr P Bobas appeared for the State and Mr C Huisman appeared for the defence.
Plastic plastic everywhere...

Not so long ago plastic products carried the image of being cheap and trashy. But rational considerations have since led some of the most respected names in the industry to conclude that plastics work better than traditional materials in many applications.

This new awareness has prompted several local motor companies to invest in developing the material for the industry. Among the leaders in the field are Volkswagen, Toyota and Mercedes Benz.

Presently, most local plastic components are injection moulded, although Volkswagen is currently involved in a rotation moulding process for fuel tanks for the new Audi and Golf range.

The cars equipped with their plastic tanks should be on SA roads by the end of the year, joining the Passat which has been equipped with a similar tank for the last two years.

One of the major problems facing the industry is the substantial capital outlay needed to tool up for SA’s relatively short production runs.

Viable proposition

“Rotation moulding is the most cost efficient method we have found,” says John Summersell, technical plastics development manager for Volkswagen. “All it takes is a mould and the material. We can produce very simple parts in a very short time.”

Plastic can be used for components like bumpers, body panels, doorskins, bonnets and hoods and anti-collision panels. Its advantage is that it is much lighter, will be more fuel efficient, and possibly cheaper.

Summersell points out that if locally-made plastic components are to be a viable proposition, they must be cheaper than imported components from Europe.

“Volkswagen in Germany has invested DM2m in a blow moulding process. The problem is that one day’s production there could produce virtually the entire SA requirement for the plastic parts. The process is just too quick for SA,” he says.

Others in the industry would disagree, however. Toyota is heavily involved in developing plastic components. And the work is done here contributes to the effort of its Japanese associate which spends between R440m-R400n annually on plastics research and development.

Locally, Mercedes Benz has been the latest to commit itself to plastic components in a big way. With Germiston-based Academy Plastic, it has invested in a new plant in Balfour, Bophuthatswana, to produce injection moulded bumpers for the new Honda and Mercedes ranges which are about to be released.

As part of the deal, Academy bought a new injection moulding machine for around R1.3m and spent a further R1.5m on a new factory for local production.

“We can justify the expenditure by the amount we save on packaging and handling charges incurred in importing from Europe,” says Heinz Te Poel, a member of the Mercedes Benz management board for procurement.

“Bumpers are bulky to import which makes local manufacture a viable investment,” he says.

But plastics may have some drawbacks. Sources in the industry have called into question the safety of plastic parts used as body panels. Says one: “Plastics has not proved to have good impact absorption qualities in an accident. The material tends to rebound rather than absorb the impact, making it potentially dangerous.”

Despite these doubts, there are many areas, as yet unexploited, where plastics could undoubtedly be used to advantage. Earlier this year, Toyota recorded a world first when it developed a major engine component made of plastic. The component passed all Toyota’s stringent tests and could soon be in general production.

“Using plastic depends very much on the model range a manufacturer provides,” says a GM spokesman. “If the different models have relatively no interchangeability, then tooling costs cannot be justified,” he says.

GM in the US, however, produces its top of the line sports car, the Corvette Stingray, using all plastic body panels. And it is not the only manufacturer producing top quality cars from the material. Lotus in the UK also uses plastic body panels so moving away from the traditional fibre glass bodywork.

Although the initial tooling outlay is expensive by today’s standards, the general feeling in the motor industry is that plastics is the material of the future. And with fuel efficiency still a major consideration, the trend to plastic is likely to accelerate.
Big cutback as new car sales plummet

Motor Reporter
MOTOR manufacturer Amcar, formerly Sigma, has laid off 315 workers, 85 salaried staff and has shut down its production line in Pretoria for four weeks.

The company confirmed yesterday that a further 10 days would be trimmed from the October working schedule by working short weeks.

In July, Amcar's sales figures dropped by 60 percent over June from 4,620 cars to 1,851.

'The measures are to adjust supply in line with the lower demand,' said a company spokesman.

On leave
He said the action, though regrettable, was a necessary part of the company's programme to reduce its cost structure to levels commensurate with present market demand.

Amcar employs 1,300 salaried staff and 3,000 hourly-paid staff.

Another company that will join Amcar in cutting back is Ford, which will close its operation from September 10 to 16.

'Ve are all going on leave,' said a Ford spokesman.

He said no decision had been taken beyond then, but the situation was being monitored. 'It flows out of the present economic situation. We do not see it improving before the end of the year.'

Other manufacturers have also trimmed their working week.

In Port Elizabeth, General Motors has been working a four-day week for the past nine weeks.

In a statement, GM said: 'For the past two months because of the German metal workers' strike and the current economic situation, we have been reviewing the situation on a continuing basis.'

'We have been working short-time for the last nine weeks and experienced a temporary lay-off of employees. The possibility of further action cannot be discounted at this time. However, any such action will be reviewed with the trade unions.'

A Nissan spokesman said the company had shed 2.5 hours a week, while BMW had stopped working on Mondays, this week being the third.

Alfa Romeo has been working a three-day week.

Overtime
Toyota SA and VW SA are working a full week.

A Volkswagen spokesman saw no reason to reduce time as they were running on pre-timed schedules and building 430 units a day.

In fact, 'we're working overtime in some areas. We have fairly strong orders and we are building stock of Golf 2.'

Mercedes-Benz is also working a normal week.

Some of the manufacturers were following the June-July 1984 trend over the July 63-July 84 period with a sales drop of as much as 65 percent.

Renault's figures were down 46.5 percent, VW 38.5, Alfa Romeo 37.3, Peugeot 62.9, Mitsubishi 65.8, and GM 20.
Economic climate

General Motors will continue to work a nine-hour day in their Pontiac plant for the next two weeks, said Fred Petterson, industrial relations manager at Pontiac. He said that the nine-hour day is forced on the employees at Pontiac because the company is reorganizing itself for the betterment of the workers. Both Pontiac company and the United Autoworkers Union had been forced to reorganize the company due to the workers leaving Pontiac in droves.

The move at Pontiac comes in addition to the surplus of men and women who have been employed at Pontiac in the past. Mr. R.O. Morris, director of personnel at Pontiac, said that the company had been forced to recruit 170 workers and hire them. The move at Pontiac is expected to affect the entire labor force at Pontiac. The union's reorganization agreement allows workers representatives to act on behalf of the workers and to negotiate with management. The move at Pontiac is expected to affect the entire labor force at Pontiac.

Ripple effect

The Western Cape are waiting for news of layoffs, with at least 600 workers have been retrenched by car companies. By Ken Veronon and Pipa Green at the Cape Argus.
A TOTAL of 554 workers, including salaried employees, will be retrenched at the Ford Motor Company and General Motors SA in Port Elizabeth today.

The retrenchment figures released today were 425 at Ford and 129 at GM.

Mr Fred Ferreira, director of industrial relations at Ford, said in a statement it was regretted that this drastic measure had to be taken

It had become necessary because of the combined effects of the recently introduced economic measures which were depressing the South African economy in general and the motor industry in particular.

"We see virtually no prospect of improvement in the short and medium term," said Mr Ferreira.

Vehicle sales in August were expected to follow the low trend started in July, when the figures were well below the market average of the first six months of this year.

He said the decision to retrench workers had been taken in consultation with the unions.

Preferential would be given to the affected workers should vacancies arise or should improved conditions allow recruitment of additional labour.

He said no further measures were planned at this stage.

Mr Lou Winkler, managing director of General Motors, in announcing the retrenchment of 129 employees, said no additional retrenchments were planned.

He said GM was working on the assumption that things would be "looking up" by the middle of next year.

They had also taken every possible measure to minimise the impact on the motor industry by working a four-day nine-hour week.

Volkswagen South Africa employees are currently working a full five-day week.

The communications manager of Volkswagen, Mr Graham Hardy, said today there were no plans to retrench workers "in the foreseeable future."

However, the situation would be monitored closely, he said, and could not be taken lightly.

Mr. The regional secretary of the National Automotive and Allied Workers Union (Naawu), Mr. Rool, said that during the past few weeks Naawu had made representations to the motor companies urging them to consider alternatives to retrenchment.

"We raised our objection to retrenchment and asked the companies to take stock of the devastating social implications retrenchment would have in the current economic circumstances," he said.

Many families would be severely hit.

The motor industry should not forget its social responsibilities to its employees, Mr. Rool said.

Any further moves would have to be discussed between the workers and Naawu, he added.

Mr. Bill Hayward, director of the National Association of Automotive Components and Allied Manufacturers (Nasacym), said today that it was still too early to assess the effect the retrenchments would have on the motor component makers and related industries.

He said that five of the 30 industries linked to the motor industry in the Port Elizabeth-Uitenhage area had been affected and were working short time.
Big motor companies lay off 654 workers

Own Correspondent
PORT ELIZABETH — A total of 554 workers, including about 200 salaried personnel, were retrenched by Ford Motor Company and General Motors in Port Elizabeth yesterday. The retrenchments were made mainly in the production departments of the two companies. The only car manufacturer in the Western Cape, Leyland South Africa, yesterday laid off 100 workers at its plants in Epping, Blackheath, and Elsie’s River.

The company’s manufacturing director, Mr. Graham Morris, said the retrenchments were inevitable after workers at the plants had been on short-time for about six weeks. There was little hope that the industry would show an improvement in the near future, and the retrenchments also meant that the remaining employees could now work a normal week, Mr. Morris added.

Mr. Fred Ferreira, Ford’s director of industrial relations, said in a statement yesterday that Ford South Africa had retrenched 425 workers, including 20 salaried personnel. “We regret that it has been necessary for us to take this drastic measure, but it has been necessitated by the combined effects of the recently-introduced monetary and fiscal measures which continue to depress the South African economy and the automotive industry in particular,” Mr. Ferreira said.

Mr. Ferreira said Ford South Africa saw no prospect for improvement in the short and medium-term. He said the decision to retrench workers had been taken in consultation with the unions. Preference would be given to affected workers should vacancies arise, or if improved conditions allow for the recruitment of additional labour.

No further measures were contemplated at this stage in addition to the retrenchments and the one-week annual vacation announced last week. The situation, however, would be monitored closely and reassessed on a weekly basis, Mr. Ferreira said.

Mr. Lou Wilking, managing director of General Motors South Africa, where 129 workers were retrenched yesterday, said no additional measures were planned to minimize the impact of the retrenchments. General Motors was working a four-day, nine-hour week.

General Motors, he said, was working on an assumption that things would improve towards the middle of next year.
Motor-makers’ lost manhours doubled

By Don Robertson

THE motor manufacturing industry has lost at least 1.8-million manhours in the first eight months of this year through strikes and enforced short time.

With demand for cars and commercial vehicles in the doldrums, this figure is likely to rocket by the end of the year.

The number of production hours lost is almost double the 921-million hours lost in the comparable period last year. It is not, however, possible to break down the lost time into the two categories for the industry as a whole.

Only Mercedes-Benz and Toyota have gone through the past two years without labour stoppages. Renault’s is produced at Leyland’s Ellesmere plant, introduced a four-day week in the middle of last month, and is not included in the 1984 figure. It had no stoppages in the previous year.

Ford is to close its plant for a week from tomorrow and GM has also laid off workers.

Other manufacturers are reviewing their production levels.
MOTOR FIRMS MAY LAY OFF 680

By MONO BADELA

MOTOR industry workers in Port Elizabeth are panic-stricken...they are, living in fear of retrenchment.

According to the National Automobile and Allied Workers' Union, the giant car manufacturing company Ford will retrench 500 workers today, and the union's talks with General Motors—which is planning to retrench 180 workers—ended in a deadlock this week.

Ford is to shut down its entire Port Elizabeth operation, affecting about 6,000 workers, for five days from Monday next week.

However, it has been established from reliable sources that 2,000 workers—10 percent of which are salaried staff—are likely to be retrenched soon.

Workers at the factory were reported to be panicking the whole week—many expressed fears that they would be laid off soon.

However, Ford's public affairs officer J Hill said: "We have not taken a decision whether we should retrench workers, and it is still too early to comment."

He said the plant's closure followed in the wake of the below average July vehicle sales and the anticipated low August sales.

Both Ford and General Motors have been working a four-day week for some time now.
Vehicle sales surprise

Motor industry gets set for third-best year

By David Frederick

The motor industry is

Industrial Eleven

Vehicle sales surprise

Motor industry gets set for third-best year

By David Frederick
Parts makers' local content hopes dashed

PORT ELIZABETH — Hopes by the component industries for a further increase in the local content programme in the near future were dashed here yesterday by Dr S J Klue, chairman of the Board of Trade and Industries.

Opening the annual meeting of the national Association of Automotive Component and Allied Manufacturers (Naacam) he said the future of the component industry was in its own hands and not those of the government.

He also said that a large measure of rationalisation of models and manufacturers was unlikely in the near future. It was not the government's policy to enforce rationalisation and the local content programme was never intended to do this.

Protection for motor vehicle components was introduced 20 years ago and the protective measures were increased through various phases to create industrial development on a sound basis, he said.

"Infant industry protection is usually granted to industries which show potential for development and which after a temporary period of assistance, will be able to compete effectively against imports and on world markets. Can the motor vehicle component manufacturing industry still be considered an infant industry after 20 years of active encouragement?"

He said the phase 5 programme of 88 percent local content corresponded closely to Naacam's proposals of duty penalties below a certain level and awards for going beyond the minimum.

The phase 5 structure, therefore, catered for increased local content and it was up to component manufacturers to accept the challenge.

He said the board was under the impression that, despite the higher level of protection under phase 5, there had been a reduction in the levels of local content above 88 percent.

World conditions could have played a part, but it was also important for component manufacturers to look at their productivity, Dr Klue said.

Urging component and vehicle manufacturers to co-operate in exporting, he said the board would be willing to consider proposals for help to establish an export drive.

Mr J W Small, president of Naacam, called for a separate automotive authority to promote efficiency and to encourage the South African motor manufacturing industry to rationalise.

Mr Samil conceded, however, that this was a remote possibility and suggested instead that a viable alternative would be to seek the benefits of standardisation through the Automotive Industry Action Group (AIAG).

AIAG consists of members of both Naacam and the National Association of Automobile Manufacturers of South Africa (NAMSA).

He said it was thought that the application of the local contents programme would see more manufacturers withdraw, but very few of the assemblers had gone away.

The industry is still faced with enormous difficulty in coping with a market in which there are no less than 17 makes, 49 models and 268 variants, he said.

"The vexed problem of proliferation of design will not disappear overnight. We are hardly in a position to invite motor manufacturers to divest in the Republic purely in the cause of standardisation and economy of scale."

"Instead we will promote the concept of standardisation, when it is practical, justifiable and economically viable with the full co-operation of the motor manufacturers."
event of a dispute
Provisions for the Minister or Director General of Environment Affairs to act as
arbitrator in a deadlock have been included in amendments to the Forestry Act pro-
mulgated this year.

The conclusion of a long struggle by
growers to obtain better prices. They have
long argued that they have been at the mercy
of a small but powerful group of buyers

Their disenchantment is exemplified in a
comment in the annual report of the SA
Timber Growers’ Association (Satga) “Not-
withstanding buying companies showing
good and greater profits, dividends and re-
tained earnings, with corresponding in-
creases in share values, growers were un-
able to recover increased costs in the form
of adequate price increases.”

Satga chairman, Craig Anderson
“Hitherto it has been a case of that’s the
price, take it or leave it.”

Satga has also recently formed an asso-
ciation of timber co-operatives to conduct
price negotiations on behalf of growers out-
side the federation of timber growers’ asso-
ciations. This is because some of the major
buyers were represented through federation
constituents. Says Anderson “We found it extremely difficult to sit down and
discuss prices with the interest of buyers
represented through our own delegation”

The buyers’ previous pricing policy may
do have harmed their own interests. It is
estimated that SA needs 30 000 ha of new
and timbering each year. But from a high-
point of 25 500 ha in 1975/76, timber plant-
ings have dwindled to around 10 000 ha in
1981/82—largely because growers have
found planting uneconomic.

Anderson says a better deal on prices
would “encourage a flow of growers back
into the industry.”

Though growers were dissatisfied with
the general level of price increases for the
various grades of timber last year, Anderson
feels there is a better chance of getting a
“reasonable” price this year. The local
economy might still be in recession but the
export climate, he notes, is very good

MOTOR INDUSTRY
Cutting the fat

Despite predictions that motor vehicle
sales this year will be third highest ever,
manufacturers are cutting their labour
forces

One source attributes this to a correction
of the boom situation in 1981 when manu-
facturers took on extra staff to achieve pro-
duction at almost any cost.

“They now realise that employment lev-
els have reached a point much higher than
are justified,” he says. “It also reflects a
growing ability by management to make
better use of its labour. This must continue
if the industry is to survive.”

The figures seem to bear him out. Some
35 430 workers produced 405 586 vehicles in
1980. By 1983 the labour force had risen to
47 492 while production declined fraction-
ally to 405 159 (see graph)

This year the ratio should come more
into line with that of 1980 when about 43 000
workmen are expected to produce 417 500
vehicles. Several plants are also working
shorter week.

Amcan has stopped production for three
weeks this month when it re-opens it may
continue on a four-day week basis

Ford laid-off 425 workers recently and
also shut down its three manufacturing
plants for a week. “The engine plant and
the Spruit plant in Strandville will re-open
on a four-day week basis while the Neave
plant will open on an eight-hour five-day
week,” says Fred Ferrera Ford’s director of
industrial relations who is, himself, on
forced leave.”

Retrenched

General Motors (GM) has also retrenched
staff “GM has laid-off 129 workers and will
be working a nine-hour four-day week until
further notice,” says MD Lou Wilking.

The only eastern Cape motor manufac-
turer unaffected by lay-offs or short time
at the moment is Volkswagen (VW). The
majority of VW’s staff at present levels is that it is launching two
new models later this month.

“We have reallocated our resources to
bear up for the introduction of a new Golf
and Passat range,” says MD Peter Searie.

Some members of the industry did, how-
ever, see the writing on the wall earlier in
the year.

“Alfa Romeo has been on a four-day
week from January to avoid having to lay-
off staff,” says MD Vito Bianco “The first
six months sales for this year were good but
as demand declines we will reduce produc-
tion levels to retain our staff,” he says.

Mercedes-Benz conservatively predicted
sales for this year and has not retrenched
any staff so far “We have been working a
full five day week all year and we have no
plans to do otherwise,” says a spokesman.

The FM could not reach Nissan for
comment.

Things are quite different for market
leader and star of the SA motor industry,
Toyota. “We haven’t laid-off any staff and
have no plans to do so,” says FR manager
Pip Wilkin.

He attributes this to good management
and the fact that Toyotas are selling well.

“We don’t foresee a dramatic drop in sales
of our products for the rest of this year,” he
says.

Another reason for the belt-tightening is
that although this year’s sales should be
good, a high proportion of it has already
been achieved in the first half of the year.

Most severely affected is the passenger
market which is feeling government’s
August austerity measures worst. Average
monthly sales figures for the first six
month period this year were 26 500 units
but it is expected the second six months’
figures will hover around the 20 000 a
month level.

“The impact of stringent monetary mea-
sures means accelerating decline in con-
sumer spending and reduced demand for
vehicles,” says Nico Vermeulen director of
the National Association of Automobile
Manufacturers (Naamsa).

“The present slump is occurring from
a growth and employment point of view and is bound to affect the broader spectrum of motor industry
component suppliers,” he says.

Vermeulen says that assuming there is
no short-term relief “SA’s motor manufac-
turers will face increasing pressure in the
next 12 months to streamline their oper-
ations,” he says.

“SA has been talking about rationali-
sation for the last 20 years but so far it has
only achieved proliferation,” says Amcan

Caveat Vendor

Accounts overdue in the textile industry
have risen to 40.8% for the first six
months of this year from 25% for the
same period last year. The footwear in-
dustry’s to 26.2% from 15.7% and the
building industry’s to 22.4% from 16.2%.

The information comes from Kreditinform which has recently intro-
duced a computerised weekly debtor
monitor service. MD Ivor Jones says,
“The number of liquidations is taking on
serious proportions, and repayments of
debts have become obstacles, especially
for credit managers in smaller firms
with limited capital resources and
overextended credit facilities.”

Another Sun

Sun International (SI) may buy the Hil-
ton Hotel Fruto from the Lesotho government.
Eugene Joannides, SI’s director of
strategic planning and development,
says the Hilton is a “better property”
then the Maseru Holiday Inn. which
came to the group when the Holiday
Inns-SI Southern Sun restructuring took
place.

He says SI has been given no time
limit on the option to buy. The hotel is
presently being managed by another par-
ty and, like all hotels in the country, has
no grading. However, it would come
to the group as a matter of course.

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VW hopes new Golf will regain market

Own Correspondent

VOLKSWAGEN says that in what is probably the country's most serious recession, it is launching a new car which is helping to stave off short working hours and unemployment in its own plant and among some component suppliers in the area.

In a statement, the managing director, Mr Peter Searle, says the company hopes its new Golf will regain lost market share.

Workers are on overtime to produce the vehicles, being launched in Johannesburg.

The launch will be attended by Dr Carl Hahn, chairman of the board of Volkswagenwerk AG, who arrived in Port Elizabeth this weekend to visit the plant in Uitenhage.

"The expected demand for the new car will stabilise the company's workforce of some 7 000 people," he says.

Volkswagen is well placed to endure the recession without having to decrease its workforce and cause further unemployment in the Eastern Cape, he says.

"Although the present recession, high interest rates and difficult hire purchase terms are affecting every South African motor manufacturer, those with brand new models to introduce will be less affected than others," he says.

Modern facilities

The company has revamped almost all its products in the past 18 months. Apart from its City Golf and the Golf Pick-up, nothing will be in production in October in the same form as a year ago.

And by early 1985, most of its 20-year-old plant and facilities in the factory will have been replaced with more modern facilities.

Volkswagen's current R500-million expansion programme has seen more than R70 million committed to the development of the new Audi and Golf range and a further R30 million is now being spent on a paint plant.

In the manufacturing and assembly halls more than R85 million has been and is being invested to modernise the plant, to increase capacity and to improve product engineering and quality assurance facilities, he says.

"We have invested heavily to introduce first the new Audi 500 and now Golf II. But this move will now give us an advantage in the present depressed state of the market."

Passat and Microbus ranges also have new, more powerful engines.

Mr Searle says Golf II is expected to make the same impact on the local market that it had on the German market when it was launched there a year ago.

"The South African car market is a fashion market, and the competition in the small and medium class — representing 70 percent of total sales — is particularly fierce."

Ford closure denied

FORT ELIZABETH — Motor industry executives here have dismissed rumours in a Pretoria newspaper that Ford would close and that General Motors was looking for a South Afri-

n astringent harmonies and complex rhythms, it had, however, humour and vivacity.

After a whole programme of lesser-known music, the group ended in rousing style with a selection of spirituals, close harmony songs and popular favourites.

I am sure that despite three encores we all would have been happy to stay for more than a while longer.

Our thanks to Chanteleer, come back again.

I.K.S.

A unique rear axle, similar in design to that used by Porsche, that prevents any wayward movements by the rear wheels during cornering. And front wheel drive for excellent traction, whatever the surface.

Of course, our new Passat adheres to another traditional Volkswagen dictum. Namely, that reliability should be something you take for granted. And that is backed, naturally enough, by our 12 month warranty, irrespective of distance covered.

After all that, we added a final touch of luxury. Front wheel drive had already given us lots of space to work in. (And you plenty of room to relax in.)

Into all that space went an integrated air-conditioner.

Power steering to make parking a one-finger operation.

Central locking for convenience.

Followed by full instrumentation and electrically-operated exterior mirrors.

And finally, plush fully adjustable seats, upholstered in herringbone velour cloth.

So if the idea of something more than an extremely well-appointed luxury sedan appeals to you, we suggest you stop right here.

And drive a new Passat CLX.

Passat
Austerity measures worry car industry

Financial Editor

AUSTERITY measures imposed six weeks ago and the rise to 10 percent in GST on July 1 have the motor industry worried and they have begun to search out ways of reducing the penal 32 percent interest rates for hire-purchase or leasing.

But top of the pops manufacturers — Mercedes and Toyota — have said they will not be taking part in the schemes. They are satisfied that their prices are competitive and their sales levels have not taken the 30 percent plunge that other makers are facing.

It seems that there will be a two-way deal for consumers, with finance houses and manufacturers taking a drop in profits to keep car production lines moving.

But only the effects for the consumer are being spelt out.

Car-makers are offering deals ranging from discounts to interest rate reductions. One manufacturer is even offering free diamonds with its cars.

Deal

Two weeks ago BMW announced their deal which would effectively cut the interest rate from 28 percent to near 20 percent.

Major credit suppliers, Wesbank and Stannic, confirmed they were talking to BMW.

The Wesbank spokesman said talks were going on with most of the major manufacturers.

Mr John Smale, marketing manager for Stannic, said the BMW package would give the motors company a 'situationally advantageous — probably through until Christmas'.

He was not, personally, optimistic about the prospect of this and similar packages reversing the general downward trend in car sales. 'My view is that the market is not psychologically tuned to go on a buying spree.'

Sales give

Wesbank spokesman Mr Robin Shales said 'Sales have slumped. The manufacturer must now find some way of making sales more attractive, for example by effectively subsidising the interest rate.'

On the car market, Mr Smale said consumer sales had felt the Government’s more expensive credit measures sooner than corporate sales, which were not falling off that fast.

Customers of other car-makers are also being offered incentives to buy.

But Toyota’s managing director, Mr Colin Adcock, said they had no plans for a discount scheme 'as we believe we offer our vehicles at a competitive price'.

But many Toyota dealers were trying to reduce their customers’ HP interest rate. 'They are, after all, in a competitive business.'

While he preferred price reductions to free gifts, such as the diamonds currently being offered by Tredia, Mr Adcock said he was not in favour of widespread inducements, particularly discounts.

'I believe that if prices are constantly being reduced, you will convince the public that prices were inflated in the first place.'

Mr Adcock, who is head of the vehicle manufacturers’ organisation, Naama, added, 'If everyone keeps offering inducements and discounts, the public will get confused and fed up with what’s going on.'

One car manufacturer that insists it will not offer inducements is Mercedes-Benz.

Mr Peter Cleary, general manager marketing, passenger car sales, said: 'We are not offering discounts or incentives to purchase. We believe that discounting will harm the product and its residual value.'

He said this applied to Honda cars, which are marketed in South Africa by Mercedes.

Discount

'We give dealers no incentive to discount. Some of our customers, in arranging finance with their bank, may get it below the prime rate but that is simply between them and the bank.'

BMW said it had concluded a deal with a major financial institution to reduce the interest rate on HP repayments over 36 months from 28 percent to 20 percent.

A BMW spokesman said customers could save up to R7 000 on the purchase of a R40 000 model.

However, neither BMW nor the major finance houses would offer specific details of how the deal worked...
MOTOR INDUSTRY

Waiting for the dawn

There was a time, says one nostalgic motor industry executive, when it seemed "frightfully viable" to have a car assembly plant in SA. But that was in the Fifties when the economy was booming, the competition was limited and government regulation was at a minimum.

Today, these attractions are gone. The economy is in its worst shape since the Thirties, competition for the tiny market is fierce, and suffocating regulations which enforce local content threaten to become increasingly costly to meet.

On top of this the industry has been trying to absorb the added costs of the rand slide over the last year and several more recent body blows: the g/t increase from 7% to 10%; a 2% increase in excise on cars selling for more than R11 000 (1% for cheaper models), and higher interest rates coupled with higher deposits and lower payment periods on HP deals.

These measures are particularly hurtful to the motor industry because a high proportion of its customers are in the category which can only just afford to buy a vehicle. A small price increase can thus kill many potential sales. This is precisely what is predicted for the next 12 months (see chart Into the valley).

SA has more motor manufacturers than any other country. At retail level, the market is worth a seemingly respectable R5 billion a year. But this works out to barely 420,000 cars and commercial vehicles produced by 14 companies. By contrast, only five serve the US car market — which is nearly 30 times bigger. (In Australia, the government wants to reduce manufacturers supplying a total vehicle market of 750 000 a year from five to only three)

High stakes

Not surprisingly, only a few car manufacturers in SA will make profits this year — although unit sales are likely to be the third best in the industry's history. The rest will lose, rather like a poker player who hangs on to a succession of bad hands, hoping for the best, in a game in which he has already staked too much.

"When government introduced local content requirements in the Sixties, many companies invested in plant because they believed the others would bow out of the game," says BMW communications manager Pierre de la Rey. "But they all stayed in."

General Motors SA MD Lou Wilking says "You have sunk your costs in basic facilities and at least R25m in tooling up for each car line you carry, and you ask yourself, 'What would I get for it if I decided to quit now?' So you carry on in the hope that it will get better."

Most predictions suggest it will indeed get a lot better some time in the future. At present, car ownership among blacks is 22/1 000 against 602/1 000 for whites. Many manufacturers have probably been content to accept losses just to be here when the black buying boom finally takes off.

But present economic stringencies have forced a change of attitude in some. "It is clear to us that rationalisation of the motor industry is something requiring urgent attention," says Graham Boustred, chairman of Amco, the Anglo company which controls loss-making Amear. "We are looking at a number of possibilities but cannot comment definitively on any of them at this stage."

Matching possibilities

An obvious one is a merger or manufacturing agreement with Ford. This idea gained currency when it was rumoured that Ford executives from the US visited SA and stayed in Johannesburg, presumably to talk to Amco, without even bothering to visit their local operation in Port Elizabeth.

Ford in the US already holds a 25% stake in Toyo-Kogyo, maker of Mazda vehicles. These vehicles are produced in SA under licence by Amear. Further, the Ford Escort is, in many countries outside SA, little more than a Mazda in disguise.

Amear's Pretoria plant is running at less than half capacity and it could, conceivably, accommodate the bulk of Ford's pas...

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<td>Production capacity utilisation April - June 1984</td>
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|           | CARS 74,6% | LIGHT COMMERCIALS 82,3% | MEDIUM COMMERCIALS 76,4% | HEAVY COMMERCIALS 36,5% | TOTAL 70,8% |

Source: Banking

Financial Mail September 21 1984
senger car production, much of which comes out of old plant in Port Elizabeth.

There would be several advantages to moving Ford production to Pretoria. The plant is newer and labour is less militant. There would also be enormous savings on transport. Steel has to be rolled to the coast from the Transvaal and finished vehicles transported back again to the major markets.

Amcar is still making huge published losses. Ford is probably also losing money even though it is producing more vehicles than it did last year.

This illustrates one of the ironies of the business whereby profits elude many companies even in the so-called good years. For example, the boom of 1981 forced the industry to make profit-sapping efforts to fill demand. Total staff employed rocketed 39% between 1980 and 1982 to cope with a sales increase of less than 20% in the record year for 1981 — and key factory workers were flown in from Europe on short-term contracts which included accommodation at luxury hotels.

Out-of-stock components also had to be flown in at great expense to supplement those being shipped or made locally. Despite these desperate measures, the industry produced tens of thousands of "crupplets" — vehicles which rolled off the production lines in unsaleable condition because they lacked one or two vital parts such as a starter motor or a component in the braking system.

These vehicles represented lost sales and idle money and demanded an abnormally high labour input to install the wayward parts, usually not in optimal sequence, when they finally arrived.

After catching up with the last boom, production capacity is now too great and is adding to unit costs (see "Idle but costing").

The industry expects total sales of 416,750 vehicles, including 279,000 cars, this year, but 57% of these sales have already occurred in the period January-June. For the rest of the year, and for part of 1985, sales should fall to pre-1980 levels — making capacity utilisation even worse.

Rand slide costs

At the same time costs are rising. Since last year the rand has fallen about 40% against the yen and 20% against the Deutschmark. Imported components of locally-made cars still constitute about 50% of production cost, so currency changes alone have added 10%-20% to costs before inflation.

But car price increases, currently running at about 12% a year, are not covering the extra costs.

"I'm not prepared to lead the pack in raising prices as it could turn off the market completely," says Wilking.

Mercedes Benz MD Morris Shenker says "It is almost impossible to increase prices at the same rate as costs because they are rising too fast and the competitive situation inhibits it even for luxury vehicles."

Some sources say under-recovery on costs in small and middle range cars is partly due to the pricing policies of market leader and star profit performer Toyota, which tends to set industry prices. It is probably in the best position to do this by virtue of its 20% share of the car market — generated by what appears to be one of the country's most efficient plants, which has consistently worked at high capacity levels.

Toyota is probably the only manufacturer working at full capacity, including a little overtime. This is despite the fact that its contract to assemble the Renault 5 recently ran out, giving further room for making Toyota.

Plans are now being implemented to raise output from the present 430 vehicles a day to 520 next year.

Figures released in the local motor publication Wheels show that on average each Toyota worker produces about 25 vehicles a year compared with figures ranging from seven to 15 for companies such as Amcar, Ford, Nissan and Volkswagen. It could be argued that the figures are not strictly comparable because some companies produce more of their own components in-house than others. Nonetheless, few in the industry would deny Toyota's efficiency.

Toyota's other advantage could stem from its product range. It did not follow the rush into hatchbacks such as the Mazda 323, VW Golf and Datsun Pulsar after the 1979 oil crisis. Thus fad did not take off as expected after oil prices slumped, and neither did Toyota opt for more advanced but more expensive front-wheel drive, preferring to stick with its reliable, cheap-to-build conventionally-designed Corolla.

Coupled with a well-run and fully-loaded plant, this must have given it cost advantages as well as an edge on reliability.

Mercedes MD Shenker... some inhibition in the luxury market
which gives credence to its advertising slogan "Everything keeps going right Toyota."

Another star performer has to be Mercedes-Benz. Its figures are not published but Shenker says "Our organisation is profitable and has been since 1962."

This he attributes largely to "turning out a car that fits the image from efficient production facilities, a good dealer organisation, careful planning and the fact that we have always tried to recognise the limits to what we can sell. Our planning does not go wild on what the market will take."

BMW also makes profits although it is now working a four-day week at its recently enlarged facilities.

These manufacturers have demonstrated that motor companies can make profits in South Africa. Ironically Toyota is SA-owned and Mercedes held a majority of the SA shareholding until only recently when the German parent company bought control.

If others are to make profits too there seems little alternative to rationalisation. Most of the 14 vehicle makers here have had their chips in the ring for too long to take them out now. But the wait for the take-over is becoming painful.

In the FM's view, rationalisation is likely to be along the lines of a sharing of manufacturing capacities and a reduction of models rather than many famous names actually withdrawing.

Perhaps, in the industry's interests, that is a pity.
LABOUR DISPUTES
Dunlop rehires

In a new development in the long-running dispute between the Metal and Allied Workers' Union (Mawu) and Dunlop, the company last week agreed to reinstate 1 400 workers at its two Durban plants who had been fired for striking over the dismissal of five colleagues. Another 600 workers at Dunlop's Ladysmith plant who had also struck, but who were not dismissed, have returned to work. The 2 000 workers had been off work for a month.

The dispute continues, however, as the union is still demanding the reinstatement of the original five dismissed employees. The union and the company will meet next week to discuss ways of resolving the matter.

A conciliation board has already been appointed to consider the dispute. But Mawu branch secretary Geoff Schreuner says the terms of reference granted to the board by the Minister of Manpower have made it unsuitable for dealing with the dispute. Schreuner says, "The case of one of the workers is totally excluded from the terms of reference and, regarding the other four, the board may only look at and investigate the dispute revolving around levels of production and disciplinary measures related thereto. This excludes the possibility of taking up those dismissals as an unfair labour practice."

At next week's meeting, the union will offer the company the choice of reinstating the five or referring the case to arbitration or mediation. According to Schreuner, a deadlock is likely to result in further worker action.

Two weeks ago, Mr Justice Booyzen granted an interdict barring the union from organising or instigating illegal strikes at Dunlop plants. A further court hearing to consider whether the strikes were lawful will be held some time in the future.

Mawu's view is that the strikes were legal and that any future strikes will also be legal. Dunlop has argued that the strikes were unlawful.

Legal advisers have told the union that it could take up to a year before the matter is finally decided. Partly because it will take so long, Schreuner says, "The struggle will be fought out at the level of power rather than in the legal arena."

At the time of going to press, the FM was unable to obtain comment from Dunlop.
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THE FRAME DISPUTES
Fairness questioned

In the second of two articles, the FM examines the background to the legal battles between the National Union of Textile Workers and the Frame Group.

Union recognition at the Frame Group's five-mill factory complex at New Germany is at the heart of its dispute with the National Union of Textile Workers (NUTW). The industry has also emerged as a major issue. Frame's retrenchment policy has been challenged in a series of court cases, which have proved to be just as complex and drawn-out as the recognition battle itself.

Frame has been retrenching on a large scale in New Germany since the beginning of last year. Hundreds of employees have been affected. The industry cites the necessity of introducing more modern production methods, and attempts to improve efficiency and contain overheads to combat inflation as reasons for the programme.

Frame introduced a new retrenchment policy earlier this year which was negotiated with the Textile Workers' Industrial Union (TUI). NUTW's right for recognition at the New Germany complex it operates on the following principles:

- Unskilled employees are retrenched on the basis of last-in-first-out (LIFO), but where possible, are offered other jobs within the group.
- Acceptance of the offer is voluntary. However, if transfers are not possible, or are turned down, the workers are retrenched. Workers who accept transfers do so on the understanding that they are regarded as "last in" in their new departments - and are thus first in line for retrenchment.
- All other employees are required to undergo competency tests. In their case, retrenchment is on the basis that the least competent are retrenched first. Where vacancies exist, offers of transfer within the group are made in order of scores in the tests.
- If workers refuse to take competency tests or are not accepted, or if they are refused a transfer, or if there is a suitable vacancy, leads to retrenchment.

Length of service is not a criterion unless workers of equal competence are involved - in which case LIFO is applied. Any workers who refuse to take competency tests are regarded as having accepted retrenchment.

NUTW takes strong exception to Frame's retrenchment programme. Union general secretary John Copelyn says it is "subjective" and "grossly unfair" for the following reasons:

- His case was not consulted even though NUTW members are affected by it.
- The coupling of transfers with LIFO in their new departments has meant that some workers have moved only to be retrenched soon thereafter. Copelyn argues that this reflects a high degree of cynicism on the part of management as they would have to have known beforehand that they intended to retrench in the new department.
- The measurement of competency can only be a highly subjective process and allows management to retrench at will without sufficient justification.
- Frame has not tried to introduce alternatives to retrenchment such as reducing turnover, working shorter hours, or allowing undertakings to re-engage them.
- Unskilled employees have been mainly affected by the retrenchments placing extremely heavy burdens on skilled workers.

Frame Group joint managing director Selwyn Lurie denies Copelyn's allegations. He says that when NUTW members first challenged the group's retrenchment policy in court, counsel acting for them conceded that, given the state of the recognition dispute between NUTW and Frame at that time, it was not unreasonable for the group not to have consulted the union. Lurie also says that when workers are transferred, this is done with the object of avoiding immediate retrenchment and in the hope that their employment with the company will continue as long as possible. However, if retrenchment subsequently becomes necessary in the new department, the workers already employed in that department would feel aggrieved if LIFO was not used.

Emphatically denies Copelyn's allegations about management cynicism. Lurie states that employees' competence is easily assessed objectively by the tests used by the group. If Frame was to accept NUTW's claim that LIFO is the only objective criterion for the selection of all employees for retrenchment, the group would find itself with an inefficient workforce as workers with greater ability would have to be retrenched at the expense of those who are less competent.

Lurie says Frame only retrenches as a last resort. Night work has been cut back and short time worked for many months. In addition, the group's mills have been shut down for short periods at various times in order to avoid short time and retrenchment.

However, he says, given that competence is one of the criteria used in the selection of employees for retrenchment, it would be...
unreasonable to expect Frame to offer the first right of re-employment to retrenched employees at the expense of other, and possibly more competent, new recruits. He de-

nates that the retrenchment of unskilled workers has burdened skilled workers. Skilled workers had previously been idle at some stages but now certain unskilled operations had been allocated to them making them more productive and allowing the group to retrench some unskilled workers.

NUTW members have challenged Frame's retrenchment programme in court. Industrial Court action has taken the form of applications for reinstatement by 10 workers retrenched in October last year by Consolidated Frame Cotton Corporation (CFCC), a Frame company which owns the Frametex, Seltex and Pinetex mills at New Germany.

Three of the workers, one of whom was retrenched within days of being transferred to a new department, had had broken service of 20 years. Of the remaining workers, one had served for 19 years, one for 12 years, one for 11 years and the rest two to three years each. The retrenched workers also contested for the appointment of a conciliation board to consider whether the retrenchment policy constituted an unfair labour practice.

Reinstatement applications

When the reinstatement applications came before the Industrial Court, CFCC opposed them on the grounds that the court did not have the power in law to order reinstatement in situations involving retrenchment, and that its policy is not unfair in a capitalist society CFCC argued that the word "reinstatement" implies placing workers back in their previous positions.

Because the positions had been made redundant, and therefore no longer existed, it was impossible to do so. The court, however, upheld the union's argument and ordered the company to either reinstate the workers or pay their wages — pending the final outcome of the dispute. CFCC has taken the Industrial Court's decision on review to the Supreme Court. The case is due to be heard on November 16.

Meanwhile, CFCC has been obliged to pay these workers in terms of the Industrial Court's reinstatement ruling — which has been extended a number of times. However, in May, this year, CFCC stopped paying after taking the court's continued extension of the order on review. The workers are now considering whether to prosecute the company for refusing to comply with the reinstatement order.

In part, CFCC bases its application for a Supreme Court review on the fact that the retrenched workers refused to be represented on a conciliation board appointed by the Minister of Manpower at their request.

The workers did so because the Minister did not authorise the board to consider whether the company's retrenchment policy constituted an unfair labour practice.

One involves 25 workers retrenched by CFCC who applied to the Industrial Court to be reinstated as well as for a conciliation board to consider the dispute. CFCC applied for an interdict to the Supreme Court preventing the Industrial Court from hear-

NUTW's Copelyn... alleging that Frame's retrenchments are unfair

ing it, using much the same arguments as in the first retrenchment case. The case was heard on August 31. Judgment has been reserved.

A conciliation board was appointed for 19 of the 25 workers — again without including consideration of the retrenchment policy as an unfair labour practice in the terms of reference. The board dead-

locked at its meeting on September 10, but in this case too the workers intend taking the Minister's decision on review. The Minister's decision regarding the remaining six workers is expected shortly.

A similar reinstatement application was brought by NUTW on behalf of six members retrenched by CFCC's associate company, Consolidated Woolwashing and Processing Mills (CWPIM) at its Pinetown mill.

This mill falls under an industrial council and therefore in terms of law the dispute was referred to it. The council upheld CWPIM's contention that its retrenchment policy is not an unfair labour practice.

Frame's legal battles are complex and their ultimate solution may still be far in the future. Whatever the price in union bitterness — and the group has argued that where recognition is concerned employers should be able to choose to test a union's strength, if necessary by weathering a legal strike — the various disputes could lead to legal clarification of some disputed provi-

sions of labour law.

Both Frame and the union should, however, be aware that their continuing confrontation involves the danger of violence which could spread to industries and areas not involved in the union or group battles.

BLANKET AGREEMENT

A new national industrial council agreement which raises minimum levels in the urban areas on average by over 16% and by over 15% in the decentralised areas, has been concluded for the blanket industry.

The agreement was reached after protracted negotiations between the National Textile Manufacturers' Association (NTMA), the Trade Union Council of SA-affiliated Textile Workers' Industrial Union (TWIU), and the Textile Workers' Union (Tvl), an affiliate of the Council of Unions of SA. It runs until January 1988.

TWIU general secretary Norman Daniels and he thought the increases were satisfactory, particularly in the light of the recessionary conditions prevailing in the industry. The agreement would assist greatly in stabilising the industry, he said. NTMA chairman Selwyn Lurie concurred.

Financial Mail September 21 1984
Asbestos is out in new Everite products

By LAWRENCE BEDFORD

UNDER pressure because of asbestos-related health hazards, South Africa's largest manufacturer of asbestos fibre cement products now plans to launch a number of asbestos-free building products.

With a 60% share of the R100 million-a-year domestic fibre cement market, Everite's net income on fibre cement sales in 1993 totalled about R12.2 million.

"We will publicly launch non-asbestos fibre cement products only when they have been thoroughly tested — after all, our customers have become used to the indefinite lifespan traditionally offered by asbestos cement products," said Dr Llewellyn Lewis, Everite's marketing manager.

In the meantime, the flat sheeting made in the alternative asbestos-free material is being tested in ceilings, partitions and fascias in a number of housing and industrial schemes.

The company's research efforts continue, however, as asbestos fibre remaining the only suitable reinforcing for a large proportion of its fibre cement building materials and pipes. Much research and development remain to be done before it can produce profiled, corrugated sheeting and piping in new materials.

Everite's alternative fibre research programme started in 1967 with the criteria that the new fibre should not pose a health risk, had to be economically viable and should not only match the performance of asbestos, but lead to new product opportunities.

Replicate

Technicians discovered it was impossible to replicate the characteristics and performance of asbestos on a fibre for fibre basis. The breakthrough came when they recognised that a large proportion of the 10% asbestos used in the asbestos cement mix was to facilitate the production process rather than for reinforcing. This process requirement resulted in asbestos cement products being over-qualified when judged purely on the performance standards required for building products.

The design philosophy for the new products was then switched from a "quality backwards" to a "performance forwards" approach. Researchers stopped trying to match the brute strength of asbestos cement and started concentrating on matching the performance criteria for various products. They adapted the production process to suit available substitute fibres, leading to a new generation of building products.

Everite are now using a mix of man-made and natural fibres with cement, instead of chrysotile or white asbestos.

"The new fibres may not themselves be a match for asbestos, but, in an advanced production process, they provide us with the necessary strength coupled with other innovative benefits," Dr Lewis said.

"Most importantly, the new approach will allow us to introduce asbestos-free fibre cement products at comparable prices.

Everite has conducted extensive laboratory tests, including accelerated weathering, for some years. Now, certain of the new technology products are being incorporated into the existing lines of the company.

"The overall result is an improved process, and I'm confident that the new fibres are at least as good as the asbestos material. Naturally, we have the advantage in that we have driven company and we are a market leader," said Dr Lewis.

The new products, which will be marketed under the Everite and Sibanye names, will be useful alternative fibres in about 90% of the applications in which asbestos has been used. Asbestos-free products are already used in about 10% of the applications because of their cost in US dollars in overseas markets.

"We are building a strong base," said Dr Lewis. He estimated the new products would provide at least 10% of the Everite asbestos cement business in South Africa (about R30 million), but did not provide a date for full production availability.
Motor men win 22% rise

Labour Briefs

Motor components workers at Dunsar Pty Ltd in Brits have won a 22% wage increase after negotiations between the National Automobile and Allied Workers' Union (Naawu) and management.

The new minimum wage at the company is R1,70 an hour, 50c more than the minimum set by the Industrial Council agreement for the motor industry.

Naawu members received a 17% percent rise in January. The latest increase brings the total increase for the year to 39 percent.

"While the new minimum falls far short of the union's R3.50 living wage demand, it represents a major improvement in the living conditions of our members," said a Naawu spokesman.

"Emerging unions in the Western Cape" is the title of a seminar to be held in Cape Town on October 4 by Andrew Levy and Associates.

Areas which will be addressed by a panel of labour consultants, lawyers and unionists include the closed shop and inter-union rivalry.

Speakers at the seminar will include prominent labour lawyers Mr Halton Cheadle and Mr John Brand, and Mr John Copleyn of the National Union of Textile Workers.

- As married women play an increasingly active role in economic life, the trend is towards smaller families.

This is the finding of a study by the International Labour Organisation into the relationship between fertility and female employment levels.

In Eastern European countries, where over 70 percent of women of child-bearing age have full-time jobs, the fertility rate averages 2.2 births a woman.

The researchers found that although there was a large measure of equality in the workplace, the sexual division of labour at home remained unchanged.

Women returned home from a full day's work to face more work, but men rarely did.

The fertility rate remained low in spite of State family allowances for children, six months' paid maternity leave for working mothers and an unbroken accumulation of social benefits such as pension funds.

When new programmes were announced, there was always a marked increase in birth rate, the researchers found.
Car giants to link up?

By DAVID FURLOINGER

AMCAR and Ford SA are holding discussions on possible co-operation in the local vehicle market.

A joint statement last night said the two motor giants were "exploring matters of mutual interest".

It is understood they are considering joint manufacture of vehicle parts.

The brief statement added "Co-ordination of plans for complying with South African local content regulations appear to provide an opportunity to achieve greater economies of scale. Studies of those opportunities are in progress."

Mr Spenser Sterling, group managing director of Amcar Motor Holdings, said last night: "I admit the statement is a bit vague, but it is difficult to be more specific at this stage."

"We are exploring every way of joint co-operation and the implications of any opportunity will be looked at thoroughly. We have commenced discussions on manufacturing-related issues around local content regulations."

Ford officials refused to comment further on the statement, despite recent newspaper speculation that the company was considering closing down its South African operation.

A company spokesman said "I realise the vagueness of this latest statement may add to any speculation, but we are not prepared to say anything more."

Mr Sterling said: "I don't know anything of Ford's future in South Africa, but it is unrealistic to expect a long-established brand name to disappear from the South African market just because things get tough."

"Most motor companies here have sustained losses for a considerable time. I wouldn't speculate that a particular company will pull out."

Mr Sterling dismissed ideas that Amcar might adopt the Ford franchise in South Africa, in the same way that it holds the franchises for Mazda, Mitsubishi and Peugeot.

"To take over the Ford franchise, we would also have to take over Ford's assets. This is a time for consolidation, not expansion."

Under South Africa's local content regulations, motor manufacturers must ensure nearly two-thirds of components in their vehicles are made in this country.

Mr Sterling said: "The real economies are at the manufacturing end of the business. If there can be any real reduction of cost, that is where it will be."

The prospect of a joint Amcar-Ford manufacturing facility also poses the problem of where it would be, since the two companies are based at opposite ends of the country, Ford in Port Elizabeth and Amcar in Pretoria.

Mr Sterling said: "Depending on what we decide to manufacture, we would have to study the implications at both ends."

"Although we at Amcar are adjacent to the main industrial centres, it is by no means a preconceived idea that it would be done here."

"The Government is trying to reverse the flow in this direction with some pretty massive incentives for decentralisation and that would obviously have to be taken into consideration."
First of the mergers may be Amcar-Ford

By Duncan Collings

A merger of two of South Africa's motor manufacturers — Amcar and Ford — appears to be a real possibility with the announcement last night that the two companies are discussing co-operating.

This could be the first step in the forecast re-arrangement of South Africa's over-traded motor car industry which has been hard hit in the second half of this year by both the falling value of the rand and the government's austerity measures.

Last night's statement simply said that Amcar and Ford are exploring matters of mutual interest and that the co-ordination of plans for complying with local content regulations appears to provide an opportunity for greater economies of scale.

It has long been accepted that there are too many motor companies vying for the relatively limited South African market and that one or more major mergers are on the cards. The most likely candidate for a takeover/merger has always been Amcar (previously Sigma) because of its dismal financial record.

To end-June Amcar had reported losses in the region of R160 million. And although it reported reduced losses in the first half of this year, since then industry sources say that the group is once again losing money heavily — possibly as much as R10 million a month.

The most logical partner for Sigma has been Ford. Ford US has 25 percent of Toyo Kogyo, the holding company for Mazda Japan, and Ford Australia recently took over the running of Mazda Australia.

That their worldwide co-operation should be extended to South Africa is a logical next step.

The Star's Durban correspondent reports that market talk is that Ford will run down its increasingly uneconomic Eastern Cape plants, and move production to Amcar's under-used Pretoria factory.

If Ford takes this step, observers say General Motors might strike a similar deal with Nissan, leaving Volkswagen as the last manufacturer in the Port Elizabeth-Uitenhage area.

A move inland avoids costly railage of parts to coastal assembly plants — and will cut costs of finished-product delivery to the major Transvaal market.

The local content programme has affected the viability of the older coastal plants, which once relied solely on imported parts. The Eastern Cape manufacturers have also been hit badly by labour troubles and rising costs. Their market share has dwindled largely because of the growing dominance of Toyota.
Ford-Amcar talks are speculative, says Pitt

by LOUIS BECKERLING

TALKS between Pretoria-based Amcar and Ford were "entirely speculative," and it would therefore be impossible to comment at this stage on the likely outcome, said Mr Brian Pitt, managing director of Ford (SA).

"Among the many tangents the talks could take was the possibility that we come out of this thing with nothing changed at all," he said.

"Elaborating on a statement issued yesterday, Mr Pitt said it was not possible to address each of the many alternatives presented, by rationalisation talks.

"But one thing I would like to get straight right away is that there is no question that Ford will be leaving South Africa.

"Mr Pitt declined to comment directly on whether this presence would remain in Pretoria, Elizabeth or be relocated wholly or partly to Amcar's Pretoria plant, beyond pointing out that spare capacity existed at both locations and the talks were directed at being mutually beneficial.

He said it was also not possible at this stage to say when the talks would end.

Mr Pitt was first approached for comment on the talks by the Evening Post on Monday last week prior to the publication of any reports on the matter. At that stage both he and a director of Amcar denied there was any substance to the "rumoured" talks, and the Evening Post accordingly withheld publication.

"We said so at the time, because our talks really hadn't come to any point where we could make a statement," Mr Pitt said.

"Yesterday's statement was intended to say only that we were talking.

A spokesman for Amcar declined to elaborate on the statement, which read: "Amcar and Ford (SA) are exploring matters of mutual interest. Spokesmen of both companies stated that co-ordination of plans for complying with South African local content regulations appeared to provide an opportunity to achieve greater economies of scale. They indicated that studies of these opportunities are in progress."
Ford Denies Speculation of South African Pull-out

Motoring Reporter

Ford S.A. continues to operate at its maximum of 200 units a day, with both Volkswagen and Mercedes-Benz working five-day weeks. The Ford franchise in South Africa might take over the Ford franchise in South Africa. The Ford franchise in South Africa is working with Nissen to consolidate its operations.

Spokesman said the company would begin working a four-day work week. From today Ford is working a four-day work week, and two weeks ago was shut for a week.

The speculation of South African pull-out of South Africa is denied by Ford.
General Motors to stop work for a week

Argus Bureau

PORT ELIZABETH — Economic gloom deepened here today with the announcement that General Motors is to stop production for a week from next Tuesday.

The move, which will affect 2,500 hourly-paid workers, follows a similar move by Ford two weeks ago which ended in the retrenchment of 425 workers.

At the same time GM retrenched 120 hourly-paid workers.

While the company today said that it had no plans to retrench workers next week, the managing director, Mr. Lou Wilking, warned that further action might be taken if the situation did not improve.

He blamed the production halt on the present economic climate in South Africa and said the situation was being monitored "on a daily basis".

Mr. Wilking said that when production resumed on October 9 the company would work a four-day week, as it has been doing for some time.

Ford is also working a four-day week at all three production plants in the city.

Volkswagen in Uitenhage continues to work a five-day week.
Four-day week from October 9

By STEPHEN ROWLES

PRODUCTION at General Motors South African is to stop for one week from Monday.

This was announced in a statement today by the company's managing director, Mr. Lou Wilking, who warned that further action might be necessary if the economic situation did not improve.

However, at the other two Eastern Province motor plants the position was unchanged.

The Ford Motor Company, South Africa, is to continue on short time with a four-day week. Only Volkswagen South Africa does not plan production cuts at this stage.

In his statement, Mr. Wilking said production at the company's manufacturing and assembly plants would be halted for one week starting on Monday.

The impact of the economic situation had forced the company to cut production schedules, he said.

The situation was being monitored on a daily basis and if the position did not improve, further action might become necessary.

About 2,500 hourly-paid workers would be affected by the planned production cut, Mr. Wilking said.

However, certain operations in the factory, such as maintenance and security, would not be affected and the administration offices would continue to operate as normal.

Mr. Wilking said that when production restarted on Tuesday, October 9, GM would operate on a four-day week schedule.

The latest action by the company follows the retrenchment of 129 employees on September 7.

The Press relations manager of Ford, Mr. Harry Hill, said the company was continuing with short time at all three plants. The situation at each plant was being assessed on a regular basis.

On September 7, Ford announced the retrenchment of 425 workers and shut down its entire Port Elizabeth operation for five working days from September 10 to 14.

The public affairs manager of Volkswagen, Mr. Ronne Kruger, said the company was not working short time and did not plan to do so.

He said the plant was working full time overall, with some staff working overtime on the newly-launched Golf II.
ADE motors now geared to match the best in the world

Price and quality more in line with imports

By John Popper

Atlantis Diesel Engines has achieved remarkable success since production started 2½ years ago. Even former critics concede quality is now matching that of licensors Mercedes and Perkins who evolved original designs.

Reasons are ADE has a new R450 million plant and hand-picked key personnel from Perkins and Mercedes. Much development work has been undertaken to adapt engines to SA conditions, particularly altitude and heat, and to SA vehicles.

Production has reached 50 000 motors and ADE has made South Africa almost independent, supplying "around 80 percent of the requirements."

ADE's prices, once criticised by the vehicle-assemblers as being "sky-high when compared with imports," now fall in line through depreciation of the rand.

The near-monopoly remains but ADE is beginning to treat buyers like customers. Could the plunge in tractor sales from 14 000 in 1986 to an estimated 6 000 because of the drought or the economic situation have a bearing?

Engine range is wide, from the 2.5 litre three cylinder tractor work-horse to a new 21.9 litre Vee 12 producing 2230N.m.

Sophistication is impressive — even tractor engines are turbocharged. Intercooling — refrigeration of intake air to increase power — is also common on ADE motors.

Local content is 70 to 75 percent by value with the ultimate objective 100 percent.

Main items still imported are turbos, fuel-injection systems.
Atlantic Diesel sacks entire shift

- Labour Reporter -

An entire shift of production workers has been laid off at Atlantis Diesel Engines.

A spokesman for ADE said today that two supervisors and 146 production workers on the nightshift — the entire production staff — had been retrenched.

Less than three months ago ADE announced it was introducing a second shift because of "increased demand".

Another 100 Workers

The company then employed an additional 100 workers.

The spokesman said today that part of the new shift had been discontinued "because of a downturn in the trucking industry."

The company had been "extremely reluctant" to retrench the workers, most of whom came from Atlantis, he said.

A spokesman for a civic body in Atlantis said unemployment had hit the area, earmarked as an industrial decentralisation point.

"Everyone is so tense here because no one knows who will lose their jobs next," he said.

He added that many people owed up to R900 in rent because of unemployment.

At least four other Atlantis firms had retrenched workers in the past few months and two had gone on to short-time, he said.
A R5 million boost for Port Elizabeth's ailing economy was announced today by Willard Batteries.

Finally dispelling speculation that locational disadvantages might force a move to the Reef, the company revealed today that it had bought an additional factory adjacent to its present premises in Neave Township.

"And despite the general downturn in the economy and the depressed state of South Africa's motor vehicle industry, the company is embarking on a R5 million expansion programme," said the joint managing director, Mr Syd Munton.

Mr Munton said he was pleased to be able to say that Willard was now clearly in Port Elizabeth to stay.

Mr Brian Matthew, director of the Midland Chamber of Industries, welcomed the news.

"It's very encouraging. What it indicates is that the company has obviously taken a long-term look at the situation and has not been swayed by current short-term economic conditions," said Mr Matthew.

Mr Munton said the factory purchased by Willard provided 18 000 square metres of space - a "third as three times bigger than our existing facilities," he said.

"The company intends to use its new facilities initially for the production of automotive batteries, but will later accommodate the expansion of its industrial division."

Although the initial impact on employment would be modest, Mr Munton said the rapid growth forecast in demand for the miners' cap lamps recently added to Willard's products line-up would substantially increase employment over the next two or three years.

A principal reason for Willard's latest expansion was the recent awarding to it by two major motor manufacturers of original equipment contracts. The combined monthly value of the contracts, said Mr Munton, was about R125 000 a month.

New battery-manufacturing equipment valued at more than R500 000 had already been purchased and would be commissioned by November, said Mr Munton.

The move should be seen as illustrating the faith in the future development of Port Elizabeth and the Eastern Cape in general, faith in the automotive and long-term prospects for the country's motor vehicle industry, and confidence in the capability of Willard to meet its production commitments.

"Production is expected to get under way from our new plant in January next year. We were fortunate in obtaining the facilities which are so close to our existing factory."

"During the past five years we have undertaken considerable research into expanding our facilities, and the only other suitable site available was at the Percussion Inc., industrial township, almost 15 kilometres away."

"In addition a new factory would have had to be erected there at a considerably greater cost and over a longer period of time."

The factory bought by Willard was formerly occupied by the Barlow Rand subsidiary Nampac, which has partially relocated its Port Elizabeth operation to Natal. However, it is understood that Nampac will rent a portion of its former factory from Willard, and will thus continue to be represented in Port Elizabeth, though on a scaled-down basis.

BY LOUIS BECKERLING, Business Editor
Sanlam gets control of troubled Messina

By Peter Farley

Sanlam is understood to have gained control of troubled motor manufacturer Messina through the purchase of an additional 31 percent in the company from African Finance Corp.

This would raise its stake in Messina to over 45 percent, and it is believed that the Cape Town-based insurer will now be making an offer to minorities to gain formal control.

The shares were suspended after the close yesterday, pending further details. It is expected a formal announcement will be made today.

It is not yet clear whether Anglo American has agreed to sell its 19 percent stake in Messina to Sanlam. But, given the problems it is already having with its own motor operations at Sigma, any reasonable offer is likely to be accepted.

At yesterday’s $320 closing price, Sanlam would have had to pay AFC over $12 million for its Messina shares, valuing the entire company at $36.2 million.

No price details are yet available; but it is probable there would have been a reasonable premium over prevailing market rates, given the fact that the shares are trading at only around 30 percent of net worth.

Senior executives of all parties concerned were unavailable for comment early today.

Messina shares have been on the downward slide since the halcyon days of 1981, when they peaked at $80c.

Since then the combined impact of losses from the copper operations, dwindling market share of its Nissan cars and, more recently, massive foreign exchange losses have plunged the company into the red.

The bottom-line for the six months to end-June slumped to a $4.1 million loss from a $8.1 million profit in the year ago period.

But since then the decline of the rand has forced the company to make provision for almost another $30 million in foreign exchange losses.

BRIEF FILLIP

These all stem from the $90 million borrowed offshore when the rand was over 90c and not covered. Total exposure is now in excess of $40 million.

In the past few weeks the company sold its Zimbabwe mining interests, though for those it received only $25 million — payable over six years. At least, these will prove the end of one drain on resources.

The Messina copper operations in the Northern Transvaal have been returned to profitability, albeit a miniscule return, following the closing of the smelting operations and the direct sale of ore to Palabora for processing.

The share received a brief fillip earlier this year, and almost doubled to over $60c, on speculation of a possible takeover. When nothing materialised they quickly slumped back to present levels.

It is no surprise to find that AFC has finally decided to sell, but the puzzling aspect is why Sanlam wants control.

Certainly to justify such a move it will have to severely rationalize operations pretty quickly. Possibly it already has a short-term plan for a merger or joint agreement with one of the other manufacturers.

Last week Ford and Anglo’s Amcor — formerly Sigma — announced that talks were taking place that could lead to a merger or rationalization of mutual interests.

Messina MD Mr Peter Whitfield has, however, long contended that Messina would not be a candidate for a merger with another motor outfit due to the single source of its product range.

It is widely accepted that much of Sigma’s problems stem from the fact that it has to deal with three major overseas suppliers.

The Nissan operations are certainly operating more efficiently than a year ago, a situation forced upon it by the marketplace. And if the economy and the car market were to turn, Nissan could start clawing back market share.

But with expectations for the exchange rate still pessimistic, Sanlam may just feel that losses from this area will just have to be written off.
By CATHY SCHNELL

THE Struandale assembly plant of Ford South Africa is to close for the whole of next week — and one assembly line in Volkswagen in Uitenhage is to go on short time.

Mr Brian Pitt, managing director of Ford, said today that after the shut-down of the 1,100 employees at the plant — both salaried and hourly staff — would go on a three-day working week until the shortage of imported transmissions for the Sierra range of cars had been normalised.

Mr Pitt said that as a result of a shortage of imported transmissions for the Sierra the Struandale assembly plant would close down for the whole of the working week from Monday to Friday.

Hourly-paid workers would be paid for four days next week in terms of the Industrial Council Agreement. Salaried personnel not required to work would be asked to take leave, he said.

Mr Pitt said the shortage of transmissions for the Sierra range, which would keep the plant on a three-day week when it re-opened till the position improved, had arisen as the result of a supply problem at the source.

The communications manager of Volkswagen, Mr Graham Hardy, said Volkswagen would be working a four-day week on its Microbus assembly line from October 9.

This would affect some 120 employees.

This was a result of a re-scheduling of production necessitated by the drop in demand for this line in the present economic climate, he said.

Mr Hardy said the market demand was continually being monitored and production levels would be adjusted where and when necessary.

Last week Mr Lou Wilking, managing director of General Motors South Africa, announced that GM would be going on a four-day week from Tuesday.

This will be after GM reopens after closing down this week from Monday.

Mr Wilking warned that further action might be necessary if the economic situation did not improve.

On September 7 Ford retrenched 425 workers and then shut down its entire Port Elizabeth operation for five working days from September 10 to 14. GM also retrenched 129 employees on September 7.

The regional secretary for the National Automobile and Allied Workers Union, Mr Les Kettleidus, said today that at this stage short time was far preferable to retrenchment.

"It is close to the end of the year, and widespread retrenchment would have been unbearable," he said.
Poor state of car market blamed

14-day shutdown forced on Nissan

By PRISCILLA WHYTE

NISSAN is stopping vehicle production for two weeks from Monday.

This reflects tough conditions facing the motor industry.

Mr Nelis Strydom, Nissan human resources director, said yesterday: “It is the first time such an extended period of short time has had to be instituted and it is due to the poor state of the vehicle market.”

The increase in general sales tax, the stringent Government measures on hire purchase and high interest rates had affected vehicle sales, making closure of the Rosslyn plant, north of Pretoria, necessary.

Nissan is controlled by the Messana group which is expected to be taken over shortly by Sanlam.

The motor company normally carries a stock equal to about 45 days’ production.

No figures were available last night on how much the shut-down is likely to cost Nissan.

The company, however, still claims to be holding its 12.5% market share in the passenger and light commercial vehicle market.

The shut-down will affect 3 750 employees out of a 4 884 work force.

Mr Strydom said the decision to work short time had been taken because, according to an agreement with the United Motor and Allied Workers’ Union, it was preferable to lay-offs.

Earlier this year about 650 workers were laid off at the Rosslyn works.

During the first six months of this year 255 vehicles a day were being produced by Nissan. In the second half of the year this has dropped to 205.

No figures were available on capacity utilisation of the Nissan motor plant.

The plant is highly labour-intensive. Mr Strydom said the present economic constraints meant mechanisation could not be implemented at this stage but in the long-term its advantages would be considered.

Mr Flip Wilken, public relations manager of Toyota, said last night: “We expect September vehicle sales to be lower than August when some 30 173 vehicles were sold, 16.2% down on August last year and 21% down on the monthly average for this year.”

Mr Brand Pretorius, marketing director of Toyota, said recently that Toyota expected the industry total for the year to reach 423 000 units, representing a 4.4% increase on 1983 and the third-best year ever.

In the McCarthy group’s recently published annual review its chairman, Mr Brian McCarthy, predicted that the vehicle market would shrink by 16% this year because of Government’s restrictions on economic activity.

He said the measures introduced recently were already causing economic activity to decline and this downward phase was likely to become more severe.

“There seems no doubt that unemployment will increase and belts will need to be tightened. This will be an unavoidable price to pay if, in the the long-term, the inflation rate is to be brought more into line with that of our main trading partners.”

The McCarthy Group is the country’s largest motor vehicle distributor.

“The group is now forecasting that the total vehicle market will fall by 16% and the motor cycle market will decrease by 11%.”

Amcor Motor Holdings laid off 315 hourly-paid workers early in August.

Production lines were stopped for four weeks with another 10-day closure scheduled for this month.
Speculation of major SA motor industry reshuffle

Sanlam is to re-open talks with Port Elizabeth's General Motors. It is against this background that trading in the shares of Messina Ltd, which controls Nissan, was suspended on the Johannesburg Stock Exchange on Wednesday. The market recovery has been high in August of 430c to 320c at their suspension.

Widespread market rumour is that the suspension followed as a routine of negotiations by Sanlam to acquire the 30% shareholding in Messina hold by African Finance Corporation. Together with an interest recently boosted from 6% to 10%, this would give Sanlam some 40% and effective control of Messina.

Single major contributor to the Messina turnover is wholly-owned Nissan - which last year contributed two-thirds of turnover but only marginally to profits.

Sanlam, which controls 50% of Federale Mynhoo (which owns 50% of Gencor - formerly General Mining and Union Corporation) is thus clearly aiming at acquiring an interest in the country's motor industry at a time when the rival Anglo Group is talking via Amcor with Ford (SA).

As to comment today, Mr Marius Daling, general manager (investments), of Sanlam, said: "We may or may or not be involved in talks with Messina".

Mr Daling said any further statements would be made "at the appropriate time", but admitted that since Sanlam was itself already a significant shareholder in Messina, it would not be in its interests to withhold such a statement for long.

The Evening Post asked Mr Daling to comment on the widespread suggestion that Sanlam would not buy into a single loss-making motor manufacturer but proposed making a twin strike and consolidating two plants in order to ensure profitability in the fiercely competitive and limited market in the country.

According to speculation

To Page 2
Shortage forces closure at Ford

Own Correspondent
PORT ELIZABETH — A delay in the supply of imported transmissions for its Sierra range has forced Ford to close its Straandale assembly plant for one week from Monday.

Mr Brian Pitt, the managing director, says the transmissions shortage has been caused by a supply problem at source. The situation will keep the plant on a three-day week when it is reopened.

Mr Pitt says the closing of the plant is not due to the economic situation.

About 1,100 employees have been affected by the shutdown. Hourly workers will be paid for four days next week in terms of the Industrial Council Agreement. Salaried personnel not required to work will be asked to take leave.

Mr Pitt says September’s car sales figures, due to be released next week, show a continued drop on previous months.

"With the expected lower September figures, Ford anticipates depressed production planning, if necessary, short-time will be worked in preference to further retrenchments,"

Ford retrenched 425 workers, including salaried personnel, on September 7 and shut its entire Port Elizabeth operation from September 10 to 14.

- In Uitenhage, Volkswagen’s communications manager, Mr Graham Hardy, says VW will work a four-day week on its microbus assembly line from Monday.

He says drop in demand for the microbus has led to rescheduling of production. About 120 employees will be affected by the short week.

- General Motors’ manufacturing and vehicle assembly plants in the Eastern Cape have been at a standoff for a week. The company will remain on short-time production when it re-opens on Monday.

About 2,500 workers have been affected by the shutdown, blamed by GM on the country’s economic situation.

The Motor Assemblers & Component Workers Union (Macwusa) has condemned motor and allied industries for retrenching workers in order to maintain profits.

The national organiser, Mr Fikile Kobese, says companies have been applying ridiculous retrenchments and other measures since general sales tax increased to 10% on July 1.
Urgent move to save PE’s motor industry

PORT ELIZABETH — A top-level delegation is hoping to meet the Minister of Industries and Commerce, Dr Dawie de Villiers, and the Minister of Constitutional Development and Planning, Mr Chris Heunis, this week about the future of the city’s motor industry.

The mayor of Port Elizabeth, Mr Ivan Krieger, said a meeting held in his parlour last week decided that the government had to be approached "quickly" about incentives to keep industry in Port Elizabeth.

"We believe talks are still going on between Ford and Amcar and we want to influence those talks," Mr Krieger said, adding that there was no longer time for "several cabinet committees" to discuss the incentives for the region.

At the meeting were Mr Louis Koch and Mr Van Zyl Cillie, chairman and deputy chairman of the Regional Development Advisory Committee, Mr Alan Ward-Able, chairman of the Greater Algoa Bay Development Committee, and representatives of the Port Elizabeth and Uitenhage councils.

It was decided that Mr Koch, Mr Ward-Able and one of the city’s MPs would make up the delegation.

Also at the weekend, a property developer, Mr Johan Stander, launched a pamphlet campaign demanding action. "This government must immediately make it beneficial for industries to establish themselves here, and not to move away."

He said yesterday that 100,000 pamphlets headed "Hunger! Death! Poverty! Destruction of Family Life!" were being distributed throughout the city.

The leaflet, in both official languages, is addressed to the people and workers in the city.

Mr Stander says he has always been a supporter of and financial contributor to the National Party, but if the government allowed the city to turn into a haven of unemployment, he would never support it again.

"I hope you will do the same," says his pamphlet.

He said he understood the car division of Ford was moving to the Transvaal after a deal between Ford and Amcar, formerly Sigma, and that production of the Ford Escort and the Ford Sierra would move away from the city.

If Ford were to leave the city the damage could never be repaired, said Mr Stander.

However, the managing director of Ford South Africa, Mr Brian Pitt, said there was no truth in speculation that negotiations between Ford and Amcar were nearing finalisation.

There is nothing to substantiate such a rumour," he said.

Mr Stander said he knew Sanlam had been negotiating with General Motors for the past four months. The businessmen of the city should act to stop these moves, he said.

Another perturbing aspect of the crisis facing the city, Mr Stander said, was that if Maputo became an open port after the Nkomati Accord, much traffic would be lost to Port Elizabeth.

He said he intended launching protest meetings to "show our disapproval of Ford’s intention to leave and of the lack of interest displayed by our MPs."

It was confirmed at the weekend that Sanlam had acquired a majority shareholding in Messina — the group controlling Nissan.

Strong and persistent rumours here last week also indicated a link between General Motors and Nissan, through Sanlam — DDB.
Talks bid on future of motor industry

Mercury Correspondent
PORT ELIZABETH—A top-level delegation from Port Elizabeth is hoping to meet the Minister of Industries and Commerce, Dr Dawie de Villiers, and the Minister of Constitutional Development and Planning, Mr Chris Houma, this week about the future of the city's motor industry.

The Mayor of Port Elizabeth, Mr Ivan Krige, said a meeting had been held late last week when it had been decided that the Government had to be approached quickly about incentives to keep industry in Port Elizabeth.

"We believe talks are still going on between Ford and Amcar and we want to influence those talks," Mr Krige said, adding that there was no longer time for several Cabinet committees to discuss the incentives for the region.

At the meeting were Mr Louis Koch and Mr van Zyl Collie, chairman and deputy chairman of the Regional Development Advisory Committee, Mr Alan Ward Able, chairman of the Greater Algoa Bay Development Committee, and representatives of the Port Elizabeth and Humansdorp councils.

It was decided that Mr Koch, Mr Ward Able and one of the city's MPs would make up the delegation.

Also at the weekend, property developer Johan Stander launched a pamphlet campaign demanding action.

"This Government must immediately make it beneficial for industries to establish themselves here, and not to move away," he said.

Mr Stander called on Port Elizabeth businessmen to withdraw support for the Government if incentives to retain the motor industry in the city are not announced immediately.

Negotiations

He said yesterday 100,000 pamphlets headed 'Hunger! Death! Poverty! Destruction of family life!' were being distributed throughout the city.

Mr Stander said he understood the car division of Ford was moving to the Transvaal after a deal between Ford and Amcar, formerly Sigma, and that production of the Ford Escort and the Ford Sierra would move away from the city.

The managing director of Ford South Africa, Mr Brian Pitt, said there was no truth in speculation that negotiations between Ford and Amcar were nearing finalisation.

"There is nothing to substantiate such a rumour," he said.

Mr Stander said he knew Sanlam had been negotiating with General Motors for four months.

The businessmen of the city should act to stop these moves.

He said he intended launching protest meetings to show the disapproval of Ford's intention to leave and of the lack of interest displayed by our MPs.

It was confirmed at the weekend that Sanlam had acquired a majority shareholding in Messina — the group controlling Nissan.
GM says joint production rumours are unfounded

By DAVID FURLONGER
Industrial Editor

GENERAL MOTORS yesterday issued a categorical denial that it was holding talks on joint production with other motor manufacturers. A strongly worded statement from GM's Port Elizabeth headquarters said recent rumours on the future of the company were unfounded and that its future in South Africa was secure.

The statement said "Because of the state of rumours currently circulating regarding the position of General Motors in South Africa, it is felt that a firm statement should be made.

"Therefore, General Motors SA would like to state categorically that it has no plans to pull out of Port Elizabeth, nor are we negotiating with any other automotive manufacturer in South Africa. Hopefully this will put an end to further speculation."

The statement was in reaction to newspaper reports that GM had been negotiating with Nissan on joint production.

The reports also noted that the motor company might leave Port Elizabeth.

Mr Mike Killeen, GM's public affairs manager, added "I don't know where the rumours started. We have had no negotiations at all with Nissan."

GM is currently working a four-day week after halting production at its eastern Cape manufacturing and vehicle assembly plants last week.

Production began again on Monday and the company expects the short working week to continue at least until the end of the year.

Last week's shutdown, which affected about 2,500 workers, was blamed by the company on the economic situation and the continuing slump in demand for new vehicles.

Vehicle sales have plummeted since general sales rose to 10% on July and most manufacturers have been feeling the pinch.

Nissan stopped production for two weeks on Monday "because of the poor state of the vehicle market", while Ford and Amcar are engaged in "continuing discussions" on joint production.

Amcar is keen to use up spare capacity at its Silverton plant, near Pretoria.

It is thought the plant may be used to produce vehicles in joint production of Mazdas and Ford Escorts.

Ford's managing director, Mr Brian Pitt, said yesterday that overseas manufacturing links between Ford and Mazda had a bearing on the present discussions.

He added "In the light of the present economic situation, all motor vehicle plants are only producing at about 60% or 70% capacity. At this stage, all plants have the resources to increase production."

Motor manufacturers at the upper end of the market have also been affected.

BMW recently reached agreement with a major finance house to reduce interest rates on repayments over 36 months in order to attract more buyers. Other motor manufacturers are said to be seeking similar agreements.

Worst-hit by the slump in vehicle sales has been the eastern Cape, which relies heavily on employment on motor and allied industries.

Ford and General Motors have both laid off hundreds of workers and Volkswagen has been forced to impose short-time working on some operations.

Local tyre manufacturers, reliant on the motor-makers, are also being forced to cut back production and retrench workers.

The increasing lay-offs have angered union leaders, who have accused employers of applying "ridiculous re-trenchments".

However, Mr Pitt said the Port Elizabeth/Outenhage area was too reliant on existing industry.

Attractive financial concessions were imperative to encourage further growth in the area.

Cost levels were uncompetitive with the rest of the country.

More attention needed to be focused on distribution cost incentives for industries presently in the area, he said.
Motor men stop work over arrest of leader

By Corbyla Dempster, Labour Reporter

In the first politically-motivated industrial action since the death of 
worker leader Mr Jerry Kau. Mr Kau, an executive member of the 
Johannesburg branch of the National Automobile and Allied Workers Union (Naawu), 
was detained on October 3 while at work at Renault Africa in 
Isando, Kempton Park. His detention under Section 29 of the Internal Security Act was 
confirmed this week by the police.

The two Alfa-Romeo plants fall under the jurisdiction of Naawu's Johannesburg branch.

In a statement issued after the stoppage yesterday, Naawu workers asked management to 
add its voice to the protest against the laws under which Mr Kau had been detained.

"Naawu members wish to make it clear that while brother Kau is the focus of their symbolic protest, they are protesting against the legislation under which many people are currently detained."

This is only the second time in recent labour history that workers have taken industrial action on an overtly political issue.

In February 1982 a nationwide work stoppage was observed by thousands of workers to mourn the death in detention of Dr Aggett, Transvaal secretary of the African Food and Canning Workers' Union (AFCWU).

Sapa-Reuters reports from Geneva that the International Metalworkers' Federation said yesterday that it was concerned about the detention of Mr Kau. The federation, which links 170 unions in 70 countries, said in a statement that it had asked two affiliated unions in France to intervene with Renault.
10 000 jobs axed as motor trade slumps

Argus Correspondent

JOHANNESBURG — At least 10 000 jobs have been axed in the motor trade in the past three months in the worst slump in new car sales in more than six years.

Also, the majority of the 45 000 workers still engaged by the big motor assembly plants have been forced onto short-time in a wide-scale slowdown of production as the cash squeeze hits demand by consumers.

The National Association of Automobile Manufacturers disclosed today that new car sales last month plunged to 14 767 — down 43 percent compared to sales last year and the lowest since July 1978.

Small lorry and bakkie sales, at 8 178, were down 9 percent against September last year and sales of heavy commercial vehicles were 30 percent down, at 908.

Toyota, which increased its position as market leader, was one of the few big manufacturers apparently unscathed by the overall slowdown.

Mr Nico Vermeulen, executive director of Naamsa, said the cutbacks had resulted in at least 3 000 jobs being axed at the motor assembly plants since the increase in GST to 10 percent slammed the brakes on sales three months ago.

The total redundancy toll in the motor trade has swollen to at least 10 000 as the chain reactions caused cutbacks in the labour forces of component suppliers and retail companies.

The nose-dives in sales accelerated as a result of high interest rates and the squeeze on hire purchase sales caused by the higher deposits and shorter repayment periods ordered by the Government.

He sounded a warning that the whole stability of the motor industry was now under pressure because of the severity of the impact of fiscal and monetary measures.

Employment problems were also mounting as the industry was forced to scale down its initial estimates of 1984 production levels.

The authorities also needed to weigh other economic costs of the slowdown. He calculated that millions of rand were being sacrificed as lower sales hit GST collections.

ADJOINING WING

The fire apparently began in an adjoining let to Mr and Mrs A Cassiem who were home.

Mr Khan, a car salesman, said the fire had destroyed the interior of the house and the family had lost all their possessions.

"I found a tracksuit in the boot of my car and I am wearing that now," he said.

BMX 2000 BICYCLE

FEATURES: Kickstand metallic finish, chain protector, tenatc fork, chrome full colour white wall tyres.

10 PER BRANCH
A sign of worker willingness to take action over a non-workplace-based political issue was the half-hour stoppage at two Alfa Romeo workshops in Johannesburg last week.

The workers were expressing solidarity with yet another victim of the country's security laws, Mr. Jerry Kau, who is being held under Section 29 of the Internal Security Act.

Mr. Kau, a worker at Renault Africa and a member of the Johannesburg and national executive of the National Automobile and Allied Workers' Union (Naawu), was arrested at work almost two weeks ago. While the primary focus of the stoppage was Mr. Kau's detention, the union statement said: "Naawu members wish to make it clear that while Brother Kau is the focus of their symbolic protest, they are protesting against the legislation under which many people are currently detained."
Factory workshop incident described in court

By CHRIS RENNIE

AN incident at the Volkswagen factory in Uitenhage, between a white man and a black which had "far reaching effects" in the motor industry, was described in the Uitenhage Magistrate's Court today.

Mr Ntutseh Johnson Gaika, of Tulis Street, Uitenhage, is charged with assaulting a workshop foreman, Mr Burger Steyn Delport, on June 29 this year.

Mr Jacobus du Toit told the court that following an incident between him and Mr Gaika the previous day, he was being interviewed by a shop steward, Mr Smith.

He told the court Mr Gaika had hit him under the chin when they argued about instructions he had given but that he had not wanted to make a report.

When he was telling Mr Smith that he had nothing against Mr Gaika and did not wish to make a complaint, Mr Delport intervened.

Mr Delport said if he had hit the "kaffir" he would have been fired and insisted that a report be made.

Mr Gaika had told Mr Delport to keep his nose out of the affair. He then hit Mr Delport and they grappled on the ground.

Mr Smith pulled Mr Gaika off but while Mr Delport was still on the ground, Mr Gaika kicked him in the face.

They grappled again and Mr Gaika throttled Mr Delport with his own tie. Mr Du Toit said he did not see Mr Gaika hit Mr Delport with a chain.

Cross-examined, Mr Du Toit admitted he knew the incident had far-reaching effects.

He also admitted that he did not make a statement to the police about the incident until August 28, the day the trial started.

He contradicted himself several times about the reason for the delay, whether it was because of a misunderstanding or that the police had forgotten to take a statement from him. He denied that he had refused to make a statement at any time.

Further cross-examined, he admitted that the relationship between him and Mr Gaika was very good and that there had been no problem between them.

He admitted they often played the fool and during the incident the day before he had been pushed up and had fallen, which was the reason he did not want to make a complaint.

He denied that Mr Delport had sworn and used the term "kaffir" when he intervened.

He said Mr Delport had misunderstood the position but he had not told Mr Delport he was wrong.

(Proceeding)

Mr W Sent was on the Bench. Mr F Sette appeared for the State and Mr G G Husamen appeared for the defence.
McCarthy's R100m drive

Financial Reporter

A MOTOR trading organisation with budgeted sales of R100m a year has been formed in the Transvaal by the McCarthy Group.

City Motor Group is the new umbrella under which McCarthy's former Sigma (now Amcor) franchises - Mazda, Mitsubishi and Peugeot - are being traded in the Transvaal.

In the year to June these franchises in the Transvaal accounted for about R55m of the group's total countrywide turnover of R957m.

Mr Ian Bell, managing director of the City Motor Group, forecasts sales of 500 new and used vehicles a month in the current year and a total turnover of R100m.

The decision to reorganise the Transvaal operations by forming City Motor Group was motivated by the tremendous rationalisation benefits and economies of scale which could be achieved, says Mr Bell.

Three divisions - Clows, City Sigma and City Central, which previously competed with each other - have been forged into a cohesive, centrally-managed operation.

Staffed by 500 people, the group has 10 branches, stretching from Randfontein in the west, through the central Rand to Springs in the east. This network of branches carries a total parts inventory of R5m, which is fully computerised with terminals in each outlet.

- McCarthy has landed the Alfa Romeo/Daihatsu franchise, one of the only ones it has not held in the past.

Announcing details of the Alfa tie-up, Mr Derek Dickson, managing director of McCarthy Motor Holdings, said McCarthy had been awarded the Alfa Romeo/Daihatsu franchise on an exclusive basis in Pinetown and the greater Durban area with effect from November 1.

"Any problems which Alfa may have had in the past were not product-oriented. They have simply not had as strong a dealer organisation as the product justifies."
CAPE TOWN.—Atlantis Diesel Engine (ADE) in Atlantis laid off 148 employees of its night shift staff—8.5% of its total production labour force— at the weekend because of the down-turn in the truck industry.

The night shift at ADE had been introduced last year to meet increased production requirements but part of it had to be discontinued last week because of a down-turn in orders from the truck industry which stemmed from the overall economic climate, the managing director of the company, Mr H Beck-urits, said yesterday.

The company would have to monitor the production situation on a daily and weekly basis to judge whether further retrenchments would be necessary, he said.
10,000 motor workers axed

At least 10,000 jobs have been axed in the motor trade over the past three months in the worst slump in new car sales in more than six years.

Also, the majority of the 45,000 workers still engaged by the big motor assembly plants have been forced on to short-time in a widespread slowdown of production tracks as the cash squeeze hits demand by consumers.

The National Association of Automobile Manufacturers disclosed last week that new car sales last month plunged to only 14,767—down 43 percent compared with a year ago and the lowest since July 1978.
VOLKSWAGEN have called a Press conference for early this afternoon in the wake of reports that the company plans to retrench hundreds of workers.

The communications manager of Volkswagen, Mr Graham Hardy, who announced the Press conference, was "unable to comment on any aspects of the company's plans for restructuring".

He said top-level management meetings were being held this morning.

A report in the Eastern Province Herald today said it was expected that, in addition to retrenchments Volkswagen would lay off the remainder of its staff for three days in an initial attempt to cut costs.

It was reported that the most conservative estimate was that 500 workers would lose their jobs.

Hints of a production cut at Volkswagen came last week from Mr Hardy, who said there was "every possibility" that there would shortly be a cutback in the production line.

A meeting of Volkswagen executives on Friday to "take certain decisions" was cancelled.

Volkswagen are already working a four-day week on their Microbus line.

The motor industry in the Port Elizabeth metropolitan area is at present in the doldrums and working short-time.

Ford today went on to a three-day week.

The public relations manager for Ford, Mr Harry Hill, said the move would affect all 3,500 of the company's hourly-paid workers.

He said the disastrous new car sales figures for September had forced the cutback.

General Motors announced on Thursday last week that it would close for four days next month — from November 15 to 16.

About 2,500 hourly-paid production employees will be affected.

It is hoped that details of the Volkswagen announcement will be carried in the City Late edition of the Evening Post today.

Meanwhile, it is learnt that the "aid package" for the Eastern Cape region sought during the meeting of local leaders with Mr Chris Heunis, Minister of Constitutional Affairs and Planning, on Friday included requests for a 20% increase in the existing 20% subsidy on rail tariffs for outward-bound traffic, the introduction of a 4% preference on tender prices submitted on public sector projects by local industrialists and the introduction of an investment allowance subsidising interest repayments on local investment of up to R7 million by 40%.
Retrenchments loom at VW

Own Correspondent

PORT ELIZABETH — Volkswagen is expected to retrench hundreds of workers today at the start of what could be the blackest week this year for Port Elizabeth and Uitenhage.

A range of reliable sources said they believed retrenchments would take place from the top to the bottom of the Uitenhage organization. It is also believed that soon after the announcement of retrenchments, Volkswagen will lay off the rest of its staff for three days in an auxiliary effort to cut costs.

Approached yesterday for reaction to rumours among Volkswagen workers that massive retrenchments would be announced this week — probably today — Mr Ronne Kruger, Volkswagen's public relations director, replied "No comment."

Early last week it was speculated that Volkswagen was already considering retrenchments after a prolonged sales slump which has hit every major motor manufacturer.

The most conservative estimate yesterday was that at least 500 Volkswagen workers would lose their jobs, although some sources believe the scale of retrenchments could be far greater.

The shock Volkswagen move — if it materializes — comes at the height of speculation that the Ford Motor Company of South Africa is in the final stages of negotiations which will see production of its Escort models shifted from Strandville, Port Elizabeth, to the Transvaal.

The loss of the Escort production lines would be a heavy blow to Port Elizabeth and Uitenhage.

It is believed that should Escort production be halted in Port Elizabeth, a number of motor manufacturing support industries will in turn have to consider moving some of their Eastern Cape plant to the Reef.

Moves to Reef?

At least one big enterprise has indicated that should Ford take the decision to move to the Reef, it would be compelled to shift a large number of its staff and some of its plant to the Transvaal.

Ford is said to have been engaged in negotiations with Amcor, manufacturers of Mazda, over a merger which would see Ford produce its Escort range in the under-utilized Mazda plant near Pretoria.

On Friday, Mr Brian Pitt, managing director of Ford said "No decision has been taken. It is unlikely that we will decide before early November."

Michigan man

He did confirm that Mr C John Roberts, Ford's world-wide public affairs director, based in Dearborn, outside Detroit in Michigan, had visited South Africa last week.

Mr Roberts had been in the country to help work out the best way of dealing with problems — from a public relations viewpoint — created by speculation that Ford was to move some of its plant out of Port Elizabeth.

Some observers believe this is a firm indication that there is a very strong likelihood that Ford is seriously considering making its first move out of Port Elizabeth.

A meeting between motor industry chiefs in the area and Mr Chris Hennis, Minister of Planning, and Dr Dawie De Villiers, Minister of Industries and Commerce, took place on Friday, and could result in action by the government to make vehicle-manufacturing more viable in the region in the future.

Mr Hennis was said to have been deeply concerned at the information given to him.
Volkswagen is to furlough about 450 workers from Friday, the company announced at a Press conference in Uitenhage yesterday.

In addition, certain sections of the factory would be closed for 2½ weeks from October 29 to November 16, both dates inclusive, said the managing director of Volkswagen South Africa, Mr Peter Searle.

Retrenchment numbers have not yet been finalised because certain negotiations are still in progress with employee representatives.

Volkswagen's total work force is about 1,900.

Mr Searle said the production loss of the newly introduced Golf 2 had not been affected by these moves and would remain on a five-day week. However, the press shop would go on to a four-day week and other production lines would shut down for 2½ weeks and thereafter work a three-day week.

Salaried staff were being asked to work a voluntary 10% longer work day with no extra pay and all salary increases were being frozen until further notice.

The position would have been more serious but for the demand for the new Golf 2 which was strong within the constraints of a difficult market, Mr Searle said.

Sales had dropped by half between June and September this year.

Mr Searle said it was very much regretted that the motor industry had been singled out for special attention on several occasions this year, over and above all other dampening measures taken by fiscal and monetary authorities.

Farther in the year an ad valorem duty was introduced on vehicles. The recent reduction in hire purchase repayment period, coming on top of increased taxation, both direct and indirect, at the individual and the highest interest rates on the country's history, was "an ill-considered and badly timed measure", he said.

The first signs of a serious downturn in the industry occurred, it was hoped the company could weather the storms with a contingency plan of possibly taking in early shutdowns in December, thereby preserving jobs if the market dropped further.

The recession, however, had affected the motor industry far more adversely than originally expected and more immediate measures had to be taken.

Mr Searle said he deeply regretted the effect on retrenched staff and their dependants and was well aware of the serious non-consumer effect it would have on the local community because Volkswagen was the main employer in the region.

Before the retrenchments were announced, Volkswagen was already working a four-day week on its Microbus line.

Ford yesterday went on to a three-day week.

General Motors announced on Thursday last week that it would close for four days next month.

Last month, 554 workers — both salaried and hourly paid — were retrenched from these two companies, Ford putting off 425 employees and General Motors 129.

After announcing the retrenchments on September 7, Ford also shut down its entire Port Elizabeth operation for two working days from September 10 to 14.

The same day the managing director of General Motors, Mr Lou Wilkin, announced that the company would go on a four-week shut down from October 9.

* Yesterday's move by Volkswagen came at the height of speculation that Ford is in the final stages of negotiations which will see the production of its Escort models shifted from Struandale in Port Elizabeth to the Transvaal.

The managing director of Volkswagen, Mr Peter Searle, shows the declining sales graph that has necessitated the retrenchment of about 680 employees. Below: New cars are lined up outside the Volkswagen plant in Uitenhage waiting for delivery to dealers.
No pact yet, say Ford and Amcar

By DAVID FURLOINGER
Industrial Editor

FORD and Amcar yesterday denied they had reached agreement on joint production.

Officials of the two motor companies said talks were continuing and no decisions had been taken.

They were reacting to claims by industry sources that Ford had agreed to transfer some of its operations to Amcar.

Talks have been going on since last month on co-operation between Ford and Amcar.

Ford, which laid off hundreds of hourly-paid workers and is operating a reduced week during the motor industry slump, is understood to be keen on transferring part of its production to Amcar's Pretoria works.

Most observers expect production of Ford cars to be switched to Pretoria. Amcar would welcome such a move to relieve it of its huge, unused production capacity.

In return, there have been suggestions that Amcar might transfer production of its commercial vehicles to Ford's eastern Cape plants.

Industry sources thought yesterday a preliminary agreement had been reached and that Ford was ready to shift part of its production to Amcar.

Ford's managing director, Mr Brian Pitt, said: "There has been no decision at all. Talks are still going on and any suggestion of a decision is pure speculation at this stage.

An Amcar spokesman said: "Nothing has been decided or handed over yet. We refused to be drawn on when a decision might be announced, adding: "It is very difficult to put a date on something like this."

Mr Pitt confirmed yesterday that Ford would continue working a three-day week for the rest of this year. He said the company would halt operations for the annual Christmas holiday earlier than planned.

He said: "We will shut down on December 3, instead of December 14 as originally planned, saving us six days of production on our present working week.

"We are due to start up again on the first Monday in January and we will decide then what kind of operation to run in the New Year."
BOTH Ford plants in Port Elizabeth are to close two weeks early for the Christmas break this year — on November 30 instead of December 13 — and will re-open on January 7.

This means a break of five weeks instead of the normal three weeks.

Financial loss is involved for some of the workers.

All hourly paid staff get paid for three weeks of Christmas leave, but only those covered by the Industrial Conciliation Act will be compensated for the extra fortnight of the shutdown period.

Office staff and salaried staff at both the Strumdale and Neave plants will stay at work till Friday, December 14.

Mr Fred Ferreira, director of industrial relations at Ford, said today the early closing step was taken in an attempt to adjust to the significant decrease in the demand for cars.

The National Automobile and Allied Workers Union (Naawu) will meet this evening to discuss the depressed situation in the motor industry.

The regional secretary of Naawu, Mr Les Kettleldas, said speculation about negotiations between Ford and Amcar would be discussed.

He said although Ford closing two weeks earlier meant a monetary loss to some hourly-paid workers, anything was preferable to more drastic measures like further retrenchments or even more short-time.

Alternatives to laying off staff were something Naawu had constantly recommended to the management.

Mr Kettleldas said Naawu was meeting Volkswagen management today to consider ways of reducing the number of people to be retrenched.

On Monday Volkswagen announced that 680 workers — both salaried and hourly paid — were to be retrenched by the end of the week.

"Obviously it is difficult to say whether it is possible to reduce the number of retrenchments in our present tight economic climate," Mr Kettleldas said.

The present unhealthy economic climate made retrenchments all the more difficult for the families involved.

Those hardest hit were workers who had recently joined the motor industry because unemployment benefit funds could be claimed only by those who had been with the industry for more than three years.

Another problem was that when the car industry suffered a downturn, other sectors were affected as well. This made finding alternative employment very difficult.

Spokesman for General Motors said today there were no plans to close early for the Christmas break.

BY CATHY SCHNELL

S Post
29/11/87
NEGOTIATIONS at VW reduced by

Mr. Brian Robinson, the industrial relations manager at VW, announced that negotiations had been held yesterday and would be continuing today. The talks were aimed at resolving disputes over pay and conditions.

The talks were described as being "intense and difficult." Mr. Robinson said that the issues at stake were significant and would have "far-reaching implications." He stressed that the company was committed to finding a resolution that would be fair and equitable for all.

The talks were held in a private setting, with strict confidentiality agreements in place. Mr. Robinson declined to comment further, citing the need to maintain focus on the talks and not to preempt any potential outcomes.

The negotiations were part of ongoing efforts to improve relations between management and employees. VW has been under pressure to address concerns raised by its workforce over recent months.
MORE WILL BE AXED BY FORD

By CATHY SCHNELL

IT has been reliably learnt that Ford will retrench between 300 and 400 salaried and hourly paid workers next Friday.

This could bring the number of people retrenched at Ford during the past two months to more than 800.

Negotiations to reduce the number to be retrenched will be held between Ford management and the National Automobile and Allied Workers Union (Naawu) on Monday.

Naawu's regional secretary, Mr Les Kettledas, confirmed today.

Mr Kettledas said Naawu had been advised that retrenchment would take place within the next two to three weeks.

He had heard about 200 people were to lose their jobs.

The director of industrial relations at Ford, Mr Fred Ferrara, declined to comment at this stage.

Mr Kettledas said it was unacceptable to Naawu that Ford could follow up with more retrenchments so soon after their last mass retrenchment.

On September 7 Ford retrenched 425 employees and shut down its entire Port Elizabeth plant for five working days.

Earlier this week Ford announced that it would close two weeks early for the Christmas break this year on November 30 instead of December 13 and re-open on January 7.

Mr Kettledas said the three-day meeting with Volkswagen this week to reduce the number of people to be retrenched today, had proved fruitless.

A total of 860 employees will be retrenched today.

Mr Kettledas said unless restrictions were lifted on hire purchase rates, the present unhappy situation might deteriorate further.

The Government should drastically reconsider its recently introduced fiscal measures, which were restrictive, especially on the motor industry.

The social implications of wide-scale retrenchment were already bad and would get much worse if the situation continued, he said.

To date about 1324 Port Elizabeth motor industry employees have been retrenched within the past two months.

Today the Ford branch of the executive committee of Naawu issued a statement on recent Press reports speculating that Ford is in the final stages of negotiations with Amcar, a move which see the production of its Escort models shifted from Struandale in Port Elizabeth to the Transvaal.

In the statement, Naawu expressed its "outright condemnation" of secret negotiations between Ford and Amcar without consultations with the workers and said such a move was a sure recipe for an industrial relations disaster.

The present discussions between Ford and Amcar clearly underlined everything the union was struggling for, the statement said.

The Naawu branch pledged its full support for the efforts by Amcar and Ford to find a just solution to the problem and demanded:

- That there be full consultation with the union by both companies on the implications of the negotiations on its membership at both plants.

- A guarantee that no jobs would be eliminated as a result of these rationalisation plans.

- Full information on the plans of both companies for the next 10 years on investment and the implementation of new technology.

The branch said it had noted the belated outcry from civic, business and political leaders on the possible transfer by Ford of certain of its production facilities to the Transvaal.

It was "surprising" that some of the people in high civic and political offices publicly declared that the automobile companies in the Eastern Cape were fulfilling their social responsibilities required of them and were playing a meaningful role in the well-being of the community.

The statement said the current situation proved that their faith in the good intentions of these companies was misguided.
MOTOR INDUSTRY
In the pits

A last ditch effort to rescue Port Elizabeth’s ailing motor manufacturers is underway with border-level requests for government assistance, estimated at R52m, to offset mounting production and delivery costs. Word is being put out that Ford’s rumoured relocation to Rosslyn will materialise if government aid is not forthcoming.

Last week Volkswagen (VW), Ford and General Motors (GM) held separate meetings with Constitutional Affairs and Planning Minister Christo Heunis and Industries Minister Dawie de Villiers on proposals for compensation to offset “the disadvantage of being based in Port Elizabeth.”

They seek incentives similar to those awarded to industrialists in other parts of Region D. Although Port Elizabeth and Uitenhage fall within the region they do not qualify for these incentives, the most favourable currently on offer, because they are long-established undertakings.

Meanwhile, industry sources fear the demand for new cars from now to next July will plunge by about 16% and overall sales in 1985 should fall by 20%–25%. Vehicle prices are expected to rise a dramatic 17% in 1985 should the rand remain weak in dollar terms.

“We have met the manufacturers and representatives from Cape, Transkei and SA,” says Louis Koch, chairman of the Regional Development Advisory Committee for Region D. “But we cannot divulge details of the proposals.”

Koch says the new incentives have been discussed in detail. “If approved by government we believe they could possibly influence certain decisions under consideration among motor manufacturers. We are not asking government to subsidise inefficiency in the industry but that it assists good plants suffering price inequalities due to their location.”

It is believed the incentives could sway Ford’s decision to move part or all of its manufacturing operation to the Amar plant outside Pretoria. However, Ford’s Dirk Petersen says, “We are still discussing the options with Amar.”

“Transport costs, distribution costs and shipping raw materials from the Reef to PE are our main headache,” he says. “Transporting vehicles to the Reef, our biggest market, costs around R100 per unit and coupled with a cost of R70 to bring raw materials here from the Reef any subsidy would have to take all these into consideration.”

Based on a rough figure of R170 subsidy per unit and taking into account total sales last year, government would have had to pay out R9,5m to Ford, R7,5m to VW and R6,5m to GM — a total of R23,5m in subsidies to these manufacturers alone.

Industry sources believe Ford is all set to shift production of the Escort and Sierra models and the spare parts operation to Amar’s Rosslyn plant which is presently running at around 50% capacity.

One source doubts whether incentives would be sufficient to keep Ford in Port Elizabeth “I believe the fundamental decision to move has already been taken and it is only a matter of time before it is announced,” he says.

Koch reports. “The incentives discussed could possibly help the situation at plants like VW where 600 workers were retrenched this week.”

VW has also shut down some production lines for two weeks and, when reactivated, the lines will work a three-day week. VW’s press shop goes on a four-day week and salaried staff are being asked to work 10% longer without extra pay. All salary increases have been frozen until further notice.

Production on the new Golf 2 will remain on a five-day basis but this could change if demand falls short.

With further lay-offs in the industry likely and the possibility of plant relocation, Koch says the situation is deteriorating almost daily.
GM to expand investment in SA

IN spite of the campaign in certain American quarters against American investments in SA and the withdrawal thereof, General Motors once again reaffirmed that they are here to stay and to expand their investments annually.

Mr Paul Morgan-Smith, director of the company from head office in Port Elizabeth, gave this assurance to the "minister of Finance, Mr Barend du Plessis, in Pretoria.

Discussions

Mr Morgan-Smith had discussions with Mr Du Plessis in Pretoria. He was accompanied by Mr Apie le Roux, the chairman of Apie le Roux Motors, Kemptonpark, and Mr Pierrie le Roux, managing director of the company, one of the biggest private General Motors dealers in the Republic.

Mr Morgan-Smith said after the discussions that he was very impressed by the minister's financial policy for the current economic climate.

He said he believes the minister is heading in the right direction.
Ford confirms further layoffs are due

By CATHY SCHINELL

FORD today officially confirmed that it would be retrenching more employees, probably at the end of this week.

The director of industrial relations at Ford, Mr Fred Ferreira, said further layoffs would definitely take place, but declined to comment on how many would lose their jobs.

Mr Ferreira said he expected the National Automobile and Allied Workers Union (Naawu) to make representations to management soon.

It was reported in the Evening Post on Friday that Ford would retrench between 300 and 400 salaried and hourly paid workers this Friday.

This could bring the number of people retrenched at Ford during the past two months to more than 800.

Last week the regional secretary of Naawu, Mr Les Ketteldas, said these proposed retrenchments showed a lack of planning by management.

Ford retrenched 425 employees on September 7 and shut down its entire Port Elizabeth plant for five working days.

Last week Ford announced it would close two weeks early for the Christmas break this year — on November 30 instead of December 13 — and would re-open on January 7.

Volkswagen retrenched 680 hourly, paid and salaried employees on Friday, the end of one of the blackest weeks the motor industry has seen for a long time.
Men quit over fears plant will close

From KEN VERNON
Argus Bureau

PORT ELIZABETH — Ford Motor Company executives are resigning because of fears that the Neave production plant, employing more than 2,000 people, will close, according to company sources.

However, this has been denied by Ford.

Rationalisation talks between Ford and Anglo American's Pretoria-based Amcar have been under way for weeks.

Employees of Ford have been warned not to speak to the Press, but it has been reliably learnt that if the talks are successful production of the Escort range at the Neave plant will be discontinued.

INQUIRIES

If the popular Escort disappears from the market it will be replaced by a Mazda Escort combination to be produced at the Amcar plant in Pretoria.

Inquiries about the outcome of the Ford-Amcar talks have disclosed dissatisfaction among Ford executives about the way the talks have been conducted.

"No one really knows whether they will be axed in a few weeks, so everyone is looking at ways to get out while they still have a chance of finding work," said one executive.

The company has confirmed that it would be retrenching more employees, probably at the end of the week.

The director of industrial relations at Ford, Mr Fred Ferreira, said further lay-offs would take place, but declined to give details.
Union Warns over 'Secret' Talks - The National Mercury, Monday, October 29, 1964
Government asked to help East Cape's crisis-hit motor industry

Argus Bureau
PORT ELIZABETH — The Government is being asked to provide special help to the Eastern Cape motor industry in the face of "the worst crisis in its history".

In a memorandum now with Cabinet ministers, National Party MP for Uitenhage Mr Dawes le Roux says the Port Elizabeth-Uitenhage area should have concessions similar to those operating in East London.

East London has a 60 percent rail subsidy, but Port Elizabeth only a 20 percent subsidy, he says.

This, in effect, subsidised the manufacture of luxury cars in East London at the expense of small and medium cars in the Port Elizabeth area.

Mercedes Benz and BMW operate assembly plants in East London. Ford, General Motors and Volkswagen have plants in the PE-Uitenhage region.

Mr le Roux said that as the MP for Uitenhage it was right for him to raise the plight of his constituents. He recently handed the memorandum to two Cabinet Ministers visiting Port Elizabeth.

"Volkswagen is the economic dynamo of the whole of my constituency. When VW suffers, the whole area suffers," he said in an interview.

Mr le Roux said he had asked for:
- Changes in tax structures to encourage the manufacture of the small-to-medium car market rather than the luxury car market.
- Special export concessions for the Eastern Cape motor industry.
- Review of training incentives.
- The scrapping of ad-valorem taxes on cars.
- Changes to local-content regulations.
- Equalisation of the steel price.
235 to be retrenched by car firm tomorrow

By CATHY SCHNELL

FORD is to retrench 235 salaried and hourly-paid employees tomorrow. This will bring the number of people retrenched at Ford during the past two months to 669.

The director of industrial relations, Mr Fred Ferreira, said Ford had tried to avoid further staff reductions. However, the need to further adjust production schedules to meet current demand levels had necessitated this action. Those who had lost their jobs would be told tomorrow, Mr Ferreira said.

On September 7, Ford retrenched 425 employees and shut down its entire plant for five working days. Today's retrenchments bring the number of motor industry employees to lose their job to 669.

Meanwhile, a delegation of Port Elizabeth Naawu shop stewards will meet with its union stewards from all the main cities in South Africa in the Transvaal this month to discuss negotiations between Ford and Amcar.

The regional secretary of Naawu, Mr Les Kettledas, is at present in the Transvaal in connection with the negotiations. This was confirmed by the national secretary of Naawu, Mr Fred Sauls, who added that, so far, little information about the negotiations was available.

Last week Naawu criticised the "secret negotiations" between Ford and Amcar as being without consultation with the workers and said such a move was a "sure recipe for industrial relations disaster".

The director of the Port Elizabeth Chamber of Commerce, Mr Tony Gilson, said he had no doubt the situation would get worse before it got better and that many more people would get hurt before the economy recovered.

Meanwhile local employment agencies have been flooded with people applying for work.
Ford will retrench 235 staff

PORT ELIZABETH — Ford Motor Company said in a statement today that it was to retrench 235 hourly paid and salaried staff tomorrow.

But those to be affected will learn of their plight only when they pick up their cheques.

On September 7 Ford retrenched 425 workers and closed down its operation for a week.

The timing of today's statement means that many of Ford workers will spend an uneasy night wondering if tomorrow will be their last day of work — with Christmas looming and alternative employment scarce.

The public affairs manager of Ford, Mr. Durk Pieterse, said today he did not think the method of dealing with the retrenchments was callous.

"This is the way it is always done," he said.

He said workers would be paid lieu of notice, adding that Ford always issued a statement about retrenchments as soon as possible after a decision was taken.

The retrenchments will bring the total number of workers laid off in the Ford Elizabeth motor industry to 1,468 in two months.

Meanwhile, a national shop stewards' meeting of the National Automobile and Allied Workers Union is to meet in Johannesburg this month.

They will discuss the "rationaUisation" talks between Ford and Anglo America's Amcar.

"Last week" Naawu criticised the "secret negotiations" between Ford and Amcar as being a "sure recipe for industrial relations disaster".


1600 jobless — and relief fund dries up

Argus Bureau

PORT ELIZABETH — The National Automobile and Allied Workers' Union relief fund — set up to help retrenched workers waiting for unemployment benefits — has run dry.

The announcement by Mr Freddie Sauls, the national secretary of Naawu, today coincides with the retrenchment of another 235 workers by Ford Motor Company.

Mr Sauls said that all available money in the fund had been used up — "but the union will continue to honour its pledge to retrenched members who contributed to the fund, by using money from other sources".

11 CENTS

Union members had been contributing 11c a week to the fund, but the large number of retrenchments — more than 1,600 in the motor industry in the past two months — had proved too great a drain.

He said the fund had been launched to bridge the six-week gap between retrenchment and the beginning of unemployment benefits.

"If a person has worked for a year, he will get 45 percent of his salary for just two months. If he has worked three years, he has a six-month cushion."
that Ford has laid off workers this year. In early September, 428 employees were retrenched. The company has been working a three-day week since the beginning of October and plans to start its annual shut-down on at the end of this month — two weeks earlier than originally planned.

VW retrenched 680 workers employed at its Uitenhage plant last Friday. In addition, the plant stopped production for two weeks from Monday and will work a three-day week thereafter. The only exceptions are the Golf II production line which is working a five-day week and the press shop which is working a four-day week.

GM's Port Elizabeth plant has been working a four-day week since June and laid off 129 workers in September. The company plans to shut down the plant from November 12 to 16 and work a three-day week thereafter.

Two unions are members of the council, the Federation of SA Trade Union's National Automobile and Allied Workers' Union (Naawu) — which is the dominant union — and the all-white SA Iron, Steel and Allied Industries' Union (Yster en Staal).

The FM understands that Yster en Staal will not be pushing for increases. Naawu has already submitted demands to the council but a union spokesman declined to reveal them to the FM. Nevertheless he did say Naawu will pursue four aims which it hopes to have implemented throughout the motor industry. They are:

- A "living wage" (in August a Naawu spokesman told the FM the union wanted a R3 50/hour minimum);
- A reduction in working time;
- An increase in job security; and
- Paid maternity leave and guarantees that women will have the right to return to work after pregnancy.

Ford's industrial relations director Fred Ferreira has poured cold water on Naawu's demands. Says Ferreira: "It is questionable whether manufacturers will have the ability to increase wages beyond their present level in the immediate future and while the industry remains as depressed as it is."

It appears unlikely that Naawu and the employers will see eye-to-eye in the council negotiations. It is possible that the employers will be looking to have the existing agreement extended or to come to some sort of interim agreement with the union. Another possibility if the union does not go along with their proposals is that the agreement will lapse. In that case, the union will have to come to individual arrangements with the manufacturers.
hit

Lay-offs

Motor Industry

PORT ELIZABETH — The immediate effect of the recent improvements in the motor industry was to reduce by about 800 people — about 1350 — of Ford's workers.

At the Ford plant, about 1350 workers were laid off last week, and this was expected to be a short-term measure.

In the Ford plant, about 1350 workers were laid off last week, and this was expected to be a short-term measure.

Those who resigned in June had rejoined the re-

Another 250 employees were laid off last week, and these workers were expected to be able to remain on the job if the Ford plant is re-opened.

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LEYLAND SA announced yesterday that it is creating three separate trading companies within the new structure would be responsible for all activities relating to present, this company would relocate its headquarters and most functions to Johannesburg, using Leyland’s existing premises at Elandsfontein — Sapa

the three companies would consist of a contract assembly company, a heavy commercial vehicle company and a prestige vehicle marketing company.

Further details, including the trading names of the companies and management appointments, would be announced shortly.

He said that after a number of radical changes in the company’s activities in the past three years, "we have now reached a point where the activities we are in are those we invest in and develop on a long-term basis."

"The three major activities of the company have become far less interdependent and we believe a decentralized structure with separate management teams responsible for the successful development of each of the three companies is now more appropriate for our business," Mr. Beck said.

The largest company...
A BETTER IDEA?

But where do the motorw-

SOUTH AFRICA'S motorworkers face a bleak future as the wheels gradually come off one of this country's major industries.

A total of 1,234 workers have been laid off in the past two months — and a further 400 are expected to lose their jobs today at Ford.

Countless families are headed for a bleak Christmas — and even bleaker time beyond that.

Times of hardship lie ahead. Many of those retrenched have told City Press they are already battling to survive, and have little hope of finding new jobs.

Last week, at the giant Volkswagen plant near Uitenhage, 680 workers were laid off. They joined the 452 retrenched by Ford in September and the 129 laid off by General Motors.

Last week, Ford announced that another 400 workers would be retrenched this week — bringing to 800 the number of people retrenched at Ford during the past two months.

National Automobile and Allied Workers' Union secretary Les Kettledas told City Press the union had been told the retrenchments would take place within the next two weeks.

Things are far from bright, too, for the thousands lucky enough to escape the big axe.

Every Friday afternoon, they go home with bag packets following companies' decision to cut back for the Christmas period.

Last week, it was announced that it would be the Christmas two weeks earlier — on November 13.

Workers will have to cope with a week break, ... even more financially.

Ford industrial relations manager Fred Ferreira decided to close the book and say that it was a difficult and painful decision.

But, as Mr Kettledas put it, the present economic climate...
No work, no cash — and nowhere else to go

Last week, 680 shocked and bewildered workers filed out of the Volkswagen plant in Uitenhage. They had been retrenched and had very little to look forward to.

They walked quietly, with very heavy hearts, away from the jobs which some had held for more than four years.

The men told City Press they had started work that morning not knowing they would be retrenched.

During the day they were given letters telling them they would no longer be needed.

They were comforted by their colleagues but it was little comfort — where else do you get a job in times like these?

Their colleagues had problems of their own, anyway. Initially 1,600 workers were supposed to be laid off, but Naawu had managed to trim this to 680.

Still there were the questions Who "escaped"? And who was next?

The retrenched workers each received five days' severance pay for every two years of completed service, and the cash equivalent of leave still due.

One of them, Samuel Ralane, 48, a father of seven children, told City Press he was the breadwinner in the family, "with a very sick mother."

"I feel very sad. I did not expect it. I knew it only today."

"I have been working continuously for three years without missing a day."

"Now, I have no record," he said — and wept.

But the irony of it all is that this year's car sales are expected to be the third highest ever — more than 12,000 up on last year.

badly reduced pay
saw the motor com-
th Ford also an-
would close for
weeks earlier than
November 30 instead
will now have a five-
which will mean
financial hardship
"All relations direc-
tions said they had
early "in an at-
just to the signifi-
time demand for cars"".
Mr Ketteldas pointed
present unhealthy
climate is making re-
trenchments all the more difficult
for the families involved.
"Those hardest hit are workers
who have recently joined the
motor industry, because un-
employment benefits can only be
claimed by those who have been
with the industry for more than
three years," he said.

When the motor industry suf-
f ered a downturn, other sectors
were affected as well.

Mr Ketteldas said the Govern-
ment was partly to blame for the
crisis in the motor industry.
"Unless the Government lifts
measures restricting hire pur-
chase agreements on car sales, more
workers will lose their jobs," he said.
Mr Tommy Watson, centre, after hearing today that he had been laid off at the Atlantic Diesel Engine plant. "I didn't know I was going to be retrenched," he said.

Atlantis Diesel Engine lay off over 300 workers

Labour Reporter

ABOUT 300 Atlantic Diesel Engine workers were laid off today immediately after reporting for work.

Workers streamed out of the factory clutching retrenchment forms. Many said they were "shocked" by the sudden move.

Mr WF Rautenbach, ADE's chief executive (marketing), said "just over" 300 employees comprising salaried staff and hourly-paid workers were told when they arrived at work that they were being retrenched.

Mr Rautenbach said the "works council" at ADE had been informed yesterday that retrenchments would be implemented today.

The affected workers were not told until today.

"This is a very distressing exercise and one forced upon us by the economic climate. The general weakening in the economy has resulted in a substantial downturn in the automotive sector," he said.

ADE, which manufacturers diesel engines for tractors and heavy commercial vehicles, expected to build 22 000 engines in 1985 — about three quarters of the "normal gong rate in a normal year," he said.

First to leave

"As a result, management has had to take a serious look at its cost structure and implement this retrenchment programme." Mr Rautenbach said there had been no discrimination "on the basis of race or colour" when implementing the retrenchments and "wherever possible, long service was taken into account."

Hourly-paid workers — the first to leave — said they had no idea they would be laid off today.

One man said he had started work and "then they came and took all my tools away and said I must go collect my money."

Another worker, Mr Trevor Pathus, who pays R200 a month rent for his Atlantic house, said he felt "bloody bad" about the move.

Mr Tommy Watson said he had moved from Cape Town two years ago to work in ADE.

"My house costs me R20 a week here. How can I keep a family now?"

Mr Peter Cookson, who worked for the firm for three and a half years, said, "Every time it's the same story. They say there will be no retrenchments then they lay us off. I am the breadwinner in my family, supporting my mother and four children who are at school. I pay R28 a week rent."

Turned down
Atlantis Diesel Engine lay off over 300 workers

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Turned down

Mr Cookson, an artisan, said he was offered a job as a labourer which he had turned down. "I can't go back to a wage of R210 an hour."

Another man, who did not want to be identified, said while South Africans were being laid off "people from overseas are working here."

Many workers complained that when rumours about retrenchments were strong, management had denied them.

Rumours;

Mr Rautenbach said the works council had asked management "some months ago" whether rumours of retrenchment were correct and "at that stage the answer was no"
ATLANTIS Diesel Engines (ADE) yesterday retrenched over 300 employees, including about 150 salaried staff, reflecting the continuing economic downturn in the motor industry.

The layoffs at ADE follow those in several other companies in the motor manufacturing as well as the motor component industries.

Yesterday Mr. W. F. Rutenbach, chief executive (marketing) at ADE, strenuously denied claims that the company had recently taken on foreign employees who would keep their posts at the expense of local employees. He added that for every foreign worker employed in a skilled position at the company a local worker was being trained to fill his post.

Staff who had been retrenched would be paid severance pay, accumulated leave pay and a "compassionate separation allowance" that ADE had decided to give workers as a voluntary gesture.
Plastics playing greater car role

Financial Reporter

Fuel economy requirements are largely responsible for a steady increase in automotive plastic consumption.

SVP South Africa, part of the international business information/research organisation, says US carmakers have been looking at material substitution and vehicle down-sizing as a means of meeting government regulations.

Because plastics offer weight, cost and performance advantages, makers engineer as much as 73kg into cars. It is estimated, says SVP, that plastics will account for as much as 79kg of the average US car by the mid-1990s.

The original equipment market for plastics should remain the largest in the long run, accounting for nearly three-quarters of total US automotive consumption by 1995.

Although total OE automotive consumption is expected to increase by 1995, vehicles will utilise only 5kg more plastic than the average 1983 model. This relatively small increase in consumption results from down-sizing, the use of lighter plastic and the substitution of non-plastic materials for plastic.

SVP South Africa says the plastic content of cars coming off the assembly line will doubtless increase, with the after-market expected to expand accordingly.

After-market plastic consumption increased from a mere 22-million kg in 1967 to 113-million kg in 1983. It is expected to top 262-million kg by 1995.
Motor industry, Govt must ‘tighten their belts’

Staff Reporter

MOTOR traders as well as the Government must tighten their belts to survive the economic recession, the Minister of Transport, Mr Hendrik Schoeman has told the Motor Industries Federation.

Mr Schoeman said at the official opening of the annual meeting of the Federation and the South African Motor Industry Employers’ Association today:

"It is of cardinal importance for you, as well as the Government, to tighten your belts and do everything possible to increase productivity and simultaneously keep costs as low as possible."

Mr Schoeman said the National Transport Commission was examining problem areas:

- Inter-modal rivalry in freight transport
- Transport organisation
- Co-ordination of transport in Southern Africa.
- Finance
- Passenger transport
- International air transport

Mr Schoeman said the NTC was considering the following:

- Energy planning and road transport.
- The minister referred to toll financing of specific road projects.

"The total benefits which road-users and society derive from the toll road must significantly exceed the total cost," he said.

"These benefits include savings in time, fuel, oil, vehicle depreciation, maintenance and accident costs."

He said future toll revenue provided the NTC with the opportunity to procure loans to complete projects sooner. This was important because Government policy was to minimise fuel levy increases which were inflationary.

The provision of service and rest areas next to national roads was also discussed by Mr Schoeman.

The need for these facilities had arisen with the construction of national roads bypassing towns.

Expanded policy

The NTC had expanded its policy to provide for service and rest areas with direct access to national roads between intersections, Mr Schoeman said.

"These facilities had been provided to reduce driver weariness and to reduce accidents," he said.

Mr Schoeman said he wished to dispel the misconception that they had been provided with the aim of doing trade and competing with facilities in roadside towns.

"Research has shown that 45 percent of all single vehicle accidents take place as a result of driver fatigue," he said.

There ought to be enough facilities to allow motorists to stop ev...
VW, Ford expecting higher sales

The automotive industry this month saw an upsurge in sales and fears of a slowdown in the market.

Volkswagen, Ford, and other major car manufacturers are reporting higher sales numbers compared to last year. The introduction of new models and improved features is expected to boost sales further. The overall car market trend shows a significant improvement, with the sales data from the past two months indicating a positive outlook for the industry.
Industry Incentive, Too Late?

Business Day/Industry

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Industry

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SA motor industry is ‘bleeding badly’

Allied set to become ‘financial supermarket’ as building societies widen their scope

By ADELE d'ANGELO

THE entire motor industry is “bleeding badly” as a result of an artificially induced recession which has gone too far, says Mr Jossel Lipschitz, managing director of Schuss Holdings.

Mr Jossel said this week that his group had retrenched staff of all races because sales were falling and there was no other way to cut costs.

“I will not say how many people we have had to retrench, but we have done it steadily and many of these people are still unemployed.”

He was commenting on news that Porter Holdings - which lifted earnings by 62.8 percent to R31,125 million (R112,9-million) in the year to June - expects a loss in the current year.

Relinquish franchise

Mr Brian Porter, chairman, at the annual meeting this week followed news that a 7-year-old Cape Town motor business, H. Farber Holdings, was to relinquish its Nissan franchise because of the depressed state of the market.

Mr Lipschitz and Mr Porter said the drastic fall in sales, which had hit both manufacturers and retailers in the past three months, resulted from the combination of higher interest rates and a shorter hire-purchase payment period.

Mr Porter said “We get customers who think that in spite of their higher bond repayment and higher cost of living they can still afford a new car.

“But then when they realise they must pay over 36 months instead of 48, they say they cannot afford it after all.”

“When we look at the figures we realise they cannot and it would be wrong to try to pressure them into buying.”

Mr Lipschitz agreed “People change their minds when they are sitting at the desk and see the size of the instalment that they must pay over 36 months large a dose, in its attempt to bring down inflation.”

Developed anorexia

“The economy is like a woman who has tried to slum by going on a crash diet and has developed anorexia.”

“It is not only the motor trade but other types of business which are being affected and I think some urgent relief must be given if South Africa is to avoid a depression which it will be very hard to climb out of.”

“People can afford to be unemployed for only a certain period of time. This is a politically dangerous situation.”

Mr Tindall announced in Cape Town this week that the society was to start offering financial plans based on guaranteed insurance schemes.

He said this move to widen the scope of the services offered was the result of the Government’s decision to change the way the building society movement operated.

By 1990 the movement was likely to bear only slender resemblance to what it was today. However, it would still be the major source of home finance.

He expected the new regulations governing building societies to be introduced in 1988. These would result in the Allied having to aim at increasing its profitability rather than the size of its assets as it had been doing until now.

MOVING MONEY

This meant that it would have to provide many more financial services.

“Your are not going to make much profit merely moving money over a counter.”

Mr Tindall said the Allied planned to offer a comprehensive financial service to clients, either from its own resources or in cooperation with other organisations.

The financial plans were being offered in association with PPS, a personal financial planning company in the Sage group.

Initially the Allied was offering three insurance-based financial plans, prepared by the Old Mutual and Ned-Equit Insurance Company.
Motor trade losing R50-m each month

Argus Correspondent

JOHANNESBURG. — The motor trade sounded the alarm bells today with the disclosure that its business losses are now running at R50-million a month.

And the number of jobs axed in the production slowdown since mid-year has reached 16,000.

The National Association of Automobile Manufacturers announced that talks would be held with Mr Barend du Plessis, the Minister of Finance, on November 30 to persuade him to ease back on the economic squeeze.

Optimism on the possibility of relief has been raised by the interest rates made by the Minister in Germiston last night.

He told a 'political' meeting that stringent measures applied in August had caused pain but good results had come in. It was now perhaps time to consider a degree of relief.

New package

Mr Nico Vermeulen, executive director of Naamsa, declined to disclose 'exact details' of the new package to be proposed by Naamsa but hinted that the Minister would be asked to:

- Bring down the sky-high interest rates propped up by a record 25 percent prime rate
- Ease back on restrictions on hire purchase sales to allow buyers more time to pay
- Lower the burden of proposed fringe benefits taxation on the running of cars for business
- Cut the scale of duties on imports of vital components that still had to be shipped in from overseas

"First blow"

"The increase in general sales tax to 10 percent on July 1 was the first blow to motor sales and should have been an adequate brake on consumer demand by itself," said Mr Vermeulen.

"The additional squeezes that followed have forced extravagant consumers to cut back on spending. They have learned their lesson and now perhaps it's time to ease back a little before the damage to business and employment becomes excessive."

Retrenchments at the assembly plants had reached 3,200 and a further 12,000 jobs had had to be axed by component suppliers and distributors.

Manufacturers

Only two out of the 14 main manufacturers — Toyota and Mercedes Benz — had so far escaped cutbacks.

Though figures out today showed car sales in October had increased from 14,822 to 18,154, compared with September, when they slumped to their lowest in six years, they were still 21,7 percent below the level a year ago.

Sales of most commercial vehicles were also running below the rates of 12 months ago.
More car workers to lose their jobs

Argus Bureau

PORT ELIZABETH — General Motors is to retrench another 320 hourly-paid and salaried staff when the factory closes for the Christmas holiday.

In a statement the general manager of General Motors, Mr. Lou Wilkings, said because a turn-around in the depressed motor industry had not materialised, staff reductions had become necessary.

The retrenchments will take effect on November 21 and the next day the General Motors plant will close for an extended Christmas break of 7½ weeks.

The lay-offs will bring the number laid off by the major motor manufacturers in Port Elizabeth in the past two months to more than 2,000.

The Argus Correspondent in Johannesburg reports that the troubled Kanhyem meat and coal mining group is to lay off 1,300 workers — about 20 percent of the workforce — before Christmas. Kanhyem had a loss of R10 million in the six months ended June.
Motor companies expected to announce merger

Mercury Correspondent
PORT ELIZABETH—The Ford Motor Company and Amcar Motor Holdings in Pretoria have decided to merge. An announcement to this effect is expected, perhaps next week, but certainly before the end of the month.

This was revealed yesterday by the director of the Motor Industries Federation in Johannesburg, Mr. van Huysteen.

Spokesman for Ford and Amcar would not confirm or deny the proposed merger.

They said an announcement would be made when negotiations between the two companies had been completed.

Mr. Reuben Eikle, of Amcar, said no date had been finalised for the release of a statement. Mr. Harry Hill, of Ford, said a Press conference would be called if and when an announcement was to be made.

Ford and Amcar would form a joint manufacturing concern with each company having an equal share, Mr. van Huysteen said.

Authoritative sources predicted that the Escort manufacturing operation would be moved to Pretoria and that Amcar, in response, would move its light-truck assembly operation to Port Elizabeth.

With parts interchangeable between the Ford Escort and the Mazda 323 and the overseas link between Ford and Toyo Kogyo, Mazda's parent company in which Ford of the US holds a 25 percent share, it seems likely that the main thrust of the common manufacturing company would concern these two models.

Replace

This probably would see the Escort and Mazda retaining their current body shells but using similar drive assemblies.

The other benefit, according to industry sources, is that the Escort would move to a more modern production line.

Amcar's Mazda pick-up and Mitsubishi trucks probably would replace the Escort at the Neave Assembly Plant where Ford currently builds all its trucks.

In September, Ford and Amcar issued a statement that the two companies were exploring matters of mutual interest.

In the past six months, Ford has retrenched 660 hourly and salaried workers and extended its 18-week shutdown period. Amcar retrenched 315 workers in August.
Merger may herald 'Car Wars',

Tribune Correspondent

THE plans of Ford and Amcar to merge may signal the start of "Car Wars" as weaker companies battle for survival.

Amcar, controlled by the vast Anglo American Corporation, is expected to announce the wedding bells with Ford SA in the next few days.

But inside sources in the motor trade insist there are several more covert courtships in progress as a number of car firms seek stronger alliances as the giants clash in the most intense competition on record.

The National Association of Automobile Manufacturers, NAAMSA, confirms that the motor trade has been forced to axe more than 16,000 jobs in the past three months as the economic squeeze has slashed motor sales and plunged the industry into losses now running at over R2-million a day.

A NAAMSA count last month found that a stunning 40 percent of car production capacity was now standing idle as a result of the sales slowdown.

Only two of the car giants have remained unscathed—Toyota, the robust market leader, and Mercedes-Benz, which has now added Honda to its stable.

The whole industry is in agreement that the South African market is not large enough to carry the current number of competitors—10 major manufacturers plus several smaller operations.

Eyes are fixed at the moment on the contrast with Australia, which, though a much larger market, is tailoring its domestic car assemblers down to only three in efforts to find a formula for better viability.

The anticipated transfer of Ford car production from the Eastern Cape to the Amcar plant outside Pretoria is almost certain to be only the first in a series of changes to industrial patterns.

Next to come, according to insiders, will be the withdrawal of Peugeot from the Amcar lines and a transfer to the Leyland works in the Western Cape.

Leyland, owned by BL of Britain, will be inclined to host the French tricolor rather than the Union Jack over its car assembly plant, where Peugeot will be joining Renault—while Leyland production of British vehicles, such as the Mini, Rover and Jaguar, creaks to a halt.

Insiders also consider it only a matter of time before General Motors, based in Port Elizabeth, works out a merger with a competitor.
Joint statement on progress of talks postponed

By LOUIS BECKERLING
Business Editor

A JOINT statement on the talks between Ford and Amcar has been postponed — raising doubts whether a merger plan between the two motor manufacturers has been finalised.

An alternative explanation for the delay could be merely that a decision regarding the strategic timing of a statement on the merger plan has been revised.

The statement was due on November 28, but plans to lift the lid on the progress of talks which have been shelved have been shelved.

The latest twist to the talks follows several previous false starts and raises a possibility so far entirely overlooked in recent media speculation, namely that one or both of the multinational giants behind the scenes — Ford and Anglo American — have baulked at finally putting their signatures to a merger document.

No comment on the latest delay could be obtained from either company today, but the increased uncertainty introduced by the delay may prompt an explanation for the hold-up next week.

A prediction that the discussions between the two motor manufacturers need not necessarily conclude in an agreement on a merger, was made clearly and unequivocally by Ford managing director Mr Brian Pitt on September 25.

Interviewed on the day Ford confirmed it was talking with Amcar on rationalisation possibilities, Mr Pitt told the Evening Post, "Among the many tangents that the talks may take is the possibility that we come out of this thing with nothing changed at all."

However, commonsense, and a rash of rumours in the city, support the view that Ford and Amcar have already concluded an agreement, and that Ford will move part or ultimately all of its operations to Amcar's Roslyn plant.

Several motor industry observers have pointed out that it is hard to reconcile this view with the fact that the prolonged uncertainty surrounding the talks is damaging morale and productivity at Ford's plant, apart from posing an unknown threat to labour stability.

"If it is true that an agreement has been concluded it wouldn't be in either company's interests to withhold a statement any longer than necessary," one observer argued.

Another puzzling feature of the talks is the evident ignorance of their progress or outcome among several senior executives at Ford.

It is being argued that if the nuts and bolts of a detailed agreement had already been tightened the executives would surely have already been vital contributors to the planning required.

It is reliably understood that the details of the talks are known to only a very small and tightly-knit group.

Under such circumstances it may be argued that little more than the general principle of rationalisation — and the financial implications of a possible move — are under discussion, with the details to be sorted out later by working groups yet to be established.
General Motors to retrench 320 workers

PORT ELIZABETH — General Motors plans here will close for an extended Christmas break of 7½ weeks today, but 320 of the 2,500 employees will not return to work.

The 320 workers to be retrenched are among nearly 2,000 car workers to have lost their jobs in the slump that has hit the Eastern Cape's car industry recently.

The public relations officer for GM, Mr. Peter Sullivan, said the workers would receive normal holiday and service pay and a year-end gratuity.
Motor industry crowded
— Sterling

By Hannes Ferguson,
Pretoria Bureau

The South African motor industry is heavily over-populated, says Mr. Spencer Sterling, managing director of Amcar.

He told a motor industry symposium, presented in Pretoria yesterday by the Consumer Council, that the time was now ripe to rationalise the South African motor industry into a smaller number of manufacturing units with greater economies of scale.

POTENTIAL

This would offer real potential for continuing productivity improvements.

The government should introduce incentives for the present eleven manufacturers on the small South African car market, to merge or withdraw.

The approach could be similar to the plan recently published by the Australian government, where, in a market almost twice the size of South Africa's, the existing five manufacturers were to be reduced to three.

The prospect otherwise was of a continuing inflationary increase in South African car prices, he said.

*See Page 6.*
Amcar calls for industry overhaul

By ANDREW DUNCAN

THE rationalisation of the motor industry was an urgent necessity, Mr Spencer Stirling, the managing director of Amcar, said yesterday.

He was speaking at a symposium organised by the Co-ordinating Consumer Council in Pretoria.

He said the Government should consider adopting a new approach to regulation of the industry which, in addition to the mandatory local content programme, would include incentives for the 11 manufacturers to merge or form consortia or withdraw altogether.

"This approach could be similar to the plan recently published by the Australian government where, in a market almost twice the size of SA's, the existing five manufacturers are to be reduced to three by 1990 in an attempt to achieve an efficient and competitive industry."

"Much would depend on the attitude and actions of the Government over the next few years and the general economic climate."

For the past 20 years, the Government had encouraged expansion of the component manufacturing industry through a protectionist policy based on the application of import duties and excise taxes.

This policy had succeeded in the creation of a large number of manufacturing companies dedicated to supplying the motor industry.

The major benefits had been the creation of job opportunities and the transfer of new technology from the major industrial countries.

A major liability, however, had been the escalation of variable and fixed cost in the motor industry itself. This had been passed on to the consumer.

"With the Government's current and belated pre-occupation with anti-inflationary policies and its avowed intention to encourage truly competitive industries, it is in my opinion, highly unlikely we will see any increase in local content requirements beyond the present 65% by weight."

"The marginal cost of increased local content will invariably lead to increased pressures on retail prices, notwithstanding present exchange rates."

"Every aspect of the present structure and financial circumstances of the motor industry suggests nothing but escalating cost pressures, with resultant flow-through to corresponding retail prices."

"There will be only limited opportunity for compensating productivity improvements because of the number of manufacturers and models competing in a very small market by world standards."
Tear gas used to disperse Natal workers

Mail Correspondent

DURBAN — Police used truncheons, teargas and rubber bullets to disperse a crowd of workers at a Toyota plant in Prospecton in Durban, yesterday. Dozens of employees were injured, some seriously.

Mr. Bob Devlin, the personnel director of Toyota Manufacturing, described the police action as "totally unnecessary."

In the past, he said, police had been called in to remove women selling "Uuba." Yesterday he had heard a group of women ululating and men shouting.

"I saw the workers weren't happy about the 'Uuba' sellers being removed," he went on. "I went down and spoke to them in Zulu and told them not to allow themselves to be provoked.

"Our blokes didn't do a thing. They just stood there while the Indian policemen arrested the women and put them into their vehicle.

"Suddenly three riot vans raced up and armed white policemen with dogs spilled out. As soon as the Indian policemen saw them they ran back to their van and grabbed long rubber truncheons. They started beating everyone in sight. The workers scattered in panic and ran in all directions.

"Then someone threw a can or a stone and the white policemen started firing rubber bullets and teargas," he said.

Mr. Devlin said 25 people were hurt, three of them seriously. The incident was being taken up with the Commissioner of Police, General Johoan Coetzee.

A police spokesman said the trouble started when policemen from Isipingo were busy with a normal crime prevention patrol... When the workers started throwing bottles and stones at the policemen the help of the Durban Reaction Unit was called in.

The policemen fired rubber bullets and tear gas to disperse the crowd. Fifteen blacks were arrested. There were no reports of injuries.

Mrs. Helen Suzman reacted sharply to the alleged unprovoked attack and called for an immediate high-level inquiry.

"The eyewitness account is absolutely horrifying. It is totally unacceptable that innocent bystanders should be attacked by the police in the way described, and if the story is true, then the strongest possible measures must be taken against the riot policemen who unleashed such havoc amongst the workers."

The National Automobile and Allied Workers' Union yesterday expressed shock and anger at what it called, brutal police action against workers at the Toyota plant at Prospecton.
A DEMAND was made last night for a high-level probe into what a director of Toyota Manufacturing in Durban described as an unprovoked police attack on some of the company's workers at Prospecton yesterday.

Mr Bob Devlin, personnel director of Toyota Manufacturing, accused the police of 'laying out with truncheons' in a 'totally unnecessary' action.

They had also fired tear-gas and rubber bullets to disperse a crowd of workers and 25 employees had been injured, three of them seriously.

Mrs Helen Suzman, law and order spokesman for the PFP, immediately demanded an inquiry into the incident and called on the Minister for Law and Order, Mr Louis Le Grange, to 'get cracking' on it.

Mr Devlin said the company had had a problem in the past with black women selling jubes outside the factory at lunchtime and had called on the police to remove them.

Yesterday a number of workers were unhappy about the juba sellers being removed but Mr Devlin spoke to them at lunchtime and told them not to allow themselves to be provoked.

"Ourblokes didn't do anything. They just stood there while the Indian policemen arrested the women and put them into their vans," said Mr Devlin.

"Suddenly 'three riot vans raced up and armed white policemen with dogs spilt out. As soon as the Indian policemen saw them they ran back to their van and grabbed long rubber truncheons. They started beating everyone in sight. The workers scattered in panic and ran in all directions. Some of them tripped and fell and were hurt, others were badly hurt by the truncheons blows."

"I just stood there in the middle of all this and didn't know what to do. Why wasn't I hit? I just don't know."

Confusion

Then someone threw a rock or a stone and the white policemen started firing rubber bullets and tear gas," he said.

"It was total confusion and panic. I've never seen anything like this before. It was completely unprovoked."

Many had tried to seek refuge in the main building but a crowd jammed the door.

"We couldn't get in and then the police came from behind and hit us," he said.

Another victim, Mr Jackson Hadebe, 28, said he had also been returning from the store and had been hit with a rubber bullet.

"They were hitting people without any reason. I was hit in the back with a baton and then shot in the chest and it hit me backwards and I fell into the water canal," he said.

"They shot at people inside the factory from outside the gate, canteen windows were smashed and new cars were full of bullet holes," he said.

Mr William Sherli, 32, said he had seen police firing from outside the factory gate at workers inside.

"I was eating lunch on the grass outside the building when I stood up to see why people were running away. I got hit in the knee with a rubber bullet," he said.

A driver, Mr Emmanuel Gomwe, 35, said he had been crawling under the fence to get away when he was hit on the back and the head.

"They hit everybody, whether they were drinking jueba or not. I did nothing wrong," he said.

The National Automobile and Allied Workers' Union yesterday expressed shock and anger at the police action.

"The union's organising secretary, Mr Edwina Maepa, said he could not understand why the police had attacked the workers."

"We are submitting a full report of the incident to the police headquarters in Port Elizabeth so that the matter may be taken up with the police at the highest level."

"We want a full investigation into the police action," said Mr Maepa.
Police action upsets director

DURBAN — Police used truncheons, teargas and rubber bullets to disperse a crowd of workers at a Toyota plant in Prospecton, Durban, yesterday.

Mr Bob Devlin, personnel director of Toyota Manufacturing, slammed the police action which he described as "totally unnecessary." He said factory workers had become upset when police had arrested black women hawkers outside the premises, but he had calmed them down.

"Our blokes didn't do a thing. They just stood there while the Indian policemen arrested the women and put them into their vehicle.

"Suddenly three not vans raced up and armed white policemen with dogs spilled out. As soon as the Indian policemen saw them they ran back to their van and grabbed long rubber truncheons. They started beating everyone in sight. The workers scattered in panic and ran in all directions," he said.

"Then someone threw a can or a stone and the white policemen started firing rubber bullets and teargas. It was total confusion and panic. I've never seen anything like it. The attack was completely unprovoked!"

Mr Devlin said 25 people were hurt, three of them seriously. The incident had been reported to Toyota's head office and it was being taken up with the Commissioner of Police General Johan Coetsee.

A police spokesman said that when the workers started throwing bottles and stones at the policemen the Durban Reaction Unit had been called in. The policemen fired rubber bullets and teargas to disperse the crowd. Fifteen blacks were arrested. There were no reports of injuries.

Two police vehicles were damaged during the unrest, the spokesman said.

A senior police spokesman in Pretoria said it would be unwise to comment now.
Buthelezi backs inquiry into plant unrest

Political Reporter

THE Chief Minister of KwaZulu, Chief Gatsha Buthelezi, has backed the call for an inquiry into police action at a Toyota plant last week.

According to reports, more than 30 workers at the plant were injured when policemen used truncheons, tear-gas and rubber bullets to disperse a crowd.

'It is alleged the police action was unprovoked and unnecessary, although a police spokesman said workers had thrown bottles and stones at a routine crime prevention patrol before the reaction unit had been called in.'

Chief Buthelezi said in a statement issued at the weekend that the unnecessary use of violence by a police force was, of all things, the most offensive to democratic decency.

He said the incident shamed the police force, the Department of Law and Order and the country as a whole.

'As a society we dare not become blasé about police brutality. The Minister of Law and Order should make it his personal responsibility to see to it that those found responsible for this act of police brutality be dealt with appropriately,' he said.

Violence

'Violence has erupted in black townships in many parts of the country, whereas in Natal there has been calm and stability. Stability is, however, precarious everywhere in South Africa, and in Natal stability between blacks and Indians is held in delicate balance.'

Col. Leon Melle, of the Department of Law and Order, added that 'allegations of excessive police action would be investigated.'
Manufacturers must ‘pull out’,
says chairman

JOHANNESBURG—South African vehicle manufacturers must be encouraged to pull out of the market, the chairman of Sanlam, Dr Fred du Plessis, said yesterday.

He said the local vehicle market was overcrowded and must be thinned out if it was ever to be healthy again.

Dr du Plessis was speaking at a Press conference explaining Sanlam’s entry into the motor industry through its share offer for control of Messina.

Messina’s main interest is in the manufacture of Nissan cars and Magnis trucks. It also has extensive interests in motor components and in copper mining.

Dr du Plessis said the vehicle industry was in bad shape because of overcrowding. Some companies were suffering ‘enormous’ financial losses.

In South Africa, with its limited market for motor vehicles, we have no less than 11 manufacturers producing almost 40 different models. Even worse, there are no fewer than 120 light commercial vehicle variants and about 250 variants of passenger car models.

This is a most unhealthy situation which has a most detrimental effect on the viability of the South African motor industry.

If we want to become competitive in terms of worldwide standards, and if we want to establish a strong and healthy motor industry, we must reduce these numbers — both as far as the number of models and the number of manufacturers are concerned.

Change the rules

He said the South African Government accepted the need to reduce the number of local manufacturers and said it must be encouraged to ‘change the rules’ to achieve such a reduction.

While the motor industry could expect a recovery next year and possible profits early in 1988, this could be in jeopardy.

We need rationalisation in this industry. And I’m not just thinking of companies combining under one name. I’m referring to a real rationalisation.

Dr du Plessis defended Sanlam’s entry into this market by saying Nissan was on the verge of a major breakthrough in terms of market share and quality.

He said the Nissan company in Japan had given certain assurances required by Sanlam.
1 000 jobless as Atlantis Diesel Engines sales fall

CAPE TOWN — More than 1 000 people — nearly half the work force at Atlantis Diesel Engines — have been retrenched in the past 12 months after a huge drop in sales.

Depressed conditions in farming and the motor industry have forced ADE to revise its forecasts for 1985 and produce only 22 000 engines — a drop of 25%.

The managing director, Mr Helmut Beckurts, said:

"In present conditions, ADE does not foresee a return to normal market conditions and volumes until well into 1986."

In the most important part of ADE's business — engines above 7 500kg — prospects were now 49% down and current forecasts were for a total of less than 12 000 engines for 1984.

Current forecasts for the medium and heavy sectors of the commercial vehicle market showed a downturn of 14% this year and 25% next year against previous forecasts.

The agricultural sector would be heavily influenced by the present economic background and by weather conditions in the next month or two, said Mr Beckurts.

The retail tractor market forecast for 1984 was 7 000 units, about half of the usual amount.

However, the latest prediction was about 8 000 units, of which about 70% would be ADE-powered — Sapa.
By RALPH JARVIS
Motoring Editor

THE chairman of Sanlam, Dr Fred du Plessis, yesterday blamed "bad structuring" and the proliferation of vehicle models on the market for the "dire straits" in which the country's motor industry found itself.

Speaking at a Press conference in Johannesburg at which he officially announced the acquisition by Sanlam of effective control of the Messina group, Dr Du Plessis said this was "a most unhealthy state of affairs".

He warned that the number of models had to be reduced if a strong and healthy motor industry was to be established.

"In South Africa, with its limited market for motor vehicles, we today have no fewer than 11 motor vehicle manufacturers who are building nearly 40 different models," Dr Du Plessis said.

"The picture becomes even worse if one considers that within these 40 models there are at least 120 variants of light commercial vehicles and about 250 variants of passenger cars.

"In Australia, which is the most closely related to our own circumstances, but where they sell about twice as many new motor vehicles annually as in South Africa, there are only five motor companies and 15 manufactured models," Dr Du Plessis said.

"Yet they are now planning in Australia to reduce the number of manufacturers to three and the number of models to six," he said.

Asked which manufacturers should be prepared to reduce the number of its models, Dr Du Plessis said this was a question which could not be answered in isolation but only after talks between the motor industry and the Government.

"These parties should get together for discussions as soon as possible. Perhaps the characteristic approach of encouraging people to leave the market should be used," he said.

Dr Du Plessis said the motor industry could not go on without rationalisation. He said he believed this rationalisation would come about within the next few years - "the faster the better".

Dr Du Plessis said there was no capital involved in the entry of Sanlam into the Messina group.

However, Sanlam, the giant South African insurance and financial institution, had taken over 40% of Messina shares, giving it effective control of Messina and the companies in its industrial division - Nissan, Magnus Truck Corporation (Pty) Limited, Steeldrums Engineering (Pty) Limited, Autocast (Pty) Limited and Motorware.

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**Another 540 motor workers lose jobs**

By Carolyn Dempster, Labour Reporter

Nissan is to retrench another 540 workers this week, and negotiations have begun over the fate of thousands of workers who stand to lose their jobs as a result of an imminent merger in the motor manufacturing industry.

News of the Nissan retrenchments was made public yesterday after prolonged negotiations between the United African Motor and Allied Workers' Union (Uamawu) and Nissan management.

Mrs Dora Nowatha, general secretary of Uamawu, said the union had managed to reduce the number of retrenchments from 870 to 540 and secure compensation benefits.

She said that although the union's previous agreement with Nissan stipulated that there be no retrenchments from the period July to December, the current lay-offs were unavoidable.

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Govt urged: rationalise SA motor industry

By Harvey Thomas

English and Afrikaner finance have joined forces in calling on the Government to reduce the number of motor manufacturers, makes and models in this country.

Yesterday's call came from Dr Fred du Plessis, chairman of Sanlam, the company which has bought effective control of the Memana corporation.

**STRATEGY**

He said the number of motor vehicle manufacturers and the large number of models manufactured had to be reduced if a strong and healthy motor industry was to be established.

"We regard it as essential that the total industrial strategy be reconsidered by Government and also by the major motor manufacturing companies," said Dr du Plessis.

Mr Spence Sterling, managing director of Amcar (owned by Anglo American), last week gave the same message when he addressed the Consumer Council.

He said it was imperative the industry be rationalised, and called on Government to help.

Mr CV Strydom, industrial relations director for Nissan, confirmed the retrenchments but said he could supply details only at a later date.

Motorware, a motor components manufacturer, was to retrench 360 employees, most of whom came from the Rosslyn area outside Pretoria, said Mrs Nowatha.

Officials of the National Automobile and Allied Workers' Union (NAAWU) yesterday met Amcar (formerly Sigma) representatives to determine the impact on jobs of the expected merger with Ford SA.

"If Ford moves its entire vehicle production line to Pretoria, as has been mooted, it may mean the loss of more than 4,000 jobs for motor workers and component producers in Port Elizabeth."

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**Cutbacks**

Altogether 5,000 workers in the motor manufacturing industry have been retrenched since January this year.

All the major motor manufacturers, with the exception of Toyota, have had to resort to severe cutbacks to fight the economic crisis and plummeting car sales.

General Motors has retrenched 449 workers so far this year, Volkswagen 680 and Amcar 1,180.

In Port Elizabeth, Ford has retrenched 1,150 workers so far this year.
The grim prognosis came from the director of the Motor Industries Federation, Mr Jannie van Huyssteen, yesterday. At the same time Nissan announced it will retrench another 540 workers this week.

Mr Van Huyssteen estimates that of the 45,000 workers in the industry, at least 3,500 have been laid off this year. Thousands of others are working short time two or three days a week.

Mr Van Huyssteen said unemployment in the industry had escalated since July when demand for cars started to slide. The slide accelerated when the government imposed severe hire-purchase and other restrictions in August as part of its anti-inflation strategy.

Unemployment in the retail motor trade was also serious. Salesmen had been laid off and others who retired had not been replaced.

Compounding the trade's severe problems was the fact manufacturers had absorbed increased costs to the limit. Consequently, increased prices could be expected during the next four or five months.

A director of Mercedes Benz South Africa, Dr M D Marais, said three factors had combined to create the slump in the industry:

There were the steep decline in the value of the rand, higher interest rates and the increase in VAT to 10 per cent.

"The situation in the industry now is grim and, regrettably, it is going to get worse."

Measures taken by the government to curb inflation, he said, were aimed at forcing prices down, but the opposite would happen, especially in the motor industry.

Dr Marais, an economist, forecast 1985 would be "the worst year in the country's economic history."

Inflation would continue to rise and the demand for most durable goods, including cars, would slump further, he said.

News of the Nissan retrenchments was followed by an announcement that negotiations have begun over the fate of thousands of workers who stand to lose their jobs as a result of possible mergers in the industry.

News of the retrenchments was made public after prolonged negotiations between the United African Motor and Allied Workers' Union and Nissan's management.

Mrs Dora Nowatha, general secretary of the union, said it had managed to reduce the number of retrenchments from 870 to 540 and secure compensation benefits.

She said that although the union's previous agreement with Nissan stipulated that there would be no retrenchments in the July to December period, the current lay-offs were unavoidable.

Mrs Nowatha also disclosed that Motorware, a motor components manufacturer, would retrench 360 employees, most of whom come from the Rosslyn area outside Pretoria.

Meanwhile, officials of the National Automobile and Allied Workers' Union have met Amcar representatives to determine the impact on jobs when the anticipated merger between Ford and Amcar materialises.
Unravelling the mysteries of the SA motor industry

By Harvey Thomas

The South African motor industry is an enigma wrapped up in a mystery, to paraphrase Winston Churchill. It is an enigma why, in a market about half the size of Australia's, South Africa has no fewer than 11 motor vehicle manufacturers who are building nearly 40 different models. Within those 40 models there are at least 120 variants of light commercial vehicle and about 230 variants of passenger car.

In Australia, where motor industry development has closely paralleled that in South Africa in terms of a local content programme, there are only five motor manufacturers and 13 manufactured models.

And there are now plans Down Under to reduce the number of manufacturers to three and the number of models to six.

HAZARDOUS

These facts, in a nutshell, sum up why the South African motor industry is in such chaos. But making predictions about its fate is a hazardous business.

When the Government first introduced the local content programme it was envisaged that only three manufacturers, Ford, General Motors and Volkswagen, would emerge.

But what has happened is that we now have more assembly plants than even America.

This is what lies behind the curiously similar calls from Mr Spence Sterling of Amcar (controlled by the Anglo American Corporation) and from the boss of the Messina Corporation, Dr Fred du Plessis, chairman of the insurance giant Sanlam.

Dr du Plessis's formula for a rationalisation of the industry would be for certain manufacturers to be allocated a (small) portion of the market where they could compete with CBU (completely built-up) units. Other manufacturers should be encouraged to increase local content even further and they would have the lion's share of the customer's rand.

The chairman of Nissan, Mr Peter Whitfield, said he would like to see the mandatory 66 percent local content increased to about 80 percent. He also noted that, at present, the troubled industry had a stock and spares inventory worth more than R1 billion and that the interest on this amounted to about R30 million a month.

The mystery of the motor industry is why more manufacturers have not withdrawn from what is now a patently unprofitable market. The answers are complex.

Towards the end of 1979 there was a definite move towards withdrawal, with Renault and Fiat having packed up and Peugeot moving into the then Sigma stable.

But the years 1980-1982 were very profitable for the motor manufacturers. Renault made a reappearance on the market and talk of further withdrawals was shelved.

Now the industry is weathering the worst decline in decades and yet its composition is still anomalous. Toyota South Africa is flourishing, with about a third of the market to its credit, and managing director Colin Adcock has been quoted as saying that he sees no reason why Toyota should not achieve the 40 percent share its source company enjoys in Japan.

Dr du Plessis and others say that "what goes up must come down" and predict that Nissan will regain, if not increase, its earlier market share.

SUPPORT

Dr du Plessis blames the "perceived quality" of Nissan products for many of the company's problems and says that Nissan Japan has guaranteed physical support to ensure that Nissan products will be equal to, if not better than, those of its competitors in the future.

And he has made it plain that if needed Sanlam will put its financial muscle behind its motor division to make it successful.

One of the major reasons advanced in the past for the staying power of local motor manufacturers was that they all had an eye on the emerging buying power of black South Africans.

The "white" market, they said, was saturated and for any dramatic growth to occur blacks would have to spend their money on new cars and bakkies.

So far this has not happened to any significant extent, possibly because blacks are even harder hit than whites by the recession and inflation. When they do buy, the chances are it will be a used car.

In theory Dr du Plessis and Mr Sterling are perfectly correct. South Africa is hopelessly overtaken by motor manufacturers. This is why the talks now under way between Amcar and Ford make such good sense.

But theory and reality in the motor industry are poles apart. A good example is General Motors South African which has been actively courting a South African partner for a long time now but has not yet been successful.

GMSA is said to have plant and equipment worth about R100 million in South Africa. It has a commitment to those who have bought its products and it would be unrealistic to expect this company to abandon them no matter how much money it is losing. Paradoxically, this could change quite quickly if the vocal disinvestment lobby in the United States gains significant political clout.

Whatever happens — and even the experts are theorising — it seems likely that the motor industry will, in the coming years, have to undergo fundamental change.

Because of present investments and alliances it is difficult to predict where future "motor marriages" will take place but, while the bans may not yet have been posted, they will have to be if South Africa is to take the sensible route and follow Australia's example.

And in simple terms that means far fewer manufacturers and a drastically restricted choice of makes and models.
PHONE 402-3620

MICROHIM CARTRIDGES

SYSTEM 16

Nissan Lays off over 500 Workers

Business Day

By DAVID FRIEDMAN

Nissan has laid off more
than 500 workers over the past few weeks.

Workers at the plant were informed in
a sudden announcement that this was the
result of production cuts due to changes
in the market.

The company has been experiencing
financial difficulties in recent months,
leading to layoffs and the closure of
sections of the plant.

This news comes after a series of
layoffs at Nissan's other North American
facilities.

Business Day

Nissan workers were laid off in
response to a decrease in demand
for its products.

The company has been facing
increased competition and has
been forced to trim its workforce
in order to stay competitive.
WAGE NEGOTIATIONS
Recession blues

The annual wage negotiations at African Explosives and Chemical Industries (AECI) have reached a critical point as unions report the company's latest offer back to their members. Twelve unions are negotiating on behalf of the 15,000 workers at AECI's Modderfontein, Somerset West, Midlands (Sasolburg) and Umbogintwini plants.

According to a union source, the company has rejected the unions' 20% demand and has made a counter offer of 13% for lower-paid workers and 10% for more skilled ones. AECI's offer will raise the minimum wage in the company to R408.90 a month.

The SA Chemical Workers' Union (Sacwu), an affiliate of the Council of Unions of SA, represents the majority of black workers while the SA Allied Workers' Union (Sawu) represents a smaller portion. Other unions involved include the SA Boilermakers' Society, the Amalgamated Engineering Union, the SA Iron, Steel and Allied Industries Union, the SA Electrical and Allied Workers' Union, and five other all-white conservative unions.

Boilermakers' assistant general secretary Okkie Oosthuizen says he 'doubts that the unions will accept the company's offer.' He foresees the possibility of a dispute being declared with the support of most of the unions.

The black unions, though, are likely to tread cautiously this year. Last year's wage dispute led to the first-ever national legal strike by more than 8,000 Sacwu and Sawu members at the four plants. They returned to work after four days without winning any gains in response to a management ultimatum to return or be dismissed.

Both AECI and Sacwu have declined to comment on the progress of the talks. Sacwu could not be contacted.

In other developments in end-of-year wage negotiations:

- The Commercial, Catering and Allied Workers' Union of SA (Cowaasa) has declared disputes with 3M and Checkers. At 3M the union has rejected an across-the-board offer of R61/month and is demanding increases ranging from R100 to R150. A 3M spokesman says the company is still willing to negotiate but provided the union reduces its demand to more 'realistic' levels.

A Cowaasa spokesman argues that the US parent company pays a minimum $4/hour and that the local subsidiary is "taking advantage of cheap black labour" in SA. The dispute, which involves 280 employees, is being referred to mediation.

- The Paper, Wood and Allied Workers' Union (Pawau) is negotiating wages at plant level with Mondi and Sappi after rejecting an employer offer for an 18c/hour increase at the Industrial Council for the Pulp and Paper Manufacturing Industry.

Breakthrough

According to Pawau, this constitutes a breakthrough as previous efforts to convince the two companies to negotiate outside the council have been unsuccessful. The irony is that Pawau, an affiliate of the Federation of SA Trade Unions, has been a vociferous critic of the industrial council system. It only joined the council after Sappi and Mondi refused to negotiate at plant level.

There has been speculation that the reason the two companies agreed to this step, after resisting it for so long, is that they could not agree on whether to increase the wage offer at the council. Spokesmen for both Sappi and Mondi declined to comment. The two other major companies in the industry, Nampak and Carlton Paper, have already granted Pawau this concession.

- Industrial council negotiations in the troubled eastern Cape motor industry are in progress. The parties are tight-lipped about developments, although one employer source says some clarity about whether any agreement is imminent should emerge this week after a further meeting between the parties.

The decline in the motor vehicle market has led to thousands of retrenchments in recent months. There has also been unconfirmed speculation that the amalgamation of Ford and Amcor will lead to a 'rationalisation' programme which will shrink the Ford plant and make up to 2,000 more workers redundant.
sumer spending

The fall in vehicle sales has not only hit motor dealers severely, but has also affected government revenue.

Since the introduction of the restrictions, sales of new cars and light commercials have dropped from a monthly 26 500 and 11 000 units respectively in the first six months of this year, to the present level of 18 000 and 8 600.

At an estimated average price of R15 000 a unit, the drop in sales means that government is losing around R18,6bn in excise duty every month.

The recent fall in new vehicle sales of about a third has led many industry sources to predict that the first six months of 1985 will be even more disastrous if relief is not forthcoming.

Valid case

"I believe we have a valid case to present," says Naamats's Vermeulen "We will be presenting to the Ministry of Finance a document which will accurately spell out the severe impact the restrictive measures have had on the industry."

Adds Nada's Thomas "There has been a lot of talk about rationalising the industry in recent months, but so far not much has been done." Thomas says that before the industry even thinks rationalisation there are several key areas that need attention.

Although none of the industry representatives will elaborate on exactly what assistance they will request, several areas are deemed to be urgent.

The FM learns that one of the main issues to be discussed will be the ease of the fixed deposit and repayment restrictions on hire purchase agreements. The possibility of easing the tax burden on both the manufacturers and buyers is also likely to be high on the agenda. The possibility of cutting the 8% motor vehicle sales is also expected to be discussed.

Despite government's willingness to discuss the problems, there is still general depression among most motor dealers.

Several have resorted to desperate tactics to get rid of stock," says Steven Abelson, joint MD of Imperial Motor Company. "Although my company has not been too badly affected, sales are down and we have experienced some stock build-up. However, some of the smaller dealers cannot afford to hold large stocks so they are accepting heavy financial losses and dumping vehicles."

In some areas dealers are giving up their franchises as they are either unable to keep them viable or they are not satisfied with the products supplied by the manufacturers.

Stephen Farber of Cape Town's Farber Nissan is one of them. He terminated his franchise earlier this month because "the demand for new cars has fallen so dramatically that I have decided to concentrate on the used car market." He adds that, in the Cape, the used car market is still quite healthy because there is a large demand from colourblind.

Although there has been much press speculation over the Ford-Amorar merger in recent weeks, nothing concrete has so far been discussed. Thomas says Nada is very concerned about the question of rationalisation in the industry.

"If several makes are discontinued, some of my members who hold these franchises could be severely affected. They could even go out of business, so we are naturally keeping a very close watch on the situation."

SHIPBUILDING

Shoals ahead

Talks have begun between Murray and Roberts (M & R) and General Manning which could lead to the rationalisation or their shipyard subsidiaries in Durban.

Neither party is prepared to say more than that the talks between M & R's Elgin Brown and Hamer and Genman's Sandock-Austral are "purely exploratory" and "intended to improve upon a deteriorating situation."

But it is no secret that these are extremely tough for SA's shipbuilders and M & R at least seems set on taking other steps if the current efforts come to nothing.

On the face of it, the get-together makes good sense. The industry has gone from bad to worse since the scrapping of government subsidies earlier this year (June 29), and the outlook is at best uncertain. It offers little more than a faint hope of improvement. Still, the major yards are not about to throw in the towel.

Commenting before acknowledgement of the merger talks with Sandock, Pieter van der Waal, MD of Elgin Brown and Hamer, attributed a marginal boost in turnover in recent months to a return of old customers disillusioned with the quality of cut-price work. The upturn has bolstered his confidence sufficiently to keep together about 90 employees who have been the core of the company for the past 15 years. Other than that, he says is simply "There is no money in shipbuilding."

The woes of the industry worldwide are pretty much the same: a sizeable and growing fleet of surplus vessels induced by declining cargo movement has reduced both the need for new vessels and repairs.

Unfortunately for the yards, subsidies for competitors overseas remain, coupled in some cases with penalties for national lines that have work done elsewhere. Pressure is mounting on Pretoria to re- implement the subsidy scheme which, in any event was regarded as inferior to others elsewhere, particularly France.

Real risk

It offered low interest loans and a 25% subsidy on the cost of a shipbuilding contract, extending to repairs in some cases, and while there were apparently matters of abuse in some circles, the shipbuilders now maintain there is a real risk of permanent damage to the nation's seafaring capabilities.

So far there has been talk of meetings on the issue but Dorbly Marine MD Trevor Jackson says there are no indications from the authorities that help is at hand or even on the horizon.

Jackson says Dorbly's efforts are now being concentrated on simply keeping its Durban yards going. Fabrication work is allowing things to tick over there and at Cape Town, Mossel Bay and Richards Bay.

Globe Engineering in Cape Town got out of shipbuilding years ago, but MD Bob Hughes says it is now finding the going pretty tough on repairs and maintenance as well. Concessions on harbour charges offered by Sats for lines putting more than one vessel into Table Bay drydock have
No shutdown in PE — say Ford and GM

Weekend Argus Foreign Service

NEW YORK — Executives of General Motors and the Ford Motor Company in Detroit have strongly denied reports in South Africa that they are to close in Port Elizabeth.

Ford’s Mr John Roberts said in Detroit: “I know about the rumours and the reports in the Press and want to say quite categorically that we have not reached any conclusion.”

Mr Roberts denied vehemently that this meant that total closure of the Port Elizabeth operations was being discussed.

“It does not — and there is absolutely no basis for that assumption. Frankly, Ford and Amco are continuing discussions on a variety of questions.

“As soon as we have some conclusions we will make them known. We will not say what may or may not happen and raise unnecessary concerns.”

At General Motors, Mr George Schreck, manager for international public relations, also denied the reports that GM was planning to close in Port Elizabeth.

“We have been in South Africa since 1929 and have seen many successes and some years when we lost. We did not close down then and will not do so now.”

“The Government has taken action to correct the economy and it has hurt us severely — as it has the entire industry. We have had to lay people off. We don’t know how long it will be before things improve.”
Loud cries expected from sales reps

Perks tax hits motor industry

By DAVID FUSLINGER
and BERENICE MAGOLIS

THE proposed severe fringe benefit tax on company cars seems certain to provoke bitter protest from many sectors of the motor industry.

The loudest cries, however, could come from the country's thousands of sales representatives who use their cars almost exclusively on company business.

There will, as some had feared, be no distinction between reps and others who use their cars simply as a means of getting to and from work and for personal use.

A spokesman for the Inland Revenue confirmed yesterday that salesmen would receive no special benefits.

Like other company car-users, the only way they could obtain relief was by proving that private use of their vehicles was accounted for less than 10 000km a year.

"If anyone can prove he travelled less than 10 000km a year on private use, we will adjust the figure he is assessed accordingly," he said.

"The only way they are going to avoid paying anything is by parking their car in the garage at the end of the week when they finish work and leaving it there until Monday."

Some agents and property economists believe the proposed new taxation on fringe benefits will have an adverse effect on the residential property market.

Property consultant and economist, Mr Neville Berkowitz, says that people who do not have approved housing schemes will be hit by March 1, when they will be taxed on the difference between 4% and 18%.

"The average executive, earning say, R3 000 a month, would not have an approved housing scheme, and from March 1, this would mean a cut in his income of R150 to R290 a month.

"Although it's difficult to generalise, it's likely that repossessions by building societies will increase, which is not good news for the property market.

"It is quite unlikely in these times that employers will foot the bill, but salaried employees might dip into capital savings. If they have none, their houses might be forced onto the market by mid-year when it starts rising, and not at top of the market prices."

Mr Dave Miller, a director of Basil Elk Estates and a past chairman of the Southern Transvaal Institute of Estate Agents, says that in the main, salary-subsidised bonds go to Government employees.

"You cannot apply today's thinking to yesterday's. I forecast there will be a backlash and people will demand a good service from the taxpayer.

"In the end, people have been expecting the move for some time. "It's another added burden for the two taxpayers to handle, coupled with high interest rates."

"This fringe benefit tax will be inflationary and create demands for wage-earners on employers for salary adjustments to meet increased costs. Ultimately, these will be passed on to the consumer."

GERALD REILLY reports that organised commerce is worried that already-revised employment packages will be disrupted by the change in the basis of the fringe benefit tax system.

Mr Michael Weir, president of the Association of Chambers of Commerce, said it was regrettable that ad hoc measures had to be introduced at a time when an overhaul of the whole tax edifice was currently under way.

ASSOCOM pointed out the critical nature of the late change in the basis for the fringe benefit tax.

The overall tax measures announced would increase substantially the tax burden at the upper end of the personal tax scale.

The chief executive of the Federated Chamber of Industries, Dr Johan van Zyl, said the FCI endorsed the principle of the adjustments and would make further comment to the Margo Commission.

Nevertheless, it is unfortunate that a situation was allowed to develop where the rules were once again changed after salary packages had been reconstructed to accommodate the original proposals.

The president of the Handelinsstitute, Mr Leon Bartel, supported the implementation of fringe benefit taxation, provided no distinctions were made.

It would be a move towards ensuring parity between various classes of taxpayers.

The apparent discrepancy between subsidised housing schemes and direct housing loans should be looked at urgently, however.

On the motoring side, Toyota's managing director, Mr Colin Adcock, said yesterday, "Salaries can't perform their jobs without cars. There must be a difference between a car that is a tool of trade and one that is for private use."

The cheapest Mercedes, retaining at R21 319, makes the driver liable to be assessed on an extra R553 a month, or more than R6 000 a year.

This will be phased over two years, however.

The popular 380SE, selling for R56 044, means an extra R1 290 a month, or R14 400 a year.

However, a spokesman for BMW, Mr Pierre de la Rey, said last night that because the tax was being phased in, the effect was not as bad as originally feared.

"It's a lot less severe than expected. Because it's being phased in, with only 50% being applied next year, we're actually quite relieved. It's not nearly so grotesque as it might have been."

He admitted, though, that the announcement came at a difficult time for the motor industry.

The tax changes announced by Mr Du Plessis do not go far enough in compensating for fiscal disincentives, says tax specialist, Mr Costa Pera. He says the net effect is to put up to 5% of middle-class taxpayer earning R20 000 a year effectively forty on a bigger tax burden. But Mr Ian MacKenna, a partner of chartered accountants, Art Young and Company, says the changes appear to be "good news for all taxpayers."

The indications are, he says, that taxpayers who do not receive fringe benefits will benefit substantially while those with fringe benefits will pay marginally less tax.
Motor industry waits for answer

The motor trade has been told it may have to wait until next month at the earliest for a Government answer to appeals for easier terms for buyers to lift car sales out of the doldrums.

Hopes have faded about the chances of relaxations in June to encourage customers back into the showrooms over the Christmas season.

The motor sector appealed for help at a meeting with senior government officials. The National Association of Automobile Manufacturers, the Motor Industries Federation and the National Association of Component and Allied Manufacturers attended the talks.

Between them they estimate they have been forced to retrench more than 16,000 workers since July when general sales tax jumped to 10 percent. At the talks they pressed for:

- A relaxation in the new regulations that have raised the deposit on hire purchase sales and shortened the period allowed for repayments.

- A lowering of customs duties that have added to the cost of exchange rate losses on imported components on which many's assembly tracks must still rely.

- A softening in the fringe benefit tax rules as they will apply to the purchase and running of company vehicles once the new regulations come in.
Ford, Amcar talks on the right track

Discussions between motor manufacturers Ford SA and Amcar Motor Holdings are expected to reach "preliminary conclusions" in late January, a statement by Amcar says.

The talks, first announced in September, have led to widespread speculation that the two companies are planning to merge their operations.

The statement says that no conclusions have been reached yet.

It adds that whatever conclusions are reached, no impact on existing operations could take place in either company before the second quarter of 1995.

The statement says that Mr. Lindsey Halstead, vice-president Asia-Pacific and Latin American automotive operations, Ford Motor Company, visited South Africa last week.

He reviewed progress made so far with Mr. Leslie Boyd, executive director, Anglo American Corporation, who is chairman of Amcar, and with the management of the two companies.

Mr. Halstead said, "I have conducted an on-site review of the progress made to date and feel we are on the right track.

"Clearly there are opportunities for co-operation that will afford improved economies of scale and benefit the South African economy, as well as, both Ford and Amcar."
New blow for car industry

Price of fuel to rise: 83 workers at VW lose jobs

By CATHY SCHNELL

MORE retrenchments in the motor industry today accompanied the news of a fuel price increase to round off a bad year for Eastern Cape car plants.

Volkswagen in Uitenhage retrenched 83 hourly rated employees today.

This brings the number of people laid off in the motor industry over the past few months to just under 2 000.

The news of the latest retrenchments follows hard on the heels of the Government's announcement yesterday that an investigation be launched on how much to raise the price of petrol.

According to the public affairs manager of Volkswagen, Mr. Ronnie Kruger, the severity of the current economic situation and the production requirements for next year had necessitated the retrenchments at the plant.

It was intended to retrench more workers, but after negotiations with the National Automobile and Allied Workers Union the number had been reduced to 83. The company retrenched 680 men recently.

Volkswagen production closes for the Christmas break on Friday. Salaried staff will work through to next Friday.

The director of finance at Ford, Mr. Brian Rayner, today urged the Government seriously to consider some form of relief for the industry. It could, for example, be aided by abolishing the ad valorem tax introduced earlier in the year.

He said any action that would further increase the cost of motoring would be bound to have a detrimental effect on the industry, which had already borne the brunt of the Government's austerity measures.

However, with little known about the proposed fuel price at this stage it was not possible to assess the possible effects of a price increase on the industry, he said.

An increase in the petrol price is a culmination of one of the worst years the motor industry has experienced. Earlier setbacks were  

- Introduction of the ad valorem tax on some vehicles
- Increase of GST by 4% to 16% in July discouraging purchases
- Reduction of hire purchase repayment period and dramatic rise in interest rates
- The decline in the value of the rand making imported materials more expensive
- The managing director of Volkswagen, Mr. Peter Searle, said recently the motor industry had been "sangled out for special attention on several occasions this year over and above all the other dampening measures taken by fiscal and monetary authorities."

Mr. Kruger said in view of the severe deterioration of the rand against the dollar, it was not surprising the price of fuel would be increased.

He said it was not only the motor industry that would be affected by an increase in the fuel price. The price increase would filter through to virtually all commodities as oil products were used in their production and transport.

The financial director of General Motors, Mr. Dave Sniehob, said it was obvious that any increase in the price of fuel would have a general inflationary effect on the country.

"If there has to be an increase we hope that it will be lower than the current inflation rate," he said.

- Announcing an investigation into an increase in the price of petrol in Pretoria yesterday, the Minister of Mineral and Energy Affairs, Mr. D. W. Steyn, said it would be made in conjunction with the Ministers of Finance, Transport, and of Commerce and Industries.

Consumer organizations were invited to consult with the Department of Mineral and Energy Affairs.

He said the investigation would pay "due attention" to minimizing the price adjustment as far as possible.
GM’s boss defends investments in SA

DETROIT — The current movement in the United States to force corporations to withdraw from South Africa in protest against apartheid was misguided, says the chairman of General Motors, Mr Roger Smith.

"I have to say I am concerned about the trend that you see now in this disinvestment," the chief executive of the world's largest car manufacturer said here this week.

He said he was concerned about the campaign because many opponents of apartheid failed to recognise efforts by companies working to improve the lot of South Africans who were not white.

"Some people don't distinguish between the companies that are trying to help down there in South Africa to improve the situation and the ones that aren't," he said. "I think that's a mistake."

Anti-apartheid activists have recently stepped up efforts to curtail US investment in South Africa.

Mr Smith said his company had done a "good job" in setting a good example in offering opportunities to black workers in South Africa "rather than (being) a sign-carrying lobbyist."

GM assembles cars and trucks in Port Elizabeth, employing about 4600 people, all but 1000 of them hourly workers.

Two teenage children of the late US Senator Robert Kennedy were arrested yesterday after taking part in an anti-apartheid demonstration outside the South African Embassy in Washington.

Douglas Kennedy, 17, and his sister, Rory Kennedy, 15, were taken into custody, along with a third teenager, on charges of violating city codes for demonstrating within 150 metres of an embassy.

What started on November 21 as a small demonstration outside the embassy has mushroomed into a nationwide political issue involving lawmakers, business leaders and civil rights leaders.

In all, 28 people, including nine members of the US Congress, have been arrested on misdemeanor charges outside the embassy during almost-daily marches resembling the non-violent protests of the civil rights era 20 years ago.

"My whole family has been concerned with this issue for a long time," Douglas, a student at Georgetown Preparatory School, said at a news conference before their arrests.

Democratic Senator Gary Hart attended the press conference and said he was in full support of efforts to change the policy of the Administration of President Ronald Reagan toward South Africa.

Mr Hart did not court arrest.

In Chicago yesterday, Mrs Jacqueline Jackson, wife of the Rev Jesse Jackson, along with Illinois Congressman Gus Savage and Illinois State Senator Richard Newhouse, were arrested in a protest inside the SA Consulate.

They were released later when their officials refused to press charges.

Mr Jackson has been granted a visa to visit South Africa from January 4 to 14. The black civil rights leader plans to seek the release of 21 detained leaders there.

He said he would also press for the release of convicted ANC leader Nelson Mandela and other political prisoners.
Industry must limit models

More motor men back revamp plan

OVER the past couple of weeks there has been firm support from two influential motor men for severe rationalisation within the South African motor industry.

Both Amcan managing director Mr Spencer Sterling and Sasiam's Dr Fred du Plessis have come out in support of a plan similar to that instituted in Australia at the end of May.

Parallels exist between the two markets which are closer in size than most people believe. Both feature local content programmes requiring a high percentage of local manufacture

The figures are 65% on a value formula in Australia, and 60% by weight in South Africa. In terms of market size, total new passenger vehicle registrations in Australia for 1983 were 416 000 of which just over 321 000 were locally manufactured units.

The same market in South Africa absorbed 287 000 new cars during 1983 - all locally manufactured - a figure 35% below the total market in Australia but just 10% below the total of Australian locally manufactured units.

The Australian motor industry supports only five manufacturers with a total of 13 models offered for sale. In contrast, the South African industry has 10 passenger

vehicles manufacturers producing between 30 and 40 different models depending on how strictly model differentiation parameters are applied.

This range of models diversifies into more than 250 variants offered for sale on dealer showroom floors before colour choice is considered. The result - a very competitive market place with far too many variants to provide any meaningful economies of scale at manufacturing level.

Chaotic

Nobody will deny that the current situation is chaotic, but how is the problem of rationalisation best addressed? The Australian government has adopted what Nissan chief executive Mr Peter Whittfield would call a "carrot/stock approach" in its efforts to limit the model range to no more than six options by 1986.

This offer involves a trade off on fully assembled imported units which will allow manufacturers who voluntarily leave the local assembly arena to remain represented in the marketplace.

Tariff protection on fully built up units will at the same time be gradually reduced from the current 150% import duty to 57.4% when the programme reaches maturity.

So much for the carrot, but what of the stick? The stance of the Australian government is that the new motor vehicle policy remains non-negotiable in principle.

The market is to be regulated and if the manufacturers do not reduce the number of locally manufactured models to a maximum of six or preferably less, then government will step in to ensure that the process is completed as intended.

The policy does not limit the number of manufacturers to a maximum of three as is widely believed, however, and it is quite possible that all five manufacturers could remain in position each producing one model range.

Far better economies of scale will certainly be reached leading to what should be a far more stable industry.

Opinions differ widely in South Africa with factions both for and against strict government regulation of an industry that some feel is already too regulated by the local content programme.

Market leader Toyota rationalised its range to two model lines, with which it covers close to 95% of the market, several years ago.

Toyota is a strong believer in free market principles being allowed to determine the destiny of the industry, but this is something the company reluctantly admits is unlikely to happen in the short term because of the structure of the local industry.

Nissan and Amcan feel that a strong stance should be adopted to rationalise the industry and alleviate the current overtraded conditions.

Pegged

Both advocate a good look at the Australian model, with Amcan suggesting that local content at worst be pegged at its current level. Nissan, on the other hand, would like to see a dramatic increase in the level of local content.

That there will be rationalisation in the South African motor industry is almost certain for without its survival will be extremely difficult.

Just how much can be achieved without government intervention remains to be seen. The signs are already there, however, with Amcan and Ford about to finalise the details before their merger at manufacturing level becomes a reality.

Aside from this, several ageing and unpopular models will, during the coming year, cease to exist as production levels drop below economic levels and prohibitive tooling costs prevent the introduction of replacement models, but the industry will still remain overtraded.

The local motor industry is heading for a period of dramatic change but it is still too early to determine the course that will be followed.
Broken window, 'sign of unrest to come'

Post Reporter

THE chairman of the Booyse Park branch of the Labour Party, Mr H M Cairncross, today added his voice to those who fear that large-scale retrenchments in the motor industry in the Eastern Cape could lead to social and economic problems for the various communities.

Mr Cairncross said the windows of his house in Booyse Park had been smashed and he believed it was a token protest against the Labour Party and unemployment.

He feared that vandalism would increase as more people were retrenched.

Mr Cairncross said a branch meeting of the Labour Party would be held at the Community Centre in Booyse Park on Wednesday at 7.30pm.

The branch, he said, also served as a civic association in the area and dealt with many issues at grassroots level.

In the past two months he said 30 people who were in arrears with their rentals at Booyse Park had been to see him. These arrears ranged from R500 to R2 000.

Mr Cairncross said other matters to be discussed at Wednesday's meeting included:

- Complaints about overcharging at the only shop in Booyse Park which serves about 300 houses.
- The proposed Bethelsdorp minibus service.
- The poor image of Booyse Park.
- The need for recreational facilities in the area.
- The infiltration of schools by the United Democratic Front and the South African Council on Sport (Sacos).
Smuts calls for Ford to stay in PE

By DIRK VAN ZYL, Political Correspondent

THE Progressive Federal Party candidate for next year's Newton Park parliamentary by-election, Mr. Beek Smuts, today called on the Government to do everything in its power to ensure that any rationalised Ford/Ambler operation is situated in Port Elizabeth.

"The extent of its efforts in this regard will reveal how serious the Government is about decentralisation and, in particular, its degree of concern regarding Port Elizabeth," he said.

Mr Smuts, an advocate, is fighting the Newton Park election — which is expected about mid-March or early April next year — against an independent candidate, Port Elizabeth property developer Mr. Johan Sander, and Port Elizabeth Regional full-time National Party organiser, Mr. Sakkie Louw, MP for Algosa.

"Mr Smuts said moving any of Ford's operations to the Transvaal would be in conflict with the Government's own decentralisation policy, which was designed to move industry away from the PWV area. "This is currently a costly exercise funded by the beleaguered taxpayer, and requiring the development of infrastructure and the supply of incentives for industry to move to remote and underdeveloped areas," Mr Smuts said.

"The Port Elizabeth/Unitehage area presents a far more attractive alternative."

Positive factors included that the infrastructure had already been established and that money had been invested in training and developing the workforce. This workforce had shown itself capable of working within the framework of a trade union, he said.
Cautious reaction to car sales rise

By LOUIS BECKERLING

MOTOR manufacturers have cautioned against optimism over an 8.5% rise in November passenger car sales—which still leaves the 19,700 units sold 13.8% down on levels reached in November last year.

"Both Volkswagen and Toyota spokesmen have attributed the modest month-on-month rise to discounting of prices—which has increased, rather than decreased the financial strains on the industry. However, a slightly more optimistic view is taken by Ford (SA)."

"The improvement cannot be attributed to any revival in the economy but rather to widespread discounting by many manufacturers," Mr Clive Waugh, low marketing director for Volkswagen, told the Evening Post. "Inventory levels in the industry have reached critical levels, and discounting and merchandising incentives have become the order of the day."

This opinion was endorsed by Mr Bert Wessels, executive director of Toyota.

Mr Warrillow said Audi 500 sales increased by nearly 90% in November compared to October, which indicated the public had accepted their recently-introduced two-year guarantee as a quality-related incentive.

"However, the news of the impending perks tax will probably further inhibit a depressed market, and thus, coupled with the fact that most South Africans have now gone on annual leave, means that December sales are unlikely to exceed 16,000 passenger vehicles."

Mr Sean Bownes, vehicle marketing manager for Ford SA, took a more positive view, describing the improvement in the November new car sales as a "very encouraging trend."

"We believe that the market of approximately 19,000 new cars per month could also be the industry norm over the next few months," said Mr Bownes, who added that Ford was particularly pleased that the Sierra had gained several positions overall in the car market and "gained market leadership in the medium-sized family car segment."

General Motors marketing director Mr Hal Carpenter said his company's sales were "as predicted by us commercially and truck sales. "While the industry has improved by 43% for the first 11 months of 1984, GM's truck and commercial sales have increased by 32.6% and in keeping with the trend, GM's market share of 14.8% in November placed the company in third position."

Full report — Page 14
McCarthy's pull out of E. Cape

JOHANNESBURG — The R800m a year McCarthy group has sold its Eastern Cape motor franchise interests to a Port Elizabeth consortium.

The interests consist of three AMCAR dealerships in Port Elizabeth, East London and Uitenhage.

Announcing the deal yesterday, Mr Derrick Dixon, managing director of McCarthy Motor Holdings, said assets of about R4 million would change hands in terms of the deal.

He said McCarthy's withdrawal from the Eastern Cape was in line with the group policy of concentrating its efforts in the major metropolitan centres.

McCarthy group chairman, Mr Brian McCarthy, said in his statement to shareholders earlier this year that, apart from the three Eastern Cape operations, the group's dealerships are generally no further than 100 km from Johannesburg, Pretoria, Durban and Cape Town.

Mr Dixon emphasised that the rationalisation discussions between AMCAR and Ford had no effect on the group's decision to quit the Eastern Cape. "The decision was made long ago and we have now found a suitable buyer for these operations."

The consortium which bought the dealerships from McCarthy is headed by Mr Chris Theobaldou, who spent 28 years in the motor business in Zimbabwe before moving to South Africa. The three outlets will, in future, trade as East Cape Motors.

DDB12
November vehicle sales show 74% improvement

By David Enunciation

Alfa Romeo fits R18m into SA operation
THE R900m-a-year McCarthy group has sold its Eastern Cape motor franchise interests to a Port Elizabeth consortium.

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Union scores a first with minimum wage increase

By STEVEN FRIEDMAN
Labour Correspondent

An historic wage agreement signed yesterday at the Toyota motor company's Durban plant is the first in the country to bring workers' minimum pay to R3 an hour.

The agreement was reached in negotiations between Toyota and the National Automobile and Allied Workers Union (NAAWU), which belongs to the Federation of South African Trade Unions (FOSATU).

It covers the 900 workers at the plant and will raise minimum pay to R3 an hour by July.

A joint statement by Toyota and NAAWU said that the rate was the highest negotiated minimum wage in the country.

The union yesterday hailed the agreement as "historic" and said it had been the first in the country to negotiate a R2 an hour minimum wage for workers — with Eastern Cape motor employers in 1991.

The union made history in 1989 when its members struck at the Volkswagen plant in Uitenhage demanding a "living wage" of R2 an hour.

The strike was settled when employers agreed to July's R2 minimum by July.

Subsequently, all Fosatu unions pressed for wage increases which brought minimum pay to R2 an hour and the impact of this campaign has been felt in bargaining throughout the country.

Since then, NAAWU has reacted to rises in the cost of living by increasing its "living wage" demand to R3.50 an hour.

Yesterday's agreement is the nearest it has come to achieving this.

"The agreement means that our living wage target is now in sight for the first time," a NAAWU spokesman said.

The agreement provides for an 18c an hour increase in January and a further 17c in July. As the present minimum is R2.85, this will bring the minimum to R3 by the middle of next year.

Minimum wages at other motor plants range between R2.40 and R2.73."
R3 an hour for motor workers

Own Correspondent

JOHANNESBURG—An historic wage agreement signed yesterday at the Toyota motor company’s Durban plant is the first in the country to bring workers’ minimum pay up to R3 an hour.

The agreement was reached in negotiations between Toyota and the National Automobile and Allied Workers’ Union (Naawu), an affiliate of the Federation of South African Trade Unions.

It covers the 3,500 workers at the Durban plant and will raise minimum pay to R3 an hour by July next year.

A joint statement by Toyota and Naawu pointed out that the minimum rate in the agreement was the highest negotiated minimum wage in the country.

The union yesterday hailed the agreement as “historic.” It noted that it had been the first union in the country to negotiate a R2-an-hour minimum wage for workers—giving Eastern Cape motor employers in 1981 “Naawu has now become the first union to break the R3 barrier,” a union spokesman said.

The union made history in 1980 when its members struck at the Volkswagen plant in Uitenhage demanding a “living wage” of R2 an hour.

Yesterday’s agreement provides for an 18c-an-hour increase in January and a further 17c in July.

As the present minimum is R2.65, this will bring the minimum to R3 by the middle of next year.

In a joint statement, both Naawu and Toyota expressed satisfaction at the outcome of the talks.
THE South African Government has been urged to ease the constriction of the local content programme, which is currently capping the motor industry at more than R200 million a year, which has eroded sales and, in effect, "undermined unemployment."

This programme, says the prestigious Car magazine its editorial in its latest issue, has made local vehicles so expensive that it has proved possible to import thousands of overseas-built products and sell them at a profit — even after paying 10% import duty.

Imports should be now restricted to the ultra-low-volume, luxury models, it suggests.

The magazine says "unless the motor industry can be assured of a workable environment, the spectres of obsolescence, decline and stagnation will begin to materialise before our eyes.

We need a soundly-based industry, equipped to provide an optimum degree of healthy competition and choice to the consumer."

The magazine says South Africa's multi-billion-rand motor industry has, in only a few months, been sent reeling from comparative prosperity and buoyant sales to short-time working, closed factories and thousands of retrenchments.

"What stopped the industry in its tracks?" questions the editorial.

"As long ago as April last year, top motor men feared the ultimate consequences of an overheating economy. "The Government, instead of regulating a 'controlled economic curve', apparently adopted 'Start/Stop tactics', and August was stop time.

"The GST hike had scarcely had time to take effect when spending was curbed by soaring interest rates, HP restrictions and stringent monetary measures.

"Taken in conjunction with the expensive local content programme, the cost hikes flowing from the devaluation of the rand and the heavy taxation burden which now cuts individual buying power, it was all too much.

"The bottom fell out of the vehicle market and the old talk about 'too many factories, too many models' came back into fashion."

Car says: "If the motor industry is to make and recoup its massive investments, and meet the challenges of the future, it must have a reasonably stable operating environment. Stop-start economies won't do."

"To get the industry over the present crisis (which might soon be compounded by major rises in the prices of vehicles and petrol, due to the devalued rand) it needs and deserves some form of Government assistance, at least in the short term."

This need not necessarily involve direct cash subsidies.

Among the possibilities would be the easing of the constriction of the local content programme and the restriction of imports to the ultra-low-volume, luxury models.

In the same edition of Car, the columnist Cotter writes about the Australian motor scene and suggests that those studying the problems in our own motor industry should cast their eyes in the direction of "Down Under."

Here, he says, "misguided Government policy has spawned something of a monster, producing dearer and dearer cars, fewer and fewer jobs and huge losses — exactly the reverse of what was generally intended."

"According to the British Financial Times, Australia is the only OECD country where the latest technology and most exciting cars are not available and where none of the efficient new baby companies — Toyota or Mazda — have yet to offer."

"It's also one of the most protected motor industries in the world, with five manufacturers building 13 cars, with 85% local content."

Yet, in 1983, GM-Holden lost R15 million there; Mitsubishi lost R20 million; Nissan R7.2 million and Toyota R12 million.

"In fact, the only Ford made a profit, " Dr Fred du Plessis, chairman of Sanlam, also referred to the Australian experience when announcing his company's takeover of the Messina Group which includes Nissan South Africa and Magnus Truck Corporation.

His reference was, in fact, a suggestion that South Africa follow the Australian example and reduce the number of manufacturers and available models in an attempt to rationalise the local industry.

Dr du Plessis said South Africa, with its limited market for motor vehicles, had 11 motor vehicle manufacturers building almost 40 different models.

He said the picture was aggravated by the fact that within those 40 models, there were at least 125 variants of light commercial vehicles, and about 250 variants of passenger cars.

"In Australia, which is the most closely related to our circumstances, but where they sell about twice as many new vehicles annually as in South Africa, there are only five motor manufacturers and 13 manufactured models," he said.

"Yet they are planning to reduce the number of manufacturers to three and the number of models to six."

The big questions will always be, whether in South Africa or Australia, are we far enough we go to rationalise, which manufacturers will disappear and which models?"

And, the biggest of all will this type of rationalisation work in South Africa if it has apparently failed in Australia?"
Latest cut in motor labour

By STEVEN FRIEDMAN

Labour Correspondent

EAST LONDON'S Mercedes Benz plant yesterday became the latest company in the motor industry to trim its workforce — and it faced a work stoppage in protest at the move.

The stoppage occurred as Car Distributors and Assemblers (CDA), which assembles Mercedes Benz and Honda vehicles, was discussing moves to cut its workforce with the Federation of South African Trade Union's National Automobile and Allied Workers Union (NAAWU).

But the talks ensured that workers will be laid off temporarily. They will only lose their jobs if work cannot be found for them in the next two months.

Workers are therefore expected to report for work today.

A statement issued yesterday on behalf of CDA, said 260 workers had been laid off at talks with NAAWU. The company employs about 4,900 workers.

The announcement follows mass retrenchments at motor assembly plants in Port Elizabeth and Pretoria.

It said the company had "reviewed its production needs" in discussion with NAAWU and "agreed" to lay off 260 workers.

It would hold monthly meetings with the union to review the situation and would attempt to employ the 260 workers — but at the end of two months "any who have not been employed will automatically be retrenched," it said.

In yesterday's discussions with the union, "some workers" at the plant had stopped work, the statement said.

But after the lay-off agreement, union representatives addressed workers and "normal working is expected to resume tomorrow."

NAAWU officials were not available for comment.

The CDA plant began a phased end-of-year shutdown last Friday and will close for annual holidays on Friday. It will start a phased re-opening on January 7.
Mercedes lays off 280 men

Tough conditions in the economy have led to 280 workers being laid off at the Mercedes-Benz car plant in East London, a statement released in Johannesburg by Mercedes-Benz said yesterday.

A spokesman for CDA in East London — which assembles Mercedes cars and trucks and Honda cars — said:

"In discussions with the National Automobile and Allied Workers Union this morning, we reviewed production needs for 1995 and agreed that we must immediately lay off 280 of our 4,500 workers.

"During this morning's discussions with the union, some workers at the plant halted work. After the lay-offs agreement, union representatives addressed the workers and normal working is expected to resume tomorrow.

"We will meet the union on a monthly basis to review the situation as it develops. It has been agreed that we will seek to employ the 280 people laid off, but that at the end of two months any who have not been employed will automatically be retrenched." — Sapa
Union action ends EL car plant stoppage

EAST LONDON — Swift union action at the Car Distributors Assembly plant here yesterday solved a 90-minute work stoppage over the proposed retrenchment of 280 workers.

This was confirmed yesterday by the Port Elizabeth-based regional secretary for the 21 000-strong National Automobile and Allied Workers' Union (Naawu), Mr Les Kettle-das, and a spokesman for Mercedes Benz South Africa, Mr Richard Wagner.

The brief stoppage by about 500 day-shift workers took place during negotiations between the management and the union yesterday following the retrenchments on Friday.

Work along the assembly line and the paint shop is expected to be back to normal this morning following the early shutdown yesterday when the negotiations reached a compromise.

The compromise is that the 280 retrenchments will not be final. The workers will be laid off for two months and if there is an improvement for the badly affected motor industry following the severe HP restrictions and the new fringe benefit tax, the workers will be rehired.

Mr Kettle-das said, "This is the crux of the agreement we reached. The matter will be renegotiated again next year and the union will obviously try its level best to prevent outright retrenchments."

Asked what alternatives there were if the outlook for the motor industry did not improve, Mr Kettle-das said, "We will then have to look at short time which was discussed today. Other alternatives include early retirement of people near pensionable age without the loss of any benefits."

"We will also have to do away with all overtime except in extreme emergencies," he added.

Mr Kettle-das felt short time could not be ruled out when the phased in re-opening of the plant started on January 7.

He said the government would have to do something about the severe HP restrictions which were affecting car sales, in turn causing major problems for the workers.

Mr Wagner confirmed the compromise for the two-month period and said it was difficult to say how many workers were involved in the stoppage.

He said tough conditions in the economy had led directly to the proposed retrenchments.

"The new fringe benefit tax did not help either and all these adverse economic conditions added up to make the market far from buoyant and necessitated the action which the company regretted.

"We are hoping the market will improve in the first quarter of next year and we will be able to rehire the 280 workers of our 4 500-strong workforce."

He confirmed that short-time had been discussed but that management were not in favour of it as past experience had shown that it affected quality.

"Being one of the country's biggest private companies and one of the country's largest firms in the industry (the plant's productive capacity is 174 units a day), the firm naturally prides itself on its outstanding quality and would not want anything to affect it," he said.

"It was agreed after discussions with the union that to protect jobs and all the rest, the least painful option will be the layoff of the 280 workers and management will meet the union on a monthly basis to reassess the situation."

Naawu is affiliated to the 100 000-strong Federation of South African Trade Unions while CDA is one of the largest employers in East London.

It has an annual salary bill of over R11 million and a wage bill of over R26 million. Employee benefits are over R5 million and there are at least nine component manufacturers in the city which are affected by any snarl-up on the production line — DDR
EAST LONDON — Tough conditions in the economy have led to 280 workers being laid off at the Mercedes-Benz car plant here, a statement released in Johannesburg yesterday by Mercedes-Benz said.

A spokesman for CDA in East London — which assembles Mercedes-Benz cars and trucks and Honda cars — said “In discussions with the National Automobile and Allied Workers Union, we reviewed production needs for 1985 and agreed that we must immediately lay off 280 of our 4,500 workers.”

During yesterday morning’s discussions with the union, some workers at the plant halted work. After the lay-off agreement, union representatives addressed the workers and normal working is expected to resume today.

“We will meet the union on a monthly basis to assess the situation as it develops,” it has been agreed that we will seek to employ the 250 people laid off but those who have not been employed will automatically be retrenched.”

The CDA plant started a phased Christmas shutdown on December 7 and will be closed for annual holidays from January 7 next year.

Mercedes-Benz, which relies on company fleet orders for about two-thirds of its annual sales, is conducting urgent talks with the government to cushion the expected drastic effect on sales of the new fringe benefit tax.

Mr. Richard Wagner, spokesman for the public relations firm representing CDA, said the refusal by the government to grant relief in the wake of challenges from US car manufacturers would have a serious effect on Mercedes-Benz, which this year achieved record sales.

During the first half of 1985, 13,607 Mercedes-Benz cars were sold. So far this year sales totalled 14,411.”

Union Intervenes
Union action solves stoppage

EAST LONDON — Swift union action at the car

distributors' assembly plant here yesterday solved a

90-minute work stoppage over the proposed re-

trenchment of 280 workers.

This was confirmed yesterday by the Port Eliza-

beth-based regional secretary for the 21 000-strong

National Automobile and Allied Workers' Union

(NAAWU), Mr Les Kettledee, and a spokesman for

Mercedes Benz South Africa, Mr Richard Wagner.

The brief stoppage by about 500 day-shift workers

took place during negotiations between the manage-

ment and the union yesterday following the re-

trenchments on Friday.

They reached a compromise agreement that the

280 retrenchments will not be final. The workers will

be laid off for two months and if there is an improve-

ment for the badly-hurt motor industry following the

severe hire-purchase restrictions and the new

fringe-benefit tax, the workers will be re-hired.

Mr Wagner said tough conditions in the economy

had led directly to the proposed retrenchments.
CDA: reply to mayor's telex due this week

EAST LONDON — The lay-offs at the Car Distributors' Assembly plant here showed why an urgent telex message was sent to the government on Friday, the mayor, Mr Joe Yazbek, said yesterday.

Mr Yazbek sent the telex message to the Minister of Finance and the Minister of Trade and Industries warning that the new fringe benefit tax would be detrimental to CDA which was a major component of the city's economy.

He warned that 10 other companies in East London would be affected by a slow down in the car plant where 4 500 were employed.

Yesterday a spokesman for the Department of Finance said the Minister, Mr Barend du Plessis, was on leave and the telex message had been passed onto the acting minister, Mr W Steyn.

A spokesman for his office said the message was being studied and a reply would be sent to the city council this week.

Yesterday Mr Yazbek said the necessity of the council's action had to be gauged against the lay-off of 260 workers at the plant and that he hoped that the situation would not escalate.

"East London is a specially selected decentralisation area and there should be some relief for the area in view of the rising unemployment and the vast hinterland which the area serves."

"We can ill afford unemployment and this is the thrust of our appeal. We want some concession for our motor industry here which is a vital factor in our economic well being."

The MP for East London City, Mr Feet de Pontes, said the lay-offs were sad but he was convinced CDA had no option.

"CDA was doing extremely well when compared with other motor manufacturers in the country."

"I certainly hope that conditions will improve so that CDA can re-employ those laid off workers and that the plant will continue with its scheduled expansion programme."

A spokesman for Mercedes Benz South Africa, Mr Richard Wagner, said from Johannesburg he was pleased to report that all was well at the plant yesterday following the 90-minute work stoppage on Monday during the negotiations.

The negotiations were between the management and the National Automotive and Allied Workers Union which produced a compromise in which the 260 workers were not retrenched but were laid off for two months pending the outlook of the industry in that period.

Mr Wagner said he could not comment on any further moves in the motor industry on the fringe benefits tax — DDR.

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EAST LONDON — The city council’s appeal to the government to consider the implications for the city of the new fringe benefit tax will be considered by the Margo Commission of Inquiry.

The secretary for the Ministry of Finance, Mr J Redlinghuys, confirmed yesterday that the council’s urgent telex message, sent last Friday, had been referred to the commission, which is looking into the entire South African tax structure.

Mr Redlinghuys said in a telex message to the Daily Dispatch that in view of the Margo Commission’s brief, the city council’s plea had been referred to it for consideration.

The secretary of the commission, Mr John Hansen, said the brief was to look into the entire tax structure and the council’s plea would be taken into account.

The council has expressed its concern that the imposition of the tax on company cars could affect the Car Distributors Assembly plant as well as component manufacturers here.

“The commission will also make recommendations to the minister on specific aspects from time to time and it will be up to him to act on them,” he said.

The commission, appointed by the State President, Mr P. W. Botha, last month, is scheduled to submit its report by the end of June next year.

Under the chairmanship of Mr Justice Margo, the commission comprises 20 prominent South Africans. They are Prof Daniel Fransz, Mr Oswald Gorver, Dr Peter Gavron, Dr Willem Graaff, Dr Cornelius Human, Dr Albertus Jacobs, Prof Kathleen Jowett, Mr Michael Katz, Mrs Margaret Lesing, Prof Elias Links, Mr Michel Lubser, Prof John Morris, Dr Stephanus Naude, Mr Sydney Press, Mr Jako-bus Steyn, Mr Muhammad Suliman, Dr Nico van der Hoven, Mr Eias van Tonder and Prof Theodorus van Wyk.

The commission’s brief is to recommend a cohesive tax structure at all levels of government, with special regard to the special economic development of South Africa and the evolutionary constitutional dispensation and its accompanying structures.

The goals are the optimal attainment of national economic objectives, administrative efficiency and cost effectiveness, equity and neutrality, and the potential use of taxation as a policy instrument towards stabilisation of economic activity in both the long and short terms.

The commission has to take into account the financial implications of the constitutional dispensation and the greater devolution of power to local government as well as the impact of taxation on regional development and economic co-operation in Southern Africa, exports and international trade and foreign investment in the country.

Representation to the commission has to be in writing — DDR.
EL motor dealer sells 2 franchises

EAST LONDON — Weir Motor Holdings has sold its BMW and Renault interests in the city as part of a group rationalisation programme.

The managing director of WMH, Mr Des Weir, said yesterday the new owners of the franchises were well established "motor men" in East London.

"Both present and future customers will be guaranteed continued top quality service."

The group will in future concentrate its efforts on three franchises — Nissan, Massey-Ferguson, and Toyota.

"Wherever possible the agricultural and motor outlets will be combined," said Mr Weir.

The first of the combined operations has been established on Settlers Way. The new facility provides for a large (4 000 square metres) combined Nissan and Massey-Ferguson workshop and parts department which is fully computerised, an agricultural and commercial sales centre, and undercover storage for new vehicles and agricultural equipment.

"A lot of time and effort has been devoted to the after-sales service because the group believes it is the most important aspect of any franchise." Similar combined facilities have been established in Queens town, Grahamstown, Aliwal North, Harrismith, and Vrede.

"The group has chosen to go this route because we believe the Japanese franchises offer a complete range of passengers, light commercial and heavy commercial vehicles at very competitive prices. With the pending fringe benefit taxation these franchises will be well placed to provide for everyone's needs."

Mr Weir said the group was proud of the fact that they have been Massey-Ferguson distributors since 1947 and had achieved in excess of 50 per cent sales penetration on numerous occasions. — DDR
'NO MORE FOOD FOR LAID-OFF WORKERS'

THIS week's retrenchments at East London's Mercedes Benz plant worsened the lot of thousands of black motor industry workers — they face a bleak future.

Trouble at the plant started when 'Car Distributors and Assemblers 'reviewed production needs' in discussions with the Port Elizabeth-based National Automobile and Allied Workers' Union CDA, which assembles Mercedes Benz and Honda cars, then laid off 280 of the 45 000 black workers.

Ford, General Motors and Volkswagen have already closed till February — affecting 13 000 black jobs. Of national organiser Ikelo.

By ZB MOLEFE

CHRIS MLANGENI: "Black workers have little chance of surviving."

Kobese told City Press that his union had at Motor Assemblers and Component Workers' Union of SA at these, 863 were retrenched last month ready exhausted its Save the Starving Community Fund set up in March, with community donations to feed jobless motor workers.

"Retrenchments have hit us hard — we have lost more than 1 030 members," said United African Motor and Allied Workers' Union assistant general secretary Chris Mlangeni.

ZAMDELA residents went on rampage on Wednesday night burning down shops and locking horns with the police.

They went on to burn Lekele mayor Esau Mahla tusi's butchery, tycoon Paul Mofokeng's shop and a bus belonging to the Vaal Transport Corporation.
Motor men set for key meeting with Finance Minister

By LOUIS BECKERLING
Business Editor

The proposed meeting between motor industry representatives and the Minister of Finance, Mr. Barend du Plessis, comes against a background of gloomy statistical evidence just released.

The impact on trading revenues of the dramatic collapse of sales volume since the start of the second half of the year is underlined in a set of figures just released from the Central Statistical Office in Pretoria.

The figures reveal for the first time the combined and sustained impact on trading revenues of the increase in GST from 7% to 10% on July 1, and the harsher hire purchase conditions introduced in the August 2 austerity package.

The impact of increased GST was instantaneous and savage, judging by the statistics.

From a record high in June of R1,046.4 million, the total current trading revenue among retailers in motor vehicles and accessories plunged 21.3% to barely above R1,000 million (taking total sales back to October '83 values).

"And since then trading revenue has remained steadily on the 'skids'-dropping another 37%. In August, a further 6.4% in September, and a 22% volume improvement in passenger vehicles notwithstanding, a further 2.7% in October.

Coinciding with the release of these figures is a Standard Bank Review of the economy, which notes that the GST increase in July had much the effect that was anticipated.

"Allowing for a brief buying spree to beat the increase in July, retail sales then dropped sharply in volume and even money terms, at a pace never before seen in South Africa.

"Car sales, too, literally went over the cliff in July; by September new car sales were down to half of the record figure in June this year and, in absolute terms, they were reduced to 1976 levels." Under the circumstances, points out the bank, discounting and price cutting has become a reality in most areas of consumer demand.

This is clearly evident in the Pretoria figures. The 2.7% decline over September in trading revenue to motor retailers for October (an estimated figure), contrasts sharply with a 22% increase in volume sales of passenger cars.

A more detailed breakdown of the financial fortunes of both wholesalers and retailers in the motor industry, shows that for the first full month of trading under a 16% GST, income to wholesalers dropped R34 million (down 11.3% from R302 million in June).

Income from new vehicles sold was down R34 million on the previous month's figures (or -14.5%), and income from used vehicle sales was down 40.3%.

Workshop revenue was marginally down (2.8%).

A similar picture was evident at the retail end of the business, with total trading revenue down 21.3% (or R238.4 million) on June's income.

Income from all vehicle sales was down 32.5% (from R640.7 million to R404.3 million) on June's income.

Representatives from Naamsa and the MIP will undoubtedly be armed with these statistics and many more when they meet with the Minister of Finance on November 30.

The likelihood that the Minister may be prompted into granting the industry instant relief appears remote, however, judging from the comments in the latest Standard Bank Review.

Arguing that there is no room for soft options, the bank says while there is a growing number of powerful figures arguing in favour of "quick-fix" solutions to the economic downturn, this should not be attempted.

"Such a 'soft-option' argues in favour of pulling down interest rates and re-venting to direct controls over the domestic economy and the balance of payments," says the bank.

"Given the deep-seated nature of the problems facing the country at various levels, the present monetary policy needs to be reinforced by more appropriate and consistent fiscal management."
Car makers to point out losses to the Govt

By LOUIS BECKERLING
Business Editor

Car makers say they are poised to draw the attention of the Minister of Finance, Mr. Barend du Plessis, to a projected loss of government revenues of anything between R150 million and R200 million as a result of the sales downturn in the industry.

This argument, allied to evidence of large-scale retrenchments, short-time and falling revenues, will be used to try and win some relief from corrosive impact on sales of increased GST and the government's clampdown on consumer spending.

Elementary calculations reveal that at 19% the new vehicle market was set to yield some R750 million to the Exchequer in GST receipts alone. This assumes average monthly sales of 26 530 passenger cars and 12 858 commercial vehicles, achieved in the first half of the year, will be repeated in the second half.

However, since the increase in GST from 7% to 10% on July 1, and the introduction of harsher hire purchase conditions on August 2, sales collapsed to an average for August and September of 16 188 passenger cars and 10 271 commercial vehicles.

An improvement of 22% in the volume of passenger cars sold in October was evidently paid for by heavy discounting -- since estimates of revenue for the month to motor retailers show a decline in income over September incomes.

Since second-half sales are now projected at current sales levels to yield some 50 000 units less than those sold in the first half of the year, income to the state from GST is poised to decline by about R50 million in the case of new vehicles, and a further R70 million for used vehicles.

In addition, revenue accruing to the state from customs duties, and an ad valorem tax will be lost. Though it is difficult to estimate these losses at current sales levels accurately, industry sources believe the total loss to the state could be anywhere between R150 million and R200 million.

The director of Naamsa, (the National Association of Automobile Manufacturers of SA), Mr. Nico Vermeulen, today confirmed the meeting between a combined motor industry delegation and the National Association of Automotive Components and Allied Manufacturers would meet the Minister in Pretoria on November 30.

(It was incorrectly reported in yesterday's Evening Post that the meeting would take place on Friday.)

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Rationalisation ‘won’t push Dorbyl out of PE’

By LOUIS BECKERLING

Business Editor

RATIONALISATION of the motor industry was imperative, but would not prompt Dorbyl Ltd to move its Port Elizabeth-based automotive component division to the Reef, according to group chairman Mr Keith Jenkins.

Commenting on his group’s annual results, Mr Jenkins told the Evening Post today that the four manufacturing plants grouped together under the control of Dorbyl Automotive Products in Port Elizabeth and Uitenhage had remained “substantial” contributors to group profits, and represented a significant investment in heavy plant and machinery.

“And it is simply not practical to uproot such an operation and relocate it elsewhere.”

However, Mr Jenkins observed that were rationalisation to see a major shift of motor manufacturing away from the Eastern Cape and to the Reef “then future expansion will obviously not take place in areas of reduced demand.”

A beneficial spin-off to component suppliers of greater rationalisation in the motor industry, said Mr Jenkins, was the potential for more efficient management currently made extremely difficult by the “stop-start” nature of the over-traded industry.

One of six separate divisions in the group, Dorbyl Automotive Products (DAP) controls PE-based Dorbyl Automotive Components, Bussaf (the bus body plant), and Guetto Forging.

The fourth operation under the umbrella of DAP is Uitenhage-based Guetto Forging.

Mr Jenkins said it was not group policy to detail profit contributions from its various divisions.

The automotive division, he said, was nonetheless a “substantial” contributor to group profits.

While profit contributions “were naturally affected by the downturn in demand of the last few months, there was no material change on the previous year.”

The company’s annual results for the year to end-September show pre-tax profit down 6% to R31 million, on turnover down 15,2% from R748,1 million to R634,6 million.

This left income before interest charges down 12% from R59,4 million to R52,3 million, but thanks to a 49% decrease in the interest bill, pre-tax profit was down only 5,9% from R51 million to R48 million.

After making allowances for outside shareholders’ interest (78,4% down at R175,000), preference dividends (31% down at R172,000), and retained income from associates (up 23,7% to R47,000), net income after tax (down 6,7% to R17,4 million), was down 7,8% to R30,3 million.

Earnings were consequently 8,3% down to 165,8c a share, and the group declared a same-again final dividend of 54c a share.

Prospects for the year ahead, said Mr Jenkins, were clouded, and “unless there is a substantial and rapid economic recovery, results for the next year could be below those achieved during 1985-86.”

On prospects for the motor industry specifically, Mr Jenkins told the Evening Post he believed recent events in the market “are too drastic to be indicative of the year ahead, and I hope that by the beginning of next year — particularly if the current rationalisation moves proceed — we will get a more stable industry.”
Assault case judgment later

By CHRIS RENNIE

JUDGMENT in the trial of a Volkswagen factory worker who allegedly assaulted his foreman is expected in the Uitenhage Magistrate's Court during March next year.

Mr Nutusel Johnson Gaika was charged with assaulting Mr Burger Steyn Delport with intent to cause grievous bodily harm at the factory on the morning of June 29. He was alleged to have used his fists, feet and a chain in the assault.

At the close of the State case yesterday afternoon, Mr G G Husamen, who appeared for Mr Gaika, argued that there was no evidence before court on which a reasonable man could convict. He pointed out that there were five different versions of the alleged incident, not one of which could be reconciled with any of the others.

He analysed the evidence given by the three State witnesses and detailed the contradictions that occurred. He applied for Mr Gaika's discharge.

The magistrate Mr W Simu conceded that there were contradictions, improbabilities and even aspects that were irreconcilable in the evidence. But it was common cause that an incident had occurred and he felt there was a case for Mr Gaika to answer.

Mr Husamen then closed the defence case and said he wished to submit written heads of argument that would cover the facts, the quality of the evidence and the law. This would be made available to the court in advance. The case was postponed to March 1 next year.

Mr F Botha appeared for the State.