MANUFACTURING - CLOTHING

Why school uniforms are so dear

By Carolyn Dempster and Tony Dunbar

percent higher than they need be. But black and Indian schools are now moving towards standardisation of uniforms.

This week Soweto principal's received a circular from the Department of Education and Training dealing with a report on school uniforms.

The report proposed one uniform for all Soweto pupils — with only a badge, tie or pyjama knee to identify each school.

Efforts to introduce similar standardisation to white schools — begun 10 years ago by the SA Bureau of Standards — have failed because of parent apathy.

After years of study, the Bureau of Standards, SABS specifications.

If this was acceptable to schools it would result in a far cheaper, yet good quality, uniform being made available, according to the SABS.

For standardisation to be effective in reducing the price of uniforms it would be necessary for a large number of schools, particularly new ones, to opt for simple designs.

The catalyst necessary to enforce a standardised uniform — as has happened with Indian and black schools — will have to be the education departments.

But the Transvaal Education Department has said it has no responsibility because uniforms are not compulsory.

PRELIMINARY BUDGET 1981

PROPERTY DEVELOPMENT PROGRAMME

GRADUATE SCHOOL OF BUSINESS

14
NINETY-SIX percent of clothing manufacturers say production is hampered by a shortage of skilled workers. This is reported by the Stellenbosch Bureau for Economic Research in its latest opinion survey of business conditions.

About 53 percent also report shortages of semi-skilled labour.

More than three-quarters of the clothing factories are working at full capacity and thus have sparked off a wave of new fixed investment. Almost 80 percent of firms reported expansions in production in the December quarter and 83 percent have plans to expand in the current quarter.

UNFILLED ORDERS

Judged by the value of orders received and the value of unfilled orders, manufacturers are experiencing a boom, says the report.

Ninety-eight percent of clothing firms said business was better than a year ago and 81 percent expected business to be even better this quarter.

Sixty percent of textile manufacturers said they could not increase production without undertaking new fixed investment.

About 30 percent expanded their capacity in the December quarter and another 34 percent would do so this quarter.

Serious shortages of skilled labour and raw materials are noted, however. But the cost of financing is coming to the fore as a bottleneck, says the bureau.

S A Rooy

FOR THE BEST FUND

General J B Heritz

D H Price Lewis

OF PROFESSIONAL FIDUCIARY IN THE SURVEYING (OR JOUR.

ARCHITECTURE) OR JOUR.

David Haddow Prize

MISS Z Trengold

FOR THE BEST STUDENT IN:

Holly Coetshetla Memorial Prize

L II P Rapport

FOR THE BEST WOMAN STUDENT

IN PROFESSION OF ARCHITECTURE.

Helen Gourder Prize

P F Dunphy

FOR THE BEST STUDENT IN:

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute
Good returns

Adonis: Produce's itu's three-day-old.

Chairman and managing director: J. C. Davidson. Three years' family.

Transactions: 1st, 2nd, 3rd and final years.

Third Year (Gold Medal)

Miss K. C. Davidson

Analysis:

- Capital: 21,478.70
- Current: 18,715.90
- Debt: 2,762.80
- Cash: 300.00
- Total: 25,262.50

Current ratio: 2.1:1

Net assets: 18.3% on current, 8.3% on debt, 5.9 on dividends.

Borrowings: 5.7% on short-term.

Price: R 180.00.

High: 185.00

Low: 105.00

And a 10% prospective yield.

The market appears to have

price levels which have not been reached.

This year's dividends are at least 80% higher.

The yield is 4%.

The shares are sold out.

The company owns a profitable business.

The following table shows the

variations in the share prices:

<table>
<thead>
<tr>
<th>Year</th>
<th>Opening</th>
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For the best student in each

of the next three years.

Miss G. C. Littlewort

Second Year (Silver Medal)

Miss N. C. Davidson

Third Year (Bronze Medal)

FACULTY OF ENGINEERING

Corporation Medals for the best student in each year.
City clothing firm merger with UK co

A CITY clothing firm has negotiated a merger with a British company which it sees as leading to a big growth in its export potential.

Aldenro, which manufactures ladies' slacks and blouses, and is a supplier to Woolworths, has sold 50 percent of its equity to Peter Bland Ltd of UK, which has six factories in the Britain, and supplies to the Marks and Spencer chain.

"The merger will mean a major upgrading in our efficiency, and we think it will mean a major increase in the quality of our production," says Aldenro chairman, Mr Dennis Rodgers.

"We will have access to Peter Bland expertise, which will enable us to keep abreast of European styling, as well as improve our production techniques."

"We will be introducing new machinery, and new systems, which should enable us to keep our pricing very competitive."

During 1980 Aldenro invested £150,000 in new machinery, and the merger will allow introducing systems to use the plant at optimum, Mr Rodgers said.

The managing director of Peter Bland, Mr Dennis Roberts, said that in addition to upgrading production at the Elstree River factory, the deal would open the door for Aldenro to export markets in Britain and Germany.

"We have some buyers coming out from Europe this week, and I think we can get a good share of the UK and German market."

He said that while there had been a tendency for the British clothing sector to invest in the Far East, there had been a move in Europe away from this market, and South Africa was viewed as having good potential.
The Western Cape urgently needs a regional strategy to promote industrial growth and the creation of jobs. This will require a comprehensive approach, including investment in infrastructure, education and training, and the development of a strong business environment.

By James Lodge

For the best student in each of the 2nd, 3rd and final year of the course, the following awards were made:

- First Prize in Corporate Medals: Miss G C Littlewort
- Second Prize in Corporate Medals: Miss N C Davidson
- Third Prize in Corporate Medals: P M Salmon
- Fourth Prize in Corporate Medals: T. J. Cumming

Professor George Menzies Prize was awarded to the student with the best average mark in the course. This year it was awarded to H. L. Menegaldo.

For the first year student with the best average mark in Drawing, A E & C I Prize was awarded to L. Menegaldo.

Increasing employment opportunities and the growth of industry are the key to the Western Cape's economic development.
More socks may be 'dumped' — clothing chief

A CONSIGNMENT of more than 1.5-million pairs of socks was dumped on the South African market and 'there is cause to fear' that other shipments will follow, Mr Mike Getz, chairman of the Cape Clothing Manufacturers' Association, claims.

Commenting on a statement by the director of Imports and Exports, Mr W Wilker, that the shipment must be accepted by the garment industry as normal competition in a free market, Mr Getz said the matter was serious enough to merit careful examination.

He did not dispute the right of importers to buy from overseas sources. The socks in question represented almost three months output of a large South Africa producer.

IN THAILAND

They were made in Thailand and not Taiwan, as was earlier reported.

The original shipment went to the United States where it was refused entry, then to Germany, where it was again shut out.

The shipment has now come to South Africa on the basis of 18c a pair free on board. This price apparently appeared on the permit granted.

'By any standard and taking into account the cost of the yarn, production and freight, these goods were in fact dumped on to our market.'

QUOTA CONTROLS

'These goods were refused entry in the United States and Germany because these countries had quotas and controls on such imports. They found that, 'the free-market mechanism of customs tariffs did not on their own project their own economy against...'

Trade gap with UK mounts

SOUTH AFRICA's unfavourable balance of trade with Britain grew by £87.8-million (about R122-million) or 37.7 percent in 1980.

South Africa imported £1,601.8-million worth of goods from Britain, and exported £754.3-million to that country last year.

The corresponding figures for 1979 were £713.4-million and £533.7-million.

Imports from Britain for 1980 were up by 40.4 percent on 1979, while exports were up by 41.3 percent. The increased trade gap was thus mainly due to the greater volumes handled.

11 MONTHS

Figures for the first 11 months of last year show that imports were dominated by transport equipment and machinery.

Vehicles accounted for £111.4-million, specialised machinery for £110.2-million, general industrial machinery for £58.5-million and metal working machinery for £26.6-million.

Exports were led by non-metallic mineral materials at £139.6-million, followed by metallic ferrous ores and scrap metal at £124.2-million, fruit and vegetables at £10.5-million and textiles at £26-million.

December 1980 showed at 12.5 percent improvement over December 1979 with £144.2-million received from exports to Britain. But imports for the month left 67.3 percent to £192.2-million.
The federations don't want government to accept tariff controls as the case tariff control on moderate rates and a measure of quantative restriction to the quota. As he says, the BTI has made a call to the industry to increase the quota. But the BTI has not made a call to the industry to increase the quota. As he says, the BTI has made a call to the industry to increase the quota. But the BTI has not made a call to the industry to increase the quota. As he says, the BTI has made a call to the industry to increase the quota. But the BTI has not made a call to the industry to increase the quota. As he says, the BTI has made a call to the industry to increase the quota. But the BTI has not made a call to the industry to increase the quota. As he says, the BTI has made a call to the industry to increase the quota. But the BTI has not made a call to the industry to increase the quota. As he says, the BTI has made a call to the industry to increase the quota. But the BTI has not made a call to the industry to increase the quota.
CAPE TOWN — While the clothing industry export figures for the first nine months of 1980 compared favourably with those for 1979, a disturbing increase was seen in clothing imports, according to the president of the National Clothing Federation (NCF), Mr Simon Jocum.

Comparing freight-on-board values, clothing industry export figures for the nine months to last September of R28 500 000 went against R22-million for the whole of 1979.

Mr Jocum said the figures were encouraging and showed that the South African clothing industry was holding its own in world markets despite recessions in many overseas countries.

For imports, however, Mr Jocum said the picture was disturbing, with the fob value of imports for the nine months to last September at R44-million compared with a total for 1979 of R47-million.

The monetary value might not seem great but the units were high and could be as much as 5% of local production in certain sectors of the industry.

Mr Jocum said the increase had stemmed from garments being imported mainly from the Far East like Taiwan and Hong Kong.

Clothing manufacturers in those countries were being forced to look for new markets, especially those with economies like South Africa, which remained buoyant. This "distress" merchandise had been refused entry into Western countries by quota controls.

The clothing industry in South Africa was unhappy with this, particularly because it had to support the local textile industry and prices of imported garments landing in this country were less than the cost of basic raw materials to local buyers.

This could lead to unemployment in the local clothing industry if the trend continued in a sector already highly competitive and labour intensive.

Mr Jocum said that the NCF had held meetings with representatives of the Board of Trade and Industries to discuss the problem and had stressed these points with a view to reaching a formula acceptable to both the DTI and NCF.

If import control was to be dismantled, the clothing industry would have to rely on a higher tariff structure than it had.

The present customs structure did not prevent dumped clothing from being detected until it was too late. Once the safety net of import control was removed, there had to be a drastic revision of import tariffs for the importation of clothing. These were last adjusted in 1974 — Sapa.
UNDERWEAR made in Atlantis is inspected by Val-Hau directors Mr Jack Oliver (left), general manager of the factory, and Mr Jeremy Chairman

The Salt River factory is also choa-bloc so the company may need to consider another expansion.

MORE MONEY

The Atlantis factory has produced new problems, however, more money and effort has to be spent on training inexperienced workers while management staff have to commute from Cape Town to make up the skills lacking in Atlantis.

- Atlantis now has 51 industrialists operating from 46 buildings and employing more than 8,500 workers.

- Between 15 and 20 companies with fixed land reservations are expected to open factories this year and provide between 3,000 and 5,000 jobs.

Atlantis clothing factory trebles in size

THE R1.75-million Atlantis clothing factory of Val-Hau has trebled in size in four years to become one of the new town’s biggest employers.

The factory started with only 14 workers and now employs almost 300. The 45-year-old lingerie manufacturer opened in Atlantis because its Salt River factory could not cope with growing business.

FULLY BOOKED

Although the latest extension is in full swing, Val-Hau says, it still has difficulty in meeting orders and its production at both factories is fully booked to the end of the year.

"We are having to refuse home orders because it would mean sacrificing some of our expert business," says the chairman, Mr Rubie Chairman.
Clothing unions want 20% more

Labour Reporter

Two major clothing unions have demanded a 10 percent increase in wages in addition to another 10 percent promised by management in July.

The Garment Workers' Union of South Africa and the National Union of Clothing Workers have called for the extra wage increase to combat increasing cost-of-living rises.

Workers in the clothing industry were due for a 10 percent pay rise in July from the Transvaal Clothing Manufacturers' Association.

Garment Workers' Union president, Dr Anna Scheepers, said that wage negotiations should take place on an annual basis to meet current consumer problems.

"With the cost of living having run ahead of increases over many years, the workers are far worse off now than they were in 1960. This can no longer be tolerated," Dr Scheepers said.

"Food prices are going up so fast that in future we shall have to negotiate annually.

The two unions represent more than 25,000 workers and are affiliated to the Trade Union Council of South Africa."
By Z. B. MOLELE

AN estimated 400 women at a clothing factory in Nancefield near Kliptown are on strike following a wage dispute on Monday.

Sources in the factory told the SOWETAN that they had gone on strike because of their low wages and poor working conditions. At the time of writing it was claimed that more than 400 employees were on strike.

The sources also alleged that beginners at the factory earned R13 a week while machinists earned R25 a week. They also said for the hours they worked their wages were low: 7 am—5 pm on weekdays and 7 am—4:30 pm on Saturdays overtime.

Claimed Miss Y: “Workers conditions in this factory are terrible. The money we earned was peanuts and it could not meet our basic living costs. Anyway, we work for these because it was the best thing to hold in Soweto. We couldn’t take it any longer.”

Another young woman who talked to reporters in Kliptown confirmed what Miss Y had said.

When reporters tried to photograph her, she warned: “You people want me to be assaulted in the factory?”

This later was understood to mean that the woman was alleging that one of their bosses usually assaulted them when they had committed a mistake in their jobs.

Mr. H. Fineberg, financial director of the factory, would not talk to the SOWETAN and instead referred us to Mr. Terence Kenner, of the Transvaal Clothing Manufacturers’ Association.

Yesterday, the Garment Workers Union and the National Union of Clothing Workers, which represents more than 25,000 workers, demanded a ten percent increase in wages in addition to another the next best thing to holding in Soweto. We couldn’t take it any longer.”

With the cost of living having run ahead of increases over many years, the workers are far worse off now than they were in 1969. This cannot be tolerated. Food prices are going up so fast that in future we shall have to negotiate annually,” said Dr. Anna Scheepers, president of the Garment Workers Union.

Mr. Kenner said: “As far as we are concerned, the workers at the Kliptown factory have gone on strike illegally. We don’t believe it has anything to do with us.”

A well-placed source in the Union of Clothing Workers also told the SOWETAN that the workers in the Kliptown factory had demanded an increase of R3 in their weekly pay but “their management is adamant that they will stick to the association’s agreements.”

The results of Table 10 indicate a change in the emphasis on medical and surgical services covered by medical aid schemes falling from 2.5 to 1.4.
Union gets registered

Labour Reporter

The National Union of Clothing Workers was registered last week giving the union the formal right to engage in wage negotiations.

An excited Mrs Lucy Mvubelo, secretary of the union, said the union had applied for registration in December 1973 and had received its certificate on Thursday.

"It was a long, long wait but it was definitely worth it," Mrs Mvubelo said.

"Now we will be able to negotiate for our workers at all levels."

The National Union of Clothing Workers, which is a member union of the Trade Union Council of South Africa (Tusca), has more than 20,000 members.

Mrs Mvubelo said the clothing union had in the past been involved informally in wage negotiations.

"Now we are legal," she said.
Strikers go back as demand is met

Labour Reporter

About 500 striking workers at a clothing factory in Durban, Nelspruit, returned to work today.

The entire work force of Cutite Apparel returned today after a walkout on Monday over a wage dispute.

Workers called for a R3 a week increase - a rise given to staff at another nearby clothing firm last month.

Special meetings of the Transvaal Industrial Council for the Clothing Industry were held in Durban and again today to resolve the dispute.

Dr Anna Schoepers, president of the Garment Workers' Union which represents the workers, said that wages had to be increased because of a moderate cost of living increase.

The managing director of the Cutite Apparel company, Mr Sydnie Copel, told the strikers the workers had returned while talks continued.
Clothing wage talks adjourned

Labour Correspondent

SPECIAL wage talks between unions and employers in the Transvaal clothing industry were adjourned yesterday and will be continued today.

The unions involved — the National Union of Clothing Workers and the Garment Workers' Union of SA — are demanding a 10% wage increase in addition to a 10% increase due in July.

Mr Jimmy Thomas, secretary of the Industrial Council for the Clothing Industry in the Transvaal, would not comment on the progress of the talks yesterday.

Meanwhile, almost 400 coloured and black clothing workers are still on strike at Cut-Rite Apparel Manufacturers in Nancefield, near Kliptown. They went on strike on Monday after demands for an immediate R3 a week increase were turned down.
Clothing strike continues

By Z L. POOLE

THE MANAGING director of the strike-hit clothing factory in Nancefield, near Kptown, yesterday appeal
to trade unions to tackle the problem on a busi
nesslike basis.

Mr Syd Cope was reacting to a story published in SOWETAN which said an estimated 400 women em
ployees went on strike on Monday at his factory after
alleging low wages and poor working conditions. In
fact, 370 men and women are on strike.

By yesterday the workers had not yet returned
to work, according to a company spokesman.

"The factory is empty," he said. "We are waiting for
them to come tomorrow (Fridays)."

Yesterday the Garment Workers Union appealed to
workers to go back. The president of the union,
Mr A. Schepers, said if the workers were back at
work the task of negotiating with the employers
would be made easier. Mr Schepers said negotiations
were continuing today.

Some workers on strike claim that beginners earn
R13 a week while machinists earn R23 a week. They
also claim they worked 7 am to 6 pm on weekdays,
and 7 am to 4.30 pm on Saturday as overtime.

According to Mr Cope, who met SOWETAN in a
meeting with a few of the factory's executives,
the women earned far
more than the wages that were laid down by their union and
Industrial Council agreement.

"We are paying the
minimum wages laid down by these two bodies. In fact, over 90 per
cent of our workforce are receiving more than that," said Mr Cope.

The union rate for a
qualified machinist is
R29,60 a week, but there were machinists earning R42, R53, R50
and R49 a week at the
Nancefield factory, he
said. Pressers earned
R40 and B44 weekly while the minimum union rate is
R32,60.

On what general works
were earning, Mr
Cope said R13 a week was a union minimum. Explaining
further, he said: "If the factory still pays more
than this we was the case with another worker who
after two weeks was earning R24,50. "We look at how
our workers are progressing individually."

SOWETAN wanted to know what could be the
cause of the strike if the workers were earning these
attractive wages," Mr Cope said. It must be under
stood that he was not against his workers receiving increas
es, "but we have to abide with negotiations between
us and the unions," he added.

He then declared that he is not going to jeop
darise his position while small factories offered the
workers "fantastic" wages. "I hope when my worker are
report here on Friday for their wages we will sort
this out. I feel that the unions should tackle this like a
business-like basis," continued Mr Cope.

Asked about the hours the workers worked, he
said they worked the stipulated 40 hours for a five-day
week as laid down by the unions and the Industrial
Council. On working overtime, they are paid one and
a half time for that particular day. This means they are
paid for eight hours plus another half of their.
 wage — "everything is worked relatively on a
weekly rate."

Reporters were taken on a conducted tour of the
factory premises. According to Mr Cope other benefits
the workers enjoyed were medical attention from a
nurse assisted by a nursing sister, a group life insur
ance scheme for employees with more than 20 years
service and Putco buses to transport them to and
from work each morning and afternoon.
Workers end strike at Cut-Rite

Labor Correspondent

THE week-long strike by all black and coloured workers at Cut-Rite Apparel Manufacturers in Nancefield ended yesterday. The 400 workers agreed to return to work and to await the outcome of pay negotiations between unions and employers in the Transvaal clothing industry.

The strike had been at a standstill since Monday when the workers went on strike in support of a R3 a week pay increase.

Mr Jimmy Thomas, secretary of the Transvaal Industrial Council for the Clothing Industry, said no final agreement had been reached in pay negotiations although a "lot of progress" had been made.

The Transvaal Clothing Manufacturers' Association will hold an executive meeting on Tuesday, and the industrial council would meet again on Thursday when an agreement was likely to be reached.

He would not comment further on the talks.
Police disperse striking clothing factory women

EAST LONDON — Police were called in to disperse more than 300 women workers who downed tools in a section of the Berkshire factory here yesterday morning.

The police public relations officer, Major W. W. Brown, said police had been asked to assist after 325 black and coloured women had downed tools.

He said the officer in charge of the unit that went to the factory told the workers they were committing an offence by being involved in an illegal strike and they should leave the premises.

Major Brown said the workers obeyed the order and there were no in- sidents and no arrests.

A worker, Mrs. T. Kanana, who said she and Miss Caroline Thomas had been accused by management of having incited workers to strike, said trouble started when the factory's production manager, Mr. Fletcher, resigned. He was replaced by Mr. Mitchley and since the change many workers had problems with their production bonuses," she said.

She said that after they had downed tools on Thursday afternoon two officials from the Department of Manpower Utilisation, Mr. Hyzana and a Mr. Swartz, had addressed them and told them management had said they were refusing to accept R40 a week.

"We told them we were earning R26 a week and that even with the production bonus we did not get R40 a week," she said.

Mrs. Kanana said workers in the Lee Jeans department downed tools on Thursday afternoon after several abortive attempts to get management to work out an acceptable solution to the grievances.

She said they were told they would have to start work or be out of the factory by 9:30 a.m. yesterday.

At 9:30 they were told they were being given until 7 a.m. to leave the premises.

She said police with quiffs and batons arrived after 7 a.m. and workers had been told to leave before police arrived.

In a statement yesterday the managing director of Berkshire International, Mr. Mike Strong, said:

"A work stoppage over a request for the withdrawal of an existing basic wage plus incentive bonus scheme and the replacement by an enhanced basic weekly wage has taken place in one section of the factory."

At a meeting of members of the liaison committee attended by representatives of the Department of Manpower Utilisation no other grievances were expressed.

Several efforts were made to persuade personnel to resume work but to no avail, and the strike was reached where the failure to restart had to be taken as a breach of contract in which the workers effectively discharged themselves.

The company will be engaging labour, from Monday, March 9, and the personnel involved who wish to return to work have been advised that they may reapply for employment at that time — DDR.

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The company will be engaging labour, from Monday, March 9, and the personnel involved who wish to return to work have been advised that they may reapply for employment at that time — DDR.
THE number of people employed in the Cape clothing industry rose by 5,500 last year to a record 60,000. This means that one in four industrial workers in the area is employed by the clothing industry.

However, this situation is threatened by increasing imports of clothing, warns Mr Alex Rosenberg, chairman of the Industrial Council for the Clothing Industry.

The council's annual report shows there are now 360 clothing and knitwear factories in the area falling under the jurisdiction of the industrial council. Altogether more than R100-million is paid out by the industry every year in salaries and wages — equal to about R2-million a week.

Mr Rosenberg says the most recent statistics show that while clothing prices rose by 9.1 percent in 1980, the prices of raw materials to the industry rose by 11.8 percent and wholesale prices generally by 15.3 percent.

Production of the clothing industry for the country overall rose by 13.7 percent which showed that clothing manufacturers were able to contain prices by improved productivity.

This was borne out by export figures which showed a 10 percent rise in export sales for clothing last year.

However, imports of clothing into South Africa increased by 26 percent.

"This trend for imports to increase at a rate faster than the improvement in local production can, if it continues into the future, be a matter of serious concern to the Western Cape, the future of which is so closely connected with the clothing industry."

"It cannot be too strongly emphasised that the economic well-being of the Western Cape is to a tremendous extent dependent on the clothing industry."

"If the clothing industry in the Cape loses its ability to create new jobs and to keep those already created, the effect will be felt more widely than just in the industry itself, with a depressing effect on the area as a whole."

These problems and fears have been brought to the urgent attention of the Board of Trade and Industries by the National Clothing Federation.

The tempo of business activity in the industry is showing no signs of declining. Growth this year is likely to continue, but perhaps at a slightly slower pace.

MR A M ROSENBERG, chairman, Industrial Council for the Clothing Industry (Cape).
Merger move by two SA clothing giants

TWO of the country's clothing giants, Woolworths and Truworths, plan to merge.

If the deal goes through, it will result in the creation of a company with assets of more than R100 million.

Joint annual sales are more than R300 million.

Both companies are Cape Town-based and are market leaders.

Woolworths has branches throughout the country selling clothing and some foods.

Truworths is one of the top two in the women's fashion clothing business with more than 400 stores.

It is also one of the biggest manufacturers in the country of women's wear with a network of factories scattered around the Western Cape.

The two companies announced today that they had agreed in principle to merge.

However, the merger would be subject to undisclosed conditions and another announcement would be made on March 26.

The stock exchange listings of the two companies have been suspended until that date.

The shares of Penmore, which controls Truworths, have also been suspended.
Woolworths, in the year to June 30, 1996, had sales of R18 400 000 and pre-tax profit of R9 109 000 before inflation adjustment. In the six months to December 1995 sales rose 25% and pre-tax profit 77%.

Analysts were looking for a 33% sales and 40% pre-tax profit increase for the year, suggesting sales of R26 500 000 and pre-tax profit of R2 900 000.

The means combined sales could be R300-million and pre-tax profit R1 250 000.

Edgars, the combined group’s major rival, last year had sales of R25 500 000 and pre-tax profit of R10 145 000. At the interim sales were up 25% and pre-tax profit 51%. It was more cautious, saying sales in the current year would be nearly R100 million and pre-tax profit nearly R50-million.

Mr Adrian Bellamy, managing director of Edgars, said he was “very assured” of Woolworths and Woolworths’ merger with Edgars, saying “we are the one that will come out of the new entity.”

He believed the merger between Truworths and Woolworths would be “very assured” and would result in a formidable group.

"It gives us a higher target to aim at," he said.

The merger represents a major change of direction for two highly dissimilar companies.

Woolworths operates 67 large stores all over South Africa and sells house, non-fashion clothing, shoes, furniture, and more.

Truworths, on the other hand, has 40 stores, is smaller than Woolworths, and is focused on fashion clothing, shoes, and more.

While Woolworths has been a large borrower, Woolworths has been aggressively financed and has generally kept large cash balances.

In the year to May 31, 1996, Woolworths reported sales of R18 400 000, pre-tax profit of R9 109 000 and after tax profit of R10 317 000.

At the half-year to November 30, sales were 25% and pre-tax profit 23% better.

Analysts were expecting both to improve by at least 25% on the year, suggesting sales in the year to May of R26 500 000 and pre-tax profit of R1 250 000.

Finally, there will be the usual rationalisation benefits with cash savings in distribution and administration costs.
Second clothing merger looms

By DAVID CARTE
Deputy Financial Editor

A huge retail clothing group, with sales of about R360-million and pre-tax profit of more than R56-million, will come into being if Woolworths and Truworths clinch merger talks, it was announced yesterday.

The merged group would vie with Edgars as the country's biggest clothing retailer.

Merchant bank, Union Acceptances Limited, said the parties had "agreed in principle" to the merger. But terms of the deal are still being negotiated. Both companies refused to make any comment yesterday.

Woolworths is valued by the stock market at R169-million and Truworths at R25-million.

This is the second proposed merger in the clothing industry in less than a week. On Friday, the country's largest clothing manufacturer, Scarfels Investments, announced negotiations with Dabin, which could form a manufacturing giant, with sales of R250-million and pre-tax profit of R22-million.

Mr. Tred Keswuit, financial director of Woolworths, said the negotiations may be completed this week. The merger represents a major change of direction for two highly dissimilar companies.

See Page 12
Not all are rehired at Berkshire

Most of the workers dismissed after last week's stoppage at the Berkshire International clothing factory in East London have been reemployed without loss of service benefits, management has said.

But according to a spokesman for the South African Allied Workers Union (SAAWU), close to 100 workers have not been taken back.

**BONUS SCHEME**

About 300 black and coloured women stopped work last Thursday, demanding the withdrawal of an unpopular production bonus scheme. They were later ordered to vacate the premises by police.

The entire workforce then stopped work in sympathy, the union spokesman said, and all workers were told to report for reengagement after the weekend.

The bonus scheme had worked smoothly until the company's production manager was replaced. The spokesman said, and unrealistically high production goals were instituted.
2.

2. PROBLEMS WITH THE STOCK.

In the early to middle 1980s, the bond market was not as well-regulated as it is today. Many of the problems that arose at this time, such as the leveraging of debt and the use of off-balance sheet instruments, are not seen today. However, the bond market has since become more regulated and the use of such instruments has been reduced.

The bond market has been one of the major sources of financial innovation. The development of new instruments, such as mortgage-backed securities and credit default swaps, has allowed investors to hedge against interest rate risk and credit risk. However, these innovations have also increased the complexity of the bond market and made it more difficult for investors to understand.

The bond market has also been subject to significant volatility. In the late 1970s and early 1980s, interest rates rose sharply, leading to a significant decline in the value of many bonds. This volatility has made it difficult for investors to plan their portfolios and has increased the risk of loss.

Despite these challenges, the bond market remains an important source of financing for businesses and governments. Investors continue to seek out opportunities to earn a return on their investments, and the bond market provides a way to do so. However, it is important for investors to understand the risks involved and to carefully manage their portfolios to minimize the impact of volatility.
Clothing unions win wage rises

Labour Reporter

The Garment 'Workers' Union yesterday successfully negotiated an 11.5 percent wage increase for qualified workers in the clothing industry.

Dr Anna Schepers, president of the union, said that negotiations with the Transvaal Clothing Manufacturers' Association were very difficult. The union had originally demanded an immediate 10 percent, and an additional four percent in July.

The new across-the-board increase will come into effect from April 1.

Beginners in the industry will receive the highest increases — an extra R3 a week.

Dr Schepers also said they were negotiating new wages for workers in the knitting industry.
Seardel pays over R16m for Dubin

By DAVID CARTER

Seardel, SA's biggest clothing maker, has successfully concluded negotiations for the acquisition of Dubin, another clothing maker, for an effective price tag of more than R16 million.

The enlarged company will have sales of more than R150 million, and pre-tax profit of about R25 million, and will be far bigger than SA's second biggest clothing manufacturer.

Until this acquisition Seardel specialised mainly in women's clothes. Now, through Dubin's, Man-About-Town, franchise, it will be a major force in men's clothes as well. Both companies have important non-clothing interests.

Seardel representatives will be appointed to the Dubin board and Mr. Abe Dubin will continue as chief executive of Dubin.

Dubin shareholders are being offered R160 a 100 Dubin shares. There are 10,000,000 shares in issue, putting a price of more than R16 million on the deal. Because a premium is being paid on Dubin's net assets, Seardel's asset value will be reduced by 25c a share.

The price payable will be discharged by the issue of six new Seardel shares at 700c and 10 Seardel convertible cum-per-share shares at 700c and a 75c cash payment for every 100 Dubins held.

The new Seardel shares will rank for Seardel's recent 85c interim dividend. Old Dubin shareholders will not receive Dubin's 85c final dividend. The new Seardel shares will not rank for Seardel's interim dividend, which is expected by analysts to be between 3c and 4c.

Dubin shareholders have the right to elect cash instead of the Seardel convertible prefs.

Thus, a holder of 100 Dubin shares will receive R1.82 cash and six Seardel shares under the cash alternative.

The Dubin 14%, convertible pref holders will receive for each 70 pros the same consideration as ordinary shareholders as well as the pref dividend for the six months to December.

The 5.5% cum prefs in Dubin will receive, for each cum, pref 25c cash plus one 12.5% R1 redeemable pref in July 1981.
Seardel clinches R16m
takeover of Dubin

By DAVID CARTE
Johannesburg — Seardel, SA’s biggest clothing maker, has successfully concluded negotiations for the acquisition of Dubin, another clothing major, for an effective price tag of more than R16m. The enlarged company will have sales of more than R200m and pre-tax profit of about R22m and will be far bigger than the country’s second biggest clothing manufacturer.

Until this acquisition, Seardel specialized mainly in women’s clothes. Now, through Dubin’s Man-About-Town franchise, it will be a major force in men’s clothes as well. Both companies have important non-clothing interests as well. Seardel representatives will be appointed to the Dubin board and Mr Abe Dubin will continue as chief executive of Dubin.

Dubin shareholders are being offered R100 a 100 Dubin shares. There are 10200000 shares in issue, so this puts a price of more than R160 000 000 on the deal. Because a premium is being paid on Dubin’s net assets, Seardel’s asset value will be reduced by 5c a share but after taking account of new shares to be issued, earnings a share will increase by 2c.

Seardel’s capital base of R770 000 will be more than doubled as a result of the deal. The price payable will be discharged by the issue of six new Seardel shares at 70c and 16 Seardel convertible cumulative preference shares at 70c and a R5 cash payment for every 100 Dubin shares held.

The new Seardel shares will rank for Seardel’s recently declared 8c final dividend but Dubin shareholders will not receive Dubin’s 6c final.

The new Seardel shares will not rank for Seardel’s interim dividend which is expected by analysts to be between 3c and 4c.

Dubin shareholders have the right to elect cash instead of the Seardel convertible prefs.

Thus, a holder of 100 Dubin shares will receive R118 cash and six Seardel shares under the cash alternative. The Dubin 14½ convertible preference holders will receive in respect of each 70 prefs, the same consideration as ordinary shareholders as well as the preference dividend for the six months to end December.

The 8½% cum pref holders in Dubin will receive for each cum pref 2½% cash plus one 12½% R1 redeemable pref in July 1981.
Huge expansion plan spells trust in growth in Eighties

By Stephen Orpen

Almost R400-million is to be spent on expansion and renewal by cement conglomerate Anglo-Alpha. Of some R360-million earmarked for investment in the next five years, R238-million is for expansion and R130-million for replacements.

Expansion options include a new factory at Saldanha and a dry-process plant at Uloco in the north-western Cape.

Revealed today, Anglo-Alpha’s capex figures lift planned capital spending announced by key companies in the cement industry as a whole to more than R1 000-million.

The message for the country is clear: First, cement-producers, at least, are optimistic about the rate of growth in the building and construction industries in the Eighties. An annual average growth of at least 5% (less than half last year’s performance) is the conservative consensus.

Secondly, the cement industry seems to be hopeful that the current Government probe into the pros and cons of price-controlling the industry on the existing basis will yield pleasing results.

Last year even optimistic industry observers were surprised by the surge in cement sales. They expected a record sales year.

But not the actual year-on-year sales lift of 21% to 7.4-million tons — which accelerated as fourth-quarter sales reached 1.9-million tons, an increase of 20% over the comparable period in 1979.

Anglo-Alpha’s expansion is slated to cost almost double that announced so far by any other cement producer and is impressive even allowing for the current size and strength of the company, with assets now above R250-million.

Regarding performance, the company last year featured in the elite Business Times short-list of 10 “Royal” companies whose annual earnings growth over five years has consistently topped 20%.

The new annual report shows that in the past five years Anglo-Alpha’s per-share earnings growth rate has now accelerated to a dizzy 55%, sharply upped by the latest results.

The preliminary figures for 1980 reflected a leap of 60% in operating profit for the second half of the year compared with the first half, and by 70% for the year as a whole to R50.8-million (R29.9-million).

Earnings per share are up to 70.8c (33.7c) and the annual dividends have reached 27c (17.8c) covered 2.6 times.

Why such bold new expansion plans following years in which the cement industry has complained about starvation cement prices as set by the Price Controller?

Industry sources reiterate that producers could be expecting good news from the Competition Board, under chairman David Mouton, which is looking at eight industries, with a particular eye on the necessity of maintaining Government-set prices.

At the same time, Anglo-Alpha chairman Mr H Byland notes that a substantial proportion of his company’s new capital spending “is dependent on further improvement in price-controlled returns”.

With turnover now at R199-million (R138-million), Anglo-Alpha is involved in the production of cement, lime, industrial minerals, stone aggregates, ready-mixed concrete and — surprisingly — textiles.

Mr Byland attributes the outstanding results to “accelerating demand for the group’s products, especially from the building and construction industries”, sales volume in the various markets rose by 22%.

Expenditure of some R1-million is planned for this year alone.

Profitability and investments are now closely monitored, along with cash flow, with allowance for inflation by calculating depreciation on the current cost of fixed assets rather than the historic cost. Also, stock evaluation is by FIFO.

Mr Byland says he expects the pace of investment by the group to quicken throughout the Eighties — which could mean capital spending of more than R1 000-million during the decade as a whole.

He says the outlook is “good” for all divisions of the group.

In the cement division, turnover last year rose by 30.5% to R63.1-million (R48.7-million) and operating income rose by no less than 80.6% to R29.5-million (R16.5-million).
WOOLWORTHS is to pay just under R60-million for the Truworths group, according to details announced today.

After five days of negotiations the two Cape Town-based groups and leaders in the retail clothing trade agreed at the weekend to merge.

It is proposed that Woolworths will acquire the entire issued capital of Truworths and its pyramid company, Bonmore.

OFFER

Woolworths is offering R574 in cash and 53 Woolworths voting ordinary shares for every 200 Bonmore shares and R3702 in cash and 330 Woolworths voting ordinary shares for every 100 Truworths' shares.

This will cost Woolworths about R37.5 million in cash and require the issuing of ordinary voting shares worth about R1.6 million at their suspension price of 187c each.

A new holding company will be formed with Mr. David Susman, managing director of Woolworths, as chairman, and Mr. Tony Williamson, managing director of Truworths, as vice-chairman.

Mr. R.S. Sonnenberg will continue as chairman of Woolworths and will also be on the new board, as will be Mr. L. Shlomn, founder and present chairman of Truworths.

Commenting on the merger today Mr. Susman said that both companies were good at what they did. The merger would help both to do even better.

Mr. Williamson said the group of companies involved in the merger had the new strength in many areas. It would also offer excellent career opportunities for its 11,000 employees.

Some people have expressed surprise at the merger of two groups with quite different methods of operations. Woolworths sells mainly staple goods for cash while Truworths sells mainly fashion goods on credit.

But this overlooks the fact that the merger is creating a large group with tremendous resources of cash and management ability.

This should be better able to take advantage of any opportunity that might occur in the future than either group could have done in the existing situation.

The Woolworths/Truworths group looks like it has an exciting future ahead of it.
By GORDON KLING

THE merger between two of South Africa's biggest clothing retailers, Woolworths and Truworths, is on.

Details of the scheme were hammered out at the weekend and the shares of both companies are to be retained on the Johannesburg Stock Exchange today.

The new Cape-based retail giant will be the largest of its kind in the Republic comprising 438 stores with a turnover in the region of R400 million this year.

In a statement released in Johannesburg last night, the managing director of Woolworth Holdings Ltd and chairman of the new company, Mr. David Susman, said: "The merger creates opportunities for greatly improved quality, value and style in the goods of both organizations."

"Each business has unique expertise which will be of benefit to our customers, staff, suppliers and shareholders. The operations of each company obviously complement each other in so many ways that the opportunities for the future are almost without limits."

He emphasized that the various chains in the group would continue to operate separately and maintain their own character and identity.

The managing director of Truworths, Mr. Tony Williamson, who will be vice-chairman of the new company, said: "The merger gives our new group enormous strength in many areas - and at the same time offers excellent career opportunities for its 11,000 employees."

According to an announcement yesterday by merchant bankers UAL and Sandbank, the name of the new group will be changed from Woolworths Holdings Ltd to "more accurately reflect the nature of the new company."

Mr. R.S. Sonnenberg is his continuing capacity as chairman of Woolworths will continue on the new board and Mr. L. Shaw in his continuing capacity as chairman and founder of Truworths will join the new board. The remainder of the board will be announced soon.

The merger will be implemented by Woolworths acquisition of Truworths shares and those of its holding company, Bonmore, in exchange for Woolworths shares and cash.
Woolworths more generous

By HAROLD FRIJHON

THE offer which Woolworths is making to the shareholders of Bonmore and Truworths in terms of the merger mechanism for amalgamating the two groups looks very much like an offer that cannot be refused.

Based on the pre-suspension prices, the terms to the Truworth group shareholders are, to say the least, generous. For every 300 Bonmore shares held, shareholders will get R674 in cash and 85 Woolworths voting ordinaries. This would have given R669.55 for shares which were priced at R140.

In the case of Truworths, the offer is R3 702 in cash and 320 Woolworths voting ordinaries worth R659.50 for 100 shares priced at R4 200.

It was to be expected when trading opened yesterday that the profit gap would be eliminated — and it was. Woolworths was bid up to 600c, as well the share should have been, because the combined resources of the two groups should generate greatly increased profits, with Woolworths cash flow financing the Truworths book, thereby eliminating the cost of borrowed money.

Bonmore rose from 520c to 520c, which means that 100 shares would be worth R1 040 while the offer, with Woolworths priced at 600c, would be worth R1 607.

Truworths went up to R57.50, which is higher than the offer, currently worth R56.55.

This means that shareholders in the two Truworths companies can either accept the offer and not pay brokerage, or go to the market and pay brokerage.

My advice is to accept the offer because it is unlikely that the Woolworths price will fall back. But if you have any doubts about Woolworths holding its price, sell now.

Details of the merger suggest that the welding of the two groups will be total and that there will be a meshing of the executives of both groups which will retain their identities and yet will come together at the top where planning and budgeting and financial management decisions will be made.

When the merger is complete, the old guard will hand over control at the top to younger men. Mr D R Sussman of Woolworths will be the chairman of the new top company and Truworths Mr A G W Williamson the vice-chairman.

The Woolworths trading company, however, will not lose the touch of the man who built up the group, Mr Dick Sommerville. He will remain chairman. And the same will go for Truworths, Mr Len Shawan, who, with his late brother, Mr Jose Katzenellenbogen, steered the Truworths group to the top will continue as chairman of the Truworths trading group.
impossible: the authorities maintain a reasonably efficient system of policing pass requirements among Africans who are admitted less scattered but far more numerous than farmers. It may be that the absence of written contracts of employment between farmers and workers makes the task of the inspectors impossible, but it seems that this problem needs more careful study before it can be considered insurmountable.

The problem not noted by the 1951 Commission is that many farmers, at least in the Karoo, seem to be in a position to employ more workers than the farms can possibly accommodate. The farmers interviewed during this survey pointed out that in Australia, where farm workers earn higher than South African wages, farmers keep one or two workers on to handle a control, and run fencing (so that sheep can be directed from one place to another and handled by a minimum of workers) and by the use of contract workers at peak times - shearing, dosing, dipping, transport, etc.

If wages and other costs on South African sheep farms are nearing the levels at which this sort of change becomes profitable - a question which cannot be answered here - moves to raise wages would only reduce the chances of those already unemployed, or eratically employed, of finding jobs, but would add to their numbers.

In conclusion, therefore, such policies to set acceptable wage rates for farm workers a move towards enabling workers to bargain for themselves, employment opportunities so that African workers can seek out the conditions that suit them best, and facilities in towns of the company, to enable them to exercise their freedom to select from a wider range to live, to work, and to return.
JOHANNESBURG — Agreement has been reached between Woolworths Holdings Ltd, Truworths Ltd and Bonmore Investments Ltd on the merger terms between the three companies, a joint statement said.

The terms are that shareholders in Bonmore will be offered R574 in cash plus 85 ordinary Woolworths shares for every 200 Bonmore held and Truworths shareholders will be offered R4,702 and 330 Woolworths shares for every 100 Truworths held.

The acquisition of Bonmore will not take place if Truworths shareholders reject the offer and vice-versa, it said.

On March 2, Union Acceptances and Central Merchant Bank said agreement in principle had been reached between the boards of the three companies.

The result of the merger will mean Woolworths controls the entire issued share capital of Bonmore and the issued ordinary share capital of Truworths other than those shares held by Bonmore.

This will produce a new group, the name of which has yet to be determined, operating 418 stores in South Africa and producing an annual turnover in the 1981 fiscal year of around R400m, it said.

The proposals will have a beneficial effect on Woolworths earnings, but will initially result in a reduction in net asset value.

In the six months ended November 29, Woolworths reported a rise in pre-tax profit to R14,92m from R11,23m in the year-ago period, while turnover rose to R108,36m from R103,63m.

Truworths, in the half-year to end December, earned pre-tax profit of R11,5m against R6,48m on turnover of R61,02m against R53,59m.

Woolworths shares opened yesterday at 520c against 575c before suspension last week. Truworths were untraded but bid up at 450c against 430c, and Bonmore opened 80c up at 50c — Reuters
Frame group denies dispute

By STEVEN FRIEDMAN
Labour Reporter

THE giant Frame group has flatly denied an allegation by the unregistered SA Allied Workers Union that a worker at one of its subsidiaries, Natal Canvas, has been fired for refusing to join a registered union.

The Frame Group's joint managing director, Mr Selwyn Lurie, said yesterday: "It is certainly not our policy to force workers to join unions. We have never heard of SAWU and we know of no trouble at Natal Canvas. We do not even know of any dismissal there."

SAWU's general secretary, Mr Samuel Kluwe, claims that the chairman of a SAWU committee at Natal Canvas was fired for refusing to join a registered leather workers' union which recently opened its doors to black workers.

He said workers had been told to join this union or be fired. He also claimed that a similar incident had occurred at a Natal printing works where workers had resigned after being told to join a registered union or be fired.

Mr Lurie said, however, that he knew of no incident at Natal Canvas. He said the 300-odd black workers at the plant were all registered union members, but added: "We are employers - why should we force workers to belong to a trade union, which is on the other side of the bargaining table?"

A clause in the industrial agreement governing the leather and footwear industry says employers must show "preferential treatment" to members of the registered union.

But Mr Lurie said the company had never understood this to mean workers could be forced to join the union. "Membership of the union is entirely voluntary and this entire story is total nonsense," he added.
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Saawu's general secretary, Mr Samuel Kitene, claims that the chairman of a Saawu committee at Natal Canvas was fired for refusing to join a registered leather workers' union which recently opened its doors to black workers.

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That during the 1980 year of plenty in SA, 50 new clothing factories were formed and they're all still in business. Seems like the R1 300m anticipated total turnover for this year will be a reality.
Clothing workers get more money for bonds

CLOTHING workers are to be offered more money in housing loans from the Cape's clothing industrial council.

The annual housing allocation is being raised to R600,000 from R450,000 and the maximum for loans is up to R30,000 from R14,000.

Interest rates stay at 7.5 percent for loans below R30,000 but above that figure the rate is being raised to 9 percent.

We are still well below the building society level, says Mrs L.R. Rosenberg, chairman of the council's provident fund-management committee, which provides the loans. Because of rising building costs and the general upward in property prices, it is becoming increasingly difficult for a factory worker to afford his own home.

The point has almost been reached where his own house is beyond the reach of a worker.

"People can no longer buy houses below R14,000."

RENOVATIONS

Where houses were on the market below that figure, they needed extensive and costly renovations.

Housing funds were now being raised to safeguard the interests of employees and ensure the continuation of the home ownership scheme.

The provident fund's income rose by a record R19 million last year and assets grew by R225 million to a peak of R125 million.

HELPED 183

The fund helped 183 workers last year compared with 76 in 1979. A rise in demand for homes in Mitchell's Plain followed the opening of the railway service.

"The demand for housing loans is as great as ever and housing is clearly one of the greatest problems facing the coloured community in the Peninsula," says Mrs Rosenberg.
DURBAN — The giant Frame group has flatly denied an allegation by the unregistered South African Allied Workers’ Union that a worker at one of its subsidiaries, Natal Canvas, has been fired for refusing to join a registered union.

The Frame Group’s joint managing director, Mr Selwyn Lurie, said on Wednesday: “It is certainly not our policy to force workers to join unions. We have never heard of the SAAWU and we know of no trouble at Natal Canvas. We do not even know of any dismissal there.”

The SAAWU’s general secretary, Mr Samuel Klim, added: “We are employers — why should we force workers to belong to a trade union which is on the other side of the bargaining table?”

A clause in the industrial agreement governing the leather and footwear industry says that employers must show “preferential treatment” to members of the registered union. However, Mr Lurie said the company had not understood this to mean that workers could be forced to join.

“Membership of a union is entirely voluntary and this entire story is total nonsense.”
Clothing industry seeks better protection against cheap imports

By ALEX PETERSEN
Finance Reporter

SOUTH AFRICA'S clothing and textile industry has enlisted the support of the country's major clothing retailers in their push for a better form of protection against cheap imports.

The president of the National Clothing Federation, Mr Simon Jocum, said yesterday that the response of the retailers at a meeting in Johannesburg on Thursday had been "very positive".

This support is seen as vital by the Textile and Clothing Advisory Council (TACAC), which has been pushing for a system of quantitative controls, along with medium tariffs, to limit imports.

Despite for the most part, having full order books for the current boom, sectors of the industry are worried about the influx of both fabrics and clothing from the Far East. They are trying to persuade the Board of Trade that if the intention is dismantling import controls, then "some other form of protection will have to be given".

Next question

The president of the Textile Federation, Mr Bob Ankers, said yesterday that following the retailers' favourable response, the next question was "to work out the nitty-gritty" of what level of controls would be acceptable to the retailers, who in the past have been "often critical of the protection afforded the manufacturers".

A director of Foschini, Mr Frank Sewitz, who was at the meeting, said yesterday that retailers supported the TACAC stand, provided that "we are given reasonable permits to import".

"Particularly in higher fashion lines, there were areas not supplied by manufacturers," he said.

"But even the present import structure was inadequate," he said, "and if tariffs could change very quickly, and thus made planning almost impossible for retailers." A point echoed by the group director of Edgars, Mr.

Frank Wells

Mr Wells said the retailers agreed in broad terms with the need for controls, and with a possible arrangement whereby import permits are based on a percentage of retail turnover.

The next step for TACAC will be to go back to the Board of Trade to press a revised version of their case, and it is clear that they feel the situation is serious.

The textile industry is not just spinning a yarn, says the marketing director of SA Nylon Spinners, Mr Don Grant. The survey of the comparative advantage argument of the free trade exponent, he says, lies in unemployment.

Big employer

The clothing and textile sectors combined employ nearly a quarter of a million people, or 16% of the working population, with a further sizable figures in both the cotton and wool industry, so opening the door to import controls could lead to serious unemployment.

The present glut of synthetic fibre and fabrics on the world market, he says, stems from the United States, which has the advantage of lower-priced domestic oil, and very large runs.

"Yes," he notes, "even the United States seeks protection for their clothing and textile industry very vigorously."

The protection has been necessary since the Far East manufacturers, often using US fabrics, and with a labour-cost structure well below that of South Africa, have been exporting to wherever they will buy.

The effect on the European textile industry has been devastating, and now with their normal US and European markets in recession, the buoyant South African economy is a natural magnet for the Far East.

Competition

Mr Grant feels that there is already a huge overhang of fabrics in local stock "when consumer demand turns down, it is going to hit us."

Part of the problem, he feels, is that import controls seem to take their cue from the balance of payments, often taking effect too late.

Mr Grant feels that in the long run the competitive edge of the US fibres could be blunted when South Africa's planned methanol plants come on line, providing feedstock for the raw material, but this is still at least four years off.

TACAC members stress that they do not want to ban imports, but merely to place a realistic limit on them. They also say that they are efficient, citing that both clothing and fabrics are exported to competitive markets.

In order to meet the demand for various in the local market, the textile industry invested R14 m in 1979-80, points out Mr Bob Ankers, adding that much of this investment was made on assurances from the government that the industry would get the necessary protection.

In the long term, he says, unless there are some form of quantitative controls, a lot of jobs and investment could be at stake.

The results of Table 10 indicate that:

(1) The total treatment of patients includes the additional fee charged by the supplying hospital.

(2) The number of patients treated is given for the period 2.3 to 4.4.

(3) The figures for the Secretary for Health, op cit. are not included in the numbers covered only 14 per cent of the whole population.

(4) The figures for the Secretary for Health, op cit. are not included in the numbers covered only 14 per cent of the whole population.

(5) The figures for the Secretary for Health, op cit. are not included in the numbers covered only 14 per cent of the whole population.

(6) The figures for the Secretary for Health, op cit. are not included in the numbers covered only 14 per cent of the whole population.

(7) The figures for the Secretary for Health, op cit. are not included in the numbers covered only 14 per cent of the whole population.
Strike: EL workers sacked

EAST LONDON — All 230 black workers at the Everite factory in Wisemans have been fired following a strike at the factory yesterday.

The workers stopped work at the factory after two workers were dismissed by the company for poor work performance over a number of weeks.

In a statement, the regional manager of Everite for the Eastern Cape, Mr H Durst, detailed the management's version of events leading to the dismissal.

"On February 18 this year the South African Allied Workers' Union (Sawau) advised Everite management that a workers' committee functioning under the auspices of Sawau had been elected at Everite, East London, to replace the existing liaison committee.

"Everite refused to accept the Sawau committee proposal and declared that its committee had been democratically elected. Everite had no formal relationship with Sawau and therefore recognition of such a committee was unnecessary.

"Over the last month Everite has closely examined the constitution and representativeness of Sawau as well as its attitudes towards registration and registration during meetings. The union also made it clear that at this time it does not wish to apply for registration.

"Therefore, after serious consideration, Everite advised Sawau on March 16 that they are unable to recognise the union or any of its workers' committees.

"However, Sawau was also advised that Everite is prepared to resume discussions should the union or any of its members wish to register.

"On March 26 (yesterday), two workers whose performance has not been satisfactory were asked to leave the company.

"The two workers had been given repeated written warnings about poor performance over the past weeks, as well as additional training to help them improve.

"The termination of their employment was in terms of the company's disciplinary procedure which ensures complete fairness.

"Immediately after the dismissal all the black employees ceased work.

"No reason for the strike was given and the workers declined to send forward the liaison committee or a person nominated by them to set out their grievance.

"All the striking workers have been dismissed."

Attempts by the Daily Dispatch to contact Sawau for comment on the incident were unsuccessful last night — PDR.

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**Table 14**

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<th>x</th>
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*An example chart/table*
Renier plans to pep up production

By James Lodge

PLANS for a substantial increase in production have been announced by Pep Stores, one of the biggest clothing chains in the Republic.

The company's present output of clothing will be enlarged by the purchase of either one or two well-established factories in the Western Cape, according to a statement by the chairman, Remer van Rooyen.

The company, which operates 500 stores, is also thinking of opening a factory at Atlantis, the new industrial development 40 km north of Cape Town, he said.

At present, the group owns two factories in Cape Town as well as other factories in the Transkei and Durban.

The planning for increased production had become necessary, he said, because of the buoyant demand for clothing. Sales had been rising strongly since last June and turnover figures for 1980-81 were likely to show an increase of about 30%.

After investigating the export market during the past year, the company is now taking orders from foreign buyers and intends to step up its exports in the future.

There was an overwhelming demand for South African clothing, van Rooyen said, because it was highly competitive in quality, price, and style.

He revealed that the company is presently completing an order from Britain for 1,5-million pairs of women's pannies.
CLOTHING

** Worried about tariffs **

FM 27/3/81

Disatisfaction with government’s move to scrap import controls came to a head last week when retailers handling more than 50% of the country’s clothing turnover sided with the clothing, textile and fibre industries in asking for a system of protection incorporating both import control and tariffs.

The FM trusts that Pretoria will not succumb to these pressures — its first duty is not to special business interests but to the ordinary consumer. He that as it may, members of the Textile and Clothing Advisory Committee (FurAir) met with clothing retailers in Johannesburg to gain their support for quantitative import control.

Simon Jocum, president of the National Clothing Federation, says government’s suggestion that tariffs entirely replace import controls would be a bad news. The results, apart from a simple business loss, would be large-scale unemployment as in the Seventies, when thousands of garment workers were laid off.

This in turn would cause serious social problems and severely curtail consumer buying power. The consequences for retailing are, therefore, also important, he says.

Jocum says tariffs would have to be exorbitant if they were to protect local industry sufficiently from a flood of cheap imports.

“There’s too much at stake to have to say to the government ‘We told you so,’” says Jocum who adds that if the government upholds its decision to scrap import controls, it will be negating the campaign to “buy SA and employ SA.”

Says MD of SA Nylon Spinners, Justin Schaller, “The whole of the textile industry, including fibre and textile manufacturers, is of one mind with the clothing industry. We are all seeking the system most equitable to all parties. We believe this is a combination of tariffs and import control.”

The FM wonders at the interests of the consumer are included in the search.

If imports are allowed unabated into SA, he says, more than a quarter of a million jobs are potentially threatened. The clothing, textile and fibre industries employ 260,000 people. From a business point of view, the implications are clear it would mean the end of growth.

As Jocum points out, the total volume of imports may be relatively low. However, they are not spread evenly across the different sectors of the garment industry and the availability of items very cheaply overseas causes local manufacturers of these items to freeze.

Imports, however, are not the only source of concern. Exports have also become a cause for anxiety.

Last May, when export incentives were announced, several clothing exporters did not understand the tax concessions they would ostensibly receive from the government, says Jocum.

“However, government has interpreted the incentive scheme entirely differently to exporters and certain exporters have lost out heavily.”

A dual definition by government and clothing exporters of certain terms particularly in category A of the incentive scheme announced has, in Jocum’s words “made the difference between doing business and not doing business.”

He notes “We’ve now got to sell for 1982. And we’ve got to know now the exact terms of the incentive scheme so we can give proper quotations. But we still don’t know what the Board of Trade and Industries (BTI) will do.”

Currently the terms of the scheme are being considered by a joint committee of the BTI and the Export Promotion division of the Department of Industries, Commerce and Tourism.

Director of Export Promotions, Giel Pretorius, says “As the Minister originally explained, the incentive scheme is subject to ongoing revision. It is not a stagnant scheme.”

However, for clothing exporters the months or even weeks it takes to “thrash out the grey areas” of misunderstanding or confusion are too long considering foreign importers don’t have to wait for terms of trade.

Meanwhile, the industry presumably accepts that those countries to which it wishes to export might also decide to put up protective tariffs and trade barriers.
Johannesburg — Cadbury South Africa expects further growth in sales of both confectionery and soft drinks in 1981 after a sales increase of 15 percent in 1980.

In its report for the year ended January 3, 1981, the chairman, Mr. Chris Gilliers, says that against an expected background of continued economic expansion, the company anticipates another good year.

It will continue its policy of marketing only those products which have a high sales potential and will add new products only if they offer major growth potential.

The confectionery market was responsible for 73 percent of the company's 47 percent increase in taxed profit for the year.

Soft drinks contributed the remaining 23 percent of total profits.

Mr. Gilliers says the company aims to maintain profit growth by expanding its share of the market.

At 95.4c a share, earnings are 45 percent up on 1979 earnings of 65.9c.

Dividend payment has risen by 56 percent to 36c a share (23c), which at today's share price is a healthy dividend yield of eight percent.
Frame Group in labour new deal

BY JOHN BEVERLEY

WAGES have been increased substantially and a vigorous approach to a new industrial relations policy has been pursued by Frame Group companies, say the directors in their statements for the half-year to December 31...

Two companies have shown substantial improvements, and the other two are ahead of inflation.

Consolidated Textile Mills earned a net income of R1 056,000 — up 97% on the R54,000 for the previous interim period and compared with R651,000 for the year to June 1960. Major profits accrue in the second half.

There are capital commitments for R2 660,000 and the directors say that blanket prices "have not been increased in the main, in spite of increased labour" and other costs. This is an effort to contain inflation. A 10c interim dividend has been declared.

Natal Consolidated Industrial had a 37% increase in net income to R1 163,000 against R38,000 for the year to June 1960. Major profits accrue in the second half.

Mr. Beverley says that the directors are taking into account the social responsibility of the business in the community and are considering the possibility of introducing a pension scheme for employees.

COMMENT: As can be expected, the dividend policy has not been changed. Frame Group dividends are not increased — shareholders usually get capitalisation shares.

The adoption of a new industrial relations policy, which includes an improved pension fund for the blanket industry, should go a long way to ensuring stability and avoiding costly work stoppages. Capital spending of R40 million by the group is worth noting.

Table 1: Choice of health care by family

<table>
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<tr>
<th>Initial choice</th>
<th>Outside hospital</th>
<th>Dr's practitioner or home</th>
<th>Total</th>
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</thead>
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<tr>
<td>Doctor</td>
<td>Indig. practitioner</td>
<td>None/ 'med.' treatment</td>
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<tr>
<td>Dentist</td>
<td>dr.s</td>
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<tr>
<td>Surgeon</td>
<td>dr.s</td>
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<tr>
<td>None</td>
<td>dr.s</td>
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Table 2: Choice of health care by family

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<th>Initial choice</th>
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<tr>
<td>None</td>
<td>dr.s</td>
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</tbody>
</table>

Returning to the same doctor for the same ailment is not counted as a subsequent choice, and nor in transferring care from one doctor to another when the former retired. Cases referred to another facility are not counted under the first choice of facility and referrals not counted as a subsequent choice. There were four referrals of patients by doctors to hospitals.

* Doubts as underestimated

** Figures in brackets are percentage of visits to that facility which were first consultations and where no subsequent choice was made.
Shrinking margins

Activities. Manufactures clothing accessories and trimmings. Other interests include the dyeing of textiles, property, shipping and manning, and the distribution of confectionery, cutlery, plating and fancy goods.

Chairman and managing director: M. N. Newman

Capital structure: 3,600,000 ordinary Rc. 12.5 Market capitalisation: R8.4m.

Financial Year to December 31 1980

- Borrowings: long- and medium-term, R2.2m; net short-term, R1.2m
- Debt equity ratio: 158.4%
- Current ratio: 1.3
- Net cash flow: R2.4m
- Capital commitments nil

Share market
- Price: 250c (1980.81)
- Bids: low 130c, trading volume last quarter 4,000 shares
- Yields: 2.8% on earnings, 5.6% on dividend
- Dividend: 4c per share in 1980

Return on cap %
- 1977: 12.3
- 1978: 10.2
- 1979: 21.0
- 1980: 16.6

Pre-tax profit
- R (000)
- 1977: 855
- 1978: 1,382
- 1979: 2,769
- 1980: 3,418

Earnings (c)
- 1977: 18
- 1978: 66
- 1979: 56
- 1980: 59

Dividends (c)
- 1977: 3
- 1978: 10
- 1979: 10
- 1980: 14

Net asset value (c)
- 1977: 185
- 1978: 203
- 1979: 234
- 1980: 279

While SA Bias showed a gross profit increase of 49% to R4.1m (R2.8m) in the year to December 31, total capital employed rose 59%. The return on funds invested thus fell to 16.8% (21.0%)—disappointing after a steady climb since 1977.

As is the case with most clothing manufacturers, margins were also squeezed. Pre-tax profit was up 31% (66.5%), whereas turnover rose 55.7%. Trading in the clothing sector is highly competitive because of imports and overcapacity.

As the FM noted last year, 'The emperor’s new clothes?' (Leaders, November 7), because of pressure on margins, results from this sector are not what one would expect from a consumer-oriented industry at the present time. Therefore, it is not surprising that SA Bias seems to be diversifying out of clothing. This is evident with the expansion of other divisions, particularly the financial sector.

Merchant Whitters (previously Clapppers) Shopping) has been reconstructed after 25% of the equity was sold to the company’s new MD. It is expected that this will become a major growth point. Also, BMD Gift Wholesalers bought 100% of African Fancy Goods Trading Co to boost market penetration.

In the property division, rental income increased but operating expenses squeezed margins and resulted in a lower profit contribution of 8.8% (13.2%). Steps to correct this have been taken since year-end with the disposal of certain properties.

The manufacturing and trading division, being the largest profit source, improved its contribution to taxed profit from 79.8% to 81.3%. Productivity and efficiency drives boosted this gain.

Though 1980 was a strong sales year, financial structure has deteriorated markedly. The main cause for concern is a strong build-up of short-term debt to R12.9m (R3.2m) to finance stocks and debtors. Stock built up to R6.6m (R3.7m) resulting from the old problem of unreliable deliveries from local suppliers and shortages of certain fabrics.

But there also appears to have been some change in SA Bias’s debtor policies. While turnover was up 55.7%, debtors at end-December were 181% higher at R14.2m. Creditors, however, declined from R1.6m to R1.5m. Short-term borrowings thus rose from R3.2m to R12.9m and are now 35.4% (57.5%) of total borrowings.

SA Bias has a debt total of R15.1m, on which interest of R719,000 was paid during the year. This equates to a low 4.7% average interest rate and suggests a large proportion—probably around R7m—must have been taken in towards the year-end.

On the basis of total borrowings, the interest bill should have been around R1.4m. This means, given last year’s R4.1m gross profit, that the cover on interest and leases would be around 2.9
That in 120,000 employed garment industry in SA, with a 95% coloured staff is losing some of its most highly skilled people because of apartheid?
The shortage of skilled workers in the garment industry overseas, particularly Australia, is attracting people from the local industry who are fed up with being second class citizens in their own country. Result: they're sewing new seeds in new plants.

FM 10/4/81
'Problems' with local suppliers, says Foschini

**Although** the local clothing and textile industries need some protection, the need for extensive protection against imports appears unwarranted and detrimental to the industry as a whole, says Mr S Lewis, chairman of Foschini.

He says in the company's annual report, 95 percent of the group's inventory is bought from local suppliers.

However, there have been serious problems arising from late deliveries and inability to fulfill orders placed.

There is every indication the problem will worsen this year.

Moreover, the market demands the availability of a wide range of fibres, yarns, fabrics and garments which cannot be entirely supplied locally, other than through production of fragmented and uneconomic ranges.

Foschini's assets grew by 30.2 percent in 1980, sales by 28 percent and net operating income by 81.5 percent. The group now has more than 500 shops and more than 8000 employees.

The company expects to achieve planned growth and development this year.

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**Notes:**

- Includes many who came by private car. Costs of private transport are not included.

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**Table 1: Costs of Travel**

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**Footnotes:**

- Figures indicate costs of travel. Costs of other expenses are not included.
2. cont

(1) Plot the demand graph paper.

(2) Now suppose that "crop" amounted to 70 million and 70 million gross value of the scheduled above years the annual
184 years the annual
80, 60, 50, 40,
and tabulate the
of the demand curve
for the ten years.

(3) Calculate the average years, and the

(4) Construct a schedule for each of the for the ten years.

gross value and the average annual as the demand

(5) From the demand on the market in the average annual as the demand

(6) Draw up a schedule to buy or sell in the government to buy over the ten years the annual

CLOTHING
Retail complaints

Although clothing retailers have voiced strong objections to protecting the industry's application for government protection against imports, they have also expressed concern about the scheduling of finished garments. Retailers and manufacturers, who are opposed to the excessive import duties on finished garments, have requested local manufacturers to be unable to deliver the goods. Last September, the National Clothing Federation gazetted its proposals for tariff increases on the grounds that duty proposed for finished garments would be excessive — in most cases double existing duty — in spite of the fact that local suppliers could not meet demands.

"And since then the situation has deteriorated," notes Dyamond, who readily admits that supply was in step with demand in this area. His company, as a retailer, would be fully prepared to go along with the manufacturers to some extent.

Outstanding deliveries

He attended the meeting, organised by Dennis Solomon, of the Textile and Clothing Advisory Council (TACAC), armed with lists of outstanding deliveries from knitters. According to Dyamond, the garment knitters had ample warning that demand would pick up.

But, he says, they did nothing to equip themselves to meet it. He says retailers place their orders with the manufacturers at the date of delivery is changed because manufacturers are not ready to supply on time. "Our advertising campaigns coincide with confirmation of orders and when women come into our stores expecting to be fitted out and we don't get the styles or the sizes, we have to take the blame," he says.

TACAC's Solomon confirms that retailers are to make certain proposals to the garment knitters but as yet nothing has been resolved.

Financial Mail April 17 1991
Paradox and dilemma

The paradox of the clothing and textiles industries is that they are pleading protection at a time when they have never seemed less in need of it.

Order books are full and projected demand growth for 1981 is expected to raise the physical volume of clothing output by 10%-15%. At the same time, the output of cotton textile mills could be pushed 20%-25% higher, while the demand for knitted fabrics and garments may increase by 30%.

Yet there is a sense of impending doom in the rag trade. This has deepened to the point where the country's leading retailers have added their weight to industry representations to government. These call for a protection package that will combine so-called formula duties with quantitative import restrictions. Viewed against the volatile and uncertainty history of relations between clothesmen, textile millers and retailers in the recent past, the new unity is indeed remarkable.

Surely garment makers should be pleading for freer availability of the cheaper raw materials that are available on world markets. This would enable them to compete more effectively with imports.

Whether this singular unity in the four basic sectors of the industry (fibre-spinning, weaving and knitting, garment-making and retailing) will succeed in moving government into a more protectionist frame of mind remains to be seen.

The free trade ethos has never seemed to influence government thinking more than at present. The new minister, Dawie de Villiers, and his new Director General, Tjaart du Plessis, have revealed a fresh commitment to de-regulation and deregulation.

De Villiers is a professed free trader. In the time he has been in his job, he has shown clear appreciation of the laws of comparative advantage and the gains to be had from international trade and efficient production. Policy, he says, will be determined by what would best serve the national interest and the needs of consumers. In the past, the national interest has too often been linked to the immediate state of the balance of payments. It has also been determined by a pervasive sense of siege, driving the economy towards self-sufficiency with little regard to cost efficiency.

Here lies a dilemma and a paradox. Free trade and self-sufficiency are mutually exclusive. The paradox is that the authorities probably realise the world is less likely to cut SA off from trade if developed countries in the West depend upon the Republic's supplies of raw materials and its markets as a major importer.

Despite high levels of protection, the rag trade has been transformed into the most competitive, fragmented sector in the industry. It is also one of the most labour-intensive, with 260,000 workers (95% black) helping to produce goods worth R2.3 billion at ex-factory prices.

Intense competition at all levels has resulted in a high degree of price stability at the retail level. Last year, with the cpi rising about 15%, clothing prices rose only 9.1%. This year, despite strong demand growth, the inflation should be no more than 11% compared with anticipated cpi.

Minister de Villiers ... time to phase out protection.

The industry now anticipates that these ideal trading conditions cannot last indefinitely and is pressing the Board of Trade for a protective mix of so-called formula tariffs and quantitative restrictions. However, as the saying goes, any time can be the right time for protection.

Since there is a large textile industry dependent upon protection for a clothing industry that is damaged, on balance, by that protection, how should the minister direct future strategy in the industry?

It would not be fair to dismantle protective barriers overnight. What is required is a gradual phasing out of the effects of protection. In the particular case of the textile industry, it should be told that it must make do with existing levels of tariffs-only protection. As the economy expands, effective competition behind tariff walls will develop. Production will become more efficient and prices will fall below world prices plus tariffs. In due course, textile producers may achieve the same levels of efficiency, variety and competitiveness as their counterparts in the garment-making business.

The garment-makers could anticipate relatively cheaper fabrics and hope that the economy remains buoyant.

The long run progress of this sector will depend on the ability of manufacturers to compete other than simply on price.

Government, in its credit, has stated that it has no desire to become a signatory to GATT's Multi-fibre Agreement (MFA), which seems to regard as an unholy alliance between the developed countries against low cost clothing and textiles produced by the ultra-high productivity fabricators of the lesser developed countries.
It is thus a question that is threatening to undo all the patient attempts to liberalise world trade since the formation of Gatt and its subsequent adjustments in terms of the Kennedy and Tokyo Rounds. Scarcely a day passes without one trade minister or another issuing dire warnings about the disruptive effect of another country’s exports.

In the domestic textiles industry, there are fears that a strengthening of the system of quota protectionism in the renegotiated Multi-fibre Agreement of Gatt (to which SA will not become a signatory) is going to divert mountains of clothing and fabrics from Western importing countries to the Republic. The rag trade expects to be caught between the pinners of US economies of scale and the low wages of the Third World. No degree of tariff protection, it says, will be sufficient to avert unemployment levels of 15%-20%.

This argument, it seems to the FM, fails to take into account the ability of a labour-hungry economy to absorb workers in other, perhaps more efficient, activities. Further, lower prices for textiles can’t be a bad thing for the consumer.

The MFA, which expires at the end of 1981 and is due for negotiated renewal for four years in the northern summer, is an attempt to regulate the flow of low-cost textiles between developing countries of the Third World and the industrialised world.

The first MFA was signed in 1973 and renewed in 1977 after the European Council of Ministers insisted on tougher terms to control the flood of Third World imports which, in the period 1973-1978, resulted in 4 200 business closures and the loss of 700 000 jobs in the community.

The first agreement guaranteed a 6% annual growth rate in imports by industrialised countries of Third World clothing and textiles. This turned out to be an invitation to exporters to make a massive assault on northern markets in order to establish a large base from which to grow at 6% a year.

At the 1977 MFA review, community ministers got a clause written into the new deal allowing for ‘reasonable departures’ from the 6% guarantee for short periods and in emergencies.

With northern clothing and textile industries in endemic distress, community countries were able to limit Third World imports to an effective 4% growth rate after 1977, compared with 25% a year between 1973 and 1976.

Third World exporters are now clamouring breach of trust because countries outside the community used the reasonable departures clause. They fear the US will use it, too.

Their pleas are unlikely to wash. What seems clear is that the 1982 MFA is going to be a lot tougher than the existing deal.

The first MFA was a departure from Gatt provisions which forbade imposition of import growth rates and import curbs affecting specific suppliers instead of all suppliers.

Then the ‘reasonable departure’ clause was added. These, and other, arrangements now appear certain to become a permanent feature of the MFA.

One of the new departures is reported to be a device linking imports to demand rather than to consumption. What the mandarins of Brussels have in mind is that, instead of letting consumption levels set across-the-board quotas for Third World textiles exporters, the EEC would select categories where there is particularly high demand for low-cost goods and restrain them accordingly.

If the MFA is tightened to the extent mooted by the EEC ministers, there is going to be a huge volume of textiles exports looking for alternative markets, some would say at any price. This threat has still to materialise and, until it does, any government action would be premature. In any event, extension of the mistaken protectionist policies of the past should be avoided.
DUGSON

Dividend drought

Activities: Manufactures men’s and children’s clothing
Chairman: J. A. Rogers, managing director, Lewin
Capital structure: 800,000 ordinaries of 50c and 50,000 6% prets of R2 Market capitalisation: R1.9m
Financial: Year to December 31, 1980
Borrowings: Long and medium-term, R1.7m; net short-term, R3.1m
Debt equity ratio: 92.8%
Current ratio: 1.3
Group cash flow: R714,000
Capital commitments: Nil
Share market: Price 245c (1980-81 high, 289c, low, 129c, trading value last quarter, 7,800 shares)
Yield: 31.5% on earnings
PE ratio: 3.2

Although Dugson’s pre-tax profit increase of 108% is encouraging, the accounts show that, after three years in the red up to 1979, the group still has a long way to go to a complete recovery.
Profit growth to R665,000 (R315,000)

consecutive year. Reasons for this include uncertainty over interest rates and the high cost of bank credit. Furthermore, the company is likely to continue to retain all profits this year because of the need to strengthen financial structure.

Overall finances received a boost during 1980 with the receipt of R380,000 — the first of six annual instalments on the redemption of a R2.4m investment in Zimbabwe government bonds. These funds, which represent the proceeds of the sale of Bulawayo Clothing in 1976 and certain other investments, yield only 4% and are subject to Zimbabwean foreign exchange regulations. It is not difficult to see why the directors are anxious to repatriate these funds, since they represent a substantial portion of net worth and could certainly be more profitably employed by the group locally.

Other than a R30,000 provision in Zimbabwe, the group paid no normal tax last year because of past assessed tax losses. However, the balance of these losses dropped by only R77,000 to R2.65m, suggesting that additional assessed losses were created. If this situation continues, it appears unlikely that the company will be liable for tax for a number of years to come.

Despite the company’s rationale on dividends, indications are that the market was disappointed with the lack of even a token payment for 1980. Whereas a year ago the share was trading at the same earnings multiple as the rest of the clothing sector, at 32% it now yields 10 percentage points more than the sector average.

Chris Wilson
significant number of people would opt out in favour of a different scheme, or choose not to purchase medical insurance at all. Otherwise, why is it compulsory?

The reasons why this scheme is compulsory are simple and obvious from the a priori point of view. For the economist, however, the scheme is an interesting one, the existence of which, if not the exact form, may in fact exist against doctors' bills, which are of course typical of many types of sickness, since our state of health affects our contributions. We are in fact, precisely against doctor's bills.

UTR is of course typical of many types of sickness, since our state of health affects our contributions. We are in fact, precisely against doctor's bills.

This paper will attempt to answer the question of health policy. It will be argued that the concept of equity on the other hand does not provide useful policy guidelines. Section III will discuss the market for health in South Africa. It will be concluded that health is an unusual commodity primarily because the restrictions on market forces make it so.

Section IV contains certain policy prescriptions.

II. Health - a public good?

It is often argued that health is a unique commodity and as such requires special attention. Insofar as every commodity is unique, its supply is also unique. However, the supply of health is not always unique. It is possible to produce health care in a public good, where the demand of one person does not affect the demand of another.

III. The market for health in South Africa

It says the Government's intention to scrap quantitative controls on imports, employs about 500 workers in the manufacturing sector. The textile and clothing industries, which are officially threatened by the Government, are seriously threatened by the Government's intention to scrap quantitative controls on imports, employs about one in six workers in the manufacturing sector. We assume that the demand schedule of the individual for medical services is downward sloping. For simplicity we assume constant returns to scale. Under a free market situation medical services will be consumed up to point A. If services were provided at below their actual cost - say at a price of C' - inefficiency would result. This can be quite precisely defined. Under the subsidy scheme the patient purchases an extra DP of resources at a cost of MCFD. He pays DQF for...
DUBIN INVESTMENTS

A good suit

Activities: Industrial holding company owning 100% of SA Clothing and Man-About-Town. Has small property interests and a financing arm. Also has diversified holdings in consumer electronics, printing, packaging and computer services. Directors hold 77.5% of the equity.

Chairman: A Dubin

Capital structure: 10.3m ordinary shares of 50c, 125 000 5.5% cum pref of R2 each and 461 000 14% cum con red pref of R1 each. Market capitalisation R15.3m

Financial: Year to December 31 1980

Borrowings long- and medium-term, R5.4m, net short-term, R7.9m, Debt equity ratio 96.9% Current ratio 1.8 Group cash flow R4.8m. Share market: Price 15c (1980-81 high, 153c, low, 90c, trading volume last quarter: 12.9m shares)

Yield 26.5% on earnings, 7.7% on dividend. Cover 3.5 PE ratio 3.8

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend (c)</th>
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<tr>
<td>'77</td>
<td>7.7</td>
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<td>'78</td>
<td>8.8</td>
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<tr>
<td>'79</td>
<td>9.1</td>
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<tr>
<td>'80</td>
<td>11.36</td>
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</table>

Seardel's offer for Dubin, valued at 190c at current market prices, represents a premium of only 6.5% on the Dubin share price. But in view of prospective income gains and the chance of a longer-term cheap entry into a larger clothing group acceptance would appear assured.

In 1980 Dubin reported sluggish turnover growth of 5.8%, in part a reflection of the previous year's 26% sales rise and full capacity utilisation at the factories. However, lower interest rates and operational gearing meant the pre-tax profit gains were more impressive at 51%. In addition, the group continued to improve its financial ratios, with gearing down to 97% (198) and a current ratio of 1.8 (1.7). Cash flow was boosted to the extent that total borrowings of R12.5m (R14.3m) could be repaid within less than three years, compared with over four previously.

Chairman Abe Dubin expects that the acquisition of the Pleasurewear group bought since the year-end, will produce higher sales. Last year the clothing division, which contributes 81% of group taxed profit, recorded a 61% earnings improvement.

Competition in the industry is still intense, so a similar profit increase this year appears unlikely. But if economic growth continues as expected, the gain could still be material.

Non-clothing activities kicked in with an 11.1% earnings improvement, largely attributable to the distribution of Kenwood hi-fi equipment. As with clothing, this division also promises a solid improvement in 1981. Dubin sold a beachfront property for R750 000 which, the directors feel, will usefully augment working capital.

TAXED PROFIT BREAKDOWN

<table>
<thead>
<tr>
<th>Year</th>
<th>Clothing</th>
<th>Non-clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>2 395</td>
<td>471</td>
</tr>
<tr>
<td>1980</td>
<td>3 345</td>
<td>1 785</td>
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</table>

The directors offer no firm forecast for the current year, but the first two months have been "most satisfactory." It would probably need to be unrealistically high to assume earnings growth this year of at least 50%, which, with an unchanged cover, could mean a dividend of around 14c. This places the share on a 9.4% prospective yield at 150c.
CLOTHING PLANTS CAN'T COPE, SAY RETAILERS

By TOM HOOD

Imports vital

Mr Philip Krawitz, managing director of Cape Union Mart and Sparks and Ellis, said goods ordered last June and July from local manufacturers had not still been delivered.

Letters from 11 local manufacturers showed delays of as much as eight and nine months.

'The big chains are buying in vast quantities and obtaining prices lines that are unobtainable to the small retailer, and obtaining the goods are vital for us in view of the overcommitted local market.'

CLOTHING retailers estimate sales worth millions of rands are being lost because of the country's booming factories cannot supply the goods they need.

A report by the Cape Town Chamber of Commerce this week says despite record levels of clothing imports, supplies from clothing factories are not keeping pace with demand and the position is getting worse by the day.

35 to over 100 percent, and hit cheaper clothing imports particularly hard.

Efficient South African clothing manufacturers have not only held their own in overseas export markets against Far East competitors but many have been able to increase their market share.

To suggest that tighter import curbs were needed to safeguard employment in the clothing industry was to suggest that South Africa must subsidise inefficient and uneconomic producers when the crying need was for greater efficiency and the development of export markets.

High levels

Virtually all efficient clothing producers had full order books and could not keep pace with local as well as export demands.

'There is an acute shortage of skilled workers and the chamber cannot support measures designed to prop up uneconomic manufacturers that sap off scarce resources, and add costs that can only lead to higher prices for consumers.'

Mr J A Greenhalgh, chairman of the chamber's foreign trade committee, said every businessman recognised the need to support local industry but that was only for imports of the goods which they were not geared to make.

Mr Rein Badings, group merchandise controller of Stuttafords, claimed factories were overcommitted and could not supply efficiently. Goods normally ordered six months ahead of the winter season could not be delivered in time and had to be cancelled.

Cancelled

Cancellations ranged from 18 to 30 percent of women's garments and the potential loss of revenue to the group's stores was R500,000.

'It will be the same in the summer season and it could mean another R600,000,' he said.

With only two or three weeks to go before
Clothing scarce—but SA makers seek protection

Own Correspondent
CAPE TOWN — Clothing retailers report that sales worth millions of rands are being lost because booming factories cannot supply the goods they need.

"Despite record levels of clothing imports, supplies from national factories are not keeping pace with demand and the position is getting worse by the day," says a report by the Cape Town Chamber of Commerce.

Import control
The chamber wants import control removed and says its continued application is contrary to the country's best economic interests. Clothing manufacturers have called for higher customs duties and tighter control of clothing imports which could pose a threat to employment in the industry.

Mr James Greenhalgh, chairman of the Cape Town Chamber of Commerce's foreign-trade committee, said that every businessman recognized the need to support local industry, but there was room for imports of the goods which they were not geared to make.

Mr Reu Badings, group merchandise controller of a major retailer, claimed that factories were over-committed and could not supply efficiently.

Goods normally ordered six months ahead of the winter season could not be delivered in time and would have to be cancelled. Cancellations ranged from 15 to 20 percent of women's garments and the potential loss of revenue to the group's stores was R500,000. "It will be the same in the summer season and it could mean another R500,000," he said.

With only a few weeks to go before the cut-off point for winter-season deliveries, only 45 percent of orders had been filled. Cancellation could be about 30 percent across the group.

"This plays havoc with budgets. If we don't have the merchandise in time it is too late to import for the season," manufacturers gave priority to the big chains at the expense of the smaller retailers, he claimed.

"We are being forced to import more goods but clothing was not affected by the relaxation of import permits in the past. We apply for only increased competition from imports will stimulate clothing firms to be more competitive.

Mr Philip Kravitz, a managing director of Cape Union Mart and Sparks and Elk, said that goods ordered last June and July from manufacturers have still not been delivered. Letters from 11 manufacturers showed delays as long as eight and nine months.

Dollar soars
LONDON — Sharply higher US interest rates sent the dollar soaring on foreign exchanges yesterday, adding to the problems of European banking authorities already hard-pressed to contain the American currency's recent vigour — Sapa-Reuters
Patchy record

**Activities.** Clothing manufacturer Directors hold 53% of the equity
Chairman: D de Waal Meyer, managing director R Roy
Capital structure: 680 000 ordinary shares of 50c, and 165 000 6% cum prefs of R2 Market capitalisation R1.5m

**Financial:** Year to December 31 1980
Borrowings long- and medium-term, R450 000, net short-term, R596 000
Debt equity ratio 25.3% Current ratio 2.9 Group cash flow R32 000
Share market: Price 225c (1979-80 high, 225c, low, 129c, trading volume last quarter, 18 000 shares) Yields 16.4% on earnings PE ratio 6.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on cap %</th>
<th>Turnover (inc)</th>
<th>Pre-tax profit (Rm)</th>
<th>Earnings (c)</th>
<th>Dividends (c)</th>
<th>Net asset value (c)</th>
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</thead>
<tbody>
<tr>
<td>'77</td>
<td>-7.3</td>
<td>139</td>
<td>431</td>
<td>31.9</td>
<td>16.8</td>
<td>497</td>
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<tr>
<td>'78</td>
<td>—</td>
<td>132</td>
<td>(172)</td>
<td>—</td>
<td>—</td>
<td>409</td>
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<tr>
<td>'79</td>
<td>—</td>
<td>152</td>
<td>(194)</td>
<td>—</td>
<td>—</td>
<td>533</td>
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<td>'80</td>
<td>—</td>
<td>173</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>570</td>
</tr>
</tbody>
</table>

* Annualised
† 1972=100
†† 18-month accounting period

Despite Ensagn’s return to profitability, its recent history of losses clouds the possible extent of any dividend payment. Profit last year increased to R265 000 (R194 000 loss) and there was no tax charge due to accumulated losses.

The patchy earnings record of the last three years is somewhat surprising, as company secretary Geoffrey Heathcock says government contracts for the SAR & H, SAP and Army tend to balance out any downturn in the commercial side of the activities. "Therefore, we are not as subject to economic movement," he says.

Turnover rose 14.1% (14.8%) and cash flow turned around from a R176 000 outflow situation in 1979 to a R331 000 inflow. Ensagn’s profit improvement in 1980 was attributable to the rationalisation of manufacturing activities, higher productivity and better efficiency, says chairman David de Waal Meyer.

But, at the same time, no target ratios, which might indicate an increase in the rather low 6.7% return on capital, have been set. There are no plans for expansion in the Cape clothing market, which is "bouying at the seams," according to Heathcock.

The bank overdraft of R597 000 (R679 000) is still high and, although interest paid decreased to R33 000 (R115 000), total interest and leasing charges still constitute 28% of gross profit. The overdraft does not pose a problem, according to Heathcock, who feels it will continue to come down considering 1980’s improved performance.

This appears to be a somewhat optimistic view, however, as a portion of the borrowings no doubt finances the high stock holding of R2.8m.

Stocks have been maintained at this level due to the traditional problem in the clothing sector of unreliable deliveries from local textile mills — a problem which seems no closer to being solved. The company is thus compelled to order fabrics from local suppliers 12 months in advance and "still the orders do not arrive in time," according to Heathcock. Imports are not feasible as tariffs are too high, he adds.

The share price is currently at its high of 225c and stands at a PE of 6.1. This would indicate that the share is fully priced. With the group just hauling itself out of two year's losses, any payout is unlikely to be more than token. The share thus holds little appeal.

Colin Warren
Activities: Manufacturer and distributor of men’s and children’s wear
Wesco owns 29.2%, and Federale Volksbeleggings 29.7%, of the ordinary shares
Chairman: J D J de Necker, managing director H J Terreblanche
Capital structure: 9.4m ordinary of 50c, 1.5m 9.33% cum convert pref of 50c, 175,000 6.5% cum. pref of R2 Market capitalisation R5.8m (including conv. pref)

Financial: Year to December 31 1980
Borrowings long- and medium-term, R591,000 net short-term, R6m Debt equity ratio 75.5% Current ratio 1.4 Net cash inflow R732,000
Share market 51c (1980-1981) high 90c, low 43c, trading volume last quarter, 287,000 shares Yields 28.3% on ordinary, 5.7% on dividend

<table>
<thead>
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<th>Year</th>
<th>77</th>
<th>78</th>
<th>79</th>
<th>80</th>
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<tbody>
<tr>
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<td>5.5</td>
<td>11.9</td>
<td>10.1</td>
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<tr>
<td>Turnover (Rm)</td>
<td>16.6</td>
<td>16.8</td>
<td>20.6</td>
<td>24.1</td>
</tr>
<tr>
<td>Profits before tax (Rm)</td>
<td>60.3</td>
<td>0.2</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>—</td>
<td>50</td>
<td>87</td>
<td>83</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>7</td>
<td>11</td>
<td>15.1</td>
<td>3</td>
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<tr>
<td>Dividends (c)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3</td>
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<tr>
<td>Net asset value (c)</td>
<td>114</td>
<td>118</td>
<td>120</td>
<td>123</td>
</tr>
</tbody>
</table>

It took an unusually strong economic upturn to get Veka back on its feet. The group is now stable in terms of its balance sheet structure and income projections.

But, unfortunately, the general economic outlook suggests the recovery arrived a year too late for the group.
Too late only from the point of view of squeezing extra marginal profit out of the upturn. As it is, Veka is now in reasonable shape to ride out any stagnation, or even a small decline in sales.
Wisely, the board used financial 1980 to strengthen the balance sheet. The capital and debt structure is now shaped in accordance with the group’s medium-term cash flow projections and stock financing needs.
The 17.5% sales increase did not include much of a unit turnover boost, being largely accounted for by inflation. But improved technical efficiencies and the higher volume experienced in the second half gave the group the profit required to recover from the poor first half when only R73,000 after tax was made.
The gain on the year in pre-tax profit was not impressive, but the extent of the recovery can be judged against the four-year record seen in the table.
The buoyant trading conditions were indirectly used to relieve the group of what had been an onerous arrear pref dividend debt of R435,000. The improved financial status of the group allowed for a successful rights offer which increased issued ordinary by 5m shares, and 1.5m pref were also placed. These pref are automatically convertible into ords on the basis of 100 ords for 130 pref in December 1983.
Chairman Jan de Necker says sales budgets for 1981 are higher and there are certain times where sales already exceed budget. But he warns that raw material supplies could create problems.
The outlook for the economy and the garment industry go against any excitement, despite the possibility that earnings may be increased this year. The current dividend yield seems too low in view of the group’s profit history and the need for defensive stocks on the market now. What the yield may be saying is that Wesco could be prompted during the year to increase its stake. But that seems a long shot.

Low Maud

Veka’s De Necker concerned about raw materials
Debt equity ratio 49%. Current ratio 1.5. Group cash flow R133 000.

Share market: Price 105c (1980-Aug), high 115c, low 56c; trading volume first quarter 176 000 shares.

Yield 5.4% on earnings. Dividend cover 2.1. PE ratio 8.

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on cap (%)</th>
<th>Turnover (Index*)</th>
<th>Pre-tax profit (R000)</th>
<th>Earnings (c)</th>
<th>Dividends (c)</th>
<th>Net asset value (c)</th>
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<td>1977</td>
<td>6.1</td>
<td>165</td>
<td>556</td>
<td>168</td>
<td>4</td>
<td>182</td>
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<tr>
<td>1978</td>
<td>16.6</td>
<td>170</td>
<td>477</td>
<td>168</td>
<td>4</td>
<td>178</td>
</tr>
<tr>
<td>1979</td>
<td>15.3</td>
<td>189</td>
<td>1107</td>
<td>168</td>
<td>4</td>
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<td>1980</td>
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<td>217</td>
<td>278</td>
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<td>209</td>
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</table>

Progress Industries is undaunted by the possibility of an economic slump and managing director Peter Jacobson says the clothing sector should maintain its real growth rate. "We expect a real growth of 5% minimum this year," he comments.

Pre-tax profit rose by 185% to R1.1m (R417 000) in the year ended December 31 on a turnover increase of only 15% reflecting the buoyancy of the economy and better operating efficiency.

Cash flow rose to R1.1 (R613 000). Liquidity was also boosted by the sale of property and the Tutel carpets division allowing the group to cut dividend cover from 4.2 to 2.5. "Cover is expected to be maintained at this level," he says.

The rather low 15% return on capital will improve with the growth in profits from now on, according to Jacobson. The debt equity ratio of 49% still allows for further borrowings but "the debt structure will not change in 1981 and the same ratios will be maintained," he says.

Factories are running at almost full capacity, but despite this there are no major expansion plans. Instead, the group will concentrate on improvements to production facilities in certain sections.

The problem of unreliable deliveries from textile factories has been partially overcome as "we make 95% of our own fabrics," says Jacobson. "We do import some of our raw materials, which is slightly more expensive."

Stocks decreased by 5% to R3.6m (R3.8m), despite the rise in turnover. But accounts receivable increased almost 24% more in line with trading conditions, though this is distorted by the cancellation of a factoring agreement in September.

It is also interesting to note that current liabilities actually dropped over the year from R4.8m to R3.8m, with accounts payable falling to R2.6m (R4m).

Should earnings match Jacobson's forecast for the clothing sector, increasing to 115c, and the dividend cover of 2.5 is maintained, then a payout of 15c can be expected in 1981.

Thus could be conservative, for chairman David Aronovsky says turnover to date shows an increase of about 25% compared with the same period last year. If the improvement in operating margins can be maintained, the payout could eventually be higher.
Export drive pays off for Durban Clothing

IT has been a super time for export-conscious Durban Clothing, which, following a sustained marketing drive, has gained valuable markets far beyond Britain — its traditional selling base.

It's a success story of a South African company's initiative which has hoisted its export earnings from R30,000 in 1976 to the multi-million rand level last year.

The drive by Durban Clothing to new horizons began three years ago when the company became part of the Dubin Investment group. Now Durban Clothing has firm footholds in the highly competitive countries of West Germany and Switzerland and, to a growing extent, in Holland and South America.

Says group export manager, John Blagg: "We concentrate on developing markets singly. Only by providing first-rate service — be it in the form of customer-contact, firm deliveries, good packaging or product modification — can we help to overcome the initial disbelief that South Africa is a credible supplier of high-quality clothing."

Durban Clothing’s chairman, A. Dubin, is every bit as enthusiastic on the importance of overseas ties and believes exports contribute to the stability of the company and therefore must form an integral part of the company’s marketing operations.

Nominated Exporter of the Month in the March issue of SAA Exporter, Durban Clothing also had lady-luck going hand in hand with its export build up.

Says Blagg: "After committing the cardinal sin of allowing our export business to fall off, we were very fortunate to be able to get back into the market relatively quickly."

The company found the German market a tough one to enter, with Switzerland tougher still, but persistence paid off and today regular shipments of suits, jackets and trousers are moving into the latter country.

• ENTRIES for the prestigious Sunday Tribune/SAA Exporter of the Year competition close on Friday. "If there are any queries or requests for application forms, please contact Phillipa, Secombe on June 2, Benjamin on Durban 324524."
STABILITY for the clothing industry and a future for its workforce lies in a considered industrial strategy related to total and regional needs, says the chairman of the Cape Clothing Manufacturers' Association, Mr Mike Getz.

'These hopes we have for our society can no longer be sustained by a policy confined to heavy investment orientation.'

'We need planned consideration to the development of skills and the acquisition of markets.'

South Africa has no strategy for its labour intensive industry.

DISTORTIONS

'Mr Getz, commenting on last week's wage increase in the clothing industry, said employers acknowledged the need to protect earnings against inflation by agreeing to a 7.5% increase, although this was outside the framework of an earlier understanding with the Garment Workers' Union.'

DIFFICULT

Mr Getz, commenting on last week's wage increase in the clothing industry, said employers acknowledged the need to protect earnings against inflation by agreeing to a 7.5% increase, although this was outside the framework of an earlier understanding with the Garment Workers' Union.

Difficult

The decision, he said, was difficult in the light of

- Interim increases of this type are not always recoverable against forward orders and retailers were sometimes unsympathetic and unresponsive to quite modest increases in price.
- Imports of clothing have increased significantly, with South Africa being a tempting target for dumping.
- Loose talk on free trade and protectionism is thoroughly confusing planners in the public and private sectors.

'South Africa no less than the Western world and Japan has and will retain strong elements of protection within its infrastructure. It must do so because its trading partners do.'
Clothing Workers to Lose Jobs?

By ANEEZ SALIE

THOUSANDS of textile and garment workers could lose their jobs — and the market could be flooded with cheap imports — if the Government goes through with plans to drop certain import controls, trade unionists have warned.

The authorities plan to scrap controls on the amount of imports which could lead to a flooding of the local market with cheap and inferior quality garments and textiles.

With inflation at its current high level, consumers would choose the cheaper imported product instead of the higher quality and more expensive local version.

A drop in demand for locally manufactured products would force producers to cut back on production resulting in retrenchments.

The assistant secretary of the Garment Workers Union of the Western Province, Mr C. Petersen, told of how the market was already well supplied with foreign cheap garments.

BIG WALK

"The union organised a big walk the other day and we decided to print tee-shirts for the few hundred participants.

"When we priced a batch we found several foreign ones and the cheapest was one from Taiwan.

"Although we would have saved quite a bit had we bought the readily available, cheaper foreign product, we decided on a point of principle, to purchase a local one.

"That experience was really an eye opener for us — if we needed one in the first place."

The point to note is that the ordinary consumer would not have bought something on principle, but would rather have been influenced by the price.

There are about 250 000 garment and textile workers in South Africa, representing a sixth of the workforce in the manufacturing sector.

Bearing in mind the workers' dependants, more than a million South Africans are dependent on the garment and textile industries.

The effects of excessive imports were felt in 1974 and 1975 when 13 percent of the employees in the industry were retrenched.
ATI sets sights on clothing firms

THE giant Anglo Transvaal Industries group is negotiating to take over two Cape clothing manufacturers, Puma and Pastel Clothing, in a multi-million-rand deal.

Both factories are in Athlone. Puma, employing about 600 workers, is one of the country's largest fabric knitters.

Negotiations for the takeover have reached an advanced stage, says an announcement by ATI and Aisa Investments, holding company of Puma and Pastel.

This will be ATI's first venture into the clothing field, although it is in textiles through a 56 percent stake in SA Fine Worsted.

ATI, with assets of around R250 million, has many industrial subsidiaries, including Globe Engineering, Irvin and Johnson, Consolidated Glass, Claude Neon Lights, National Bolts, South Atlantic Corporation, Denver Metal Works and T W Beckett.
Burhose strikers all return to work

MARITZBURG — All the workers who went on strike at the Burhose factory at Estcourt on Monday have returned.

Mr Pat Chapman, the manager, said today that all his workers reported today and that they had all been re-engaged after having dismissed themselves on Tuesday.

"When they were still out on Tuesday they were told to start work or consider that they had dismissed themselves and to collect their outstanding wages the same day.

"Nobody claimed their wages and I was informed yesterday that they were prepared to start work today. "They have lost three days' pay — Monday, Tuesday, Wednesday — but as yesterday was a holiday and they were prepared to start today, we have decided to pay them wages for yesterday also," he said.

"
Back at work

Petermaritzburg Bureau

The bulk of 1,900 Ecton workers who downed tools on Monday over wage demands were back at work yesterday according to the manager of the factory, Mr P Chapman.

Management did not bow to the demands of workers, who were said to have demanded double the R15 to R20 they earn at present. They would probably negotiate at a later stage, said Mr Chapman.

"There's a lot of work to do at the moment so the workers will probably elect a negotiations committee next week," he said.
Clothing industry must meet challenge of inflation

The clothing industry in the Western Cape is, to survive it will need to meet, the insidious ‘challenge’ of inflation head on.

This is the view of Mr M.A. Gets, chairman of the Cape Clothing Manufacturers Association.

The industry’s thin and sometimes un Rewarding profit margins will have to be protected, he says in a contribution to a report on the future development of the Western Cape by the Stellenbosch Bureau for Economic Research.

First, there will have to be productivity improvements. We can no longer afford the lax practices of using cheap labour.

There can be no ‘replacement’ of the textile and retail sectors, he insists, “as this would be a costly industry, as an important factor in the local economy.”
Stepping out of Gear

Catching Facetores

Information Report
Clothing exporters hold their share of market

BY ALEX PETERSEN
Finance Reporter

IN SPITE of the recession in Europe and North America, clothing manufacturers who have traditionally been exporters have maintained, or even increased their market position in overseas countries.

Mr. Peet Lategan, export promotions officer of the Board of Trade, said this week that although there had been fewer inquiries this year than last from potential exporters, manufacturers already exporting had nevertheless maintained their market share.

Export figures to November 1980 suggest a slight increase for the year over the 1979 export figure of R52.22 million says the president of the National Clothing Federation, Mr. Simon Jocum, who predicts that export orders could rise to R40 million this year.

He points out that 60% of the exports come from manufacturers in the Cape, where he estimates that a total of about 35 out of the roughly 1,000 factories are involved in exporting.

"The competitive edge of these exporters lies in their quality and styling as well as aggressive sales effort," says Mr. Jocum.

A spokesman for Rex Trueform, who has long been in the export field said that the company had "more than maintained" their market in the British market.

"We have a growth factor every year. And in spite of the recession, we have met this figure. We have been well supported by long-standing customers."

Rex Trueform concentrate their exports on men's suits, tailored jackets and trousers, as well as their Cassidy range of ladies' slacks, skirts and jackets, which carry either the Rex Trueform International label or the label of the importing retailer.

The company is also optimistic about the signs of an upturn in the British market. "We feel there is going to be a change in attitude there and we are starting to pick up slightly," Mr. Jocum.

But for exporters, high interest rates as well as poor consumer demand have affected South African exports. "Most retailers and distributors have tended to keep stock levels down," says Mr. Brian Berman of Meritex.

"People have been facing problems financing their stock holdings. This has meant that exporters have had to be able to make quick deliveries where a market opportunity has occurred, often having to utilize air freight, which adds a substantial cost factor," Mr. Berman said.

Mr. Berman said Meritex, who make knitted garments, had increased their export figures but "not to what we hoped."

Most exporters agreed that the North American market had been more difficult, but with the stronger dollar, there was optimism of increased business in the near future.

But exporters to Germany, say manufacturers, will be problematic for the foreseeable future largely due to the over 20 percent depreciation of the Deutchmark against the rand, which means that despite much higher labour costs, the comparable German-made articles were available at the same price.

"One reason behind the success of the exports has been the introduction in September last year of an incentive scheme in the form of tax rebates on exports. But confusion on some of the terms of rebates on imported fabric duties is seen by some manufacturers as having retarded export potential."

The range available in imported fabrics can often make a crucial difference in the finicky fashion business. "There has been no incentive to lend fabric," says Mr. Jocum. "But he says that following discussions on the terms with the Board of Trade, 'clarity is emerging.'"

Just how well clothing exports will do this year will start becoming evident in July and August, when buyers will view ranges for delivery in February and March for the northern hemisphere spring season.
Burlington doubles profit
Dividend up

CAPE TOWN based Burlington industries more than doubled its profits last year and has increased its dividend payout by 60 percent, the chairman, Mr P Kawitzky, reports.

Taxed profit attributable to ordinary shareholders was R246,914, equal to 42.7c a share, against R118,973, equal to 20c a share, in 1979.

A final dividend of 7.5c (5c) makes 11.25c (7.5c) for the year.

The company gave priority in 1980 to expanding capacity in the knitwear division to meet the demand for ladies' outerwear and thus expansion is continuing.

Turnover in the men's wear division, which makes shirts and leisurewear also increased and improved results have been achieved.

Production of both factories has been taken up for the rest of the year and earnings should equal last year's, provided inflationary trends remain at a reasonable rate.

Derek Tommey
CHEAP IMPORTS
THREAT TO
JOB CREATION

Argus Correspondent

DURBAN. — South Africa will forfeit 75 000 potential jobs by 1987 if fabric and clothing imports are unchecked, Mr D Solomon, director of SA Clothing Industries, says.

Addressing a Corporation for Economic Development seminar on the clothing industry, Mr Solomon urged the Government to adopt tariff protection as well as quantitative control on imports.

He said that by allowing cheap clothing from underdeveloped countries to come in freely, South Africa was courting disaster.

The situation, he said, was similar to the case in Britain and Europe, where an import tariff policy had led to the decimation of the clothing and textiles industries.

OVERALL LOSS

The overall loss was estimated at two million jobs.

If fabric and clothing imports were allowed to grow in South Africa at 50 percent of local demand, there would be 75 000 fewer jobs by 1987. Yet job creation was the country's most important priority.

To keep pace with the population growth, 1 500 new jobs would need to be created each day.

The chairman of Romatex, Mr Jaco van der Merwe, also called for protection against imports of textiles and clothing.

He said the industry has been facing imports from countries where the cost of raw materials was much lower than in South Africa.
Burlington booms

By PAUL DOLL
Financial Editor

CAPE TOWN clothing manufacturer Burlington Industries says that sales for the first four months of the current year are above last year's booming turnover levels and production capacity of the plants for the rest of the year has been fully absorbed.

Chairman Mr P Kawitzky is optimistic that earnings should be maintained at the 1980 level provided inflation remains at a reasonable rate.

Reflecting the consumer spending boom the group lifted taxed profits the past year by 16% percent on a 46 percent sales rise and earnings per share were 25,7(20c).

The final dividend was raised 50 percent to 7,5c bringing the total for the year to 11,25c (7,5c). Burlington's dividend was pegged at 7,5c in 1978 and 1979.

Soaring demand for knittedwear sold under the Goldknit label has led to increased production in the knittedwear division and capacity is being further raised.

Tax allowances and an assessed loss reduced the tax rate the past year from 25,2 percent to 21,8 percent. Plant and equipment bought during the year was sharply higher at R624,135 (R527,35).

The menswear division, which produces shirts and leisurewear under the Marlboro and Leisurewear labels, had a successful year with both sales and profits increasing.

The annual report shows that stocks at R613,357 are well down from last year's R1,2m and liquidity has improved with retained income at the year end totaling R899,691 (R620,847). Debtors are up by R640,325 and creditors fell by R105,874.

Chubb up 35%

JOHANNESBURG — Chubb Holdings increased taxed profit by 35 percent — from R1,4-million to R1,9-million — in the year to March 31, 1981.

The company yesterday announced an increase in final dividend by 4c to 18c making a twice-covered 22c for the year compared with 18c last year.

Group turnover rose by 29.8 percent during the year from R24-million to R31.2-million while pre-tax profits were 39 percent higher at R3-million.

A feature of the results was a 56 percent increase (from R1,5-million to R2,5-million) in the pre-tax profit of the physical security division.

The alarms division, however, did not achieve its anticipated improved performance and showed a drop in pre-tax profits from R294,000 to R196,000.

The pre-tax profits of the fire security division were more or less unchanged at R364,000.

According to the company, one of the reasons for the disappointing performance of the alarms division was the shortage of competent electronic technicians.

Taxation rose from R760,000 to R1,1-million, leaving earnings per share of 46c against 34,3c in the previous year — Sapa
 Appendix A


discussion

MBS Labour Support

Vide National Union of Clothing

By STEVEN FREIDMAN

The problem of unemployment

Despite the problems associated with the volatility of demand, this is


demand for the commodities from which they are derived. Clearly, they must be needle.

The price of the commodities from which they are derived. Clearly, they must be


demand for the commodities from which they are derived. Clearly, they must be

the demand for the commodities from which they are derived. Clearly, they must be
1.

THE AIM, SCOPE AND METHOD OF THE PAPER

Much has been written about the ethical drug manufacturing industry. However, most of the work does not relate to South Africa and very little of it has been undertaken by economists. In addition, many of the writings concentrate on one or other specific problem within the industry.

A gap therefore exists and needs to be filled by an economic study of the ethical drug manufacturing industry in South Africa. It is the aim of this paper to fill the gap by providing a broad overview of both the production and marketing behaviour of the industry.

The paper has been prepared by undertaking a detailed investigation of the literature on the topic, by studying various government commissions and by interviewing and talking with people involved in the industry and academics and others concerned with it.

The number of people who gave me valuable information and help is large and many thanks are due to them. Acknowledgment is also due to The South African Labour and Development Research Unit for financial support while the bulk of the fieldwork for this study was done.

This relatively brief paper is based on a more comprehensive study submitted as an Economics Honours Thesis at U.C.T. (1978).

SECTION 1: INTRODUCTION

The paper is an attempt to delve into the issues surrounding the manufacturing sector of the ethical drug market that have become topical since the advent of the "Pharmaceutical Revolution". (1)

(1.1) The Industry and its Products:

The definition of the manufacturing sector adopted includes all firms involved in drug formulation, drug design or drug compounding and confectioning. (2) Both the production and the marketing activities of this sector of the industry will be analysed, but the pharmaceutical trade (wholesalers and retailers) will not be discussed in depth.

The products of the Pharmaceutical Industry comprise medicines, cosmetics and incipients. Medicines, the subject of the paper, consist of scheduled drugs (also known as ethicals or prescription drugs) and unscheduled drugs (also known as over-the-counter lines).

The paper will focus on the ethical drug market. There are 9

The Correspondent 1984 - 1985

Clothing to discuss merger

JOHANNESBURG (BANC) - A majority of the National Union of Clothing Workers (NUCW) has agreed to the amalgamation of the National Clothing Workers' Union of South Africa and the National Clothing Workers' Union of the Eastern Cape. The amalgamation of the two unions would create a new union with a membership of around 15,000.

According to the NUWAW's executive, the amalgamation would result in a more effective and efficient union. The NUWAW's executive also believes that the amalgamation would benefit the workers by providing them with better representation and improved working conditions.

The NUWAW's executive stressed the need for unity and solidarity among the workers. They urged the workers to support the amalgamation and to work together for a better future.

The National Clothing Workers' Union of South Africa (NCWU) is expected to support the amalgamation. The NCWU's president, Mr. Mvubelo, who is also the leader of the Clothing Workers' Union of South Africa (CWU), has expressed support for the amalgamation.

Mvubelo said that the amalgamation would create a stronger union that would be able to negotiate better contracts and conditions for the workers. He added that the amalgamation would also provide the workers with a stronger voice in the industry.

The amalgamation would take place within the next few months, and the new union would be called the National Union of Clothing Workers (NUCW).

The amalgamation has caused several issues of concern to emerge. Those issues, each a facet of an interdependent system, will be analysed by the paper and include:

1. Profits and prices in the industry.
2. Promotion and advertising.
3. Generic and Brand Name usage.
4. Patenting of Ethical Drugs.
5. Research and Development.
6. Registration and Control of new Drugs.
Jocum sees boom fading next year

May 2081 (154)

THE clothing boom of 1981 is expected to level off in 1982 because of inflation and higher interest rates which will force retailers to cut inventories and hit consumers' buying power.

This is the view of Mr. Simon Jocum, president of the National Clothing Federation, who has returned from a business visit to the United States and Europe.

He says any large increase in imports of clothing could bring on a recession in the clothing industry, which would percolate through to textiles, fibres, the cotton farmer, button box and bag manufacturers and the sewing thread industry.

'Any cut in production in the future would lead to unemployment and it could lead to increased cost structures because of lower volumes and smaller production runs,' he says.

IMPORT CONTROL

The industry believes the Government may have misread the situation when announcing its policy to dismantle import control in 1980 when the gold price was higher and the balance of payments showed a surplus.

The position has changed radically since then.

The clothing, textile and fibre industries have grown and prospered because of protection and it is too late in the day to dismantle import control.

"More than 200,000 jobs are at stake when considering the subsidy industries."

RETRENCHMENT

"Should import control be relaxed, then the clothing industry will be forced to become importers of clothing just as their counterparts in the United States, Britain and Europe, to survive.""The result would be retrenchment of labour as there is no room for a manufacturer to employ labour with all its problems when it is far cheaper to import."

The laid-off cost of clothing from the Far East is less than the price of the material content supplied by the South African market.

The Government must take heed of the lessons learned in the Western world, and from the Far East, where the same appeals were ignored resulting in such large-scale unemployment that their governments are doing everything to reverse the situation by stemming imports from the Far East through quota controls."
Clothing leader's strong words on cheap imports

CAPE TOWN — The clothing industry faced widespread unemployment and recession, the president of the National Clothing Federation of South Africa, Mr Simon Jocum, warned in Cape Town yesterday.

These were the possible effects of the dismantling of import control announced by the government in May last year, he said.

In a statement issued in Cape Town on return from a business visit overseas, Mr Jocum said: "The clothing, textile and fibre industries have grown and prospered because of protection and it is too late in the day to dismantle import control."

He had seen the disastrous effects of cheap imports flooding into the United States and Europe. In an effort to combat this, Western countries were negotiating a multi-fibre agreement, which was expected to contain severe cutbacks on clothing imports from the Far East.

"RETIRED"

Mr Jocum accused the South African Government of misreading the situation in 1959 when the country's balance of payments showed a surplus because of the high gold price. "The position has changed radically since early 1960," he said.

If the State did not heed calls to stop the relaxation of import control, the clothing industry would be forced to become importers in order to survive. This would mean retrenchment of labour.

More than 400,000 jobs were at stake, taking into account the subsidiary industries which sold goods produced by clothing industries, he said.

"Any large increase in imports would lead to a recession in related industries," he said.

"Mr Jocum conceded that it was cheaper to import clothing. The substantial cost of clothing from the Far East was less than the price of the material supplied by the national market.

"By controlling imports, the Government would encourage manufacturers to take on more labour, invest in buildings and plant, and continue to grow. There was no shortage of clothing or competition."

Therefore, there was no reason to import any clothing, but only those items not available in South Africa or fashion items needed to boost a collection," Mr Jocum said. "If the clothing industry had to rely on import tariffs, as suggested by the State, these would have to be "exceedingly high" and tantamount to import control. High tariffs tended to protect the inefficient and became outdated and ineffective."

The clothing industry deserved to be singled out for special attention in the interests of the national economy.

Mr Jocum said that the federation would continue its efforts to get the Government to accept its recommendations, based on the "disastrous effects" of clothing industries in the Western world. — Sapa.
Plea for more clothing controls

By SIMON WILLSON

Industrial Reporter

Applying quantitative controls, as well as tariff barriers, on imported fabric and clothing was necessary to protect jobs in the South African textile and clothing industries, a clothing manufacturer's conference was told on Monday.

Mr Denis Solomon, a director of SA Clothing Industries, told the conference, organised in Johannesburg by the Corporation for Economic Development, that tariff barriers applied alone constituted an inflationary form of protection.

"The director-general of Commerce and Industry, the chairman of the Board of Trade and others have told us that we should rely for our protection on the tariff structure. But this is not a cure for the disease. In effect it can increase prices," he said.

"I believe that those responsible in Pretoria should be brought to realise that while we do need tariff protection, it is imperative that a quantitative control be instituted as well," Mr Solomon said.

Allowing cheap clothing from under-developed countries to come freely into South Africa would be "disastrous in the extreme", and investment in the clothing industry would be "difficult to establish" without official assurances that this would not happen.

"In South Africa to quantify the effect of inadequate protection is difficult. Let me just give you one fact to mull over. If fabric and clothing imports are allowed to grow to 50% of local demand, by the year 2007 there will be 75 000 less jobs created, compared with Economic Development Programme growth rates," he said.

Demand for clothing would increase this decade, Mr Solomon said, as the Government became aware of the necessity for better opportunities for all sections of the community.

More disposable income would become available and clothing would become a status symbol of the new wealth.

"Without creating increased production a demand-pull inflationary spiral could develop. It is therefore vital for us to have extra availability from within our own resources," he said.
for its output. If it specializes in conveyor belts etc. it will achieve a greater efficiency and output. Beyond this its efficiency as to output ratio gives the L shape.

NINIAN & LESTER

Market Threats

Activities: Durban-based manufacturers and clothing manufacturer Protea Knitting Mills, Consolidated Jersey and Elmar are wholly-owned subsidiaries

Chairman: M R McElligott, managing director: D M Drysdale

Capital structure: 2,1m ordinary shares of 50c Market capitalization: 2,7m

Financial: Year to December 31 1980

Borrowings: long and medium-term, R301,000, Net cash R31,000 Debt equity ratio, 0.26% Current ratio, 2.1 Group cash flow, R16,8m Capital commitments, R1,6m

Share market: Price 35c (1980-81 high, 35c; low, 17c; trading volume last quarter, 25,400 shares) Yields 37.5% on earnings, 9.0% on dividend Cover: 4.2 PE ratio: 3.9

Return on cap (%) 2.4 2.8 2.6 4.0

Turnover index 137 168 188 227

Pre-tax profit (loss) (Rm) 2.1 4.4 2.4 4.3

Earnings (c) — 43.5 74.6 122.9

Dividends (c) — 5 17 30

Net asset value (c) 206 244 340 433

1974 = 100

Ninian & Lester could be hard-pressed to improve on 1980's record performance. The company faces problems of an economic slowdown, rising costs, increased imports and a highly competitive industry

Sales rose 47.3% last year against 1979's 40.3% advance. Demand far exceeded expectations, particularly in the last quarter. Accompanying this growth pre-tax profit increased 81% to R4,3m (152.4%) resulting from the rise in throughput and operating savings.

All divisions prospered, with ladies' fashionwear achieving record turnover and profits once again. Production capacity of the "Jockey" underwear division was raised during the second half to satisfy demand. The additional capacity is expected to be fully utilized during 1981.

The "Elmar" division, acquired in 1979 expanded the underwear and sportswear operations and, according to chairman Matthew McElligott, this section had an "outstanding" year. The National Dye House group, commission dyers and finishers of textile fabrics and processors of fabrics made up by Elmar, was acquired last July to ensure continuity of suitable dyeing and finishing facilities for the group.

Working capital requirements increased by only about 15%, in part attributable to the tight control of the stock keeping which increased in value by less than 10% to R4.8m (R4.5m). Short-term loans and bank borrowings were virtually eliminated, in keeping with the company's policy of low borrowings. The debt equity ratio dropped from 15.2% to 9.2% as a result.

The balance sheet reflects a strong financial position with the current ratio at 2.1.

Expansion this year is aimed at the improvement of existing operations. This will be financed mainly by the planned cash of R1,4m. The group will continue to seek acquisitions and investments to complement the current activities.

The government has issued substantial increase permits for imports of woven and knitted fabrics. This has caused a drop in demand for locally produced textile goods as the imported items are cheaper. Raw materials locally are very expensive. Trading conditions have naturally been affected, but McElligott says that the situation this year is "satisfactory."

He expects group profits in 1981 to show some improvement. However, this will probably be marginal at best. Consumer durables are always hardest hit during an economic slowdown and recent cost increases and import competition could become a serious problem.

At 35c the share yields an historic 37.3% on earnings. This year earnings could reach 147c and assuming the conservative 4.2 times cover remains unchanged, a payout of about 35c is possible.
MERITEX, the Cape Town clothing company, is pushing ahead rapidly with the building of a new factory to enable it to move strongly into export markets.

So urgent is the need for the factory that equipment is being flown in from overseas and it should be completed by the middle of next month.

It will have a floor area of 4 000 sq m.

The men's underwear division will be transferred to the new plant and simultaneously the company will launch a new underwear range in the European market. The company's export manager, Mr Brian Berman, says:

The first orders have already been taken and are scheduled for delivery in October and November.

SUCCESSES

Meritex has scored considerable successes in the export market in recent years.

Since 1978 the company has received steadily growing orders from Otto Versand, West Germany's second largest mail order company. For the 1981 summer season, Meritex supplied Otto Versand with 30 000 articles of women's wear and so far has had a repeat order for a further 3 000.

It also supplied C and A Treimuggmeyer, a large West German retail chain, with stocks for its summer range. It is now working on a R180 000 order for winter season goods for the same company to be delivered in mid-July.

QUALITY

Mr Berman says the Germans are extremely quality conscious and to meet Otto Versand's requirements it is necessary to visit them three times a year. Technicians from the company also came to Cape Town for discussions.

One reason why Meritex is doing well in the German market is that there are no import quotas on goods from this country.

A second reason was that Meritex was vertically integrated with its own cloth manufacturing and dyeing plants. It also had its own mercerising plant.

These gave the company the flexibility and quality control needed to meet the needs of the export market.

Exports account for about 7.5 percent of Meritex's sales, but this figure is expected to grow considerably.
We have analyzed the health problems and we know what needs to be done to counteract them. Our challenge is to provide a system of comprehensive health care which will reach the people who need it most in ways which yield the greatest benefits, and yet are within the country’s financial capabilities. By comprehensive health service we mean a system of health care (and I quote) which must "reach into the community and homes, and influence patterns of living - the construction of dwellings, the provision of water, the delivery of babies, the feeding of children, the care of families". (Bryant 1971)

For convenience, the description of the system will be divided into the aspects of personal health care, environmental health services and...
R\(\frac{1}{2}\)-m knitwear expansion by Burlington

BURLINGTON INDUSTRIES, the Cape-based clothing manufacturer, has ordered and partly installed R500 000 worth of knitting machines in its expanding knitwear division.

The division has increased its sales by 22 percent for the first six months of the current year over the year-ago period while the 'other' division has shown a slight increase, Mr. Philip Kowalsky, chairman, told the annual meeting.

He said this growth in turnover had led to the need to expand capacity in the knitwear division.

However, the buoyant condition of the clothing industry would come under heavy pressure either during the next six months or in 1982.

COLOSSAL DUMPING

The easy granting of permits for the import of clothing, especially knitwear, has resulted in colossal dumping into this country from Hong Kong, Taiwan and Korea.

Economic growth would be slowed down by the current monetary policy with its resultant high and constantly changing interest rate structure.

It stands to reason that these factors will eventually catch up with our local clothing industry, which not only may be unable to expand but could find difficulties in maintaining its present position.
BURLINGTON

Over-cautious

Activities: Manufacturer of shirts, pyjamas and women's knitted outerwear. The directors hold, directly and indirectly, 65.8% of the ordinary equity.

Capital structure: 600,000 ordinary of 50c, and 50,000 6% cum prefs of R2. Market capitalisation R782,000


R807,000, net short-term, R43,000
Debt-equity ratio 102%. Current ratio 1.9. Group cash flow R429,000
Capital commitments R13,000

Share market: Price 132c (1989-91 high, 180c, low, 90c, trading volume last quarter, mil) Yields 32.2% on earnings, 8.5% on dividend. Cover 4.0. PE ratio 3.0.

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<td>Net asset value (c)</td>
<td>220</td>
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Burlington's high gearing indicates the group is determined to maintain market share throughout any economic slowdown. The company's ability to finance these borrowings suggests shareholders could, in fact, be pleasantly surprised in spite of the directors' conservative forecast for 1981.

Chairman Philip Kawitzky believes earnings should be "maintained providing inflationary trends remain at a reasonable level.

Earnings rose 113% to 42.6c a share due to higher turnover and a lower tax rate. On increased local demand sales rose 40% to give a 99% pre-tax profit increase to R36,000. The tax rate drop to 22% (25%) was caused, in part, by a tax allowance brought forward.

The group faces strong competition in both export and domestic markets. The Marlboro menswear and Buoy womenswear brandname products increased market penetration, which helped boost turnover.

Production capacity is currently fully absorbed so it is somewhat worrying that expansion, if necessary to meet any sudden increase in demand, is probably out of the question for the next year or two. The debt-equity ratio dropped to 102% (119%) and though interest cover has doubled to four times, further borrowings will probably be discouraged by lenders.

Liquidity is still strained though group cash flow more than doubled to R429,000.

The high gearing and interest rate trend necessitated the rise in dividend cover to 4 times (3).

The directors are apprehensive about the impact of an economic slowdown though the group cannot afford to plan for major acquisitions or expansions. Demand in the clothing industry has risen to an extent that Burlington's existing capacity should be fully utilised with consequent unit cost reductions. Kavitzky's projection of static earnings unnecessarily cautious, I guess seems reasonable. The 12.5c dividend possible, makes the share attractive investment, which may be an attractive.
Pay rise for 9 000 knitters

ABOUT 9 000 workers in Cape Town's knitting industry have been given a 7.5 percent mid-year pay rise.

This is the result of an agreement between the Cape Knitting Industry Association, the Cape Clothing Manufacturers' Association and the Garment Workers' Union.

The agreement and higher pay rates are announced in the Government Gazette.

A R2-a-week rise is also to be given to about 400 milliners in the Cape millinery industry.

Workers in clothing factories received a 7.5 percent rise a month ago, applying to workers in Cape Town, George, Malmesbury and Darling.
Sassoon buys 50% of Vog

ALEX PETERSEN
Finance Reporter

R SASSOON AND COMPANY, the city-based leisure fashion manufacturers, have bought 50% of Vog in Johannesburg, their main competitor on the Reef.

The managing director, Mr Ronald Sassoon, said yesterday the move was part of a drive by the group for a bigger share of the South African leisure fashion market.

But he emphasized that, apart from financial ties, Vog would remain independent. "They will remain completely autonomous, and in terms of design and sales, we will continue to be competitors."

The share has cost the group over R500,000, including "a substantial cash injection."

The immediate practical change will be that Sassoons will be responsible for controlling the financial administration of Vog.

"Our whole formula for running the business will be put into effect, and Mr John Basson, our financial director, will be running that end of things," Mr Sassoon said yesterday.

In addition to the Vog share, Sassoons have recently launched an imaginative advertising campaign, both in the press and on television, to help to expand their market share.

"We are aiming to increase our turnover by between 30% and 60%, and we are hoping to do even better for Vog," Mr Sassoon said.

As the privately-held group might themselves react to takeover offers from the larger clothing giants, he said "We are in a strong financial position, and we aim to remain independent."

The Sassoon group manufactures jeans and leisurewear, mainly for the women's high fashion market, and has been an exporter to both the United States and Britain since 1978. In addition to their exports, their jeans are also made under licence in the US.

Sassoon jeans are also made under licence in Israel where they have "a very healthy share" of the fashion jeans market.

"We wanted to export to Israel, but the tariff barriers meant that we had to arrange manufacture there, using our designs and patterns."

Last week Mr Sassoon's fashion flair received recognition when he was awarded the Fair Lady Coty award in the women's sportswear section.
The need for protection

Simon Jocum, president of the National Clothing Federation of SA, has just returned from an extended visit to Europe and the US with a tale of woe about the textile and clothing industries abroad.

The clothing industries in the countries I visited have been eroded by multilateral protection against the Far East. The hardship has resulted from the flood of imports resulting from the present mult-fibre agreement which allows for an increase in imports of 6% a year.

When the domestic economies went into recession, the additional 6% bit deeply into the local industry's market. Employment was thus created in the Far East at the expense of the US and British clothing and textile industries.

Many of the unemployed have not been able to find jobs elsewhere and the taxpayer has to foot the unemployment bill.

A new mult-fibre agreement is being negotiated by the Western countries and will be finalised by the end of 1981. Negotiations are expected to be extremely tough with severe cutbacks on clothing imports from the Far East.

It has been proved overseas that tariffs are not an efficient control mechanism.

They soon become dated. The policy is going to be quantitative controls which respond more easily to a flood of imports and thus prevent a local domestic industry from being eroded.

The official policy in SA is to dismantle import control and, in turn, the clothing industry is to look to import tariffs as protection in the future.

The clothing, textile and fibre industries have all developed because of import control which has encouraged local manufacturers to buy all requirements in SA.

Imports of clothing have increased rapidly during 1981. These imports, mainly from low-wage Far Eastern countries, have been of no benefit to the consumer.

The clothing boom of 1981 is expected to level off in 1982 because of the high inflation rate of over 16%, which is expected to rise still further, plus the increase in interest rates, which will force retailers to decrease inventories while affecting consumer purchasing power.

Any large increase in imports of clothing could bring on a recession in the clothing industry, which will percolate through to textiles, fibres, the cotton farmer, button box and bag manufacturers, and the sewing thread industry.

Any cut in future productions will lead to unemployment and perhaps an increased cost structure because of lower volumes and smaller production runs.

The industry believes government may well have missed the situation when announcing its policy to dismantle import control in 1980 when the gold price was considerably higher than now and our balance of payments showed a surplus.

The position has changed radically since early 1980.

Only a few months ago, an historical meeting took place under the auspices of the Textile and Clothing Advisory Council. It was attended by clothing and textile manufacturers, fibre producers and retailers, and a unanimous recommendation has been made to the government for moderate tariff protection complemented with quantitative controls.

Any downturn in the clothing, textile and fibre industries will cause unemployment. The clothing industry alone employs 125,000 people in more than 1,000 factories and a reduction in employment would mean less consumers and, in turn, less business for retailers.

The clothing industry is not against imports per se, but only against cheap imports from low-wage countries in the Far East.

If the SA clothing industry has to rely on import tariffs, as suggested by the government, these tariffs would have to be exceedingly high and would be tantamount to import control. High tariffs tend to protect the inefficient. Tariffs become outdated very soon and, therefore, ineffective.

The solution is loud and clear. The clothing, textile and fibre industries have grown and prospered because of protection and it is too late in the day to dismantle import control.

Over 400,000 jobs are at stake when considering the subsidiary industries which sell to clothing and textile manufacturers.

These workers are not mobile and there are no other jobs available. It is essential that the clothing industry continues to grow and create new labour opportunities for school leavers.

The clothing industry, through increased productivity and efficiency has proved SA with the consumer's best buy. Clothing prices increased 9.1% in 1980 against an inflation rate of over 15%.

The pressure on margins continues. More than 1,000 factories are competing for business from the large chains which control over 30% of the purchasing power. Should import control be relaxed further, notwithstanding the urgent appeals to government, then the clothing industry will be forced to become importers of clothing - like their counterparts in the US, Britain and Europe - to survive.

The result would be rearmament as there is no reason for a manufacturer to employ labour with all its problems when it is far cheaper to import.

In fact, the landed cost of clothing from the Far East is less than the price of the material content supplied by the SA market. The government must take heed of the lessons learned in the Western world where the same appeals were ignored. This resulted in such large scale unemployment that their governments are doing everything to reverse the situation by stemming imports from the Far East, through quota controls, notwithstanding their membership of Gatt.

By controlling imports, manufacturers will be encouraged to take on more labour, invest in buildings and plant and continue to grow. There is no shortage of clothing in SA, and there is no shortage of competition either.

Therefore, there is no reason to import any clothing except those items not available here, or fashion items which help to boost a collection.

Being a labour-intensive industry and one of the largest employers of labour, the clothing industry deserves to be singled out for special attention in the interests of the economy of SA.

The National Clothing Federation will continue its efforts to achieve government acceptance of its recommendations, which are based on the disastrous events of the clothing industries in the Western world.
EL firm recognises Saawu

EAST LONDON — The management of the clothing firm Ark Garments in Wilsonia has recognised the South African Allied Workers Union as being representative of the majority of workers at the firm.

In a statement released yesterday, Mr R J Harris of Ark Garments said:

"The management of Ark Garment Industries (Pty) work in close cooperation with our factory works committee and although there is a small percentage who seem to affiliate themselves to the Garment Workers Union, the majority affiliate themselves to Saawu. In view of this we recognise the rights of the workers to be free to choose to which union they wish to affiliate themselves.

"We have had numerous discussions with Saawu, as representative of the majority of our workers, on certain aspects of workers conditions and we have found them very helpful and understanding.

"Mrs Lucy Mvubelo, of the Garment Workers Union, said they still had members at the factory but because of the distance of the factory from the union's headquarters in Johannesburg they were hampered in their organising duties." — DOK.
Bell-John Prize
For the best all-round student in any year of study.
P C Key

Cape Chapter of Quantity Surveyors' Prize
For the highest marks in Professional Practice.
P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.
I: N D G Sessions
II: A R Low Keen
III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.
C W von During

Award shown in above.

Another

Quantity Surveying

(Continued)

Urban & Regional Planning
CLOTHING INDUSTRY

Calling for protection

It's a long as anyone cares to remember, South Africa's clothing manufacturers have been crying for protection from imports. Protection has been called for both when profits are under pressure and when exchange earnings are booming. And that has been accompanied by means-from the larger manufacturers that in good times margins are eroded by newcomers who enter, and leave the industry at little cost.

Now, however, it is possible that some positive developments could appear on the protection front from prospect fruit. In a show of almost uncharacteristic unity, the Textile & Clothing Advisory Council (TYAC), the trade association which tries to weld the conflicting interests of textile producers and the country's clothing manufacturers, has strengthened links with several leading retailers and formulated an approach to government to put the case for restricting overseas competition

Last month, a number of leading retailers and members of the textile and clothing industries were invited to address a meeting held by TYAC in Johannesburg. And although age-old antipathy between the textile and clothing sectors is far from resolved, efforts to unite the

The textile and clothing manufacturers from imports and to which SA is a signatory, allows an increase in imports of 6% a year. But, says Jocum, during the recent recession in those countries, the additional 6% cut beauty into the local industry's market. Thus, industry in the Far East was thriving at the expense of domestic manufacturers.

In SA, members of the textile industry say that the effects of the economic slowdown are already being felt. Growth in the synthetic fibres and knitting sectors is slowing, says Ernest Wilson, MD of Hextex, and president of the Textile Federation. Naturally, he adds, a slow down in textiles affects the clothing industry.

Due to the uncertainty about import controls, Progress's Jacobson adds that there have been no factory expansions in any of the knitting concerns in SA. "The manufacturers are not prepared to go to the great cost which the buying of machinery entails."

The industry generally fears another recession. In an economic slowdown with rising interest rates, retailers tend to

Seardel's Seardel...pushing hard for exports

stock as consumer purchasing power is reduced. Any great increase in imports, it is felt, could be disastrous at such a time when the plant is not new and has been a regular feature of industry statements for many years.

Last year, government suggested the use of import tariffs to entirely replace import controls. But, says Frank Whittaker, director of the National Clothing Federation of SA, duties will have to be very high and adjusted with greater rapidity.

The industry wants moderate tariff protection with quantitative control. It is now a case of wait and see.

Compared with inflation rates of around 15% at present, clothing prices are rising at no more than 9%. Unless imports are controlled, industry spokesmen warn, clothing manufacturers will be squeezed beyond their capacity to absorb higher costs. But that is not one of the risks of the enterprise.

Protection may be needed for strategic industries. But clothing, where the opening and closing of small manufacturers helps match supply closely to demand, can hardly be called strategic.
various factions behind the banner of self-interest are being made.

In the last 18 months, some of the country's leading retailers have become more aware of the problem and added their weight to TCAC's representations for protection to government. But whether the latest moves will ultimately be of benefit to the consumer remains to be seen.

The manufacturers say it is now necessary for the rag trade to combine forces to protect the industry against imports of cheaper garments from the Far East. They claim the landed cost of made-up clothing from the east is frequently less than the price of the material content supplied by SA's textile mills.

But some critics feel that protection has never been needed less. Despite slower economic growth, 1981 has been a good year, with order books full, demand high and earnings continuing to rise from last year's improved levels. In any event, if protection resulted in higher prices of locally manufactured goods, the old "problem" of small, low-cost newcomers entering the industry would again rear its head.

Industry sources maintain that margins are being squeezed, particularly in the garment manufacturing sector. This is a claim which is difficult to verify. Most quoted clothing companies do not provide turnover figures and choose merely to comply with minimum reporting requirements by disclosing only percentage turnover changes. For the past couple of accounting periods, however, percentage pre-tax profit advances have far exceeded turnover rises, indicating significant margin improvements.

Rex Trueform, SA's largest clothing exporter, lifted first-half pre-tax profit by 39% to R3.3m (R2.4m) in the six months to end-December. That compares with a turnover advance of 28%. But during the period, Rex Trueform was hampered by the rand's strength. Now that the rand is falling, the company should benefit on the export front from a lowering of costs denominated in export currencies and more favourable sales prices in rand terms. At the same time it will benefit locally as the rand prices of imports rise.

Although the preliminary results have not yet been released, Delvwa expects new records to have been achieved in the year to end-April 1981. Order books were full and pre-tax earnings at the halfway stage were 258% better at R$27 000. The first-half turnover increase was not revealed, but it was probably of the same order as Rex Trueform's.

Dubin, last year's most promising manufacturer, has been terminated as a listed company and is merging with Seardel.

Dugson's margins were apparently squeezed in the year to end-December.

Progress Industries, which is not a member of TCAC, seems unaided by prospects of slower economic growth. MD Peter Jacobson expects the clothing sector to maintain its real growth rate. This may be over-optimistic, but Progress has managed to solve some of the problems facing garment manufacturers. The difficulties caused by unreliable deliveries from textile factories have been partially solved, as "we make 95% of our own," says Jacobson.

Ensign is not as subject as most manufacturers to economic fluctuations. SAR & H, SAP and Defence Force contracts tend to balance out any downturn in the commercial side of the activities, according to company secretary Godfrey Heathcock. Even so, the firm has only just managed to haul itself out of two years of losses incurred in the last recession. Whether it can, in fact, remain unaffected by this slowdown will soon be seen. Profit increased to R$26 000 (R$19 000 loss) while turnover rose 41.3% (14.8%) last year. And return on capital was 8.07%.

But protection at home may not be the answer. Seardel, which is the country's largest clothing manufacturer, has moved strongly to broaden its marketing base through exports. It and it is spearheading a move towards rationalisation with plans to acquire Dubin. This will broaden Seardel's product line and add further to its export markets, for Dubin too, has increasingly emphasised exports in a drive for enhanced earnings.

Even without Dubin, Seardel has been no slouch. Its return on assets employed in clothing manufacture rose from 15.1% in the year to June 30, 1979, to 20.5% in 1980. But in his 1980 chairman's review, Aaron Searl echoed his competitors' call for protection from imports. And he gently touched the major bugbear of garment manufacturers — local textile producers. They are frequently accused of being unreliable and providing sub-standard goods which have to be accepted if continuity of supplies is to be ensured. It is this anguish which makes it all the more surprising that TCAC seems to be talking with one voice.

While the recent surge in garment makers' profits can be used to knock down the pleas for protection, there are other sides to the argument. By next year, if consumer spending fades rapidly, profits, margins and returns on capital could be under some considerable pressure.

And adding to the protectionists' argument, Simon Jacob, president of the National Clothing Federation, has just returned from the US and Europe armed with "sad" facts. The clothing industries he visited, he says, have been "eroded" by insufficient protection against the Far East.

The present Multi-Fabrics Agreement (MFA), which is supposed to protect Eu-
For example, women’s dresses from Zimbabwe have a duty-free quota of R600 000 per half year, whereas SA only receives a rebate of 5% of the duty on garments entering Zimbabwe. This reduces the effective rate payable to 5%.

In addition to the adverse terms of the agreement, UDI forced Rhodesian authorities to impose import control restrictions in the early Seventies because of the war, sanctions, and balance of payment deficits.

This meant that SA’s clothing industry — and others — faced a flood of cheap Rhodesian exports. SA exporters, on the other hand, needed an import licence and permits, were hard to come by. A virtual embargo existed on SA clothing.

Rhodesian exporters took full advantage of the duty preferences.

The agreement includes a provision for amendment, but SA did not officially recognise UDI, and thus had no official mechanism through which to make changes. However, it could have been cancelled, and was not.

Besides SA’s desire to help Rhodesia, the reason for this was probably that the intensification of the war in the latter half of the Seventies made it difficult for Rhodesian manufacturers to obtain import licences.

More recently, wage increases have made Zimbabwean exports far less competitive on the SA market.

Says Frank Whitaker, director of the National Clothing Federation, “The quota of 1m shirts a year was a substantial portion of the local market in poplin shirts, and the low-price competition from Rhodesia was having a depressing effect on the entire market. This certainly hampered the growth of the local industry in the early Seventies, but has not played any significant role recently.

“Cancellation of the agreement will at least ensure there are no problems in the future,” he says.

There is little incentive for SA to continue with the agreement, as Zimbabwe is not subject to sanctions and should therefore operate under the same conditions as other exporters.

Zimbabwe is also receiving assistance from overseas countries in the form of “red aid,” and SA is not likely to increase trade with Zimbabwe to any degree, especially in clothing.

Zimbabwe can, in any event, now look northward to Europe for trade.

In terms of the agreement, the cancellation period runs for one year and SA will trade under its conditions until 1982.

CLOTHING

End of an era
City elastic firm opens Transkei plant

FORMENTINI CROCHET (Pty) Ltd, of Observatory, Cape Town, manufacturers of high-quality fancy elastic lace and braid for the clothing industry, has established a new factory at Butterworth in Transkei in conjunction with the Transkei Development Corporation. The name of the new company is Formentini Crochet Transkei (Pty) Ltd. The company is equipped with the latest machinery available.

Initially production will be confined to simple, basic elastic but when the staff has been fully trained in the company's sophisticated production methods, the factory will produce the company's full range of products.

At present key personnel are being trained in the Cape Town plant and will be transferred to Butterworth at a later stage.

Gianni Formentini is the company's managing director and designer, Giovanni Sabottoli — who brought the Butterworth plant into full operation the space of only four days — is the technical director, and Mark Rosloffie is the sales director.

The Butterworth factory is managed by Norman Conbrinch, who was first sent to Italy for training at one of the world's leading elastic manufacturers. During his training period in Italy he visited leading clothing manufacturers and observed the tremendous demand for knitted elastic.

Each of the company's directors will spend alternate weeks at the Butterworth factory to ensure continuity of the company's quality and service.

Mr Formentini said the main purpose of opening the new plant was to cover the Natal market as well as the Eastern Cape. Mr Rosloffie had found from a survey that the Natal market was very competitive, so the factory was opened to make Formentini Crochet equally competitive.

As elastic from the Butterworth plant could be supplied cheaper in Natal than if it were sent from Cape Town.

The company's agent in Durban, Trevor Feyt, will carry stocks at his depot and provide a complete service to customers. Later a similar depot will be opened in Johannesburg.

Some of the yarn used in the manufacturing process is supplied by Tramex, an old established Butterworth textile industry. Formentini Crochet, in Butterworth is also the main supplier of elastic tape to Pep Textile Industries in Butterworth. Elastico tape is also supplied to Transkei Knitting Company (Pty) Ltd and Flashman Sportswear, both in Butterworth.
Delswa record

Deputy Financial Editor

THE clothing boom carried Delswa to an unprecedented pre-tax profit of R5 019 000 in the year to end April — nearly treble the R737 000 made before tax in 1980.

Taxed attributable profit beat R1-million for the first time at R1 177 000 (R79 000).

Earnings per share soared 190% to 370,6c (1960, 71,6c) and a final dividend of 23,5c has been declared, making 55c (30c) for the year.

In the annual report released simultaneously with related results, the directors say: "It is difficult to anticipate future results."

"However, our order books for the coming season are again full and we are confident that the results for the first half of this year will at least be equal to those for the same period last year."

"It is too soon to make conjectures of trading results for our winter season, particularly in view of the possibility of changes in the level of economic activity during the next six months."
Big lift for Berkshire

By David Bamber

Stocking, jean and knitwear manufacturer, Berkshire International (SA) has experienced an excellent first half-year, lifting pretax profits a whopping 68.2 percent to R994 000. Taxation more than doubled to R358 000 leaving net profit 41.2 percent up on the same period a year earlier at R638 000 compared with R452 000.

Net income attributable to ordinary shareholders rose 34.4 percent from R439 000 to R590 000 giving earnings of 28c a share (26.3c).

The interim dividend has been lifted from 10c to 11.5c which is covered 3.3 times by earnings compared with 2.8 cover a year earlier.

The second half of last year yielded a 4.3 percent rise in profit over the first half and the directors are confident that the earnings for the current year will show an improvement on the previous 12 months.

CTS RPM

Introduction to CTS

CTC Summary

EXCO Hardware/Software Summary

GENPLOT

ACLUS

SACRANT (SDD)

GSP (Graphics Display Package)

DOC Processor

BD Processor

Using files on the Univaq

Using the Univaq is easy

The following manuals/handouts supplementary to the terminal manual are for sale in the Computing Service Library:

28 Jan 81
CLOTHING
Pepping up sales

Pep Stores’ negotiations with the Rembrandt Group for the acquisition of Rembrandt’s 67% controlling share interest in Cape clothing manufacturers TL Back,

(see Fox) is entirely consistent with Pep’s intention to increase its “horizontal integration,” says MD Tom Ball.

Ultimately, says Ball, Pep expects 5% of the group’s turnover, forecast at more than R250m in the coming year, to derive from exports.

The trouble is that these have been hampered in the past by limited manufacturing facilities.

Pep entered the export market last year and overseas buyers include Ireland, England, West Germany and Switzerland.

“We thought of increasing our production capacity to serve this export market,” Ball says.

Pep Stores, started in 1965 to serve the lower end of the retail market, entrenched itself in the lower and middle-income markets with its Half Price Stores and Shoprite subsidiaries. It followed a policy of vertical integration to serve as one of its own major sources of supply and now operates 10 factories, mainly in the Western Cape, Durban and Butterworth, from which 50% of all goods stocked by the stores are purchased.

However, a new approach is being taken.

Says Ball: “In the last year or two we have moved away from vertical integration to horizontal participation in the market. Our manufacturers are no longer serving the Pep Stores market only. We are selling certain goods, for example blankets and shoes, on the open market as well.”

In addition to its policy of horizontal market expansion, Pep is embarking on a campaign to increase its retail market share. It has budgeted about R1m this year for re-stocking, enlarging and upgrading existing stores, “and having a general clean-up.”
Improved material handling due to the consideration of quality factors, and their incorporation in the most effective manner for maximum control and minimum costs.

1. Improved material handling due to better location of equipment, reduced handling distances, and better co-ordination of the entire handling activity. The application of the principle of standardisation to material handling reduces the variety of handling units and equipment, permitting greater flexibility and minimum sacrificing efficiency. Standardisation may reduce the investment required for material handling.

2. Reduced equipment investment through planned machine balance and location, minimum lead handling distances, and a resulting reduction in idle or partially loaded units in the production areas. This reduction in equipment investment, and occupational health and safety improvements, results in a reduction of the size of the workforce and the layout of equipment, thus reducing work force costs and personnel through the proper design of individual operations. Balancing the layout of equipment, and office arrangements leading to full utilisation of personnel.

3. Through the proper design of individual operations. Balancing the layout of equipment, and office arrangements leading to full utilisation of personnel.

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Pep hopes to get Back by Monday

By DAVID CARTE

TAKEOVER talks between Pep Stores and I L Back, Rembrandt's clothing group, should be concluded and terms announced by Monday, says the chairman of Pep, Mr Renier van Rooyen.

Mr Van Rooyen told me yesterday that the talks were progressing, but were taking longer than expected because of technicalities.

The shares of both Pep and IL Back would be relisted immediately terms were announced.

IL Back, which last year lost R2 723 000, bringing accumulated losses over the years to R13 312 000, has published an annual report.

The non-executive chairman, Rembrandt's Mr P P Brink, says last year's loss was "disappointing".

"It is not my intention, either now, or in the future, to indulge in optimistic prognosis," he says."Future results will have to speak for themselves The management team is enthusiastic, competent and has the full confidence of your board."

Mr Brink says IL Back's products "continue to find excellent acceptance in the market place and sales for the year increased by 38%. We expect growth in sales to continue."

IL Back intends to increase its capital base Rembrandt has indicated its willingness to underwrite the increase.

The balance sheet reveals that stock and debtors at the year end were $2 23 million or nearly all capital employed. This was after a R3 million provision against stocks.

Debtors rose 29% to R11 174 000, more or less in line with sales, but the rise in stocks was 64% to R11 669 000. Total debt was R15 629 000 (R17 270 000) and shareholders' funds R4 661 000 (R7 703 000), making the debt/equity ratio 3.5x (9%) The net cash outflow was R2 439 000 (R1 646 000).

COMMENT: The burning question about IL Back is how Pep thinks it can succeed where Rembrandt failed.

Mr Van Rooyen would not be drawn yesterday. But I am told by people close to IL Back that in the past year, 20% of senior management has been replaced by "top clothing men", headed by a new managing director, Mr PA de Preeen, 39, formerly of Uswinkels, part of Scouts Stores.

The story they tell is that previous management comprised "cigarette people from
trends is like trying to predict the path of a fleeing rabbit secondly, sales are highly price elastic and tied to overall consumer spending, and lastly, the industry suffers from State intervention in the form of import control, duties and excise tax.

That combination threw Delswa’s record out of kilter in 1978 when earnings plunged from 66.3c a share to 22.4c and the dividend was chopped by half to 12.5c a share. The company immediately increased gearing to finance stocks extended the product lines to enlarge the target market and increased cover from 1.8 times to 2.3 times.

Since then, profit growth has been steady, due not only to improving market conditions, but also to better margins and asset utilisation. Return on capital is now fully three times higher than in 1978 and at 25.3% is respectable, if not moderate, considering the sales swings which can afflict the industry.

The vast improvement in sales income relieved pressure on liquidity requirements and the small increase in debt equity is put into perspective when compared with the increase in stocks and debtors.

At year-end, stocks had risen by R600,000 to R3.4m and debtors were R1.5m up at R5.2m. The high stock position is correctly tilted towards raw materials, giving the group the flexibility needed to shift lines as fashion trends dictate.

Delswa needs high liquidity just to finance buyers. Creditors were pushed marginally higher to R1.3m (R1.1m), but the gap between this figure and debtors is wide, even taking margins into account. That gap, if it expands again this year as the company attempts to stimulate sales growth, could bring margins down probably in the second half.

Chairman Sam Jaff says it is too soon to predict second-half earnings, but he expects a first-half after-tax profit of R1,000,000. The second half is the summer season traditionally a higher margin period, and much will depend on the state of consumer spending.

Delswa’s capital structure is healthy and the group is in a stable position for the next year provided the market does not take a dive. In that event, the company is relatively highly exposed in materials and debtors may have a fairly low recoverability factor.

Despite this, Delswa is an attractive income buy for this market. The distribution for the current year could go up to 75c a share if cover is reduced to a comfortable 2.8 times on a 30% earnings advance. That gives Delswa a prospective yield of 15.8%.

Pernam Jade earned and paid 12c a share in financial 1981, and will benefit accordingly from Delswa’s projected increase. But Jade is a shade more expensive currently trading on a dividend yield of 11.4%. There is not much between them, though, and both look attractive purchases.

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DATES TO REMEMBER

**Last day to register for dividends**
- **Friday August 21**: AECL 25c, Angold 50c, Bristol 2.0c, Chemhold 30c, Cusat 8c, Dallop 26c, Palmar 30c Present 7.5c, SAAN 35c, Senturc 8c, StaibCop 17c, T & I 37c, Tophake 10c, Union & London 30c

**Meetings**
- **Monday August 17**: Fedvolks (Cape Town), Powertech (Boksburg), Prestcat, Swemill, P & I
- **Friday August 21**: Amal Ind Bester (Pretoria), Bonahor, P & S, Develprem, Ind Robeco (S) Western Holdings

All meetings are in Johannesburg unless otherwise stated.

S - Special meeting
Rembrandt accepts Pep’s 6.68c

Shocked 7c offer for IL Back

By David Carke

MINORITY shareholders in IL Back, Rembrandt’s loss-making clothing factory, have been offered 7c a share by Pep Stores.

The offer is less than a fifth of the price at which the shares were suspended two weeks ago when Pep announced its takeover bid.

The shares were suspended at 46c on August 6th in March when they were priced at 58c.

Rembrandt, 98% owner of IL Back, has accepted a loss for its R3.809,000 shares — 7c a share for a total of R6.253,000.

The 3% Back minority is not expected to accept the bid as Pep says "It must be stated that the board of Pep has not under consideration certain transactions which will affect the value of Back shares and Pep shareholders are advised to exercise caution in dealing.

This strongly suggests that Pep’s clothing factories might be put into IL Back and that the IL Back listing is to continue.

Because a minimum of 20% of any listed company’s shares must be tradable, it seems a safe bet that Pep will roll Back paper to make further discount acquisitions.

Pep is also taking over loans to IL Back by Rembrandt totaling R18,660. Pep will pay for these in three annual installments, starting in August 1981.

The loans will be interest-free to Pep.

For the IL Back shares it owes Rembrandt, Pep have the option to pay the R3.809,000 in cash or to issue R199,600 of 12% preference shares and pay off the balance of R4.253,000 in three annual installments.

COMMENT: The offer will come as a shock to minorities who have seen the balance sheet before their shares were suspended. They should stay in the company that has been named "The Bottomless Pit".

The offer is unlikely to see the light of day, but it will probably trade at a good premium to the 7c offer once it is related today.

The deal looks more favorable to Pep than to Rembrandt, especially bearing in mind the generous financing arrangements and it would not be surprising to see Pep make further offers from the pre-suspension price of 46c.
Rex True pays 45c on 52% lift

Financial Reporter

A 16% rise in export turnover and strong SA demand for its products helped to boost Rex Trueform's taxed profit by 52.6% in the year to June, and the annual dividend has been raised to 45c from 35c.

Pre-tax profit rose to R6,265,000 from R4,461,000 the previous year, tax was R1,165,000 against R872,000 and equity accounted associate company earnings (L'Uomo) rose to R123,000 from R73,000, leaving taxed profit at R5,888,000 compared with R3,681,000 in the first half of 1989.

The increased dividend cannot be regarded as as generous as it is covered 4.2 times by earnings of 189.4c a share, more conservative than the cover of 3.7 on earnings of 150c last year.

The tax rate at 18.6% was slightly lower than the 19.6% applying last year, indicating a significant element of allowances on exporters' marketing expenditure and the investment allowance on new plant.

Rex says SA trading conditions were excellent and thus plus intensified marketing and product development led to the increase in sales.

"It is clear that our market share in all divisions has once again improved."

A surprising factor in the profit figures is that exports performed well in spite of the recession in many of Rex Trueform's foreign markets. Trading was大纲 abroad, but the group is gaining increasing acceptance of its products. Thus, its heavy long-term commitment to export sales should be most rewarding when the European upturn is under way.

Rex True has been adroit in moving into export markets with the resultant big saving in the tax bill. In estimating tax for the past year no account has yet been taken of claims still to be lodged under the improved system of export incentives which will soon become effective.

L'Uomo, in which Rex has a 50% stake, raised sales 35% and the company markets under the Polo label and is showing strong market growth.

The board says demand continues at a "very high level" and the forward booking position into 1993 is more than satisfactory."
Record profits by Rex Trueform

By David Bamber

Cape-based clothing manufacturer, Rex Trueform, lifted its taxed profits 52.6 percent to a record R5.6-million in the year to June 30.

Net income before tax amounted to R6.4-million (R4.5-million) — an increase of 42.6 percent. But due to an exporters' marketing allowance and an investment allowance on new plant, the tax bill was greatly reduced.

Added to this was a rise in net income of its associate company, L'Uomo, from R2 000 to R123 000.

The net result was that earnings a share rose from 130.15c to 188.80c, prompting the directors to increase the final dividend from 35c to 44 times-covered 43c.

The directors say strong trading conditions, together with intensified marketing, and product development resulted in turnover rising 20.3 percent.

Export turnover has improved by 16 percent despite the "difficult trading conditions prevailing in export markets". Prospects look good as the directors say demand for Rex Trueform products continues at a high level and "our forward booking position into 1962 is more than satisfactory".

However, they do note there will be some levelling off in the growth rate next year. The rise in the dividend cover appears a little steep at first glance but at the current share price of 480c, the share yields 5.2 percent which is not unattractive.
Sunny for Aldenro

By ALEX PETERSEN

ALDENRO CLOTHING has purchased Sunny Creations in Matland in a move to expand capacity. Aldenro managing director, Mr Dennis Rogers, said the acquisition, which is effective from the beginning of this month, would enable the company to expand output by about 2,000 garments a day initially. The bulk of Aldenro's production is contracted to Woolworths.

The Sunny Creations plant, which will be renamed Aldenro Matland, has 175 employees, of whom 77 are machinists. Present output, chiefly blouses, is about 1,500 garments a day.

Aldenro plan to switch the production system to enable greater throughput, as well as installing new several new machines in the next few months.

Eventual production capacity for the plant will be between 2,500 to 3,000 garments a day, Mr Rogers said, but emphasized the changes will also allow implementation of Aldenro's quality control procedures.

He added that the company will invest in improving staff facilities, and wage levels would be increased to match those in the company's existing plant.

Earlier this year Aldenro teamed up with British clothing manufacturer, Peter Blond Ltd, which took up a 30 percent shareholding in the group.
Black women must pool their skills

when discussing your skills with your employer, always give the backing you need.

Women's Work - Is it fair?

...women's work is often undervalued and underpaid.

She said with one feeling, "I wonder if I'm ever going to be able to make it on my own."

"Women's work" is often undervalued and underpaid. It is often seen as a stepping stone to more lucrative careers, yet it is rarely given the recognition it deserves. Women who choose to work in traditionally female roles are often faced with disproportionally low pay and little chance for advancement.

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Black women must pool their skills

WHEN one door closes, another one opens.

The old saying rang persistently in my ears during an interview with Mrs Maud Dibakwane of Naledi Extension.

Mrs Dibakwane makes a living out of sewing and selling dainty curtains to her neighbours and other women who take pride in their homes, especially the kitchen.

She worked for four years as a machinist at a factory in town.

Although she often dreamt of owning her business some time in life, her dream was realised earlier than she anticipated and in the most rude manner — she got fired.

"A little lie, or excuse, cost me my job," Mrs Dibakwane explained.

She said they were sewing jerseys and soccer shorts at the factory where she worked.

"I intended not going to work the following Saturday in order to remain at home to sew soccer jerseys and shorts for a local team. I explained all that to my co-worker, but gave my boss an excuse that I would be going to a funeral," she said.

She worked for the whole weekend. And when she went to the factory on Monday, her boss asked her who was looking after her business then.

"He said he had private investigators who told him that I was running my own business at home. I was fired instantly together with a friend I had brought to the factory."

She was fired because, the boss claimed, she did not sell me out," Mrs Dibakwane said.

She went home feeling sad and baffled by her untimely dismissal.

But the minute she reached home, and set her eyes on her second-hand sewing machine, her sadness was replaced by ambition and determination.

Jobless and frustrated, she was given a chance to prove herself. Ambition became a substitute for frustration. She employed herself and started her climb to the top.

She sat down to work, and has never looked back. For the first six months she sewed soccer jerseys. "I never made much money from those, so a friend asked me to try curtains and bedspreads. I responded," she said.

"She said with one healthy and normal pair of hands, no woman could afford to be too poor."

"That is what I have experienced. Whatever you do, you have to do it, be it making morning cakes or dresses. Fellow blacks will always give you the backing you need, as long as you produce good stuff," she said.

She said many women especially those with the experience they received at factories, were excellent dress makers, but they never dreamed of coming together or even as individuals, to open their own factories.

"There is not a single factory belonging to blacks that wise to have an arm in life. Have something to fall on when your services are no longer needed at your place of employment."

She said she had started her business when she was making at work. She gave her inspiration to start business someday.

"More than 30 per cent of my customers were white; I asked myself if I could progress that far, what could stop me from doing the same?"
Rules:

(1) An intrinsic function is referenced by name and list of actual arguments and order with the specification that the functions is variable.

(2) The intrinsic functions AMOD, M, Y, Z, N, and of the second argument is a numeric or relational expression, must agree in type, number, any expression of the specific MAX and MIN intrinsic functions are not defined when the

(3) It is not necessary to declare the NE in the program unit that contains a reference to an intrinsic processor.

(4) For a valid intrinsic function refer 1.

(a) must appear as specified in a symbolic name

(b) must not appear in an EXTERNAL name in a program unit where it appears as a reference, a list of actual arguments,

(c) must not appear in any type declaration different from the implied type declaration of Table 8-2.

(5) If a particular intrinsic function is not referenced in a program unit, its symbolic name may be used for any valid purpose in that program unit.

Examples:

(1) This series of statements reads in the six complex type elements of array VCTR, then prints the conjugate of each array element, using intrinsic functions CMPLX, REAL, and AIMAG.

```
R.E.A.L.(K) . . . V.C.T.R.
F.O.R.M.A.T. (. . .)
D.O.. . . K = 1, . . .
F.O.R.M.A.T. (. . .)
```

CAPE TOWN — The National Clothing Federation is holding a convention at Sun City from November 18 to 20 to discuss the "uncertain state of the clothing industry, the federation's president, Mr Simon Jucum, announced in Cape Town. Entitled "The climate for clothing in the 80's," the convention's goal is to be addressed by executives from the various sectors of "the clothing, textile and allied industries. Mr Jucum said that the clothing industry was in a state of uncertainty. "The economic upturn is leveling out. Government policy is not clear and imports are increasing." — Sapa.
AfOver earnings rise 41%

Deputy Financial Editor
AFRICAN & Overseas Enterprises, holding company for Rex Trueform and Vella Sportswear, reports 41% earnings growth in the year to end June.

Both Rex Trueform and Vella report high demand for their products and the directors expect a “satisfactory” though lower rate of growth in the current year.

Earnings a share, excluding a tax adjustment in respect of prior years, were R12.9c (1970: 8.7c). The dividend has been raised 30% to 5c (27c).

Pre-tax profit was 39% better at R7 364 000 and taxed attributable profit, including a R270 000 tax adjustment, was 37%, better at R3 238 000.

The abnormal tax adjustment represents provisions for tax from 1974 to 1976 no longer required, following a successful appeal to the income tax special court on exporters’ allowances.

The directors say Rex Trueform achieved a substantial increase in profit. Net income before tax was R6 369 000, a 43% improvement. Taxed profit was a record R5 538 000, giving earnings of 106.9c (150.1c) a share.

Thanks to intensified marketing efforts sales rose 23.5% in a buoyant market and the group improved market share. Export sales also rose 15% in spite of difficult conditions in export markets.

Vella boosted taxed profit 22% to R403 000.

"Both our operating companies report that demand for their products continues at a very high level", say the directors, and that forward bookings into 1983 are more than satisfactory.

Some levelling off of the growth rate during 1982 is forecast, but it is nevertheless expected that the group will continue to achieve a satisfactory level of profitability."
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**Dividends Boost: 30% by 2048**

The holding company for J.P. Morgan and Co. has raised its dividend forecasts for 2048 by 30 percent. The box plot, red line, and dot plot for 2048 imply that the dividend boost will not only benefit shareholders but also positively impact the overall market. The forecast for 2048 indicates a significant increase in dividend payments, reflecting improved financial conditions and a strong economy. However, it is important to note that the anticipation of higher dividends might also lead to increased market volatility as investors react to the expected changes in dividend payments.
Clothing mean yield

Pension cash row:

By STEEN FREEMAN
Women unite to help themselves

By BOITUMELO MAKHENA

Rushing to the station to get that six o'clock train to work is the thing of the past for the self-employed Izamano Yethu Sisters.

In a backyard garage at house number 1341 Dube there flows plenty of creativity and it is happening when it comes to sewing clothes and household goodies such as place mats, oven gloves. The workshop is conducted at the home of Mrs. Elizabeth Mpenyana.

Mrs. Mpenyana was a factory worker for 15 years. After resigning as a machinist, she joined hands with other women who were also factory workers to start a part-time workshop. This they did in the evenings after work.

"There were six of us when we started the workshop and three, resigned from the job and operated full time. We used our own machines and bought our own material. Later, we got a sponsorship from a church. And, with the help of Mrs. Bernedette Mosala," said Mrs. Mpenyana.

We had problems with marketing our goods and we were doubtful if the public knew about our home industry. We then advertised our products in a local magazine and held several exhibitions which gave our workshop a kick.

"Because our workshop falls under a coordinating body—Zamani Sisters—we have chosen an area to specialise in. We sew cafetiers, and afro shirts and other clothes in German prints.

Through the exhibitions we held, we received orders from as far as Swaziland and Kuruman. Our other support comes from wedding parties and we are always working fast to finish the orders in time," she said.

SILKY-VOICED: American singer Curtis Mayfield has a legion of fans and admirers including cuties Chris Plaatjies.

Mrs. Mpenyana was born in 1950.

"I left the factory because of ill health or unpleasant working conditions," Mrs. Margaret Kheswa of Dube worked as a table-hand in a garments factory. "I left that job and worked for a modelling school. None of these jobs was challenging and when I got ill, I decided to leave the job," she said.

"When Pleasured of the self-help groups...I developed an interest. I was annoyed with women who were trained by Self Help Association for Development and Economics (Shade), which trains women who are joining the workshop," said Mrs. Kheswa.

Mrs. Kheswa finally said that she has developed self-discipline and responsibility in doing her work.

"As we do not have strict supervision, it is upon our shoulders to do our work."

Mrs. Mama Sera of Pinville has never worked for a white man in her life. She has always been interested in handwork. She sold curtains and baby knots for a living. To expand her horizons she wanted to learn sewing. She is now a perfect dressmaker and says that she still wants to learn more skills.

Mrs. Mpenyana further explained that the members could also conduct their own business outside the workshop. "It is our aim to build the WOMAN in every housewife and we would not like to see any woman who is not able to help herself at home," she said.

Should you be interested in the workshop, you may contact Mrs. Mpenyana at her house or can phone her at this number 930-3771.
THOUSANDS of workers will soon be able to withdraw from the clothing industry's provident fund but their union is pleading with them not to do so.

A new agreement negotiated with the Transvaal Clothing Industrial Council, believed to be a response to growing unrest over proposed pensions legislation — enables workers to withdraw their contributions next April, without leaving the industry.

They will have to apply to leave the fund before October 2 and continue contributing until February 1983.

In the latest issue of the Garment Worker, the president of the Garment Workers Union, Dr Anna Scheepers, pleads with workers to stay with the fund.

Referring to the recently published draft bill which proposes the compulsory transfer and preservation of pension contributions, she points out that contributions made before the Bill becomes law will not be affected.

She stresses that the establishment of the fund more than 20 years ago was a breakthrough for the union and that workers with 20 years' service in the industry stand to lose over R15 500 if they liquidate their provident fund money.

Sapa

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NOTES TO BALANCE SHEET.

7. Shares at cost, other than premium/N.D.R. | LISTED: XXX | UNLISTED: XXX
Premium/N.D.R., at acquisition | XXX | XXX
Share of retained earnings (losses) | XXX | XXX
Amounts owing, debentures | XXX | XXX
Amounts receivable | (XXX) | (XXX)
Carrying value as per Balance Sheet | RXXX | RXXX
Aggregate market value | RXXX
Aggregate directors' valuation | RXXX
Textile men to talk out proposed tariff boost

The Textile Clothing Advisory Council has appointed a sub-committee to talk out the proposed round of tariff increases that could, if implemented, send the price of clothing skyrocketing.

The National Clothing Federation's Simon Jocum told the Sunday Express an attempt would be made early in October to gauge round a table and iron out the differences amicably.

"The application for increased tariffs is a bit like a union wage demand. They ask for far more than they are expecting," he said.

Mr Jocum says the Government has notified the industry that in future it must rely on tariffs for protection against imports.

"While we are preparing ourselves for this, we are strongly opposed to the system. We feel the answer is an import control combined with moderate tariffs. Import control is easy to administer and the flow of imports can be controlled quite easily, according to the needs of the industry."

At present, the textile industry has one application for massive increases on tariffs for knitted material gazetted and it is believed it has another huge application for a heavy increase in duty on woven fabrics in the pipeline.

If the applications are granted, the clothing industry, which has a turnover of around £20 million a year, will be hard hit.

The clothing industry and the local textile manufacturers have been at loggerheads for a number of years now, with the clothing men claiming that they must be allowed to import cloth as the textile industry was late with supplies and couldn't meet some of the standards required.

The textile manufacturers reacted strongly by accusing the clothing industry of being too fussy and said there was no need for imports as they could meet most of the demand.

The ongoing acrimony eventually resulted in the formation of the joint advisory council.

It is hoped that this body will be able to sort out disputes without tempers fraying and loud appeals to the Government for help from both sides.
Government committee to probe clothing and textile tariffs

WHAT'S UPS? US!

BY WILFRED B. WILKES

The Government committee to probe clothing and textile tariffs...

Finance Editor
We can deliver the clothes

Manufacturers reply to delay charges

cause if prices go too high, consumers just do not buy. Over the past 15 years the price of clothing has increased less than any other item on the cost-of-living index owing to the competitive nature of the industry which now has 1150 factories vigorously competing in the market place.

"The industry realizes that high tariff applications by the textile industry force the clothing industry to do likewise. Government policy has indicated that both the clothing and textile industries must look to tariffs for future protection against low-wage countries."

"The clothing industry believes that moderate tariffs supplemented by quantitative control are the answer to maintain full employment and fight inflation."

"The authorities have agreed to appoint a study group of experts in each sector from retail, clothing, textiles, fibre producers and wool and cotton farmers to get together with Government experts to plan and safeguard the long-term future of these vital industries employing nearly 500,000 people."

"Full employment means increased consumer spending for retailers. More capital and labour will be invested to meet the future demands, but imports from low-wage countries continue to increase still further, then retailers, clothing, textile, fibre producers, cotton and wool farmers would not come out unscathed from the resulting unemployment."

"There is no shortage of clothing competition in South Africa and the clothing industry is well geared to cater with the demands of 1952."

"The industry looks forward to closer co-operation between the retail, clothing and textile industries, so that with better planning and long-term commitments, any bottlenecks which may occur can be eliminated."

"South African clothing is still the consumers' best buy and large scale imports only create employment in foreign countries at the expense of the domestic market," says Mr Jocum.

8.I. GENERAL

SUBPROGRAMS

8. PROCEDURES AND PROCEDURE

FUNDAMENTALS OF FORTRAN
14.3 Types of Incentive Schemes

Incentive schemes can be broadly classified into two main categories: \textbf{Direct} and \textbf{Indirect}.

\textbf{Direct Incentive Schemes:}
- \textit{Profit Sharing:} Employees share in the company's profits.
- \textit{Gain Sharing:} Similar to profit sharing, but based on the company's performance.
- \textit{Piece Rates:} Payment is based on the quantity of work completed.
- \textit{Gain-Fixed Pay:} Part of the worker's pay is fixed, and part is variable based on performance.

\textbf{Indirect Incentive Schemes:}
- \textit{Employee Stock Ownership Plans (ESOPs):} Employees can purchase company stock at a discount.
- \textit{Employee Stock Purchase Plans (ESPPs):} Employees can purchase company stock using payroll deductions.
- \textit{Employee Stock Purchase Plans (ESPPs):} Employees can purchase company stock using payroll deductions.
- \textit{Employee Stock Purchase Plans (ESPPs):} Employees can purchase company stock using payroll deductions.

In production circumstances where measurable and especially in work incentive schemes, time standards have to be set under most incentive schemes. Due to the development of scientific management and its influence on the work incentive scheme, it is thus difficult to set a measurable and especially in work incentive schemes. Therefore, work incentive schemes are used.

Besides this prerequisite for incentive schemes, frequently have incentive systems conflict and clash.

Numerous incentive schemes are used in various industries. Some of the more common schemes found in industries include:

- \textit{Commission Schemes:} Payments are based on sales or performance.
- \textit{Bonuses:} One-time payments for reaching or exceeding performance targets.
- \textit{Profit Sharing:} Employees share in the company's profits.
- \textit{Gain Sharing:} Similar to profit sharing, but based on the company's performance.
- \textit{Piece Rates:} Payment is based on the quantity of work completed.
- \textit{Gain-Fixed Pay:} Part of the worker's pay is fixed, and part is variable based on performance.

In conclusion, incentive schemes play a crucial role in motivating employees and improving overall performance. The selection of the appropriate scheme depends on various factors such as the industry, company culture, and employee demographics.

### References


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14-6
Clothing quotas must stay, Searle says

The need for longer-term controls on clothing imports has been strongly argued, as a means of ensuring that the industry is not left exposed to unfair competition from the Far East. The government has acknowledged the potential for problems in this area, and is currently reviewing the situation. A spokesman for the clothing industry said that the introduction of quotas would provide reassurance to manufacturers and workers, and help to maintain a level playing field.

Although a number of clothing producers have expressed concern about the impact of quotas on their business, many are now supporting the proposal, recognizing the benefits it could bring. The industry highlights the importance of maintaining a strong domestic market, and argues that quotas are necessary to protect jobs and livelihoods.

Searle, a leading clothing manufacturer, has been particularly vocal in its support for quotas. The company says that the current situation is unsustainable, and that action is needed to secure the future of the industry. "We cannot continue to operate in an environment where we are constantly under threat," said Searle. "Quotas will provide the stability and security we need to invest in our business and create jobs for the future."
Seardel heading for another spurt

By PAUL DOLD

AFTER boosting earnings per share by 43 percent last year Seardel — the country’s largest apparel manufacturer — is heading for substantial growth again with another sharp rise in dividends likely.

The chairman, Mr Aaron Searll, says in the annual report that sales thus far this year are running 80 percent ahead of last year.

In the current financial year Seardel will have the benefit of the Dubin acquisition and another excellent contribution seems likely from the Sharp group which is expanding strongly.

Thus, even if the growth in South African retail sales slows further, the group is well primed for higher profits.

The group’s forecast says that providing there is no deterioration in the economy, group sales will top the R260m mark (R182,5m last year) yielding pre-tax profits of R20m and earnings per share of 245c (215c).

Mr Searll’s forecasts, which are traditionally highly conservative, suggest a minimum total dividend of 41c a share this year, six times the six times cover of the past year is maintained.

Searll feels that Dubin, plus the increasing emphasis on export activities, should provide the base for satisfactory results.

The group will be servicing the pref shares issued to pay for Dubin but this should not provide a problem or slow down dividend growth, given the trading outlook.

Dubin’s profits for the half-year ended June 1981 have already reduced Seardel’s cost of control by R1 880 000. There is no doubt that Searll intends to substantially add to Dubin’s share of the local market. This should lead to an impressive profit performance by Dubin given the full backing of Seardel.

The balance sheet itself is strong Seardel is one of the relatively few groups to announce its annual financial objectives. Group equity rose 134 percent the past year from R18.7m to R43.7m due, not only to the issue of additional prefs and ordinaries for the Sharp and Dubin deals, but also to the higher cover.

The return on assets of 18 percent was close to the targeted 20 percent. The debt equity ratio was 2.30 as against 2.08 last year and the group hopes to bring this down to 1.8.

Although there was a big jump in turnover the current ratio improved to 1.64 (1.46) and the goal is to raise this to 1.8.

It is policy to try and achieve a 15 percent return after tax on all investment projects.

The annual report includes a current cost statement and this basis cuts group profits by R4.4m but a R2.2m adjustment for financial gearing led to a net reduction of only R2.3m after tax. Even after allowing for inflation adjustments dividend cover is a sound 4.5 times.

Inflation-adjusted earnings per share fall from 215c to 165c and net asset value rises from 614c to 694c.

The past year’s results highlight the phenomenal profits earned by Sharp and the appeal of the electronics sector in terms of margins. Although accounting for a mere 18.5 percent of assets it provided the highest return of just under 25 percent and a full 37 percent of the profits.

This compared with the traditional clothing base’s 52.1 percent contribution and its 22 percent margin. Apparel manufacturing accounts for 56 percent of the total assets.

The remaining profit contributions were widely spread with toys totalling six percent, tanning five percent and clearing shipping some two percent.

An indication of the growth planned is given by the capex programme Capex commitments total some R6.8m as against the R5.8m last year. Nearly R2m will be funded through mortgage bonds with another R2.1m from internal resources.

Earnings per share have risen six-fold over the past five years, reflecting the development of the company into one of the country’s leading industrial groups.

The acquisition of both Sharp and Dubin suggest Seardel is preparing for a new phase of expansion. The share remains an outstanding investment and shareholders should be amply rewarded in the medium term when cover eventually reverts to more normal levels.
Spitz equipped for future growth

As a result of its recent diversification programme into related but wider fields of activity, Spitz is "well prepared for future growth" says the chairman, Mr Anthony Spitz.

In his annual report Mr Spitz forecast that with the diversifications coming onstream in the current year the group should once again show a healthy growth rate "although possibly not of the same magnitude as that recorded in the past year."

In the year to June 1981 Spitz increased pretax profit by 132 percent to £2.3-million.

Acquisitions made during the year were:

- A 51 percent stake in Eurefit International, the manufacturer of Bally women's clothing.
- A 51 percent stake in the women's handbag manufacturer, Continental Fashion Accessories.
- Establishing shops-within-shops in its AD Spitz chain for Celine and Dunhill.
Mr Aaron and Dr Searl

Cape clothing man- 
directory, Searl, had 
turned 56 last week. 

He had 

mingled 

and 

prominent 

and 

businesses 

of 

the 

we. 

join Mr Aaron and Dr Searl in marking the occasion. 

The events were celebrated with all the 

brilliance of the occasion. 

They have come to 

expect from Searl and his contributions to the business world. 

A public relation consultant in the business world sees in 

Searl a man of distinction, a man of high 

acumen in business. 

Searl has always been 

a leader in business, a man who 

leads by example. 

The recent acquisition of competitive 

electric company by Searl makes 

Searl a very large clothing manufacturer in 

the country. 

Yet this is not all. Searl has also been instrumental 

in the growth and development of the small 

Cape company that was the base upon which 

Searl's empire was built. 

Searl, in his youth, was a 

friend of many prominent Cape 

politicians. 

As a couple they have been 

a great support to each other in 

business and personal matters. 

One of the most notable 

achievements of Searl is the establishment of 

his own business. 

Searl's success is a 

reflection of his hard work and determination. 

Searl has always been 

a hard worker and high living 

personality. 

Aaron and Adelle ... hard work and high living

Searl ... and some exotic seaviews!
week: “We don’t provide statistics on trade with individual African countries.”

Lumping most trade with black Africa into an undifferentiated “globular” figure makes sense. Many African countries need to do business with SA but hate being seen to do so. For them, guaranteed secrecy is a positive incentive to trade.

But Zimbabwe is in a different category altogether. There is no secret about its economic links with SA and the Robert Mugabe government has gone strongly and frequently on the record about its need to maintain a sound commercial relationship with the south — no matter how bitter the political rhetoric becomes at times.

In addition, since August last year, Zimbabwe has started providing its overall monthly figures on bilateral trade with SA. They lack detail and some doubt whether they are comprehensible, but they do give an idea of the extent of the trade — as well as illustrating that facts about SA regards as secret are openly acknowledged by a trading partner.

Potent weapon

In SA terms the trade is not large, although it is very important to Zimbabwe and to sections of the SA economy. And, of course, it doesn’t reflect items like transport routes for Zimbabwe’s non-SA imports and exports although transport is one of SA’s most potent economic weapons in its disputes with Salisbury.

According to Zimbabwean figures, SA exported about R171m worth of goods to Zimbabwe between January and May this year and imported goods worth about R61m. Zimbabwean figures also imply that Zimbabwean exports to SA are increasing while imports from SA are falling. But without information on seasonal variations it is not possible to assess the trend.

What the figures do show is that in the first five months of this year, Zimbabwean exports to SA were about R171m higher than in the preceding five months while SA exports to Zimbabwe fell by about R75m. The fall in Zimbabwean imports from SA, although marginal, could be the first result of that country’s attempts to diversify its sources of supply.

In the past, certain sectors of SA’s economy have been particularly susceptible to competition from Zimbabwean goods — particularly those that came in duty free (or on quota) under the preferential trade agreement. Heavily affected were the clothing, textile and footwear industries.

Industry spokesmen tend to welcome Pretoria’s cancellation of the trade agreement while admitting they have no way of assessing exactly what it will mean.

Thus Frank Whitaker, director of the National Clothing Federation, welcomed the ending of the agreement. He told the FM that under it the Zimbabweans “had all the advantages and we got nothing.”

Reciprocal rights for SA exporters in Zimbabwe were largely negated by that
Pay rise for 58,500 workers

An agreement over pay will put an extra R33-million in the pockets of Cape Town's 58,500 clothing workers next year.

Mr A M Rosenberg, chairman of the Industrial Council for the Cape Clothing Industry, announced at the weekend that workers at 372 factories would get a 7.5% rise in December, followed by another 7.5% in the first pay week of July.

The increases would not affect the price of clothing, he said.

The salary increases follow weeks of negotiations between the Garment Workers' Union and the two employers' organisations, the Cape Clothing Manufacturers' Association and the Cape Knitting Industry Association.

An attempt to end wage discrimination between men and women doing the same jobs — such as machinists — is also being tackled by the Industrial Council, which has appointed a committee of employers and workers.

The committee hopes to complete its work in time for the next round of wage negotiations, which are expected to take place in December next year. — Sapa
Trueform

Note: 6/10/97

43% rise

CAPE TOWN — Rex Trueform chairman Mr Stewart Shub says a "substantial profit" was achieved during the financial year ended June 30.

Profit before taxation amounts to R4,483,181, he says in his review, which compares with R4,532,680 earned in 1989 — an increase of 43 percent.

Net income after taxation amounts to a record R5,688,365 providing a substantial increase of 59 percent in shareholders' earnings.

The dividend is to be raised to 45c a share (1989, 35c).

The past year has seen continuing buoyant conditions in the economy.

These strong trading conditions, together with intensified marketing and product development activity, have resulted in a turnover increase of 20.0 percent and the company's market share in all divisions has once again improved.

Export turnover has also improved and the increase over last year has been 18 percent, says Mr Shub. — Sapa.
Rextruepin exports rise 16.9%

Financial Reporter

REX: Trueform's export sales rose 16% in the year to June says the chairman, Mr. Stewart Shub in the group's annual report.

"This achievement is particularly significant in light of the fact that there are depressed trading conditions prevailing in our traditional export markets," he notes.

"We continue to believe that exports are a corporate priority, in fact a national priority, particularly in labour-intensive industries such as ours," says Mr. Shub.

Export incentives on the increased export turnover, plus investment allowances on new plant commissioned during the year made for a further reduction in the company's effective rate of tax.

Pre-tax profit for the group was up 45% at R6 483,311 (1982: R4 525,680), while after-tax income was up 53% at a record R5 588,265. The dividend was raised to 45c (35c).

On the buoyant domestic front, intensified marketing and product development resulted in a turnover increase of 29.5%, with improved market share in all divisions.

Demand was continuing at a high level, and Rex's forward booking position into 1983 is "more than satisfactory", although "some levelling off of the growth rate" during 1983 was forecast.

In order to cater for increased demand, the company plans to increase the potential of some production lines.

L'Uomo, the shirt manufacturers in which Rex has a 50% interest, showed a substantial profit increase, and plans are in hand for a further shirt factory, which will again be a joint venture.

A three-year loan of R22m, at 10.35% was negotiated during the year, and a further R23m loan at favourable short-term rates has since been negotiated, so that the company, says Mr. Shub, is well-placed to finance future growth.
2,000 clothing
workers opt out
of provident fund

MORE than 2,000 workers have opted out of the
Transvaal clothing industry's provident fund to es-
ce the Government's proposed pension Bill — a
move which will cost the fund more than R1-million,
the industry's industrial council secretary, Mr Jimmy
Thomas, said yesterday.

At the same time, Mr Thomas
warned of the "frightening unrest" in the industry unless the fund
was exempted from the pro-
posed Bill, which "freezes" new
employee pension fund contribu-
tions until retirement.

Although the workers who had
withdrawn comprised only 10% of the industry, the others had
only opted to stay in after assur-
ces that the fund would be
exempted.

"They feel just as strongly
about the issue. If we don't get
our exemption, I'm convinced
we will have serious unrest," he
said.

The workers who withdrew
took advantage of an industrial
council decision to allow all
workers who wanted to opt out
of the fund to do so without hav-
ing to resign from the industry.

This move followed growing
tension in the industry on the
pension issue, which has sparked
nation-wide labour unrest.

Both employers and the trade
unions in the industry urged
workers not to withdraw from
the provident fund. One reason
they cited was an assurance by
the previous Registrar of Finan-
cial Institutions, Mr Wynand
Louw, that the provident fund
would be exempted from the Bill.

Mr Thomas said yesterday
that "an ironic effect" of the de-
novation by the 2,000-plus workers
was that "they may end up as the only workers in

Labour Reporter
Wage deal gives garment workers an extra R33-m

A new wage agreement for Cape Town’s 63,000 clothing workers was successfully negotiated last weekend.

The new industrial council agreement amounts to an extra R33-million for workers in the industry.

A spokesman for the Textile-affiliated Garment Workers Union said the agreement was effective from December this year and amounted to a 7.5 percent increase on December 13 and another 7.5 percent again next July.

The wage rises also mean that the starting salaries for “learners” will be the highest in the country, going from R21.60 a week to R25.

In the Transvaal, the starting rate is R17.66, in Natal R20 and in Eastern Province R16.48.

The determination affects workers at 372 factories.

shops are reported to have removed Wilson-Rowntree products from their shelves.

While the trade boycott has had the verbal support of area traders associations, much of the impetus for the boycott came from members of a Wilson-Rowntree support committee.
Garment workers in the Cape are to receive a 7.5 percent increase in wages in December and 7.5 percent in July. Machinists, who make up 35 percent of the 28,500 workers in the clothing industry and at present receive R37.10 a week, will be receiving R40 a week in December and R42.00 in July. Starting pay for a learner goes up from R21 to R25. No qualified adult will earn less than R30 a week.
Clothing workers get rise

By Mail Correspondent

NEARLY 60,000 workers in the Cape clothing industry will get a 7.5% pay rise in December, followed by a further 7.5% in September, the deal was accepted by the Garment Workers Union of the Western Province.

A statement by the chairman of the Industrial Council for the Clothing Industry, Mr. A.M. Rosenberg, said the increases would put an additional R17.5 million into workers' pockets from the commencement of the annual holiday period.

The increases go to 58,000 workers in 372 factories. Mr. Rosenberg said the increases were unlikely to cause a sharp rise in clothing prices.
Picprop's acquisition of the Adidas franchise in 1979 shifted the emphasis of the business from property to sports clothing manufacture and helped to increase profit four-fold in financial 1980. At the same time, the company followed a policy of selective divestment in undeveloped or low-yielding properties.

It is somewhat ironic, therefore, that higher rentals and generally better yields on properties were the major factor in the group's improved results. Chairman Theo Rood says he expects a further improvement in profit during the current year which should come mainly from the property division and to a lesser extent from textiles.

Last year property rentals contributed R169 000 or 38.2% of taxed profit, against 21.8% in the previous year. That was due to the strong demand for shop and office accommodation which, according to the directors, is expected to continue this year because of the lack of new buildings opening on-stream. Revenue will also get a boost from the agreement with Southern Sun to lease parking space in the Picbel Parkade in Cape Town.

And, of course, the relative importance of the Adidas franchise declined last year despite satisfactory advances in both turnover and profit. Sales by the sports-wear manufacturer increased by 90% while pre-tax profit shot up by 179%. The contribution to overall taxed profit, however, slipped from 82% in financial 1980 to 53.8%. The directors say that buyers are tending towards greater caution and selectivity, but the order book still reflects a healthy position.

Higher interest rates, however, are a worrying factor, despite the fact that the negative profit gearing on loan capital was eliminated last year. This resulted from an improvement in returns and profitability rather than from any decrease in borrowings. Total debt increased from R13.8m to R4.2m bringing the debt/equity ratio to 83% (79.1%). The average interest rate dropped from 12.3% previously to 10.9%, but that was probably due to the intake of additional borrowings late in the year.

That moderated the effect of interest payments on gross profits, but substantial increases in interest rates have occurred since the end of the financial year and the impact on net pre-tax profit this year could be considerable.

The company resumed dividends last year with a payout of 2.5c, which was covered 2.3 times by earnings. Although the group's prospects are now vastly improved over the position two years ago, dividends may well be restricted if borrowing pressure becomes more intense this year.

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**Better returns**

Activities: Main prof source is Adidas sports wear. Other interests include property and share investment Picbel owns 86.6% of the equity through Sapi.

Chairman: T. D. Rood

Capital structure: 7.8m ordinary share of 50c

Market capitalisation: R44m


Share market: Price 57c (1980-81 high, 90c, low, 26c, trading volume last quarter, 276 000 shares). Yields 10.9% on earnings, 4.4% on dividends. Cover 2.3 PE ratio 10.0.
ORGANISATION FOR SMALL TRADERS URGED

ARLUS 16-10-81

INDEPENDENT clothing retailers should form a country-wide organisation to stand up to the power of the big chain stores and manufacturers, says a Cape Town trader.

They should support the creation of NICRA, a National Independent Clothing Retailers Association, Mr Philip Krawitz, managing director of Sparks and Ellis and Cape Union Mart, said today.

He said the small retailer's existence was now threatened by a three-way squeeze:

- He has no bargaining power on prices as manufacturers are aware of his precarious position and refuse to entertain price reductions.
- He is forced to compete with the chains through his inability to get exclusive merchandise.
- Non-deliveries and insufficient supplies rob him of the ability to maximise his profit potential.

The big clothing chains, because of their muscle and huge orders, were given priority by hard-pressed clothing manufacturers. The small retailer had to wait at the end of the queue.

"No manufacturer in his right mind would mess around with a giant like the Woolworths - Trusworths organisation," Mr Krawitz said.

However, numerous complaints had been received by the Cape Town Chamber of Commerce from small businessmen who received late reduced or — worse still — no supplies at all from certain manufacturers. This reduced profits and prevented growth to meet the increased demand. The result is a strengthening of the chains and a weakening of the independent retailer, an alarming situation," Mr Krawitz said.

Mr Colin McCarthy, secretary of the Cape Clothing Manufacturers Association, said manufacturers would welcome the formation of a clothing retailers organisation.

"We would prefer to see it cover the whole spectrum of retailing, big as well as small," he said.
Textile makers seek big increase in duties

BIG increases in import duties are being sought by the Textile Federation. They cover a wide range of fabrics and, if approved by the Government, mean duties varying from 10 to about 100 per cent on import duties.

BY TOM HODD

Both industries are worried about an upsurge in low-price imports from the Far East, particularly Taiwan, and claim many of the prices are 'dumping prices' because of the surplus from the country's textiles. They claim the amount of protection will be so high that many local prices could rise, as well.

And this, ultimately, will mean higher shop prices for clothing, curtains, upholstery and other goods. If prices get too high, people won't buy, say traders.

Mr. Jocum says clothing and textile manufacturers are facing a total onslaught from industries in Taiwan, offering to supply all kinds of low-price clothes and fabrics.

'Every day I receive at least 10 letters offering goods at unbelievable prices because of the recession in Europe,' he says.

SITTING DUCKS

They must think this is the open season - and we are sitting ducks.

Both industries have been told by the Government that import controls and they must look to satisfy protection if they feel threatened by other countries.

Imports are, therefore, under close scrutiny. Any finding of dumping would mean higher local prices and greater profits for manufacturers; and if the turnover of the mills falls, that would mean a greater burden than the other 90 per cent.

The rise will be vehemently opposed by the clothing industry, says the president of the National Clothing Federation, Mr. Simon Jocum.

Clothing manufacturers want a standstill on all bids for higher duties, including its own 12-month-old application, until a Government commission on import duties reports.

The rise is expected to be in the region of 30 to 40 per cent of the current price level. Although this is higher than the Government's target, many manufacturers say they cannot afford to cut prices any further.

The textile industry is also concerned about the impact of higher duties on its exports.

Costs of many garments are higher, and they are seeking to increase their margin to cover the higher costs of production. They also want to ensure that the new duties are not passed on to the consumer.

Exports for the half-year have dipped by almost 12 per cent, to R16-million in value, largely through the recession in Europe, says the National Clothing Federation.

Indicating price-cutting by overseas manufacturers.

Imports of men's and boys' overcoats and raincoats almost doubled to 138,000 garments worth £370,000 f.o.b., up 88 per cent. This was equal to 37 percent of the local production volume or about four and a half months' output by South African garment manufacturers.

The quantity showed a rise of 30 percent to more than 31-million items. Biggest increases were in infants' clothing, all kinds of knitwear, shirts, woven outerwear and leather garments.
Garment workers accept the closed-shop principle

The Tucasa affiliated Garment Workers Union (GWU) accepts the closed shop principle except where it is used by some unions as a form of job reservation. In an editorial in the weekly "Garment Worker" the GWU welcomes the recent report of the National Manpower Commission which states that the closed shop system should be retained.

The system ensures that workers do not remain outside the union and accept lower wages, the editorial states. But the closed shop system was abused when white unions used the system to keep black workers from doing jobs limited to their union.

means of resolving disputes, he added
CLOTHING

Striving for balance

Amid rising tensions in the clothing and textiles industry, Commerce and Industries Minister Dawie de Villiers is expected to announce the appointment of a "study group" next week. The group will try to reconcile the conflicting demands — for protection on the one hand and trade liberalisation on the other — from the four major sectors of the industry.

The four sectors are clothing manufacturers, textile weavers and knitters, manufacturers of synthetics, wool and cotton fibres, and retailers. It is anticipated that the study group will comprise representatives of all sectors.

By throwing them together, De Villiers probably hopes to encapsulate the row and forge some kind of consensus. This could prove difficult.

Economic indicators point to a sharp downswinging in the business cycle next year: Real gdp growth may barely exceed 2%. This makes people in the rag trade nervous. Aggregate employment in all sectors is said to be about 500 000 people and many will lose their jobs when the demand begins to fall. Many more will do so unless domestic industry is protected from imports of low-wage countries in the East and elsewhere.

Fear of "imported unemployment" is bound to release a stream of applications for higher tariff barriers — even though the local industry is among the most heavily protected in the world, including Australia, Japan and the US.

But people in the non-retailing sectors of the trade argue that tariff protection is inadequate. Lead times between design and implementation are too long and they raise home prices unnecessarily.

Moreover, it is said that an application for protection in one sector is usually leapfrogged by an application in another. Like their counterparts in the EEC, where unemployment in clothing and textiles is measured in hundreds of thousands and companies fail in their hundreds, local clothing and textile people want a combination of formulæ duties and quantitative import controls to maintain manning levels.

Unless De Villiers, a professor of free trade, has gone soft in recent months, strong arguments will have to be advanced to get him to change his mind about quantitative controls.

The reason why SA has consistently refused to accede to GATT's Multi-Fibre Agreement (MFA) (which regulates the flow of soft goods from LDC countries to industrialised countries) is because it is self-conscious about being a resource-rich country with a high tariff structure and little weakness in its basic balance of payments position.

In fact, it was pointed out at the recent MFA talks in Geneva that SA and Australia, with their immense natural riches, had built such high protectionist walls around their clothing and textile industries that they had succeeded in attracting investments by major foreign companies which might otherwise have gone to poorer, developing countries.

The counter-argument is that SA has its own LDCs — the small Indian clothing manufacturers in Durban/Pinetown and the textile mills of despite heavy investment in the states and elsewhere — which can supply cut-rate fabric.

Textile manufacture... a search for consensus

A campaign launched by the clothing and textile industries "for yet further entrenched protection from imports" is justified.

Foschini MD Hugh Mathew says there is "no question that manufacturers were unable to keep pace with demand which escalated in 1980. Shortfalls and late deliveries have been very substantial." He claims a high 5% of non-deliveries on orders which were placed up to a year in advance. Late deliveries averaged "well over 50%.

It comes as no surprise, therefore, that imports of finished clothing in the first half of 1981 ran to R57m fob compared with R27m fob in the first half of last year. The fact that clothing manufacturers' order books for 1982 show no growth over 1981 could mean that retailers are holding back on domestic orders and leaving room for increased imports.

In the meantime, it may be a good idea to freeze all tariff applications until the "study group" has completed its work.
A general view of one of the production halls at Berkshire International in East London.

Bigger and better at Berkshire

Berkshire International SA first started hosiery production in East London in 1939 and has grown from a single product manufacturer into a three-divisional, public quoted company with strong international affiliations.

HOSIERY DIVISION
In 1949 the process involved drying and packing knitted hosiery imported from the parent company in the US.

On May 25, 1951, he under the name of Berkshire International the factory, situated in the Woodbrook industrial area, was officially opened and went into full production. Berkshire thereby made the first stocking to be entirely manufactured in South Africa.

Today the factory still manufactures hosiery of the highest quality, which is sold under the Berkshire label. There are styles and colours to suit all tastes.

In addition, hosiery under the prestige "Christian Dior" label is manufactured, distributed and sold exclusively by Berkshire International.

ENTIRE WARE DIVISION
In 1955 the company entered the field of fully fashion and underwear and after detailed research, the first Berkshire knitted garments for women were launched on the market in early 1960.

This range has expanded over the years and the application of up-to-date equipment ensures that fashion trends and styles are fully catered for in an extremely diversified plant with the capacity to create the total authentic Western look in work and leisurewear, backed by the promise of "Lee" quality and durability.

VANITY FAIR
Berkshire International also imports and sells the famous "Vanity Fair" line of women's lingerie, manufactured and styled in the United States.

Berkshire International is the only company in its field in East London which is quoted on the Johannesburg Stock Exchange.

The company employs over 1 500 people in its factory and in the countrywide sales and distribution structure.

The company's labour strength and relatively low labour turnover can be ascribed to a modern management approach,
Saving up

Activities Manufactures and markets knitwear and clothing. The directors hold 34% of the equity.
Chairman and managing director R.M. Jacobs.
Capital structure: 2.4m ordinaries of 50c. Market capitalisation: R1.9bn.
Share market: Price 79c (1980-81 high, 100c; low, 45c). Trading volume last quarter, 26,600. Yields: 18.3% on earnings. PE ratio: 5.5.

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<th>'79</th>
<th>'80</th>
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<td>Return on cap (%)</td>
<td>1.4</td>
<td>8.8</td>
<td>8.8</td>
<td>14.2</td>
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<tr>
<td>Turnover index*</td>
<td>119</td>
<td>127</td>
<td>133</td>
<td>134</td>
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<td>Pre-tax profit (Rm)</td>
<td>180</td>
<td>251</td>
<td>77</td>
<td>472</td>
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<tr>
<td>Earnings (c)</td>
<td>7</td>
<td>5</td>
<td>6</td>
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<tr>
<td>Dividends (c)</td>
<td>23</td>
<td>12</td>
<td>18.5</td>
<td></td>
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<tr>
<td>Net asset value (c)</td>
<td>118</td>
<td>120</td>
<td>114</td>
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* 1973 = 100

Management's reasons for passing the dividend for the seventh year in succession are valid. But the lack of increase is hardly likely to please shareholders who may have entertained hopes of participating in the year's profit improvement.

The company's entire debt is short-term so interest payments are sensitive to interest rate changes. As management expects a further turnover increase this year and, presumably, an increase in working capital requirements, profits are being retained in full to limit the need for currently expensive further borrowings.

Though the company benefited last year from consumer spending boom, management believes that the full benefits have not yet been felt. However, it may be too optimistic to expect any major turnover or profit improvement this year. Part of last year's improvement was achieved by reducing stocks, which could be a pointer to bottlenecks in the first half of this year if sales are strong.

The 50% increase in the value of work in progress seems to reflect management's confidence in a further sales advance. But against that is the fact that raw materials stocks have hardly increased despite inflationary cost increases. It is to be hoped that this does not signal a recurrence of financial 1980's problems when delays in raw materials delivery made a shambles of marketing plans.

There is little point in expecting a dividend this year as none of the factors affecting retentions are likely to change. The share has little near-term attraction.

Jon Jones
Rex Trueform revamp

Financial Report

Rex Trueform clothing group and its holding company, African & Overseas Enterprises, have had some internal rearrangements. Rextrue is to acquire the whole of Vella Sportswear from A&A for 180,000 Rextrue shares and £200,000 cash. Neither company's results will be significantly affected immediately, but important cost-savings are hoped for in the longer term.
Chairman S C Shub
Capital structure. 1,4m ords of 50c, 1,4m
"A" non-voting ords of 50c 140 000 6%
cam prefs of R2 Market capitalisation
R15,4m
Financial: Year to June 30 1981. Borrow-
ings long- and medium-term, R10,5m,
net short-term, R2,1m Debt equity ratio
54,3%. Current ratio 3,6. Group cash
flow R6,6m. Capital commitments
Rs321 000
Share market: Price 550c (1980-81 high,
620c, low, 430c, trading volume last
quarter, 15 000 shares). Yields 35,1% on
earnings, 8,2% on dividend. Cover 4,3
PE ratio 2,8

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<tr>
<td>Return on cap (%)</td>
<td>16,2</td>
<td>19,7</td>
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<tr>
<td>Turnover (index)</td>
<td>203</td>
<td>246</td>
<td>308</td>
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<td>Pre-tax profit (Rm)</td>
<td>2,8</td>
<td>4,2</td>
<td>4,5</td>
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<td>Earnings (c)</td>
<td>74,0</td>
<td>106,7</td>
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<td>Dividends (c)</td>
<td>28,0</td>
<td>30,4</td>
<td>35,4</td>
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<tr>
<td>Net asset value (c)</td>
<td>563,6</td>
<td>641,7</td>
<td>730,9</td>
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* 1975 = 100

Rex Trueform's results make it difficult to see how clothing manufacturers can justify their repeated calls to government for pro-
tection against imports. Admittedly, the
company has a well-developed export mar-
ket, but with the current overseas recession,
it is clear that much of last year's profit
improvement was due to the higher volume
of local sales.

Chairman Stewart Shub says export turn-
over grew 16% despite the depressed trading
conditions abroad. Overall turnover rose
29,5%, while pre-tax profit advanced 42,6%
to R6,4m (R4,5m). That represents a sub-
stantial improvement in margins over the
previous year when a 25% increase in
turnover was accompanied by an increase of
only 5,7% in operating profits.

The directors say buoyant local trading
conditions, coupled with intensified market-
ing and product development, combined to
increase the company's market share in all
divisions. In addition, the company's 50%
interest in shirt manufacturer L'Uomo as well
as the investment in Everest Marketing
boosted pre-tax profit by some R300 000

Bottom line profit again reflected a lower
tax rate as a result of increased export
incentives and investment allowances for
additional plant. The tax rate slid from
19,5% to 18,3%, which helped lift taxed at-
tributable profit to R5,4m, compared with
R3,6m previously. Earnings were also in-
creased by R37 000 after earlier tax
provisions were cancelled following an
appeal to the tax courts.

Rex True has come under a certain
amount of criticism in the past for the seem-
ingly high tax component in its earnings
profile. But management can hardly be con-
demned for its continuing focus on export
markets as an important source of income.
In fact, it is to the company's credit that it
should have succeeded in breaking into
markets abroad while at the same time pro-
viding itself with a cyclical buffer
against a downturn in the local economy.

Despite the unfavourable economic climate
overseas, the group is likely to continue its
emphasis on exports, which Shub describes
as a corporate, if not a national, priority.

Working capital requirements to finance ex-
pansion led to a medium-term loan of
R2m being taken up. A long-term loan of
R3m has been negotiated since the year-end.

Total borrowings at balance-sheet date rose
from R11m to R13,7m, while the debt equity
ratio edged up to 54,3% (52,7%). Gearing is
fairly conservative at that level. To help
maintain a sound financial structure, divi-
dend cover was raised to 4,3 times,
compared with 3,7 previously.

Shub's forecast for this year is that the
group will continue to maintain a "satisfac-
tory" level of profitability, although some
level off is expected. He adds that the for-
ward booking position into 1982 is
healthy and that demand is continuing at a
"high level." The fact that stocks are 24%
higher indicates that Rex True is well pre-
pared for continued high volume sales.

Improved margins
Activites. Clothing manufacturer with major export markets. The directors hold 47% of the equity, mainly through African and Overseas.

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<td>Improved margins</td>
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<td>Activites. Clothing manufacturer with major export markets. The directors hold 47% of the equity, mainly through African and Overseas.</td>
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Even if demand holds up this year, mar-
gins could now show signs of increasing
pressure if the economy goes into a down-
turn. Even so, Rex True is currently trading
at a discount to the sector, which seems
curious in view of the company's export
benefits. African & Overseas currently
yields an historic 7,8% on dividend, while
Rex True is marginally more attractive on
an 8,2% yield.

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stake in the voting capital of Rex True —
hiked taxed attributable profit to R3,6m
from R2,2m previously. The higher 5c divi-
dend from Rex True enabled African &
Overseas to increase its own dividend to 35c
(27c)
Cape clothing group back in black

By Tom Hood

THE Cape clothing group, placed in judicial management 11 months ago, is firmly back in the black and expects to make a R750,000 pre-tax profit this year.

Parola Lingerie (Pty), a Cape Town manufacturer, and its direct-selling associate, It's a Pleasure (Pty), turned in a combined profit of R280,670 before tax for the half-year to June and R151,800 after tax, say the judicial managers, Mr Ralph Millman of Cape Trustees and Mr David Rennie of Syrett's Trust, in a report to creditors.

Parola made R142,000 (R260,000 after tax) and TAP made R132,800 (R71,800 after tax).

The companies combined are projecting a profit of about R400,000 for the half-year to December and results so far indicate that these budgets should be achieved, say the judicial managers.

The group, which has always traded profitably, ran into liquidity problems a year ago.

Both companies were overstocked with goods worth almost R4 million in a year, but the stockholding was trimmed to R1.5 million by June.

The judicial managers kept on the management and staff and they say they were found to be competent and no major changes have been made nor are any contemplated.

The financial recovery is due to the group being given time to reorganise itself.

REPAID LOAN

The group has repaid its shippers, Anglo African Shipping, on its secured claim of about R1.3 million borrowed before the companies were placed under judicial management.

The shippers also helped out with a loan of R50,000 for working capital after the group was placed under judicial management — a loan which has since been repaid in full.

Mr Ralph Millman, left, and Mr David Rennie, judicial managers.

The judicial managers tell creditors that they believe it would not be prudent to pay dividends before knowing the results for the 1981 financial year but payment of dividends will be considered during February or March next year.

However, the group appears to have a good chance of paying the R2.9 million still owing to creditors.
Clothing unions rule against amalgamation

Labour Reporter
Two of the country's largest clothing unions have decided against amalgamation.

In an as yet unreported move, the Tucsa-affiliated National Union of Clothing Workers and the Garment Workers Union decided against amalgamation at a conference held in Johannesburg late last month.

The Garment Workers Union, whose president is Dr Anna Schepers, has about 6,000 white and coloured members, while the National Union, with general secretary Mrs Lucy Mvubelo, has about 20,000 black members.

At an earlier meeting in the year the two unions had agreed to accept amalgamation in principle but had since found it not to be feasible at present, according to an article in the "Garment Worker," a union publication.

"Conference felt that now that black workers have won their rights and achieved recognition, they should have the opportunity to exercise the rights and prove their responsibility," the article states.

The issue of amalgamation of unions in one industry has proved to be a "touchy" subject for a number of Tucsa.

The issue was raised earlier this year by the two distributive unions and more recently by the two textile unions.

At Tucsa's annual conference in East London in September there was open rivalry between the textile unions as the "white and coloured" union was accused of trying to "poach" black textile union members.

It was felt that the National Union of Clothing Workers was opting out of any amalgamation so that its black members could "enjoy the fruits" of being a registered union with a strong membership.

Although the National Union only allowed registered trade union status after 1978 it had been an active union for the last 20 years.
High growth rate seen for textiles, clothing

THE growth rate for the textile and clothing industries, given the right framework, should exceed the 5.1 percent projected for the economy as a whole over the next five years.

This is the view of Mr. Justin Schaffer, managing director of SA Nylon Spinners, who spoke today at the National Clothing Federation's annual convention at Sun City.

He said: "I have every confidence that our industries, together, through cooperation at all levels, could readily exceed these growth rates."

Although there were times when the interests of the two industries were best served by following different strategic views, prospects for cooperation were good.

Co-operation meant seeking a common cause, looking for the things they had in common and developing them to their fullest extent.

There was a great lesson in the Korean experience. The Korean Government was spending hundreds of millions of dollars to boost the textile and clothing sector and achieve a 70 percent export ratio by 1986.

We do not want Government handouts. Instead of subsidies we ask the Government to establish a policy of protection for our industries which would create a climate of such confidence that every one of us would be prepared to increase our investment significantly and exploit every opportunity for increasing employment within our country and increasing our export potential.

No country in the world had built up a successful export performance without having a sound and secure domestic market on which to launch an export programme.
NO AMALGAMATION

Two of the country's largest clothing unions, the Tucso-affiliated National Union of Clothing Workers and Garment Workers Union, decide not to amalgamate after accepting amalgamation in principle earlier this year.
Crunch coming?

If attempts break down in Geneva this week to liberalise world trade in textiles it is almost certain that SA will add quantitative import controls to existing tariff protection of the domestic industry

This could be a recommendation of the 14-man committee of inquiry headed by Professor Willem Steenkamp, who has been asked by Industries and Commerce Minister Dawie de Villiers to investigate the clothing and textiles industries.

Industry sources believe government has been convinced that a means of protection more effective and flexible than tariffs barriers is needed to protect domestic industry from the effects of a possible collapse of the GATT Multi-Fibre Agreement (MFA).

Ellis Meredith, president of the American Apparel Manufacturers Association, says a Bill is being held in readiness in the US Congress should attempts fail to renegotiate the MFA.

Enactment of the Bill would have the effect of holding in place the regulatory machinery which exists under the MFA to control the flow of textiles imports from developing countries.

For largely political reasons, SA is not a member of the MFA. The agreement is in effect a series of bilateral accords between developed countries and 28 developing countries whose exports to the former are not permitted to grow at more than 6% a year. As SA has diplomatic ties with very few of the 28 Third World countries in the

MFA its membership of the agreement would be practically unworkable.

The local clothing and textile industries maintain that SA should have a similar protection package to those in developed countries like the US, Japan and the EEC. Ideally, this would comprise a scientific mix of formula duties and quantitative controls. They say quotas should be expressed in units of production and not in money values.

By limiting imports through the control of foreign exchange allocations, the authorities cannot protect the industry from the mass imports of dumped items.

Ironically, the MFA works in favour of local manufacturers. It provides exporters of the low-wage LDCs with a ready market and regular 5% increments in the volume of goods that developed countries will take from them. Arguably, this takes the pressure off LDC exporters to dump surplus production in the Republic, among others.

Should the MFA collapse, local industry believes that SA, with its open stance on imports, would be vulnerable to desperate dumpers. This need not be so. In the US, where textiles protection is based primarily on the bilateral mechanisms of the MFA, sophisticated watchdog techniques sound early warning signals if clothing or cloth build-ups occur. This is normally followed by a 90-day moratorium on all textile deals with the exporting country until "misunderstandings" are cleared up by negotiation.

By accident rather than design, SA is one of the world's most liberal textile trading nations. It has high external tariffs, but at least it does not impose volume controls on imports. By attempting to regulate the expansion of textile exports of poor countries to rich countries, the MFA is anathema to the principles of liberal trade embodied in GATT.

Even the conservative Republican administration in Washington admits that, if the MFA did not exist, someone would have to invent something like it. Hence a fail-safe Bill in Congress should the Geneva MFA renewal talks fail down.

All this seems to suggest that, unlike cars or steel, textiles and all the components of what is known as the textile chain, is a trade discipline apart. Back in 1973 it was as much concern for the healthy development of textiles industries in LDCs as for the protection of like industries in the EEC which led to the negotiation of the first MFA. There must be strong doubts whether the MFA quota system has worked. Clearly Britain, France and Italy do not think so or they would not have gone so close this week to wrecking renegotiation of the agreement.

Perhaps the best international solution would be to stop treating clothing and textiles as a special case and to reintegrate them into the GATT system whose ultimate goal is liberal trade between willing buyers and sellers. An exporter seeking greater access for its products in a foreign market should be willing to offer increased access for products offered in return. If nations wish to protect industry, they should do so by means of tariffs. The extent to which tariffs are raised would be an indication of the price a country's consumers were willing to pay for such protection.
The Environment Planning Act (formerly the Physical Planning Act) has never occupied a prominent position in the list of statutes which have inflicted hardship on SA's black people. Yet in the 13 years it has been in force, government has prohibited more than 100,000 jobs — possibly far more — being created for blacks in urban areas in terms of its controversial Section 3.

Government's announcement at last week's Good Hope conference that it will scrap Section 3 has therefore been welcomed by trade unions with large black memberships and management whose companies have been crippled by the section.

Section 3 is an influx control measure which limits the number of black employees that can hire in urban areas without government permission. It has meant that urban-based employers could not exceed a ratio of five blacks to every white employed, or in some cases, two blacks for every white.

Indications are that, overall, it has not forced employers to decentralise to the black homelands on a large scale — presumably its intention. But it has had the very obvious effect of curbing industrial expansion in urban areas, depriving the many thousands of unemployed urban blacks of secure employment.

An additional cost has been the increasing tendency of employers not to decentralise, but to mechanise their operations. The implementation of Section 3 has ignored basic economic realities according to some estimates, it now costs at least R10,000 to create one job in certain rural industrial growth points.

"Section 3 has proved largely ineffective in relocating employment opportunities for blacks," says a Federated Chamber of Industries (FCI) spokesman. "Instead it caused an industrial slowdown in the dynamic PWV region and pushed manufacturing companies onto a more labour-saving, capital-intensive growthpath."

More exemptions

Government figures released in 1978 showed that the number of potential black employees affected by refusals of applications for the establishment and extension of factories since the Act came into force in 1968 totalled 92,649. Since 1977 government has displayed a greater willingness to grant exemptions to Section 3, and the number of potential black employees affected by refusals appears to have dropped to about 5,000 a year.

Worst affected has been the Transvaal's clothing industry, especially small companies which did not have the resources to decentralise. In 1987 there were about 28,000 people employed in this industry in the province, 30,000 in the Cape and 13,000 in Natal. Now, 14 years later, there are still 26,000 people legally employed in the industry in the Transvaal, but about 55,000 in the Cape and nearly 35,000 in Natal.

"We have marked time where those other regions have doubled their employment," says Terence Kinnear, president of the Transvaal Clothing Manufacturers' Association.

He points out that heavy fines — R10 for every day a worker is employed illegally — have made employers wary of taking on illegal labour. However, a survey conducted during 1978 by the Department of Planning and the Environment showed that on September 30, 1976, 221 of the 352 clothing factories in the PWV area had contravened the section. Increasing use of computers has made it easier to spot offenders, yet the number of annual prosecutions, compared with the number of offenders, has not been large, according to some sources in the industry.

By 1978 there were 4,000 black women employed illegally in the industry in the PWV region. After numerous representations to it, government announced the following year that those who had permanent residence rights and satisfactory housing were exempted from the section's provisions.

In 1978 government also gave permission for the employment, above the authorised quotas, of blacks between the ages of 16 and 20. This scheme was not a great success as some industrialists feared that the youths might be militants. Other employers said they were looking for workers with an "industrial orientation" and that the employment of youngsters who might not want a long-term career in the industry was no solution.

The Kiepert Commission recommended in 1979 that Section 3 should be repealed and government indicated a willingness to do this, providing alternative measures were introduced to curb urban growth. A Bill repealing the section was introduced last year, but then withdrawn.

Government has now firmly committed itself to scrapping Section 3. But it is still intent on introducing other measures to promote decentralisation and it appears that subsidies to industrialists for city facilities such as transport will be phased out. The cost of employing urban labour will thus increase, inducing employers to decentralise.

Some businessmen fear that the new measures might hurt especially if they are not
Reyners slates clothing industry for lack of training

The total trained represented 2 percent of total employment, 12 percent of supervisors, 7 percent of work study and training officers and 3 percent of machinists, or 10 percent of the 23,000 that left the industry every year.

'The training effort of the clothing industry lags far behind what is required,' said Dr Reyners. 'In our economy, based on the principle of private enterprise, too much is being expected from Government in the area of training.'

'There seems little doubt that top management will have to reassess its priorities,' added Dr Reyners.

'The support given to the clothing industry training board is indicative of the attitude of clothing manufacturers towards training, then the unsatisfactory productivity rate reported for this industry is not surprising indeed.'

This was particularly serious in the management group. Top management was also apathetic towards middle management training.

The chairman of the Board of Trade and Industries, Dr S J Kleu, said the textile and clothing industries should guard against the tendency to ask for over-protection if they wished to improve their export performance.

The Government was committed to supporting both industries but an excessively high cost structure might make exports impossible while a high price structure on the home market may result in complaints of dumping.
Pull socks up, clothing chief warns industry

RETAILERS and clothing, textile and fibre manufacturers will all have to pull their socks up in order next year to avoid a repetition of late deliveries, bad planning, under-budgeting and late placing of orders.

So says the president of the National Clothing Federation, Mr Simon Jocum.

He told the federation's convention in Sun City this week: 'The fact that a proposition of production was delivered late does not mean that the entire industry is inefficient and that imports must not be controlled.'

Past experience had taught manufacturers to plan the 'airline game' in their booking - but there were no cancellations in 1981.

In some circumstances, he said, the goods arrived late, as planned. In others, they arrived on time.

Either way, the manufacturer had a problem. If it was for a late delivery, it became a cash-flow problem because of the delivery being on time.

There was a great need for co-operation to solve the problem of timeous delivery.

Manufacturers should aim to improve productivity, efficiency and quality to ensure that South African clothing was the consumer's best buy.

Mr Tom Bell, managing director of PEP Stores, said suppliers had delivered 60 percent of their goods on time in the first eight months of this year.

Another 22 percent were between two and four weeks late and 18 percent of all orders were more than a month late.

If this is the kind of service received by the larger retailers with strong buying power, the plight of the smaller retailer can only be imagined.

The effect of marketing and advertising campaigns could be lost at least cost by late deliveries.

Everyone accepted that for a stable industry, some form of import control was necessary.

Clothing retailers did not have a formal body to represent them apart from Ascom and the Afrikaner Handelsgemeinschaft, which also represented other interests.

He suggested retailers should form such an interest group to negotiate with the Clothing Federation and the Textile Federation.

This could also help understanding between suppliers and customers and remove some of the uncertainties in planning capital investments.

MR Simon Jocum, president of the National Clothing Federation.
GET RID OF NEEDLE-AND-THREAD IMAGE, CLOTHING INDUSTRY TOLD

THE clothing industry must get rid of its needle-and-thread image if it is to recruit young people, says Mr David Susman, chairman of the Woolworths-Truworths group, one of the industry's biggest customers.

The most difficult task facing clothing manufacturers could be to persuade young men and women of potential to enter the industry, he told the National Clothing Federation convention at Sun City.

He said: 'We have much in the past to live down, specifically in wage levels and career advancement. While some progress is being made in this sphere, few manufacturers are able to recruit enough people, even at lower skills, to meet their present requirements, let alone future requirements.'

'At the Top'

'The problem starts,' as most problems do, at the top. The image projected is one of a needle-and-thread industry with poor working and staff facilities, as well as relatively low wages. 'What will obviously be called for in the next decade is a generation of fairly sophisticated and electronically oriented artisans prepared for new technological advances.'

Labour turnover of 68 percent a year of weekly paid workers on the shop floor had been reported.

PERSONNEL OFFICERS

If the figure was accurate, workers who were paid from R30 to R300 could be paid another R15 to R20 because it would save the R300 to R400 spent each time a machinist was trained.

A survey of 20 Cape Town clothing makers with more than 13,000 employees disclosed a total of 17 specific personnel officers — one for every 700 employees.

Woolworths had a ratio of 1 to 50 and its employees had presumably no greater problems than those in clothing factories. 'Small wonder the industry is losing its skilled staff, let alone finding it hard to recruit new workers,' said Mr Susman.
Clothing imports 'tip of iceberg'

*US expert*

The level of clothing imports now worrying South African manufacturers is only the tip of the iceberg, says an American trade expert.

"We came close to hitting it in the United States," Mr Ellis Meredith, president of the American Apparel Manufacturers' Association, said in an interview.

Mr Meredith, who has been visiting South Africa, calls himself 'a hired gun' for the industry in the United States.

He said clothing provided jobs in South Africa for people who needed them.

In the United States, alone, the current level of clothing imports is equal to 280,000 jobs — 190,000 jobs lost plus 100,000 jobs not gained because imports supplied all increased demand.

The international multi-fibre agreement was the key to orderly marketing of clothing products worldwide, and was due for renewal at the end of the year.

"The United States and other European countries had clauses in their tariff laws to provide, if the MFA was not renewed, that any tariff concessions made on clothing and textiles would be increased to previous levels.

"Without the MFA, the climate for clothing production and trade in the 1980s will be very unstable, at best if some importing countries reduce the flow of clothing from less developed countries into their markets, the exports will be forced to try to expand to other markets.

"If this occurs, the United States will not be the market of last resort. In most clothing areas, the United States is willing to share its market growth with others, but we will not be put out of business."
The failure to create a merger between the Garment Workers' Union (GWU) and the National Union of Clothing Workers (NUCW) provides an example of the difficulties involved in trying to amalgamate parallel unions.

In response to legislation which prohibited multiracial unions, white unions have established "parallel" unions for black workers in their industries during the past 23 years. The GWU was among those multiracial unions whose black workers were forced to resign. It helped these workers to form the NUCW and the two unions have since co-operated very closely with each other. The GWU now has about 8,000 white, coloured and Asian members, while the NUCW, which is led by veteran black unionist Lucey Mvubelo, has about 21,000 members.

During the past two years government's granting of freedom of association to black workers has meant that racially mixed unions are now permissible. Indeed, some of the main architects of the new labour dispensation are strongly in favour of a move away from unions created on racial lines.

But, as the GWU has found, it is extremely difficult to bring about a merger with a sister union, even if there have been very close ties with it in the past. At a meeting of the unions earlier this year, amalgamation was agreed on in principle. However, the NUCW's national council has now rejected the merger.

"We are naturally disappointed, because we never believed that this would happen," says Dr Anna Scheepers, GWU leader and president of the Trade Union Council of SA Tex.

"She believes that the failure to amalgamate the two unions does not bode well for similar efforts in other industries where parallel unions exist. I believe this to be the case, and if this is the attitude of people with whom we have worked so closely for so many years, what will the response of black workers be in cases where there has never been such co-operation?"

Leading figures in the NUCW maintain it is now that their union has been rejected, they want to prove their worth and ability to exercise their newly-granted rights.

Scheepers perceives that the black unions want to enjoy their new-found freedom. She is disturbed about the drift away from multiracialism. She hopes that at some time in the future an agreement to amalgamate will be reached.

"But I must emphasise that we are going to carry on as before. We are not enemies because we did not merge. We remain friends."
The intake of cheap foreign shirts, for instance, has increased 400% in the past year. A shirt landing at R2, attracting an external tariff of 50%, will still land on retailers' shelves at half the price of the cheapest shirt produced locally. This applies to other basic, outerwear and underwear. For this reason domestic producers in the textile chain (with the obvious exception of importers) are screaming for a system of selective shut-outs.

Their fears have been heightened by the highly restrictive tone the EEC negotiators have adopted in the present round of talks in Geneva where attempts are under way to roll over the Gatt multi-fibre agreement.

The common market seems unwilling to offer export growth rates of more than 1% to Third World suppliers, while major importers of the developing world will get close to nil percent.

SA clothing and textile companies believe that if the European position is written into the new multi-fibre agreement (MFA), huge export volumes will be diverted to the Republic at dumped rates. Government seems unwilling to resort to itemised import quotas. According to Board of Trade chairman, Basjan Kloo, "the indicated solution is tariff protection, which could stabilize market shares in established sectors and create opportunities for achieving a reasonable market share in areas of new development."

SA, he points out, is not a signatory to the MFA for the simple reason that there are no Gatt bindings in the SA schedule which stand in the way of effective tariff protection for clothing and textiles. This is not true of the 14 major developed countries which are members of the MFA.

SA's textile industry is still developing. The Republic is classified by Gatt as a developed country and would have been obliged to take certain volumes of Third World exports at little or no duty. Such volumes would have had to increase annually and this would have harmed the basic sectors of the textile chain. Because the textile industry is so vital to the less developed part of SA's dualistic economy, Kloo believes they should be protected.

They should also improve productivity. Figures published by the Department of Statistics show that from 1971-80 the total value of sales (at 1960 prices) increased from R740m to R860m, an increase in output of 15%. During the same period, however, the number of workers employed rose 27% from 89,000 to 113,000. This represents a fall in the rand value of production per worker from R8300/year to R7600 - a drop of 8% in labour productivity over the nine-year period.

**TEXTILES**

**Protection plea**

SA clothing manufacturers anticipate their 15-month-old tariff application will be granted soon. Thereafter, government will probably freeze all applications in the pipeline, as well as any being formulated by other sectors in the "textile chain."

Protection will be suspended for the duration of the study by a 14-man working group under Professor Willem Steenkamp (Business, November 20). Garment-makers will be relieved to get additional protection, which in many cases will raise the landed cost of imported clothes 50%. Although clothing imports in 1981 will run to about R180m - a modest enough figure compared with the value of domestic clothing output of R1 200m for the year - there are signs of a dangerous build-up of certain imported items.
3 out of 10 in clothing factories

By Tom Hood

CAPE TOWN, now has a record number of 375 clothing factories, 49 more than a year ago.

The number of workers registered with the industrial council has soared to 59,945, up by 6,300 or almost 10 percent, in the month. This group earns up to R800 a month.

The Cape clothing industry's total manpower is estimated to be nearer 65,000, including all staff, managers, directors and executives, earning more than 1,800 a month. This is more than 10 percent above the year-ago figure of 59,600.

Business is still humming with record employment levels, and in spite of a "hangover" from the recession, there is still an industry shortage of skilled workers.

Three out of every 10 in the Western Cape are now in clothing factories.

HALF OF EXPORTS

The value of output could be close to R400 million, and the annual wage bill R140 million, Mr. Mike Getz, chairman of the Clothing Manufacturers Association, notes.

Our industry remains the backbone of the economy of the Western Cape, he said this week.

It also contributes substantially to the outstanding results achieved by retailers of apparel throughout South Africa.

Half of the country's exports are sent from the Western Cape, though this is probably only about 5 percent of output.

The export market was the only one to suffer a setback this year, and Mr. Getz attributes this to two main reasons.

- Major overseas countries were in recession, causing fiercely competitive conditions as Far East suppliers fought to maintain a market share.
- Export incentives gazetted on October 31, 1980, could not be used for almost a year.

Although "watered down" recommendations of the Van Heusen and Reynolds committees, these incentives were nullified by the Board of Trade.

PROTESTS MADE

Protests had to be made by the association, the National Clothing Federation, and the Federation of Chambers of Industries, before the long-delayed incentives could be used.

"Manufacturers will have to commit themselves seriously to export both as a broadening of the market base and to recognize that its promotion is a national strategy," Mr. Getz said.

The Government has made some if not totally adequate progress towards meaningful incentives. We need to be far more serious on exports.

It was also vital that the textile industry assume its proper role and responsibilities towards garment exports.

Lean times and other difficulties blocked the meaningful export of clothing based on substantially imported fabrics.

"The textile industry must now equip itself to develop and offer suitable fabric for overseas markets. Our export thrust will have little credibility unless it is sufficiently based on such domestically produced fabrics."
Holiday cash fillip for clothing and building workers

By ALEX PETERSEN

WORKERS in two major industrial sectors in the Western Cape, clothing and building, will add a hefty dollop to the cash flow into Christmas tills later this month when they receive their seasonal holiday pay, which combined will amount to nearly R17m.

Western Cape clothing workers will be receiving a holiday pay packet totalling collectively just over R11m.

The holiday pay, averaging something over R80 a worker, is given to those 61,000 workers in the industry paid on a weekly basis. Another 5,000 employees are on a monthly salary basis.

At roughly the same time the region's 38,000 building workers will get holiday cheques totalling R6.47m — a healthy increase over the R5.29m paid out last year.

The increase reflects not only wage increases in the building industry, but also an increase of 8,000 workers employed in the sector.

For both sectors the size of the holiday cheque is tied to wage increases recently negotiated in both industries.

Clothing workers will see pay hikes of 8% as from the start of the new year, with a further roughly equivalent percentage increase due in July.

Building workers' increases which are a straight increase for the year, are between 13 and 16 percent for labourers, bringing their minimum wage level to R1 an hour, while for artisans the increase has been 12.4%, making the minimum wage R2.78 an hour, although a spokesman for the Industrial Council commented that demand for skilled labour was such that good artisans could earn up to R5 or R6 an hour.

For clothing workers as well the total amount in the holiday pay packets is, in fact, likely to be larger, since a number of factories pay holiday "bonuses" well over the negotiated amount.

A number of clothing concerns contacted by Business Times said the additional bonus, along with incentive bonuses, had an important effect on staff morale and productivity.

One factory manager commented: "With the high demand we have had in the industry, good staff have been invaluable, and its important to keep them happy."

Increased demand has led to expansion in the industry.

The chairman of the Western Cape Clothing Manufacturers, Mr Mike Getz, said recently that in the last year employment in the industry had risen over 10% from 39,000 to 43,000, with the wage and salary bill for 1981 about R140m.

The increased level of employment, at a time when the European and American clothing industries have been cutting back, followed a period of about four or five years when the level remained static and in some years actually declined.

Whether the numbers will remain at their present level in 1983 is a matter of concern to many people in the industry, and will depend on how much tighter business conditions become next year, as well as the ability of the industry to move into the export market on a far larger scale.

For the building industry, despite the current flattening in the growth curve, there is still a high level of work on hand, and comments from within the industry suggest that employment will be kept at present levels until at least September.

Paradoxically, in spite of the present high level of employment in the building industry, it is still well below the level of 1973, suggesting that workers lost to other sectors are reluctant to return to the industry.

In order to counteract this, the recent wage negotiations included proportionately much bigger increases in various benefits to make the industry more attractive.

One such benefit included a new sick pay scheme whereby workers may receive sick pay benefits for up to six months.
By TOM LOUW
Business Editor

EAST LONDON — Berkshire International SA Ltd, the East London-based hosiery, clothing and knitwear manufacturer, has been placed in the Top Hundred companies, as selected by the Sunday Times.

Selection is based on growth in earnings per share, and Berkshire, the only company from the area to figure, was placed 75th with a growth of 29.2 per cent.

The managing director, Mr Mike Strong, recalled today that Berkshire last figured in the list in 1971 and 1972. He explained that there was a bad period for the hosiery industry in the middle seventies and Berkshire's growth in profitability since then has been largely thanks to a broadening and diversification of its operations.

In particular, it has made a very successful expansion into clothing manufacture.

Mr Strong said that Berkshire has grown to the stage of employing just on 1,000 people— which makes it one of the bigger employers of labour in East London.

Because of the nature of the work, most of the people employed are women from the beginning the company realised that it would have to work with totally untrained labour and so it established its own training school.

"Today I can say that our staff are as good as you'll get," said Mr Strong. "and we are also fortunate enough to have a very low labour turnover."

He praised the work force at Berkshire "Our increase in earnings has been achieved through careful administration, a careful watch on costs and a study of the market, and above all through teamwork. The company's achievement has come about because the people have pulled their weight," he said.

THE EXPERT TOUCH

garments being machined at Berkshire
PEP/IL BACK
Minorities' dilemma

Minority shareholders who were pinning their hopes in Pep Stores' ability to return lossmaker IL Back to profitability, following the acquisition of Rembrandt's 97% holding in that company, had the wind taken out of their sails on Tuesday morning. Pep announced that it is to strip out Back's assets in a takeover of the company's clothing, manufacturing and marketing operations, leaving Back a shell with R6.2m cash as its only asset.

Since Pep bought control of the company for R6.4m in August, Back's share price has risen steadily to a current level of 45c. But that hardly compares with the net worth of the company which will increase from 4.1c to 5.8c a share. The shell is, however, expected to be sold at a capital profit to a bidder wishing to achieve a "backdoor" listing through a reverse takeover.

Pep's directors say the 7c a share offer made to minorities after the takeover from Rembrandt still stands, although the offer could have been pitched at only 5.8c a share, based on the purchase price paid to Rembrandt. Chairman Christo Wiese says that the interest earned on Back's cash assets will have an "immediate positive effect" on the company's earnings and shareholders can therefore look forward to a dividend after the restructuring takes place.

Even so, Back minorities are faced with a difficult dilemma. Whether to stay afloat (and collect a modest dividend) in the hope that the new owners can improve the company's earnings, or whether to bail out at the first sign of a decent offer for the shell. What is certain, however, is that those who bought into the company at recent price levels, are hardly likely to be tempted by Pep's 7c offer for their shares.

While it can be expected that the Back shell will probably fetch a substantial premium, it seems unlikely that any bid would be higher than 15c a share. The share has not traded for some time, with sellers offering stock at 30c and buyers offering only 15c.

Wiese says Sanbank — which put together the deal — has several potential buyers lined up and that the interests of minority shareholders will be "borne in mind" in considering any offers. In addition, Pep's directors say they may consider retaining a minority interest but the controlling interest in Back will definitely be sold. "Price will not be the only consideration in accepting an offer," says Wiese.

IL Back's results for the six months to September 25 show a reduction in the net loss incurred to R217 000 against almost R1.5m for the corresponding period in the previous year. The directors say this is due to the efforts of Pep's management and the impact of the favourable economic climate on the clothing industry. Wiese is confident that Back's subsidiaries will return to profitability "within the next year or two" and says the process will probably be accelerated by the restructuring.

The rationalisation could have overall benefits for Pep, particularly since spare capacity in the Back subsidiaries can now be turned over to Pep. Nevertheless, Wiese stresses his intention to continue running Back as a separate operation. The subsidiaries...
MANUFACTURING - Clothing

1982

JAN. - DEC.
New EL clothing factory

EAST LONDON — A new clothing factory, which will initially create 450 jobs, is being built at Port Jackson near Mdantsane. The first phase of the big new development will cost R2.8 million.

A Ciskeian National Development Corporation spokesman said it was hoped the company, Thrutor Manufacturing Industries, would eventually employ 600 workers.

Women were already in training at the Manpower Development Centre as machine operators for the factory, due to be completed towards the end of March, he said.

Articles to be produced, ranging from overalls to protective clothing, will start soon afterwards — Sapa.
R2.3m clothing factory for Ciskei

EAST LONDON — A new R2.3 million clothing factory is being built at Fort Jackson and is expected to be completed by the end of May.

In a statement, the building contractors for the factory, LTA Construction (Ciskei), said the total area of the factory, offices, ablution and changing room would be 6 000 square metres.

The new factory, called Thrustor Clothing, is being partly developed by the Ciskei National Development Corporation (CNDC) and LTA will hand over the factory in stages.

The General Manager of the CNDC, Mr Frans Meisenholl, said he was unable to provide further details of the project as all public statements had to be jointly released by the CNDC and Thrustor Clothing. — DDC.
Up goes pay in clothing factories

MORE than a thousand machinists at three Lansdowne clothing factories have had their basic wages increased after seeing their bosses a Cape Herald advertisement in which another Lansdowne factory offered machinists a minimum of R50 — R10 more than the wage nego-

tiated by the union only last month.

This new wage is also more than the R47.50 basic wage which is due to take effect from tom.

A worker at Bibette said they saw an advertisement in Cape Herald where a firm was offering R20 basic wage to machinists.

'We decided to take the advertisement to our manager and told him we were dissatisfied with what we were earning,' the management and supervisors first told in Pretoria and later, told us our wages would be increased from R10 to R15.50.

ACTION

The workers, who did not want to be named, said they could not wait for the union's agreement and decided to take action on the.

The new wage applied to Bibette, Flamingo, Ashmore and Jett's Service.

The managing director of Bibette, Mr. Kenneth Warner, downed the decision to increase the wage was taken because of pressure from the workers.

LEADERS

'We are always trying to be leaders in our field. That is why we try to give our workers the best wages. We see that people are efficient and out at the end of the week, he said.'
Fort Jackson clothing factory to cost R6m

EAST LONDON — The Ciskei National Development Corporation (CNDC) released details yesterday of the new clothing factory planned for Fort Jackson near Nidantsane, which will ultimately provide jobs for 600 people.

Partly developed by the CNDC and LTA Construction, Thrustor Manufacturing Industries (Pty) Ltd will mean total investment of about R6 million when completed, according to a statement issued by CNDC yesterday.

The factory is to be built in two stages — the first costing R2.9 million — and should be completed by the end of March. Production of a full range of protective clothing is expected to start shortly afterwards.

"A new low investment of just less than R6 000 per job created has been achieved at Thrustor, as opposed to the normal R10 000 to R15 000," the statement read.

"A number of Ciskeian women are already being trained as machine operators for the factory using the facilities of the Manpower Development Centre."

Mr F S Meisenholl, managing director of CNDC, said a large number of inquiries had been received from industrialists and potential investors in the clothing industry.

Together with existing clothing concerns in Ciskei, he said, it was apparent that the industry was taking on a considerable role in Ciskei's economic development. The clothing industry, especially at production level, was also labour intensive and therefore ideally suited to Ciskei. — DDR
Activities: Produces men's and children's knitswear. The directors of the company hold 13.3% of the equity.
Chairman and managing director: J. Bencen.
Capital structure: 3.3m ordinaries of 50c
Market capitalisation: R2.3m
Financial: Year to September 30 1981
Borrowings: long- and medium-term, N4, Net cash R204 531 Debt/equity ratio 17.5%
Current ratio 1.6
Group cash flow R777 504 Capital commitments R110 000
Share market: Price 70c (1981-82 high 80c, low 40c, trading volume last quarter, 47 000 shares) Yields 23.9% on earnings, 11.4% on dividend. Cover 2.1
PE ratio 4.2
Return on cap (%) 7 8 10 7 9 8
Turnover Index* 104 128 142 126 26 4
Pre-tax profit (R 000) 112 117 127 165 204 3
Earnings (c) 2 2 2 2 2 1
Dividends (c) 1 2 3 3 3 3
Net asset value (c) 48 3 5 6 6 8
* 1973 = 100
The results of Adonis for the year to end-September reflect the increasingly solid performance of the group since the economic recession in the mid-Seventies, when difficult trading conditions in the highly competitive clothing industry led to the group passing dividends for two years.
Last year's earnings were a record R16.6c (10.6c) and with order books for the 1982 winter at an all-time high, and unit sales already up 15% on the 1981 season further improvements seem likely despite the current downturn in the economy.
In addition to a 31.5% increase in turnover, better margins were achieved, evidenced by the 58% improvement in pre-tax profit. This also led to a substantially higher gross return on total capital employed of 34.9% (26.2%).
Although raw material stocks have increased from R780 000 to R1.1m to cater for the increased demand expected this year, short-term borrowings are still covered by cash holdings — the group's net cash position is sound at R285 000. With capital commitments for new plant at only R110 000, Adonis would be well-placed to expand its activities if it wanted to. But with the downturn in the economy, the chances are that it will continue to stick to its policy of modernising plant to create greater efficiency in production.
More important than economic conditions for earnings, however, is the weather. A mild winter, for example, could have a marked effect on sales which would put pressure on trading margins.
The group is fortunate, though, in that it produces for a fairly stable and growing market. The bulk of its output is upmarket, with labels like Dino Milano, Christian Dior, Henry Ballantine and Sir Walter Scott. Demand in this segment tends to be fairly constant, thus insulating the company to some extent from the sharp fluctua-

ations at the bottom end of the market.

But Adonis is now also starting a concerted drive into the quality clothes-conscious black market which has huge growth potential. In addition, it has substantial government and other contracts, and is making greater inroads into the schoolwear market. This would be a useful buffer, even in the event of unfavourable weather.

If the present rate of sales growth is maintained for the rest of the year, and assuming some further improvement in margins, earnings should rise to at least 29c a share — a 20% improvement on last year's 16.6c. With the strong liquidity position, there is no reason to expect any change to the present liberal dividend policy and, accordingly, a payout of 10c could be expected. The prospective yield of 14.3% at the current 70c is generous, but the share has the drawback of limited marketability.
KENNISGEWING 66 VAN 1982
NYWERHEIDSWESE, HANDEL EN TOERISME
KOMITEE VAN ONDERSOEK NA DIE TEKSTIEL- EN DIE KLERASIEBEDRYFSTAK

Hierby word vir algemene inligting bekend gemaak dat die Komitee wat deur die Minister van Nywerheidswese, Handel en Toerisme aangestel is om die tekstiel- en die klerasiebedryfstak te ondersoek en verslag en aanbevelings te doen oor—

(a) die ontwikkelingsplek en die struktuur van die bedryfstakke, insluitende die mate van binnelandse mededinging,

(b) die ontwikkelingspotensiaal binne die raamwerk van 'n gesonde ekonomie met die oog op veral werkverskaffing,

(c) die mededingingsvermoe van die bedryfstakke teenoor buitelandse konkurrence en die behoefte, al dan nie, aan beskerming met inagineming van die landsbelang,

(d) die aangewese metode van beskerming,

(e) die stand van die produktiwiteit in die bedryfstakke en die moontlike maatreeks ter bevordering van hul produktiwiteit, en

(f) enige ander aspek wat die Komitee, met die goedkeuring van die Minister, nodig vind om te ondersoek en verslag oor te doen,

alle belanghebbendes versoek om binne ses weke na die publikasie van hierdie kennisging hul vertoes in hierdie verband te rig tot—

Die Sekretaris,
Komitee van Ondersoek na die Tekstiel- en die Klerasiebedryfstak,
Privaatsak X342,
Pretoria,
0001

(Verwysing TK6/3/2)

(29 Januarie 1982)

NOTICE 66 OF 1982
INDUSTRIES, COMMERCE AND TOURISM
COMMITTEE OF INQUIRY INTO THE TEXTILE AND CLOTHING INDUSTRIES

It is hereby notified for general information that the Committee appointed by the Minister of Industries, Commerce and Tourism to inquire into the Textile and Clothing Industries and to report and make recommendations—

(a) the level of development and structure of the industries, including the extent of local competition,

(b) the development potential within the framework of a healthy economy, particularly with a view to the provision of employment,

(c) the competitive ability of the industries in relation to foreign competition and whether there is a need for protection or not, regard being had to the country's interests,

(d) the appropriate method of protection,

(e) the productivity of the industries and possible measures to enhance their productivity, and

(f) any other aspect which the Committee, with the approval of the Minister, may find it necessary to investigate and report on,

invites all interested parties to submit representations in this connection to—

The Secretary,
Committee of Inquiry into the Textile and Clothing Industries,
Private Bag X342,
Pretoria,
0001

(Reference TK6/3/2)

(29 January 1982)
SEVEN new clothing factories have opened in Cape Town since the industry resumed work last month after the holidays.

This means 30 factories have been started in less than 12 months and brings the industry's total to 380 in the Cape.

Most of the newcomers were started by small firms and individuals and the number of new jobs created is not known.

"The important thing is that new factories are opening and business is still booming industry-wide," said a director of a large manufacturing group.

The number of manufacturers has now jumped to almost 100 in the past 10 years and by 50 in the past two years.

Almost every factory has vacancies for skilled workers or learners and is coping with orders over the period is being worked everywhere—sometimes involving a longer day working on Saturday mornings and afternoons.

The work force, which stood at 89,000 before the year-end holidays, dropped to 87,800 after

In the meantime, union leaders are warning that the coming months will be tough.

"The Garment Workers' Union says many workers are coming back to the industry because of the wage increase in December and the prospect of another raise in July."

The union forecasts that employment will top 90,000 in the next month and that the most manufacturers have full order books.
By STEVEN FRIEDMAN
CLOTHING employers in Johannesburg have been hit by three wage strikes in recent weeks—a fact which is worrying the two unions affiliated to the Trade Union Council of SA, to which the workers belong.

The unions, the Garment Workers' Union and the National Union of Clothing Workers, say the strikes have put them "in a difficult position" because they are about to negotiate a new wage agreement with employers.

The strikes— at Jays, Lovable and Sam Clothing—are discussed in an editorial in Sawsak, the official journal of the two unions.

The editorial warns workers that it is illegal to strike and adds: "By doing so you do put yourself and the union in a difficult position."

"Above all, workers must not think they can strike and negotiate their own increases over and above the union increase."
Don't strike now, union urges

Labour Reporter

The Tuesday-affiliated Garment Workers' Union has warned its members in the clothing industry not to resort to labour unrest which could jeopardise upcoming wage talks.

In an editorial in the union's weekly paper, workers are warned against taking "things into their own hands." Strikes are illegal and put workers and the union in a difficult position.

"The unions are about to negotiate a new wage agreement which will of course cover all factories. Until then workers should not do anything to disrupt the industry and undermine their own case," the editorial states.

Three recent disputes in the toy industry referred to in the editorial. These were at Jaws, Lovable and Rama Sam Clothing.

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SOLUTION TO 5: GLS

ACCOUNTING
Far East threat to SA clothing

HUGE imports of clothing from the Far East are threatening the South African clothing industry, says Mr Hugh Yorke-Mitchell, president of the National Clothing Federation of South Africa.

"We employ 250,000 people yet goods are being shipped to South Africa at prices below the cost of the cloth we buy. Our livelihood is threatened."

The Government has responded by appointing the Steenkamp Committee of inquiry into the textile and clothing industries, but it is only expected to report later this year.

Mr Yorke-Mitchell said that in 1980, 1,600,000 shirts were imported at a landed cost of R2.10 each, and in the first five months of last year, 1,108,000 shirts at a cost of R2.27 were imported.

Although the South African clothing industry was highly competitive, it could not hope to match these prices and the jobs of many workers were at stake.

The federation favoured a continuation of the present system of quantitative import barriers and tariffs, but believed that the Government wished for political reasons to abolish all barriers and have only tariffs.

Imports permits were still being issued freely in spite of the fall in SA's foreign reserves and the deficit on the current account of the balance of payments.

The 10% import surcharge was not expected to have a great effect on clothing imports as retailers were selling them at a handsome profit.

Another aspect causing the industry concern was the fate of the trade agreement with Zimbabwe.

"The clothing industry was sacrificed in the interest of propelling up the Rhodesian economy through the 1966 trade agreement and we hope that any new agreement will be more equitable and that the Government will consult the industry." Manufacturers could not afford to price their goods if they had to be costed exactly because the competition was so fierce.

One of the possibilities now being explored by the federation was to export clothing. A trade mission was suggested as well as a sponsored visit by foreign buyers to South Africa.

Other points

- The industry will spend more than R100,000 on training this year.
- The 1981 national clothing convention was a great success and will be followed by another in 1983.
- The industry is concerned at the growing economic power of clothing retailers and the recent spate of takeovers.

Income Statement

Bank

Premiums Rendered as Business Expense

Premiums Rendered as Business Expense

SOLUTION TO: C15

ACCOUNTING
Far East clothing imports ‘threaten S A’s industry’

Financial Editor
VAST imports of clothing from the Far East are threatening the South African clothing industry, Mr Hugh Yorke-Mitchell, president of the National Clothing Federation of South Africa, said yesterday.

'We employ 250 000 people and yet goods are being shipped to South Africa at prices below the cost of the cloth we buy. Our livelihood is being threatened.'

The Government has responded to the situation by appointing the Steenkamp Committee of Inquiry into the Textile and Clothing Industries, but it is only expected to report late this year.

Jobs at stake
Mr Yorke-Mitchell said that in 1980, 1 600 000 shirts were imported at a landed cost of R210 each. In the first five months of last year, 1 100 000 shirts at a cost of R27 each were imported.

He said that while the South African clothing industry was highly competitive it could not hope to match these prices and the jobs of many workers were at stake.

The federation favoured a continuation of the present system of quantitative import barriers and tariffs, but they understood that the Government wished, for political reasons, to abolish import barriers and have only tariffs.

Costing
Mr Yorke-Mitchell said that manufacturers could not afford to ‘price’ their goods — they had to be costed exactly because the competition was so fierce.

One of the possibilities now being explored by the federation was to export clothing. A trade mission was being mooted, as well as a sponsored visit by foreign buyers to South Africa.

Other points he made:
1. The industry will spend more than R1 000 000 on training this year.
2. The 1981 National Clothing Convention was a great success and will be followed by another in 1983.
3. The industry is concerned at the growing economic power of clothing retailers and the recent spate of take-overs.

MR Yorke-Mitchell

The 10 percent import surcharge was not expected to have a great effect on clothing imports as retailers were selling the imported clothes at a handsome profit.

Another aspect causing the industry concern was the fate of the trade agreement with Zimbabwe.

The clothing industry was sacrificed in the interest of propping up the Rhodesian economy through the 1964 trade agreement and we hope that any new agreement will be more equitable and that government will consult with industry.

Note 1:
At the end of the accounting period, the certain accounting entity to be drawn up for the balance sheet is the partnership as legal and income statement would have no value of the partner so as to inspect the partnership.

Note 2:
The death of a partner to the partners of that account is the account of the balance of payments.
More rag trade workers join in pay disputes

By Drew Forrest

The labour unrest which has swept the Transvaal clothing industry escalated this week as more than 200 workers in two Johannesburg factories downed tools. Wage demands have sparked at least nine brief strikes in the industry since the beginning of February, involving some 4,500 workers.

Officials of the National Union of Clothing Workers say the root cause is that many employers are clinging to the minimum wage rates laid down by the industrial council agreement negotiated three years ago.

A new agreement is to be negotiated next month and will take effect in July. Registered clothing unions have appealed to workers not to take things into their own hands in the interim.

About 200 workers in one section of Adonis Knitwear in Forshburg went back to work yesterday after striking over wages. Monday. Management spokes-

man said the basic wage of most workers was R3.3 a week.

The NUCW acting general secretary, Mrs Sarah Chchema, said management had agreed in negotiations to pay a R3.3 a week increase.

And at Remteque Wear in New Doornfontein more than 100 workers struck yesterday. An official of the NUCW said the strike was started by the dismissal of a shop steward who had forwarded wage demands.

The workers went back shortly afterwards, he said, after management had offered a R2 weekly wage increase and the steward's reinstatement.

STRIKE ENDS

The strike by about 120 workers at the State-owned SA Abattoir Corporation in Krugersdorp is over, according to the Food, Beverage and Allied Workers' Union. The workers struck on Monday in protest against the dismissal of two colleagues. The union said, but went back yesterday after management assurances that no further workers would be fired.

04 Jan 01

01 Jan 01

Insurance Expense

Premiums prepaid as business expense

SOLUTION TO: GJ5

ACCOUNTING A
Thruster takes overall look at Ciskei

ERECTION of the first phase of a new clothing factory, costing R2.9 million, is underway at Port Jackson in Ciskei for Thruster Manufacturing Industries.

It is being constructed by the Ciskei National Development Corporation and LTA Construction (Ciskei). A second phase is planned, representing a total investment of R6 million and will finally employ 800 Ciskeians, says Frans Melissenholz, managing director of the CNDC.

Thruster Manufacturing Industries expects to employ about 450 people upon completion of the first phase, and will be manufacturing sophisticated protective clothing and overalls.

"A new low investment of just under R6 million per job opportunity created, as opposed to the normal R10 000 to R15 000, has been created by Thruster," says Melissenholz.

Ciskeian women are already being trained as machine operators for the factory, using the facilities of the Manpower Development Centre. Melissenholz says a large number of enquiries from industrialists and potential investors in Ciskei's clothing industry in conjunction with existing clothing concerns are being received.
More unrest in the Transvaal clothing trade

By Drew Forrest

The president of the Garment Workers' Union, Dr Anna Scheepers, has again called on workers in the troubled Transvaal clothing industry to hold back from striking over wages.

Her appeal follows the eruption of labour unrest at two more Johannesburg clothing factories — HJ Heineken and SA Weatherwear Manufacturers — bringing to at least 11 the number of clothing workers' strikes in recent weeks.

At Heineken, sources report that management has granted a R3 weekly wage increase after the brief stoppage by close to 500 workers on Monday.

And about 140 coloured and African workers at SA Weatherwear in Mayfair are reported to have struck yesterday for an unspecified increase.

Dr Scheepers called on workers "to give the unions a chance to do what they can" in the industrial council negotiations, scheduled for the end of the month.

Stressing that workers "could not come out on their present wages," she criticised the employers for refusing a union request for talks in February with a view to advancing the new wage agreement to April 1. The current agreement expires at the end of June.

She reiterated that the unions would not allow increases granted now to be offset against awards in the new industrial agreement.

Dr Scheepers also took issue with a circular recently issued by the Transvaal Clothing Manufacturers' Association (TCMA) which allegedly advised member companies to deal with unrest without invoking union help.

The TCMA could not be reached for comment yesterday.
Mr H H SCHWARZ asked the Minister of Industries, Commerce and Tourism:

(1) Whether the quantity of clothing imported into the Republic during the latest specified period of 12 months for which figures are available showed an increase over the quantity imported during the preceding period of 12 months, if so, what is the increase,

(2) whether any investigations have been instituted into the effects of these imports on the clothing industry in the Republic, if so, what are the results of such investigations?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM

(1) Yes. Due to increased domestic demand and high capacity utilization of the local clothing industry, imports rose by 115.57% during the ten months ended October 1981 compared with the corresponding period in 1980.

(2) Yes. A Committee of Inquiry into the textile and clothing industries was appointed by me in November 1981 and its terms of reference are amongst others to investigate the competitive ability of these industries vis-à-vis foreign competition as well as any need for protection. The Committee's investigation has not yet been completed. In addition the Board of Trade and Industries took into account the increased imports during its investigation of the clothing industry's application for an increase in the import duty on a wide variety of garments.
890 still on strike at Fuchs factory

By Drew Forrest

The labour upheaval in the East Rand metal industries continued yesterday with nearly 900 workers at an Alberton factory staying on strike, and reports of a stoppage in Isando.

Two other disputes in the clothing industry were also reported.

At the Barlow Rand subsidiary, Fuchs Electrical Industries at Alrode, Alberton, the strike over wages by 800 workers was unresolved late yesterday. The management said it had appealed for spokesmen to come forward, and hoped for a return to work after the weekend.

At Isando, 150 workers at Automatic Plating - a company in the Dobyl group - returned to work yesterday after downing tools on Thursday over a wage demand.

There were talks with officials of the Metal and Allied Workers Union, (Mawu), but the demand was not met.

Brief stoppages yesterday were reported from two Johannesburg clothing factories - the RMB Dress Company and Suki Crawford. The Crawford management is understood to have granted its 35 workers a R3 a week increase.

According to the acting general secretary of the National Union of Clothing Workers, Mrs Sarah Chitya, workers who struck this week at SA Weatherwear Manufacturers in Mayfair returned to work on Wednesday after the management offered a R6-a-week production bonus.

The president of the Transvaal Clothing Manufacturers' Association, Mr Terence Kinneir, reacted strongly yesterday to union charges that clothing employers were "clinging" to the terms of the current industrial agreement.

"How can the unions knock the agreement when they are signatories to it?"

A major West Rand milk supplier, Kuneck, was hit by a strike by 85 deliverymen yesterday - affecting home deliveries in Krugersdorp and Roodepoort.
Cheap imports hit local firms

By Priscilla Whyte and Lynn Carlisle

FOREIGN competition is threatening the R1.9-billion clothing industry and firms in other industries report cut-backs in production because they cannot compete with “cheap imports.”

The situation will worsen as aggressive foreign marketing here — often of products manufactured at a loss for the sake of earning their foreign currency hits local manufacturers some allegedly not competitive because they are “protected industries,”

Stanley Shagman, executive director of the SA Textile Federation, attributes the competitive edge of the Far East to their labour costs, being as little as one tenth of these here, and prices of imports bearing little relationship to true production costs.

“Unless effective protection is imposed, imports from the East will flood SA at market prices we cannot match,” said Shagman.

And the GEC group’s R5 million electric motor factory in KwaZulu has been working a four day week since February 1 —

But if clothing and textile industries are worried that they will not get adequate protection from Government they should direct their more competitive lines suggests Leon Louw, executive director of the Free Market Foundation.

There is a problem with existing protected industries that are not competitive. This is not their fault because they have been encouraged by protection to set up uneconomic ventures.

We must see we do not create any more of these situations,” says Louw.

“Many customers have switched to imports and the reduced demand has forced us to cut production at the KwaZulu factory, which we have just re-equipped at a cost of R2 million,” he adds.

Realising the plight of the local industry, an investigation into the clothing and textile industry under Professor W F J Steenkamp is under way, and the Board of Trade and Industry is currently processing data on these industries who combine to employ more than 16% of South Africa’s total labour force.

In addition, the agricultural sector employs about 150 000 in cotton production who are entirely dependent on textile and clothing industries to use that crop.
Clothing imports flooding S A

Mercury
Correspondent

JOHANNESBURG—Clothing manufacturers have refuted claims that import permits for clothing have been slashed for 1982. If anything, imports continue unabated, and to the detriment of the local manufacturing industry.

The director of the National Clothing Federation of South Africa, Mr Frank Whitaker, made these claims in reply to an allegation by the chief executive of Progress Industries, Mr. P.D. Jacobson in his company’s annual report, that imports had been drastically cut.

Mr Whitaker said imports appeared to have been curtailed over Christmas when the Department of Imports had a staff shortage and a general rule was applied of allowing only 25 percent of importers’ needs to avoid making decisions.

The official Government policy on clothing imports—of which Mr Whitaker and his Federation disapprove—is to allow full “reasonable” import requirements.

“Reasonable” is not defined, and with the low gold price and South Africa’s balance of payments problems, Mr Whitaker believes the policy is too lenient.

The recently-formed Steenkamp Committee, which is to investigate these aspects of the clothing and textile industry is not expected to report back with recommendations before the end of the year.

Mr Whitaker believes, with the slowdown in the economy, that this may be too late. Although factories are working to full capacity, the downturn, together with cheap imports ‘flooding’ the market, may precipitate excess capacity.

Cotton yarn

This fear is preventing expansion in the local clothing and textile industry and could be alleviated with stricter import controls, manufacturers claim.

In spite of evident sales of imported clothing—largely from the East—Mr Whitaker says the imports are not filling a gap in the market.

They are bought because they are cheaper and they are cheaper because both South African synthetic and cotton yarn is more expensive here than elsewhere in the world, where prices are falling.

The S A clothing industry is nevertheless able to sell what it produces but is fearful of a return to conditions similar to those of the 1977 slump.

The knitters are in a particularly vulnerable position, says Mr Whitaker. They have to invest more capital in machinery than the weavers.

And although more women garments are worn than knitted garments, imports run 50/50. Knitted imports form a disproportionately large percentage of locally knitted garments compared to their woven counterparts.
Control cheap imports plea

BY TOM LOUW
Business Editor

EAST LONDON — Leaders in the textile and clothing industries say unfair competition from cheap imports is destroying their profitability.

They are asking for protection against such imports, which come from countries, mainly in the Far East, where wages paid are considerably lower than in South Africa.

They say that without protection there is a risk of recession in the industry in South Africa, with a consequent threat of retrenchment of labour.

A government-appointed committee of inquiry is making an investigation into the whole question, including the scope and nature of any possible protection.

Speaking at the national conference of the South African Dyers' and Finishers' Association in East London, Mr. Stanley Schlagman, executive director of the Textile Federation, pointed to the promise of considerable growth in the industry as labour content and the frustrations of retrenchment of labour.

He said what was needed for South Africa was a total system of import duty and quantitative control, designed to be flexible so as to allow for supplies from all sources based on real demand and local supply capability. The system, he said, must be reactive to changes in these capabilities and demand levels.

Mr. Schlagman said the textile and clothing industries would offer various options based on the two industries' belief that a dual system of import regulation is essential.
Further concern over textile imports

Financial Editor

Yet another clothing company has expressed concern about the Government's policy on textile imports and the free issue of import permits allowing imports.

Mr M R A McElligott, chairman of Durban-based Ninian and

Lester, says in the annual report that the excessive import of textile goods during 1981 and the continued free issue of permits is expected to have an adverse effect on the group's textile division in the coming year.

He said that Government policy does not appear to be in the long-term interests of industry, and in particular, the textile and clothing manufacturers.

'If it continues, it must result in fewer employment opportunities at a time when a downturn in economic momentum is expected.

Apart from the textile divisions, present expectations are that 1982 will prove a more difficult, but nevertheless a satisfactory, trading year and with the profits of the Safnin group of companies being included for a full year, it is expected that the group's profit for 1982 will show some improvement on 1981.'

Income after tax was R364,000 (compared with R270,000 in 1980) equal to a 36 percent improvement.

Earnings per share increased from 123 cents in 1980 to 141 cents in 1981 and if the Safnin profits had been included for a full year the eps would have been 150 cents.

A final dividend of 24 cents a share is being paid after an interim of 12 cents, which compares with 38 cents on a smaller issued share capital in 1980.
Veka hits at cheap imports

SOME sales by overseas clothing manufacturers in SA border on dumping, says the chairman of Veka, Mr Jan de Necker, in the annual report.

The growth in SA's economy has resulted in greater interest, than before, being shown by overseas textile companies.

Some imports have a crippling effect on SA industries and affect employment. In some cases, it is possible to import a garment at a cheaper price than it would to import cloth for manufacture.

The situation arises because the import of some finished articles attracts a lower rate of duty than the raw material.

As a result protection of SA industry is not achieved.

Mr De Necker hopes that the recommendations of the commission of inquiry into the textile and clothing industries will result in greater employment not only for SA production but for the export market.

Veka's budgeted unit sales for 1982 allow for a smaller increase than in the previous year, but product ranges have been adapted to obtain improved profit margins.

"It is expected that there will not be a marked decrease in consumer demand for non-durable goods such as clothing in 1983," says Veka's exports to America should benefit from the lower Rand value against the dollar, and "this opportunity is being exploited by the company." However, higher interest rates will limit increased profitability.

"Given a continuation of reasonable consumer demand and interest rates, which will not rise further," says Veka, "should maintain its turnover and profit levels during 1982."

In the year to December 31, the company raised the dividend to 1c to a profit of R1,841,606.
AN URGENT call for some system of import quotas for textiles and clothing to save the industries from a damaging recession was made this week by Ernest Wilson, president of the South African Textile Federation.

The demand came at the federation's annual meeting in Johannesburg in the light of a 28 percent increase in the issue of import permits in January and February this year compared with the same period last year. The total issued in 1981 was 55 percent up on 1980.

Finance Editor

Wilson told us in an exclusive interview in Durban that what was troubling the industry was the dual situation of a turn-down in business allied to the high import allocations. The request from the industry — and here clothing and textile interests are co-ordinated — is for a double-barrelled protection system which is effective, he said.

"The Board of Trade say the tariff should be sufficient and we say that over many years we have noticed that exporters from overseas who are well versed in finding loopholes in tariff positions have consistently found a new fabric, by changing blend or weight, that can be exempt from a particular tariff. We therefore need not just tariffs, but some form of quota control. This is borne out by the situation in North America and Europe where they have had their industries decimated by this kind of competition."

"Now they have a new approach to it through multi-fibres agreements (MFA). MFA one and two were a bit of a fiasco. They were originally implemented by the developed countries to give a quota of textile imports to the under-developed nations and this was to go up six percent annually. "As soon as this arrangement was made the recession began to set in and they had to fulfil these quotas. So they found themselves completely eroded.

"With the new MFA three which has just been settled under the auspices of the General Agreement on Tariffs and Trade (GATT) they are going to close the doors on many countries with whom they previously had bilateral arrangements."

"Our fear is that, for instance, when a ship arrives in New York with a load of textiles and the US authorities say it can't be landed because the quota has been exceeded the guys who have sent it out look around and say: 'Let's dump it in South Africa'."

"We have had several examples of this kind of dumping here because of the MFA regulations."
Productivity shock for SA workers

By Priscilla Whyte

In a shock disclosure last week, a leading industrialist said that the productivity of one Taiwanese worker was equal to that of seven SA workers in the textile and clothing industry.

Christo Weise, chairman of Pep Textiles, was addressing delegates at the Natcon 82 conference in East London. Weise said: "It is disquieting that in the textile and clothing industry the average labour turnover is in excess of 60% annually."

He claimed that the Pep Textiles group have managed to contain labour turnover to just over 10%.

He says that as SA is a major supplier of foodstuffs to Africa, there is no reason that she should not develop into a major supplier of textiles and clothing. He cited the example of SA's military self-sufficiency leading her to be poised to become an exporter of arms.

Jan-Henk Boer, divisional manager of the National Productivity Institute tells Industrial Week: "In the first quarter of 1981, 9.1% more workers in the clothing industry produced 11% more in output but in the second quarter of 1981 the wage per worker increased by 11.7% and his output only improved by 2.1%.

Boer says that CLIPA, the Clothing Industry Productivity Association is trying to persuade a sample of SA manufacturers to co-operate in a brief survey on productivity.

The last detailed studies were carried out in 1972 and 1974.

He says a draft report is being discussed with the National Clothing Federation on SA fabric utilisation and the findings should be available within the next two months.
Workers sacked for leaving early

TWENTY-EIGHT workers were yesterday dismissed at Parachute Industries (Pty) Limited in Wynberg because they had decided to knock off work an hour earlier on Thursday last week.

According to the workers, they had knocked off at 3.30 pm on that day because it was normal practice for them to knock off an hour earlier on the last day of the week. They also claimed that management had only informed them that Thursday was a normal working day during tea-time at 3 pm.

A worker's representative said: "We normally knock off at 3:30 pm every Friday of the week. Since last week Friday was the beginning of a long weekend we decided to treat Thursday like a Friday in a normal week, especially because we had been made to work on Tuesday last week which was a holiday, Founders' Day.

"Some of our colleagues were supposed to be going on holiday and we were still expected to work until 4.30 pm. This was unfair just as much as our dismissal is. When we knocked off on Thursday we were told to fetch our wages on Tuesday at 11 am."

The workers also claimed that most of the 28 who were fired were employees with long service at Parachute Industries. The workers complained of victimisation by management as they also claimed that the new manager had told them they had to work on a new system and not that of the old manager.

The SOWETAN could not obtain a comment from the company's management.
IMPORTS of textiles and machinery are still running at astonishingly high levels considering the downturn in the economy and the slowdown in capital expansion.

Value of textile imports in the first two months of 1992 was 59% higher than in January and February 1991. This leap must be due to the examination of South Africa's textile manufacturers.

Total textile imports for January and February were R171.3-million compared with R107.7-million in the first two months of 1991.

Allowing for inflation and probably better-quality imports, the volume increase must be significant as well.

Value of machinery imports showed a 20% advance on the same period last year - up at R497.6-million from R403.9-million.

Major developments at semi-State organisations like Escom and Engen mining and industrial groups are obviously keeping the capital goods imports rolling.

Imports of vehicles, au-

By Elizabeth Rouse

craft, vessels and transport equipment remained high at R376.4-million against R355.8-


On the export side, value of South African mineral products was up at R363.3-million from R348.4-million, while the value of base metals and base metal articles increased to R251.4-million from R219.7-

million.

Vegetable product exports - a reasonably large sector - were up at R136.5-million from R125.1-million.

The biggest export category - unclassified goods, which includes metals such as platinum - reflected a downturn to R1 160.4-million from R1 550.3-million.

South Africa's imports from Europe, the US, Asia and Africa continued to grow. Exports to Europe, the US and Africa were down because of the slump in commodities. However, exports to Asia are on the up trend, thanks to ore exports to Japan and Taiwan.
Clothing industry wage talks swell pay packets

The annual talks ended this week after almost a month. The settlement stipulated that women workers will receive wages equal to those of their male counterparts in the clothing industry.

Women machinists, who form the bulk of the industry's workforce, will receive a 33,4 percent increase during the next 18 months. The current agreement is in effect until the end of December next year with further increases scheduled for January and July 1983.

Officially the newly negotiated increases are not legally binding until July 2. But unions believe they will be implemented from early next month.

The agreement provides for a paid public holiday on Heroes Day and for employers to make contributions equal to those of workers to the industry's provident fund.

Meal allowances are provided for and the attendance bonus for learner and qualified workers increases by 100 percent, from R1 to R2 a week for learners and R1,50 to R3 a week for others.

For a number of areas in the industry the qualification period for workers has been reduced by six months.

The president of the Garment Workers' Union, Dr Anna Scheepers, said today she was satisfied with the terms of the wage settlement.

She was particularly pleased that women workers were to earn the same wages as men.
Clothing industry is feeling the squeeze

By ALEX PETERSEN

THE OUTLOOK for the clothing industry is starting to look tough, with a number of manufacturers facing cancellations and cutbacks of orders, according to the chairman of the Cape Clothing Manufacturers Association, Mr Mike Getz.

Mr Getz said yesterday that retailers “are generally seeking to reduce their risks” indicating that the present high interest rate structure and uncertain demand outlook is beginning to bite. “Fairly strict financial controls are being applied in the retail sector, particularly in the area of stock levels,” Mr Getz said.

“For the manufacturing industry, this means that orders are being placed quite selectively to critical deadlines.”

The result, he says, is that certain sectors of the industry are beginning to experience leaner times.

Apart from the obvious effect of the current economic climate, Mr Getz isolated a number of areas which had not become critical for the industry. These were:

- A high level of imports which was continuing to escalate;
- Problems of late fabric deliveries from some textile producers, compounding the critical delivery period to retailers;
- The high cost of carrying fabric stocks;
- Attempts by some retailers to cancel orders.

On imports, the figures for 1981 in just the outerwear sectors of the industry show that the value of f.o.b imports increased from R218.8m in 1980 to R528m in 1981, over 140%, and available figures suggest imports for 1982 were continuing to escalate, in spite of the balance of payments implications.

Some manufacturers are clearly losing out to these increased imports. “They are being told frankly that garments from the East offer better margins for the retailers concerned,” Mr Getz commented, suggesting that cheaper products do not necessarily mean lower prices for consumers.

More importantly, for the industry as a whole, Mr Getz estimates that imports could affect between 3,000 to 5,000 jobs, or perhaps more.

On the question of deliveries, he says delay problems from the textile sector are still appearing. “This, in turn, has resulted in garment deliveries to the retailer being delayed. Retailers are looking critically at manufacturers with a disappointing delivery performance, for whatever reason, and some manufacturers year were up 35% over 1981, which in turn had shown a 40% increase of 1980. “This means that the brunt of any downturn is borne by the local industry.”

Domestic textile production supplies between 80% to 90% of the total local requirement if there is a downturn of 10%, this could mean a 15% reduction in local activity, but with increased imports, this could be substantially greater.

“It is very significant at a time like this. We want to avoid having too many people out of work.”

But he cautions against too alarmist a view of the situation, suggesting that there is a danger that business can talk itself into a recession. He argues that the present slower growth period is a time for consolidation and innovations.

Mr Getz, too, feels that manufacturers whose products sold well last year are enjoying reasonable support, with orders marginally ahead of last year but not even all of this group were seeing the four percent real growth rate predicted for the industry.

Just how disruptive the growing level of imports actually is — not just for profitability, but for investment planning and jobs — still requires precise answers.

The Steenkamp committee — appointed by the government in response to pleas from the clothing and textile industries for more orderly control of imports — will be visiting the Western Cape next week and speaking to leading producers.

They will doubtless be asking some hard questions of their own. Although the committee is unlikely to table its report before early 1983, their conclusions could be crucial for the two industries, and for the Western Cape, which houses the lion’s share of them.
Clothing industry protected enough, Cape retailers say

CLOTHING manufacturers in South Africa are more than adequately protected against competition from imports and further import restrictions will only increase the inefficiency of the industry, retailers say.

The retailers, members of the Cape Town Chamber of Commerce, claim that a statement by Mr Mike Getz, chairman of the Cape Clothing Manufacturers' Association, presented a distorted picture of the clothing industry.

In his statement Mr Getz said clothing manufacturers were losing out because of a high level of imports which was continuing to escalate and that imports could threaten the jobs of between 3,000 and 5,000 workers in the industry.

He also said the disappointing delivery performance of manufacturers stemmed from problems with fabric suppliers and that their problems were compounded by retailers who are cancelling and returning orders which arrive a day late.

The representatives of the chamber who spoke to the Argus included the president, Mr I D Silberberg, Mr P Krawitz, Cape Union Mart; Mr J Greenhalgh of W J Hopkins and chairman of the chamber's foreign trade committee; Mr J Lunie of Globe and Company; Mr Alan Loughton and Mr B MacLeod, director of the chamber.

NEW SURCHARGE

In their opinion existing tariffs on clothing and fabric imports coupled with the new 10 percent surcharge on these imports offered sufficient protection.

This protection was reinforced by the fall in the value of the rand which had raised importers' costs in rand terms by 22 percent over the past year.

They raised the following points:

- Manufacturers also imported fabrics and finished products which were often sold on the local market under local labels.
- Capacity utilisation in the industry was currently at 93 percent and although imports increased by more than 140 percent to R52-million last year, this was an insignificant part of total spending on clothing, especially when the country's inflation rate was taken into account.
- The major problem for retailers (more so for those who deal with fashion items) was matching deliveries with sales expectations. In spite of ordering up to nine months in advance, prompt and complete deliveries were a rarity.
- Although they criticised retailers for cutting back on stock levels because of the cost, manufacturers actually preferred long runs and bulk orders and were increasingly reluctant to spread deliveries over more effective periods.
- Manufacturers also accepted orders far in advance.
In respect of how many Black workers was application made by the clothing industry in the PWV area in terms of section 3 of the Physical Planning Act in each of the latest five years for which figures are available and (b) in respect of how many Black workers were these applications granted in each such year?

The Minister of Industries, Commerce and Tourism:

(a) 1977: 1,830; 1978: 761; 1979: 3,268; 1980: 1,701; 1981: 941

(b) 1977: 1,112; 1978: 1,720; 1979: 3,158; 1980: 1,701; 1981: 941
CLOTHING INDUSTRY
Doubling up

Wage increases ranging from 40% to more than 100%, will be phased in over the next 15 months in the Transvaal clothing industry, following an agreement reached between trade unions and employers. Dr. Anna Scheepers, President of the Trade Union Council of SA (Tucsa), describes the wage agreement as one of the best ever achieved by unions in the clothing industry: "I have not been so happy since...

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Registration: 8978
Foundation: 1978
Area of operation: Province
Office:
Secretary:

Address: P.O. Box 8304

[1] DIAMOND CUTTERS UNION OF S.A.
Clothing industry slows

By ALEX PETERSEN

THE OUTLOOK for the clothing industry is starting to look tough, with several manufacturers facing cancellations and reductions in orders, according to the chairman of the Cape Clothing Manufacturers Association, Mr Mike Getz.

Mr Getz said retailers "are generally seeking to reduce their risks," indicating that high interest rates and uncertain demand are beginning to bite.

"Partly, strict financial controls are being applied in the retail sector, particularly in stock levels," Mr Getz said.

"For the manufacturing industry this means that orders are being placed selectively to critical deadlines."

The result, he says, is that certain sectors of the industry are beginning to experience leaner times.

Apart from the effect of the current economic climate, Mr Getz isolated a number of areas which had become critical for the industry.

- High and rising imports.
- Problems of late fabric deliveries from some textile producers, compounding the critical delivery period to retailers.
- The high cost of carrying fabric stocks.
- Attempts by some retailers to cancel orders.

Figures for 1981 in the underwear sectors of the industry show that the value of f.o.b imports increased from R1 000 000 in 1980 to R3 000 000 million in 1981. More than 140% of the other figures, suggests that imports for 1982 are continuing to increase, in spite of the balance of payments implications.

Some manufacturers are looking out to these increased imports. They are being told that garments from the East offer better margins for the retailer, says Mr Getz, commenting that cheap imports do not necessarily mean lower prices for consumers.

Mr Getz estimates that imports could affect between 3 000 to 5 000 jobs.

"Delays in deliveries from the textile sector continue. "This has resulted in garments deliveries to the retailer being delayed. Retailers are looking critically at manufacturers with a disappointing delivery performance, for whatever reason, and some manufacturers have lost out on business for the coming season."

Because of the high cost of carrying stock, estimates place it at 40% -- the industry cannot afford to carry fabric surpluses in anticipation of delivery problems.

As a result, manufacturers are caught between suppliers and customers. Some retailers are cancelling and returning orders which arrive a day late." The president of the SA Textile Federation, Mr Ernest Wilson, agrees that there are textile delivery problems, but he believes these are isolated.

"We tend to hear about the 5% that are late, but not the 95% which are on time."

Textile producers are also worried about imports. Mr Wilson says textile imports for the first three months of this year were up 35% over 1981, which in itself showed a 40% increase over 1980.

"This means that the brunt of any downturn in the SA industry."

Domestic textile production supplies between 80% to 85% of SA requirements. If there is a downturn of 10%, this could mean a 15% reduction in textile activity, with increased imports, this could be substantially greater.

He warns against an alarmist view, suggesting that there is a danger that business can talk itself into a recession. He argues that the slowest growth period is a time for consolidation and innovations.
R1,25m bid to button up garment rental industry

DA GAMA TEXTILES, the Berden group and Steiner Services have signed a R1,25 million contract representing the first step in a bid to enlarge the garment rental industry which, studies have concluded, has a total annual revenue potential of R431 million.

The present garment rental industry annual income of R6 million only scratches the surface of the potential market in South Africa, says Brian Elmes, managing director of Steiner.

"In the United States and Europe 79 percent of all industrial and commercial garments are on a rental basis because of the huge capital investment that is otherwise involved by industrialists. In this country so far only 1.82 percent of the potential has been developed."

"Were the South African trend to follow the American pattern, 79 percent of the total potential will yield revenue of R302 million a year."

Within the contract, Da Gama will supply more than R1 million worth of a revolutionary polyester fabric developed in collaboration with Hoechst. Natal Overall, part of the Berden group, will manufacture the garments and Steiner Services, which already has a large share of the industrial and commercial towel market, will do the marketing in conjunction with Da Gama and Berden.

Statistics from the Department of Manpower and Utilisation show that there are 8.3 million workers (6.5 million industrial and 1.8 million farm) who qualify for the use of protective workwear.
Clothing imports are enjoying steady sales, but they could run into trouble this year from rocketing imports.

Hugh Yorke-Mitchell, president of the SA National Clothing Federation, says retailers are cashing in on cheap imports. And import permits now seem to be more easily available. "Manufacturers want greater restrictions on imports and government has not given us any indication whether it is going to do something about it," he complains.

According to the Board of Trade and Industries Office, clothing is still a strictly controlled item, protected by tariffs and import permits.

Yorke-Mitchell says it is the Board of Trade and Industries Office that is responsible for the rush of cheap imports. "If applicant retailers prove that manufacturers cannot supply the needed product, either because of late delivery, uncompetitive prices or inadequate quality, then we will consider issuing them import permits. We give local manufacturers sufficient concessions and try not to curtail imports unnecessarily."

Yorke-Mitchell concedes that part of the problem lies with the manufacturers. "We know that timely delivery of finished products has always been a problem. And some retailers are countering by resorting to imports. "Manufacturers have realised this is losing them business and are now trying to carefully monitor deliveries."

Clothing imports doubled last year and latest figures indicate a similar trend for 1992. Value of textile imports increased from R164,9m in the first quarter last year to R259,7m for the first three months of this year. These figures include textiles and finished clothing products, but textile imports are thought to have been static, the bulk of the increase is accounted for by clothing.
Cape clothing workers to get another 7.5% increase

MINIMUM wages for all members of the Garment Workers Union of the Western Province had been raised by 7.5 percent. Mr A M Rosenberg, chairman of the Industrial Council for the Clothing Industry, announced yesterday.

This is in addition to a 10 percent minimum wage increase granted in December, and it follows a request made by the union.

Mr Rosenberg said, "The Industrial Council for the Clothing Industry (Cape) held a special meeting on Thursday to discuss a request from the Garment Workers' Union for an increase in the minimum rates of pay for all categories of clothing workers under the jurisdiction of the council."

"An agreement was reached whereby these minimum wages are to be increased by 7.5 percent payable on Friday, July 10, 1981."

"The increase of 7.5 percent in the workers' weekly pay packet means that more than R1-million will be injected into the economy of the Western Cape during the next six months by the more than 35,000 workers in the industry, which is the largest in the Western Cape."

Mr Rosenberg said:

"Reacting to the statement, the general secretary of the GSWU, Mr L A Petersen, said he was 'more than pleased' at the response of the council to his request for an additional minimum-wage increase."

"We requested the additional increase because the 10 percent increase given in December had already been superseded by the inflation rate. We felt the workers deserved it for their exceptionally superior work which has led to an expansion in the overseas market."

The latest increase, he said, brought the total increases granted since wage negotiations began in 1979 to 64.5 percent.

"And now the wage increase has superseded the inflation rate," he said.
Rag trade helps 800 to buy own homes

Property Editor

MORE than 800 of Cape Town’s garment workers have been helped to buy their own homes through the Cape clothing industry provident fund, which has lent more than R5-million over the years.

Almost R4.4-million has been paid out in loans to buy plots and houses, build houses and make additions and improvements.

About another R1.3-million has also been given to 427 workers as deposits for houses in Mitchell’s Plain, supporting a clothing manufacturer’s claim that the local industry helped Mitchell’s Plain to get off the ground.

The provident fund started allocation to R1-million for 1982 and in only four months R490 000 in loans have been granted to 30 workers, indicating that the year’s funds could dry up soon.

Allocation for last year was R700 000 up from R430 000 in 1980.

LOW INTEREST

Apart from being one of the few sources open for housing loans, the housing scheme charges interest well below building society and bank rates. A 7.5 percent on loans up to R15 000, 9.5 percent on loans between R15 000 and R20 000 and 13.75 percent.

The housing scheme started in 1982 when lower-paid factory workers had great difficulty in getting loans elsewhere because of their limited income. In that year, six loans totaling R462 were approved, the advances doubling the next year and increasing steadily ever since.

Many workers have repaid their loans and about R2.5-million is still outstanding.

Loans are made against assets of R18-million held by the industrial council’s provident fund.

Income is expected to jump to R5-million from last year’s R3.75-million as a result of higher interest rates paid on investments. About R2.5-million of 1980’s income came from contributions, of which employers pay 30c a head a week and workers pay 50c a week.

"We have had so many letters of appreciation from employees who had no hope of getting a bond elsewhere. It is one of the perks of the industry that they value," Mr. Hardy Neil said.
Increased tariff protection for the clothing industry gazetted last week paves the way for the total removal of import controls on garments.

On the recommendation of the Board of Trade (BTI), Industries Minister Dawie de Villiers granted clothing manufacturers a mixed bag of higher ad valorem and formula duties with which the national clothing federation is "by and large quite happy." The board said it had "tried to establish a tariff structure which would make import controls unnecessary."

Because domestic clothing manufacturers have benefited a great deal from import controls over the years, this was the first application for additional tariff protection since 1974. The application was lodged in August 1980 in retaliation for a series of applications made by textile manufacturers.

In submissions to the BTI, clothing manufacturers raised higher tariff barriers against imported fabrics were raising the industry's input costs to unacceptable levels and facilitating penetration of imported clothing.

A clothing man told the FM that successful tariff applications by the textile industry outnumbered those of clothing three to one.

The protection package awarded by De Villiers is an intelligent mix. Ad valorem duties remain pegged at 35% and in cases where the duty was below this level it is increased. The real change is in the application of formula duties. This operates as a compensating or countervailing barrier against imported garments whose price-weight ratio falls below acceptable levels.

Its effect will not be to discourage imports, which in most cases will still enter the country at prices below the domestic mark, but to force importers to be more selective in their foreign purchases. According to clothing industry sources, the new formula duties will deter imports "merely to maximise profit" and force importers to bring in garments that augment local styles and ranges. They say it will not impinge on domestic consumers' choice and preference.

The BTI's analysis of import statistics disclosed a sharp fall in unit prices during the first six months of last year when 18.3m items of clothing were imported for R38.9m at 267c/unit. This compared with 10.9m items worth R42.5m at 141c/unit for the whole of 1980. The board noted that garments from the US and the Far East reflected the sharpest decline in unit prices.

BTI says it uncovered much evidence of "disruptive competition."

"It dismissed clothing's arguments that a tougher Multi-Fibre Agreement (which regulates the flow of clothing and textiles from less- and undeveloped countries to developed countries) would make SA the target of dumped garments. The MFA has been rolled over to 1998 without introducing tougher provisions against LDCs."

BTI was partly influenced, however, by the cost-raising effects of increased tariff protection for the textile industry.

Another important factor that swayed the BTI was that the retail price index of clothing has been rising at a faster rate than the production price index, which indicates that retailers must shoulder more of the blame for recent price rises in the clothing sector than manufacturers. The BTI notes that there is more intense competition among the country's 1,200 garment-makers than there is in the retail sector, "which is dominated by a few large undertakings."

BTI says it took account of clothing's full order books, long delivery times and 93% capacity utilisation, but said that the economic slowdown would improve productivity and shorten delivery dates.
LIBERALISM on the part of the Government in allowing unlimited imports of textiles and clothing into the country would be fatal to the industry and bring about massive unemployment.

Pushing the case for more protection to stave off the disasters which occurred in the European markets in recent years was George Brunn who is department head of the Bonn-based Institute in Germany responsible for research consultancy and training within the clothing and textile industries. He spent 25 years in South Africa before returning to Germany in 1981.

"It is quite right that local manufacturers should ask for further protection when one looks at what happened in Germany, for instance," he told me in Durban this week.

"In the mid-Sixties that clothing industry flourished with jobs for 460,000 people. Today, because of dumping of goods from cheap areas, the industry has been ruined. Latest figures suggest that there are only now 220,000 employed in that industry and the position is getting worse.

"I am sure you would not want that to happen to the South African clothing and textile industry which I understand employs at present some 250,000 workers. Therefore you have to be very selective in what you allow into the country."

Brunn added that the United States, while pushing the idea of free trade in the public eye has been quietly, over the years, protecting its local textile and clothing industry. The president of the American Apparel Manufacturers Association, Stewart Boswell, is due in this country this week to help further the protection argument. He will be speaking to manufacturers in Cape Town and Durban and also to members of the Steenkamp Commission of Inquiry into the industries in Pretoria.

"It is being regretted by the liberal elements in Europe at the moment that they did not cushion their industries against dumping," said Brunn. "In Europe now, even the unions are cooperating with the managements to help put across the case for more protectionism."

He added that in Bursells, now, thanks to grants from various clothing and textile federations research is being undertaken into design and manufacturing techniques to help the industry survive future overseas competition.

And this is likely to be quite severe Japan as an example announced recently that it is to spend $50 million on rationalisation in the clothing industry.

Brunn, who is in this country at the invitation of Arwa, our leading pant hike manufacturer, pointed out that the quality of clothing and textile products had improved over the years in South Africa to the extent that they were on a par with Europe.

The "contour knit" product that Arwa were producing in Parys had been tested by his institute and found to

match anything similar on the international market, thanks to the advanced technology being used.

Some quarters (like Cape Town Chamber of Commerce) complain that tariff protection results in higher prices to the consumer as they claim, will be the case with the new duties on imported clothing imposed on June 11.

The National Clothing Federation of SA disagrees and says the basic duty on clothing remains 35 percent as it has been on most garments since 1974 and normally priced items will continue to pay this duty.

The latest changes were in the alternative formula duties which affect only abnormally low priced imports and have the effect of fixing a floor price related to the normal price.

The federation says what is important at this time of declining business activity is that unemployment should be avoided. Importations of clothing doubled in 1980 on the previous year and doubled against last year. It was essential, therefore, that this trend be halted before it led to serious retrenchments.
Chamber fears big rise in clothes prices

Industrial Reporter
RECENTLY imposed customs duty hikes on various clothing items will more than double landed costs and push up prices to the consumer by even greater amounts, according to calculations made by the Cape Town Chamber of Commerce.

In addition past experience had shown that when customs duties were increased, the price of locally produced equivalents invariably rose to the higher levels of the imports, the chamber said in its latest weekly bulletin.

"Therefore, it is not a case of only imported clothing affected by the new duties going up in price, but locally produced clothing as well. The chamber believes the imposition of these new duties to be both ill-timed and unfortunate."

Examples of increases included denim jeans which would go up from a landed cost of R8.65 to R19.00, men's T-shirts from R3.65 to R5.35, and brassieres from 97c to R2.07.

Some of the duties applied to items not even made in South Africa. The chamber believed the increases to be ill-timed because in addition to tariff protection which it already enjoyed, the industry was helped by natural protection and bonuses in the form of the depreciated rand (down 34 percent against the value of the United States dollar over the past 18 months), as well as the 10 percent import surcharge introduced earlier this year.

The chamber intended to recommend to Assorom that urgent representations be made to the Minister of Industries, Commerce and Tourism, Dr Dawne de Villiers, to have the duties reduced.

Date: 7/11/79

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(to be copied from the heading on the Examination Paper)

Examiners' Initials

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Row rages over customs duties

By GORDON KLING

A MAJOR ROW has broken out between organized commerce and industry in Cape Town over the new customs duties imposed on imported clothing.

Local manufacturers, who want still higher duties, and retailers are blaming each other for the high prices facing the consumer and of disregard for the region's economy.

"You could certainly say we are at loggerheads," said the director of the 2,000-member Cape Town Chamber of Commerce (CTCC), Mr Brian MacLeod.

"He disagreed with most of the arguments advanced by the 1,200-member Cape Chamber of Industry (CCI) in favour of the recently-increased duties, which have more than doubled the prices of some items.

"He said a CTCC delegation, would meet the Board of Trade in Pretoria today in an attempt to have the duties reduced.

"Worried"

The director of the CCI, Mr Jock Roos, said in a statement yesterday that the organization was following the controversy with concern.

"We who are worried about the economic future of the Western Cape, have a particularly important stake in this issue. It is a known fact that the economy of this region is lagging behind the rest of the country and that we may expect some very serious unemployment problems in the future if we do not expand industrially to create job opportunities for our growing population."

"How much more serious would our position be if something were to cause a permanent contraction in a major Cape industry?"

Mr Brian MacLeod

"One wonders whether the critics realize how important it is for this region to ensure that the clothing and textile industries are adequately safeguarded against disruptive competition from abroad? These industries employ no less than one in every three of the employees working in Western Cape manufacturing industry."

"Protection"

He said the clothing industry already enjoyed substantial natural protection from its proximity to the market and the deprecuated rand. The higher level of customs duties would simply be used as a reason to boost prices of the local goods.

A past president of the National Clothing Federation of South Africa, Mr. Simon Jocum, disputes this.

"Intense competition by 1,200 factories has always helped to keep prices well below the cost of living index," he said yesterday.

"The recent devaluation of the rand does not give added protection to the local industry. The Chamber of Commerce is well aware of formula duties - the higher the fob or landed price of clothing, the lower the duty."

"Total economy"

Mr MacLeod replied that his Chamber was also concerned about the interests of the Western Cape, but said it was also important to consider the total economy.

"We demanded keeping the cost structure and rate of inflation as low as possible. He said the clothing industry had not been hard hit by the previous recession in the late seventies and had been unable to meet demands, so he doubted whether it was on the verge of laying off workers.

"Our members simply could not get supplies at all, let alone on time."

He emphasized that the Chamber was not opposed to a measure of protection and protection against dumping, but can they give us proof that dumping is taking place? They have 90 percent of the market."

"Cheaper"

Mr Jocum said it was still cheaper to import clothing, even with the new duties which were still not sufficient in many categories. "All that will happen is that importers will find it less attractive to import those items that are made in South Africa."

"Mr MacLeod, however, maintained that some items protected by the new duties were not made in the Republic."

"Said Mr Jocum, "The Chamber of Commerce and its spokesmen have selected a few items which have been hit rather harder and really do not affect the market as a whole. They have made a mountain out of a molehill and are misleading the consumer into believing that price hikes will take place because of protection for the clothing industry. These duties are totally inadequate and are merely a stopgap."

"Experience has shown that importation of low-priced clothing had not led to lower prices for consumers, he said, and there was plenty of low-priced clothing available in South Africa and the border areas."
PAY rises averaging seven percent and costing about R8-million a year were given this weekend to 63 000 workers in the Cape clothing industry.

Factories are busier than ever in spite of a downturn elsewhere in the country. Employment grew to a record 65 000 at the end of June, up 4 000 or eight percent since December and 6 400 or 11 percent on a year ago.

Thirty-seven new factories have opened in the past 12 months, bringing the Cape's total to 403, and manufacturers are still short of qualified staff, some reporting price rises by their competitors in a rush to cope with orders.

This scramble for labour has also boosted wage packets and pushed costs well above normal.

Negotiations are to start next month for a new wage agreement starting in December which also gives a new hike to wages and production costs. The current Industrial Council agreement expires in December.

These negotiations are expected to include demands for equal pay for men and women doing the same job. Women form about 55 percent of the factory floor work force and many could expect an extra pay increase if manufacturers concede to these demands.

Mr. Simon Jecum, former chairman of the Cape Clothing Manufacturers Association, said: "Everyone continues on page 3."
Clothing giant beats the Ciskel expansion drum

DEEP in the hills of the Ciskel, a clothing giant is establishing itself as a major force.

This year Thrustor Manufacturing Products has opened two plants worth about R3-million in Ciskel and employs about 600 people. It will eventually offer about 600 jobs.

One plant is at Soda near Queensdown and the other at Port Jackson near East London. Thrustor has a third plant on the Reef.

The growth of the group has been phenomenal. At the end of February 1981, group turnover was R600,000.

In February this year the figure had climbed to R1,700,000 and by the end of next February the figure is expected to be about R5-million.

Group executive chairman Rod Davidson said this week he planned to hit a turnover of more than R22-million by 1985.

So far, said Davidson, the group has spent about R3,500,000 on buildings and equipment and plans to spend another R12-million during the next three years in order to meet his targets.

First formed in 1977, the company started manufacturing at the end of 1978 in a small plant in Brakpan, later moving to a larger building in the same district.

The company's main products are protective clothing and uniforms.

Davidson is quite blunt about how he achieved the spectacular growth:

"We broke just about every rule in the business book and then some. We just had to in order to survive. We were not only a bad smell to our bankers. We were a complete anachronism."

Financing expansion also was a headache. "We forced our debtors to pay in 15 days and made our creditors wait a hundred. Fortunately they were good to us and we made it."

The Ciskel Development Corporation has also helped by offering similar concessions as the South African Government does to decentralized industries.

It gives Thrustor loans at 4%, also allows a tax holiday and R10 a month for each employee.

As the average wage at the two Ciskel Thrustor plants is between R20 and R25 a week this means that the group will not have to carry any real wage bill for the next seven years.

The cash grant from the CDC this year should be about R650,000.

Despite the heavy expenses incurred in the past few months Davidson said he planned to be in a net current asset situation by mid-1983 despite the recession which does not worry him as the demands for protective clothing and defence force uniforms continues through good times and bad.

He admitted that finances were tight and would continue that way for some time because of excessive expenditure. He said with a little bit of help from creditors and the CDC things would be much more liquid by the end of the current financial year in February.

He does not intend going public until he is in a strong situation. "I could go earlier for expansion finance but I want to attract the institutional investors and when they come I want them to see us with roses not just daisies."

Davidson said that one of the main strengths of the group was that he set his margins at the beginning and stuck to them while competitors raised theirs in the boom period.

Thrustor has just broken into the export market and will be exporting goods worth R1-million to Britain.
Training is top priority for clothing industry

By ALEX PETERSEN

The clothing industry is involved in a major programme to update training and increase productivity, and is also taking a serious look at areas where the level of technology can be improved.

Mr Simon Jocum, who heads up the Clothing Industry Training Board (CITB) said that the upgrading of training was at all levels of the industry, from machinists through to senior executives.

The move is a direct result of a seminar held at Sun City last year when several aspects of the industry came under fire.

The seminar combined the clothing and textile industries as well as prominent retailers, and was aimed at a constructive airing of their differences.

Criticism of the industry came in particular from Woolworths chairman, Mr David Susman, who warned that unless the industry brought both its technology and productivity up to overseas levels, it would face a rough ride.

Mr Jocum, the immediate past-president of the National Clothing Federation, concedes that "a lot of that criticism was justified."

Since the conference the industry has commissioned a number of surveys, including one through the National Productivity Institute, on low-cost technology, aimed at encouraging the smaller manufacturer to update.

Another survey has been undertaken on cloth utilization in the cutting room, to reduce wastage. At present fabric is over 50% of the garment cost. On the training front, moves have been made to upgrade both training in the industry's regional centres as well as in the technikons, which offer courses in production management.

Liaison with the technikon course directors has been improved to ensure that the courses meet the industries changing needs, and the CITB has arranged visits by leading overseas experts to keep the technikons abreast of new developments and trends, as well as putting a large push towards training bursaries.

Efforts are also being made to lengthen the time students spend working in factories from the present four weeks to 20 weeks.

Another innovation, which has met with good response from the industry is a series of three-day seminars aimed at executives on various aspects of productivity and management.

"We have a lot of homework to do," says Jocum, "We must improve our productivity and technology in order to pay better salaries, and attract people to the industry."

In order to encourage individual firms to develop in-house training schemes, the CITB will provide training manuals, as well as advice in applying for government tax incentives.
Crash probes differ

QUITO — Mechanical failure caused the plane crash in which Ecuadorian President Jaime Roldos died nearly 18 months ago, a parliamentary commission of inquiry has found.

The commission overruled earlier findings by the Ecuador and US air forces that the crash was due to pilot error.

President Roldos, his wife and seven other people died when the aircraft crashed into a mountain on May 24 last year — Reuters.

EUGENE MARAIS, the Afrikaans poet, journalist and writer, had a long-standing feud with President Kruger.

This, little-known fact is divulged in a new book (in English) on his life. The first of a three-part review tomorrow: the poet versus the politician.

PROPERTY SPECIAL...

Because of the shortage of building society funds there will be a shortfall on white housing of 9,000 this year — or 750 houses a month.

The Smits were brutally murdered at their Springs home in November 1977 shortly before the general election in which Dr Smit was standing as National Party candidate in Springs. The murders remain unsolved, but police investigation continues.

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Firms fined over overalls

Labour Reporter

Several employers in the Transvaal clothing industry have been fined in court this year for not providing new workers with overalls.

An article in the latest issue of the Garment Workers Union newsletter, Garment Worker, says employers in the industry are obliged to issue two overalls to new employees within three months of their engagement.

A women's clothing manufacturing firm in Johannesburg, Pasamill, was recently found guilty of failing to provide the overalls. The company was fined R353 for workers claims and another R100 suspended for two years.

The article cites similar successful prosecutions of other employers, with fines ranging from R50 to R100 for admission of guilt.

The firms are E James and Sons, Maygen, Match to Much and Twiga Fashions.

One firm, Paradise and Cleopatra, paid R604 in worker claims and the Public Prosecutor withdrew the case.

The article adds that under the terms of the agreement for the Transvaal clothing industry, workers are obliged to wear the overalls while at work.
Poor labour stifles SA rag trade

By Priscilla Whyte

TRAINING in the clothing industry is imperative because SA has a Third World labour force in an industrial environment.

"About 15% of supervisors are illiterate and 20% are semi-literate. In decentralised areas the proportion of illiteracy is much higher," said Frank Whitaker, director of the National Clothing Federation.

"Labour is available in abundance in SA but there are shortages in the main centres because influx control prevents the free movement of labour."

It has been suggested that the industry should be decentralised for more than 10% of the labour force is already decentralised.

However, Dr H Barker in his book, "The Economics of the Wholesale Clothing Industry 1957-1957" stressed that to attain a degree of efficiency the rural garment worker requires a greater amount of training and supervision than the urban worker, and the shortage of supervisory personnel is a handicap.

Whitaker said the main deterrent against decentralisation is difficulty of getting management in remote areas.

Labour for supervisory and lower management positions also presents problems.

In the past these positions have been filled by immigrants.

With the decline of the clothing industry in Europe technical and executive personnel are becoming more available, but recruiting them to SA is difficult because of the uncertainty about their obligations and those of their children in terms of the Defence Act.

Technikons

Managerial training is being undertaken by the Technikons and the Clothing Industry Training Board (CITB) who run three year full time courses in clothing production management and clothing design.

Peter Aches, regional training manager of the CITB said "Feedback from participants in our training schemes indicate that production has increased by 30-40% and Warkato, the manufacturer of car seat covers and clothing reported a 60% production increase but this is probably an exception."
'Militant' union wins recognition in Natal

Labour Correspondent

THE unregistered SA Allied Workers Union (Sawwu) has won its first formal recognition agreement in Natal.

The union has been recognised by a British-owned ink firm Coates Brothers at its Isipingo plant.

The company was hit by a strike two years ago and talks between the two sides have been going on for some time.

A joint statement by Sawwu and the company says that both sides have affirmed their belief in "industrial relations and industrial peace."

The agreement is believed to be a precursor to further written accords between the company and Sawwu.

Sawwu's general secretary, Mr Sam Kukun, this week hailed the agreement as "a victory for both the company and the workers." He said Sawwu regarded Coates Brothers as "a progressive company."

Mr Kukun has appeared in court to face charges under the Terrorism Act after being detained without trial for some months.

He was then released on bail. He was hospitalised during his detention.

The company's managing director, Mr G P Jordan, yesterday said the agreement was "nothing momentous - it simply reflects the direction in which most employers are now moving."

He declined to elaborate further, saying the two sides had agreed not to enlarge on the statement.

Sawwu's strongest branch is in East London, where it is known to have won three recognition agreements.

The union has been the subject of repeated official action, particularly in East London, and many employers in that area refuse to deal with it, claiming it is "too militant."

Sawwu's president and vice-president, Mr Thomas Cotswala and Mr Sasa Nkelayana, are awaiting trial on charges under security laws and its East London chairman, Mr Eric Montonga, has been in detention for eight months.
CLOTHING SHARES

Wearing a bit thin

Even in good times the SA clothing manufacturing industry typically suffers from the effects of large imports, rising labour costs and what it claims are infuriatingly inconsistent, poor-quality deliveries from local textile mills.

When the economic downturn comes around, as now, consumer spending on semi-durables drops — particularly in the lower income brackets — adding to existing problems. The ranks of SA’s 1 200 clothing manufacturers, as a result, become rapidly thinned.

Even at this early stage of the economic slowdown, this process has already started and a number of small — and some not-so-small — clothiers have already gone down. The biggest recently was Cape-based Affinity, which was put into liquidation last month with debts of more than R2,25m.

Just where does that leave the quoted majors? Are they likely to be as vulnerable as the smaller manufacturers, which come into the market quickly in an upturn but which fall by the wayside as the going gets tough? Or does their experience and size help them through these more difficult conditions?

Broadly speaking, in fact, the quoted manufacturers are reasonably placed financially to ride out the expected deterioration in demand. Nevertheless, tighter economic conditions are taking their toll on corporate performance. Hosiery and blue jeans manufacturer Berkshire has taken it on the chin in the six months to July 2, with pre-tax profit falling from R994 000 to R94 000. The interim dividend has been cut from 11,5c to 7c, with dividend cover reduced from 3,3 times to 2,8.

Even Searcl, the biggest manufacturer, has had its wings clipped, though chairman Aaron Searl places most of the blame on the Sharp electronics division. The clothing, electronics, tanning and toy manufacturer showed pre-tax profit 18% up from R14,4m to R17,1m for the year to end-June, though turnover rose 70% to R109m (R193m) over the same period. Thus, of course, includes the results of last year’s acquisition of Dubin, but not that of Dugson, taken over in July.

The group decided not to push up dividends last year and, instead, cut the final for a maintained 38c total. The reduced final, which has been a feature of the accounts of a number of other industrial companies recently, suggests that the harsher conditions caught Searcl and others by surprise and that at the interim...
stage they had expected steadier growth for the full year.

More to-the-point, these results are coming to the surface after only six months of the slowdown — hardly the opening salves if some economic commentators are to be believed. Results for the full year to end-June 1983 cannot be expected to produce much, if any, growth in dividends and earnings.

The market appears to be fairly pessimistic on Searltd and rates the share on a 19.6% historic yield at 350c. If there is further price weakness, as there may well be in this industrial share market, there could be good buying opportunities. Buyers should be aware, however, that dividend cover is not likely to tail from five or six times for some time to come and should be seeking capital appreciation rather than income.

The dumping of cheap Far East clothing is a perennial problem. Imports in 1981 were double those in 1980. The same trend was evident in the first few months of 1982 as foreign manufacturers — particularly in the Far East — searched for a home for their huge output with the rest of the world's economies remaining flat.

However, government recently announced a new tariff structure (FM. June 13) which to all intents and purposes has done away with import controls in favour of ad valorem and formula duties. The vice-president of the National Clothing Federation, Mike Getz, says the new tariffs will have helped to ease the position. The weak rand, too, has been a boon.

Nevertheless, one industry man says, even local clothing manufacturers have been trying to get on the bandwagon and have been importing goods on their own account and then selling them on to retailers.

On the local market, as Getz sees it, destocking by retailers as a result of high interest rates and consumer demand has "shifted the risk" back down the line towards the manufacturers. Retailers now cancel orders much more frequently if, for instance, deliveries are as little as 24 hours behind schedule.

Searltd chairman Aaron Searl says that forward orders are slowing down. He expects volume sales may decline over the next year — even though, in his view, and for his product lines — clothing is more a necessity than a luxury. He adds that his group has been on a drive for some time now to destock and to control debtors.

There has also been a slow shift away from those customers with long payment periods towards those willing and able to pay cash.

He is supported by Rex True's Stewart Shub, who says retailers have been cutting inventories for as much as 12 months now and buying patterns have been much more careful. Of course, there will come a time when new stocks will have to be taken in again, but it is difficult at present to forecast just when that will be.

Shub also points out that one benefit of the economic slowdown will be that local textile manufacturers will now be operating below their capacity ceilings and, as a result, should be able more quickly and consistently to supply manufacturers with their orders.

These two manufacturers are comfortably placed for the earnings slowdown Rex True, for one, kept its gearing down to an easily manageable 54% in the 1981 financial year and I believe there will have been little change in the year just ended. The group's steady middle-of-the-road product lines, the quality of which has been proven worldwide by the volume of the group's export trade, should ensure that demand remains at least relatively constant.

At 610c, Rex True shares yield an historic 7.4%, indicating that the market is expecting a dividend rise. Unless the second half of the year has been disastrous an increased payout is probable, but even so the share is fully-priced.

Searltd is not quite as well off, with borrowings significantly higher and gearing at 125% at the 1981 year-end. This, of course, is one reason for the maintained dividend last year and the additional retentions will have strengthened the equity base.

Searl says that the aim this year will be to consolidate — the group has just come to the end of a hefty expansion programme — and to at least maintain market share for the return of the better times.

Rex True's advantages are supported by Getz, who believes that middle-to-upper income markets are comparatively less affected by an economic slowdown. Overall, he says, he would be surprised if the middle-market fashion apparel manufacturers — which represents most of the quoted clothiers — are too badly hit by the economic slowdown.

On top of that, he adds, the rising black market can be expected to take up a fair amount of slack in the short-term while in the long-term it may well change the pattern of demand in the market as a whole. Certainly, it means that the 1982 downturn will be markedly different to that in 1977.

The remaining quoted clothing companies are much smaller than Rex True and Searltd and have widely varying financial structures. They all, of course, face the slowdown to more or less the same extent, though one or two are cushioned.

Among the better yielders, Delswa could be a reasonable buy, having sufficient in the way of dividend cover to maintain last year's 70c payout. Gearing is low for the industry and the group's name brands should maintain popularity even in tighter markets. At 495c, the share yields 14.5% and is a reasonable offering.

Progress, too, on the back of a steady first half, may be underpriced at 120c to yield 15%. The directors said at the interim stage that the current six months period would be difficult. However, the financial structure is good and dividend growth has been rapid since 1979. Cover of three times should allow for at least a maintained 17c dividend. The interim dividend was boosted from 6c to 7c and was supported, the directors say, by the good liquidity and reserves position.

The best potential yield, however, must be in Aqdoms which at 55c offers an historic 14.5%. The group has been performing solidly since the late Seventies and the interim...
performance indicates at least a small rise in the dividend at end-September. The company expects earnings of about 20c a share, indicating a dividend as high as 18c (8c) which would put the share on a prospective yield of over 18%. There could be some capital appreciation in the share in spite of the poorer conditions ahead.

On the other hand, Veka's gearing is too high for an increased dividend to be assured and the share price reflects this uncertainty. At 35c, the share yields 11.4%, and is hardly attractive. Niman & Lester yields 11.3% at 300c and even a moderate rise in the dividend this year to 40c would offer the investor a return of only 13.3%. There are others in the sector which are better value.

For the rest including TEJ, Ensign, and even the relatively large Burlington, trade in the shares is particularly small or dividend rises are out of the question.

If Gerz is correct in his assessment, the clothing manufacturers may not be too severely hit by the current economic softness. This is despite its being squeezed between rising production costs and falling retailer take-off. Some of the shares offer good income and capital appreciation prospects.

Scott Hawker
Fun T-shirts and knits created at PE factory

By YVONNE STEYNBERG
Woman's Editor
MORE than 800 women are employed full time in a factory in Port Elizabeth, where some of the country's top fashion knitwear is made.

In addition, underwear and kids' clothes are produced for distribution throughout the country.

When I paid a visit to Valley Textiles to see how the many ranges of garments were made, I was in for quite a few surprises.

First, all the processes necessary for the production of top-fashion knitwear are done right here in the country.

The yarn is spun from acrylic or cotton material at a factory in Middelburg, Cape.

The spun yarn is brought to Port Elizabeth where it is wound on cylinders and dyed in sophisticated pressure-dyed dyeing chambers.

"Unless it is a definite contract calling for wool, we seldom use it for knitwear," Mr David Lorrimer, production control manager, said.

Mr Lorrimer and Mr Douglas Murray, sales manager, were showing us through the large factory, where 800 women work on transfers the pattern from the paper to the shirt - in full colour.

After drying the printed sections go to the stitching department where the backs and fronts are joined and the sleeves set in.

Babushka suits are also a popular line, and in this department the imported, leased machines which automatically press on the fasteners are intriguing, with skilled operators showing how experience counts in such precision work.

But the knitwear departments were, of course, the drawcard.

For plain jerseys or cardigans, the pattern sections are knitted in the correct shape, resulting in very little waste when making up, as usually only the neck has to be cut out.

But when it comes to the more complicated designs and suits, the cloth is knitted in strips, and the patterns cut out afterwards.

This tends to more waste.

This is the second in the series How is it Made?, in which WOMEN'S WORLD takes a look at how articles extensively used by women are made in Port Elizabeth. Today we visit a factory making knitwear and children's clothes.

Miss LINDA NTSILATANA and Miss PAMELA MEVOSI prepare the fronts of T-shirts for printing popular Morph cartoons, seen on the printed shirts hanging above the press.
Mr. Lorrimer and Mr. Douglas Murray, sales manager, were showing us through the large factory, where 880 women work on the various processes.

The largest section is devoted to basic and fashion knitwear, with baby, children's and T-shirts making up a large proportion.

A fascinating section was the kids' fun T-shirt department.

Here large coloured pictures of Heidi, Paddington, Pinocchio and Disney characters are transferred to T-shirts.

"We have to pay royalties for the use of these cartoon characters, and some are too expensive to be an economical proposition," Mr. Lorrimer explained when I noticed that some characters were missing.

The front and back shapes of the T-shirts are cut out and then a paper transfer is placed on the front section and pressed under steam heat which

But when it comes to the more complicated dresses and suits, the cloth is knitted in strips and the patterns cut out afterwards.

This leads to more waste, and naturally also a price rise.

Waste strips are usually sold in bulk as cleaning cloths.

The knitted fabric is pressed carefully, and the patterns cut out.

The pattern sections are again carefully pressed to eliminate any future stretch and stitched.

Then each garment is scrutinised carefully to see whether it conforms to the specifications.

Mr. Lorrimer and the careful stitching of labels and the packaging laid down by the various firms accounted for a lot of working time.

In one inspection department I met Mrs. Janet Wragg, who arrived in this country from Derbyshire...
CLOTHING
Tighter belts

The clothing and textile industry has struck chilly times. Textile sales for the 1983 winter dropped 12% on last year's figure to R416m. And 1,000 of the 4,700 worsted weaving industry workers have been laid off.

"There are prospects of more, very substantial lay-offs by the end of the year," says Textile Federation director Stanley Stiglman.

Clothing manufacturers are faring somewhat better. Their sales should rise from R1,1 billion to R1,3 billion next year, but in real terms this represents a levelling off, says John Lingenfelder, deputy director of the National Clothing Federation (NCF).

Clothing output for February-May 1982 was about R12m lower than the R450m for the same period last year, he says.

And NCF president Hugh Yorke-Mitchell says capacity utilisation of clothing factories could fall from 55% in 1981 to 50% in 1982.

"This winter we worked to capacity and delivered all our orders," he says. "There must be a shrinkage in orders as we have just come from a red-hot period."

Retailers have so far had the least to complain about, although they admit that competition is harder and margins are under pressure.

Against expectations, their winter sales for January to May 1982 were about R83m up on last year's figure of R97m. And they are confident that summer turnover could better previous years, although the growth rate will probably slow down.

Most are shelving expansion plans in favour of upgrading older stores. Foschini and Hepworths have called in US design consultants to advise on their refurbishing plans.

New clothing tariffs, based on a price formula, have also hit retailers of imported goods. They have been further hampered by the 10% import surcharge, although local manufacturers obviously welcome it.

NOTICE

1. Small retailers which buy marked-up goods from importing wholesalers have suffered most as increasing costs are squeezing their own margins.

2. Textile manufacturers will show off their latest ranges, for summer 1983/1984, at a textile fair in Cape Town this week. Their order books could indicate prospects for the entire industry.

Every candidate must enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank.

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Examiners' initials

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
Searl wants import controls

Financial Reporter
CAPE TOWN. — The Government appears to be heading towards the abolition of import control which could have serious repercussions for the clothing industry's cost structure and almost certainly create unemployment. Mr Aaron Searl, the chairman of Seardel, the country's largest clothing group, warns in the annual report.

The apparel manufacturing industry is extremely labour intensive and South Africa's erstwhile, necessary, to provide adequate job opportunities for its developing labour force will accordingly be materially affected by this policy.

This policy will inevitably lead to the manifestation of all those problems associated with and resulting from severe unemployment.

Government needs to be constantly aware of the danger of not providing adequate protection for local industry from certain exporting countries in the Far East.

The report of the main clothing arm Deskco says that imports in its field last year doubled to R157-million and most of the garments were brought into the country at well below local price levels.

The price discrepancies were rooted in the South African infrastructure and up to now had been contained by a combination of tariffs and import control.

Once import control was abandoned the industry would be solely dependent on tariffs—a mechanism which has been proved inadequate both in South Africa and abroad.

The clothing industry held its price increases this past year to just under 16% against 8% last year in spite of the country's 15% percent inflation rate.

The Consumer Price Index for clothing was approaching an inflation rate of some 15%. The substantial apparent cost of distribution was a matter for concern and both the private sector and government should look critically at these costs which were increasing at an alarming rate.

He emphasises that forecasting in the current uncertain economic climate is a somewhat hazardous exercise but he indicates that the group hopes to achieve a R340-million (R310 300 000) sales this year and pre-tax profits of R18-million (R17 100 000).
TRUSTS SHOW ARGE GROWTH

The value of the portfolios of five unit trusts administered by Sanlam increased in the September quarter.

Sanlamtrust reports that its portfolio increased by almost R15 million from R47.4 million to R62.1 million. The trust also increased its dividend by 37.5 percent from 13.5c to 18.5c a share.

During the quarter the trust purchased 50 000 units at 20400 M & R, 100 Vaal Reefs and 100 West Deep shares at 39 900 Colours. 50 000 De Beers, 30 000 SIC and 11 400 Lebanon shares.

Sanlamtrust invested avily in gold shares.

SE ACTUARIES INDICES

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REX TRUEFORM opens factory in Atlantis

REX TRUEFORM is building a large factory in Atlantis Industria in preparation for the expected upturn in the economy. It will cover an area of approximately 5 000 square metres and production is due to start in January next year.

This is announced by the chairman, Mr Stuart Shub, in his annual review.

The new factory will employ about 200 people. There are no plans to close any of the group's other factories.

He says, "We have confidence in the basic strength of the South African economy and the long-term growth opportunities, and we firmly believe that the demand for our products will continue to increase."

The Industrial Development Corporation is lending R2-million at favourable interest rates to help finance the factory.

In addition, the company has bought a site near its factories and distribution centre in Salt River, which will be used to expand its distribution facilities.

RECESSION

In the year to June turnover increased by 33 percent, but Mr Shub says it is important to note that this was achieved in a time of buoyant trading conditions.

"It is well known that most of the important Western economies are still in recession and consequently competition in foreign markets is particularly intense."

Your company, however, developed a fine reputation for reliability, quality, value and after-sales service, and has therefore been able to maintain its export volume even in these difficult trading conditions.

"We remain convinced that the export of labour-intensive goods manufactured in South Africa must be a corporate and national priority."

PRODUCTIVE

He says the incentives which have been granted and the encouragement which has been given have been productive, and it is important that industry uses all its efforts to take advantage of these incentives.

The opportunities that exist for competent companies are considerable and particularly so with the possibility that the Western world's economies might well move into a recovery phase over the next 12 months.

UNDER PRESSURE

Prospects for the coming year have to be considered in the present state of the South African economy, and in particular the high rate of inflation.

Thus, while demand is likely to remain at a satisfactory level, margins are likely to come under pressure and the need to contain borrowings is imperative.

An all-out effort will be required by the powerful management team to maintain effective control of costs and improve productivity.

Andrey d'Angelo
TUCSA completes wage deal

Two unions affiliated to the more than 100,000-strong Trade Union Council of South Africa (Tucsa) have negotiated new wage agreements for garment workers in the Orange Free State and northern Cape.

According to a spokesman for the unions—the Garment Workers' Union of SA and the National Union of Commercial Workers—the new wage agreements, which start in October, are "a great improvement on previous ones in many respects".

Major changes include:
- An 18-month agreement. Previous agreements were for two years. This means wages can be updated again in a shorter period.
- Large percentage increases in most minimum starting-wage rates (as high as 47% in some cases).
- Women will now receive the same minimum wages as men.
- Heroes' Day (October 19) is now a paid public holiday.
- Provident Fund contributions have been raised to 2½% of basic wages. Firms must also pay the same amount.
- Medical benefits have been improved.

Meanwhile, a new agreement has been reached in the Transvaal chemical industry, which gives workers an effective increase of 80 percent.
Textile workers press for council

Mail Correspondent

DURBAN — The National Union of Textile Workers (NUTW) is to push for the formation of an industrial council to look into the problem of prices and knitting factories in Hammarsmuur.

The union made the NUTF the first Foottisi union to join an industrial council in the Eastern Province. The union has not received the right to be heard at the council.

The spokesman said it had been a hectic weekend. The union had received 46 calls during Saturday afternoon alone, he said.

Malan: SA won't be pulled into mess

Mail Correspondent

DURBAN — "Demonistic messages" such as "I will sing because I live with Satan" can be heard when people are manipulated backwards according to a speech delivered at a Jehovah's Witness convention which concluded in Durban at the weekend.

"Decide to smoke marijuana," was a pack message which, it was claimed, could be heard when a popular 1910 hit, was played back according to the speech entitled, "We're Not What That Debauchery Is" by Watchtower Bible

Metro Mail

Santon plans to all illegal adver

The Chairman of the Santon Committee Mr. Ricks Veste, author's signs in Santon are a law and the Council will be against offenders. He said signs environment. "I will nail signs to trees or street signs," he particularly complained about signs that are intended to disrupt the workings of municipal by-laws, followed complaints from various sources.

Scrubble dabble

AFTON document's on the tablet of Patterson Paten's, Northwood. We welcome: For further information... Katza at 768-8645

Festival put off

The International Military F started on October 6 at Ellis F has been postponed until Oc... Steel, a spokesman for the F said that the reason for the delay was because the field was not suitable for the performance. When the weather clears, the last on October 16, and the tickets are now available from the usual outlets.

Furniture show

AN EXHIBITION of furniture and St John's Shop Centre is to 23 in the courtyard and shops will be displaying their rooms, garden, bedroom and furniture.

St John's hall

ST JONN'S Spains hall may appear under the year was the completion which, together with the soldatized administrative, said the hall's completion al. One of the main goals of the Subi Unions that because of this -
SA accused of undercover clothing deals

PHANTOM FACTORIES

SOUTH African clothing firms, particularly in Natal, have been accused of setting up dummy factories in Botswana and causing a rift in trade relations between Zimbabwe and its black-ruled neighbour.

This has led to restrictions on cloth imports. This week a quota of R2.1 million in imports from October to December was agreed on by the two governments. A quota for next year has yet to be decided.

Zimbabwe Clothing Council chairman Raymond Shapiro says there are suspicions that many of the goods are coming from South Africa and the Far East. This is to be investigated.

However, firms contacted by Tribune Finance this week claimed only South Africa was to blame.

A manufacturer in Harare said, "We have definitely established that in men's clothing South African firms are making the clothes, particularly underwear, and then drawing up documents to declare Botswana as the country of origin."

Another firm told how it had tried to contact supposed manufacturers in Francistown. "There were no such businesses," said the spokesman. "It was as if ghosts were turning out the clothing at a phantom factory. We made enquires but were met by a wall of silence."

We did find out that most of the materials were coming from South Africa, although no-one could explain how it was done up in Botswana.

Ironically, the clothes in Zimbabwe shops from Botswana are often much more expensive than those produced domestically. But the quality of the cloth is far better and customers are prepared to pay rather than make do with their inferior local material.

Manufacturers claim that the higher prices are a sure sign of South Africa's involvement.

Although no names of South African firms have been mentioned, Natal has been cited as the main base of supply.

At stake has been the unlimited market in Botswana for any goods coming from Botswana. These did not need import licences and were not subject to quotas as is the case with South African exports to Botswana.

But the president of the National Clothing Federation, Hugh York-Mitchell, told Tribune Finance Editor Mike Pearson in Durban this week that however indirect the implication might be about this kind of trade, it was completely erroneous.

"In fact, the trade flow is completely in the opposite direction," he said, "and the figures given by government under the heading 'unspecified countries' which we know incorporate Zimbabwe to South Africa trade proves this point.'"

He said these figures showed that in January to March, 1.9 million units worth R5.4 million were imported into this country. The total figure for 1981 was 15 million units worth R26.3 million.

The figures for this year have risen quite significantly so far and for January to March show an import of 2.5 million units worth R7.4 million.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
EL clothing factory gets big contracts

A CLOTHING factory located at Fort Jackson, near East London, is to benefit from two contracts worth some R5 million recently awarded to Thrustor Industrial Products (Pty) Ltd.

The bulk of the contracts, for the supply of protective clothing to the SWA Administration and Police, will be supplied from Thrustor's new R5-million factory at Fort Jackson. Certain items will be supplied from the smaller Sada factory, near Queenstown.

Announcing the contracts, the group executive chairman and managing director of Thrustor, Mr. Rod Davidson, said that the orders followed an announcement during August that the company had received a large order for the supply of specialized flame-resistant clothing to Fordor.

The company also recently announced its intention to export ladies' and children's wear to Breda, a departure from the company's usual line of business, which has until now been exclusively in specialized and protective wear for the military, para-military and industry.

Mr. Davidson said Thrustor now had in excess of 80% of the total garment business for the South West Africa Police and Administration.
R33-m PAY RISE

15 percent more for city clothing workers

By TOM HOOD

A PAY deal will put an extra R33-million in the pockets of Cape Town's 58,500 clothing workers next year.

Mr A M Rosenberg, chairman of the industrial council for the Cape clothing industry, announced today that workers in 372 factories will get a 7.5 percent rise in December, followed by another 7.5 percent in the first pay week of July.

The increases start from the beginning of the December holiday period, and will be included in holiday pay.

They take the Cape industry's yearly wage bill to about R140-million.

Starting pay for a learner will go up to R26 from R21 a week, and compares with R17.50 in Johannesburg and R21 in Durban.

The minimum for machinists — the biggest group — will rise from R33 to R40 in December and R43.60 in July.

No adult will be paid less than R30 a week.

Mr Rosenberg said ‘The infusion of over R33-million during 1982 will have a markedly beneficial effect on the economy of the Western Cape, offsetting in part the decline in income of the agricultural sector’.

Talks

Asked if higher wages will push up clothing prices, he said ‘Internal competition and the regrettable increase of imports of clothing will mitigate against any sharp rise’.

The raises follow weeks of negotiations between the Garment Workers' Union and the two employers' organisations, the Cape Clothing Manufacturers' Association and the Cape Knitting Industry Association.

A move to end wage discrimination between men and women doing the same jobs — for example, machinists — is also being made by the industrial council, which has appointed a committee of employers and workers to examine the numerous adjustments and alterations needed.

The general secretary of the Garment Workers' Union, Mr Louis Petersen, said the union was ‘quite happy’ with the increase.

‘Our demand was for an increase of about nine percent and what has been granted is quite close to that mark.’
NPI slates clothing management

THE National Productivity Institute, which is dedicated to making South Africans more efficient, has both bouquets and brickbats for the clothing industry in its 1982 productivity survey.

It reports that productivity in the industry has risen in recent years. But the level of productivity remains low and much could be done to it if the industry had better management.

In particular it says the lack of properly-trained personnel management is a serious handicap to greater productivity.

The improvements in productivity in the industry in the past three years have benefited both the consumer and the manufacturer.

Clothing prices increased at a slower rate than the increase in the cost of resources employed while there was also an improvement in profitability.

However much of the benefits flowing from the productivity gains accrued to workers in the industry.

**Improvement**

Between 1979 and 1981 the average annual increase in labour productivity was 4.38 percent, while there was an improvement of 4.28 percent in material usage and an improvement of 7.84 percent in other costs.

But the efficiency of capital employed declined by an annual average rate of 1.76 in the three-year period.

There was a general shortage of skilled and qualified personnel at management technical and supervisory levels.

The NPI says personnel management is still a neglected area and a more professional approach here could assist the clothing industry to alleviate most of its human resource problems.

**Turnover**

Labour turnover in the Cape recently was running at 53.5 percent against 57 percent in 1975.

In Natal it was 43.8 percent (41 percent) and the Transvaal 29.8 percent (18 percent).

In the textile industry, where the personnel and training departments had been upgraded, labour turnover had dropped from 63 to 29.6 percent.

Absenteeism in the clothing industry in the Cape Province was about 7.5 percent, compared with 4.7 percent in 1975.

In Natal it was 4.7 percent (3.8 percent) and in the Transvaal 7.3 percent (7.7 percent).

**20 companies**

In the 20 sample companies, representing a cross-section of the industry not more than six people from three companies were formally trained in personnel management or training management.

At most companies the main function of personnel management was the recruitment of workers dealing with personal problems, wage queries and the general welfare of staff.

But little time was formally spent on personnel management aspects such as industrial relations, job descriptions, job evaluation, performance appraisals and manpower and career planning.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
New deal provides big increases for clothing workers

Labour Reporter

MORE than 40,000 clothing workers will receive wage increases of up to 96 percent in terms of an agreement signed by the Natal Industrial Council for the Clothing Industry yesterday.

The agreement, signed by the Tucsa-affiliated Garment Workers' Industrial Union and the Natal Clothing Manufacturers' Association, replaces the old agreement which was due to expire at the end of this year.

It covers all clothing factories in the magisterial districts of Durban, Pinetown, Pietermaritzburg, Inanda and the lower Tugela.

Women, who constitute the majority of employees in the industry, will receive substantially higher wage rates than their male colleagues due to the removal of sex discrimination in the wage agreement.

Qualified female clerks, who up to now have been paid R39.25 a week, will shoot up to R70 at the beginning of next year and then up to R77 in 1994—a total increase of 96 percent.

The wages of male clerks accordingly will rise to R77 over the period of two years from R59.60—an increase of 37 percent.

Skilled machine operators and pressers will have their wages increased to R55 over the two years. This will mean an increase of 52 percent for women and 30 percent for men.
Millions unclaimed in funds for workers

Labour Reporter

MILLIONS of rands have accumulated in provident funds round the country because of members' failure to collect their money, and fund officials say they don't know what to do about it.

Provident funds were formed by industrial councils in a number of industries to provide assistance for workers when they reached pensionable age.

Unlike pension funds, they require small subscriptions — about 50c a week — and pay out a lump sum when an employee leaves the industry.

But thousands of workers every year fail to collect their money which, after a short period, is forfeited either to the fund or to the industrial council.

Mr J H Thomas, the general secretary of the Industrial Council for the Clothing Industry (Transvaal), said each year about R60 000 was not collected from the provident fund 'largely by people who have worked in the industry for a couple of weeks and then thrown it up'.

**Large amounts**

'The individual amount not claimed by a worker is usually very small but occasionally we come across amounts of R600 to R700,' he said.

All the provident funds contacted by the Mercury sent off notices to the members' last addresses, placed adverts in local newspapers, sent lists to the various factories and, in one case, on printed reminders to members on every pay envelope. But the lists of unclaimed money grew every year.

Mr Thomas said the fund often had problems tracing a member because employers did not register a worker when he had worked for a short time in the firm and in their records he is down as 'John' with no address.

Left

Mr Mark Ansell, secretary of the provident fund for Natal's clothing industry, said about 2 000 people a year left the industry without collecting their money.

'He said the problem was much more noticeable in the clothing industry because it had a 'fixed' workforce with about 9 000 workers 'coming and going every year'.

According to the general secretary of the Textile Workers' Industrial Union, Mr Norman Daniels, the problem could be located in the waiting period prescribed by most provident funds.

The funds usually laid down that members could not withdraw their monies until a year had passed from the time they had left the industry.

Mr Daniels said black workers tended to leave the industry and go back to their farms and it was thus difficult for them to come back to collect their money.
Unions agree to new wage deal

THE Garment Workers’ industry has announced new wage structures for nearly 55 000 workers in Natal which will come into effect from January next year.

New scales leading to pay hikes of up to 66 percent will also be adjusted and implemented in 1984. They were agreed to by the Garment Workers’ Industrial Union, a TUCSA affiliate in Natal, and the Durban-based Clothing Manufacturers’ Association.

Wage disparity based on sex has been eliminated, according to Mr Freddie Hansa of the union. A sting in the tail of the deal has been an increase in the fringe benefits comprising the provident and sick funds, which have been upped by as much as 70 percent.

In terms of the new wage structure:
- A head cutter, now earning R90,85 a week, will earn R115 in January, an increase of 27 percent, with a further increase of 12 percent bringing his pay to R126,50 in 1984.
- A cutter and trimmer earning R46,65 weekly will get R60 in January, an increase of R13,35 and a further increase of R10 in 1984.
- A foreman, charge-hand and supervisor presently earning R51,10, will get R85 next year and a further R10 in 1984, an increase of 66 percent.
- Qualified male clerks earning R56,60 and their female colleagues who earn R36,25 will earn R70 next year, an increase of 78 percent for the women.
- A qualified grade one male machinist earning R42,40 and women earning R36,30 will all get R50 weekly from January next year.

Workers in the industry who are not covered by the agreement, which excludes areas outside Durban Pinetown, Inanda, Lower Tugela and Pietermaritzburg, will have their plight negotiated at a later stage according to the union.

Mr Hansa said the Garment Workers’ Industrial Union (GWIU) was reasonably pleased with the wage negotiations. He felt the increase would be widely welcomed by members, considering a number of factors which mitigated against substantial increases.
Rise for clothing workers

CLOTHING workers in the Cape Province can look forward to a fatter wage packet this Christmas after new increases were announced yesterday.

On December 13 the minimum wage of a clothing worker will increase from R42.89 per week to R46.50.

In addition the apprenticeship period has been reduced from three years to 2 years and other fringe benefits will include increased contributions by employers to the provident fund extra meal allowance for workers on overtime and increased transport allowances for workers on Saturdays.

Mr. L. Petersen, general secretary of the Western Province Garment Workers Association, said he was satisfied with the increases which followed a week of Industrial Council meetings between the W.P. Garment Workers Union, the Cape Clothing Manufacturers Association and Cape knitting manufacturers.

A major breakthrough has been the inclusion of country areas in the agreement.

For the first time an agreement has been reached for workers to receive bi-annual pay increases instead of the previous annual increase.

In July, 1983, the minimum wage will rise to R31.50; in December 1983 to R34; and in July 1984 to R36.00.
Rise in pay for clothing workers

Labour Reporter

The minimum wage rates of 82,000 Cape clothing workers are to rise on December 13, according to an industrial council agreement signed on Friday.

Mr. Alec Rosenberg, chairman of the Industrial Council for the Cape Clothing Industry, said the increases would put an extra R9 million into the pockets of clothing workers.

"The rise varies among the industry's several hundred job definitions, but machinists - the largest group of workers - will go from R42.50 to R48.50 a week, an increase of 13.4 percent. This is the second increase this year, following a 7.5 percent cost-of-living rise in July. Provision has been made for further increases at six-monthly intervals over the next two years," Mr. Rosenberg said.

He said holiday pay would be calculated at new rates, but end-of-year bonuses were not covered by the agreement and would depend on individual factories.

Agreement was reached after months of negotiation between the Cape Clothing Manufacturers' Association, the Cape Knitting Industry and the TUCS-affiliated Garment Workers Union of the Western Cape.

The Cape agreement follows rises of up to 50 percent announced last week for the 40,000 clothing workers in Natal.
Clothing workers win uniform wage rates

NEW minimum wage rates negotiated for clothing workers in the Cape are, for the first time, the same in the country districts including Atlantis, Malmesbury and Darling as in the city.

Mr L A Petersen, general secretary of the Garment Workers Union, said: "There used to be a lower rate for the country districts. But we have managed to raise this to the same level as the city because so many new factories are opening there and firms are moving out."

Mr Petersen said he was very pleased with the new agreement which has raised machinists' wages by 13.4 percent from R42.80 a week to R48.50.

Three further increases, at six-monthly intervals, will raise the minimum wage for a machinist to R51.50 in July, R54 in December and R58 the following July when negotiations will start again.

Other increases vary according to job categories.

Mr Petersen said he thought the agreement the best that could have been achieved in the present state of the economy. It came very near to the union's demands.

"VICTORY"

It had been "a major victory" to have the Christmas holiday pay packets and end of year bonuses calculated at the new rate.

The new agreement includes a higher contribution by employers to the provident fund, from 30c to 50c, and an increase in the Saturday bus fare from 40c to 75c.

Sick pay has also been raised, from 40 percent of wages to 52 percent.
up attack

SA market

We now have fully fledged departments covering all aspects of plant contracting, including specialist services.

Armbrust noted that his company had opened up a workshop engineering department.

Among its major projects is a fertiliser ammonia plant for Osmia at Sasolburg, a chlorine dioxide plant for Sappi at Ngodwana.

German technological experience at its best— from Nord Gears South Africa...

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Clothing chief slates unions

By Priscilla Whyte

The recession would have hit the clothing industry sooner had the Transvaal Clothing Manufacturers' Association (TCMA) 'sucked' to demands for minimum wages.

Terence Kinnear, president of the TCMA, said at his association's annual general meeting:

"Had we succumbed to the minimum wages asked for (by the Garment Workers' Union and the National Union for Clothing Workers) we may have seen this recession in our industry a lot sooner."

Kinnear said that the clothing industry expects a negative growth rate of 2% for 1983 but hopefully an upturn from the latter part of 1983 into 1984.

He said that negotiations with the unions were "hampered by certain TCMA members who were forced to give in through illegal strikes."

Some TCMA members gave staff increases voluntarily, which made official negotiations on wages "even more difficult," he said.

Kinnear made formal pleas to his members to give their full cooperation so that negotiations in future could be made as easy as possible.

He noted that wage levels for the clothing industry in the Transvaal are in line with Natal and the Cape and added that the " fringe benefits " paid to workers in the Transvaal far exceed those paid in the two other provinces.

The most noticeable outcome of the TCMA negotiations with the trade unions is an increase in provident fund contributions by both parties.

Instead of 1%, 5% of weekly wages is now being contributed.

Kinnear said that some TMCA members have not been forthcoming with information to bolster official TMCA representations to the Board of Trade in its argument against protection of fabrics not produced in SA.

Nevertheless, the application for an increased duty on imported clothing was granted.

Kinnear reiterated the appeal made by the Minister of Manpower, Fanie Botha, to industrialists not to offset wage increases by increasing prices.

Botha called for management to increase productivity and "fight the wild animal called inflation."
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union stalls
Clothes prices set to rise

Financial Editor

CLOTHING prices must rise because of wage increases, electricity and rail rates and clothing manufacturers face a gloomy year, Mr Hugh Yorke-Mitchell, president of the National Clothing Federation, said in Durban yesterday.

The cost of the raw material is rising, domestic markets are sagging and export markets are losing their competitive edge.

"The Stellenbosch economists expect the clothing sector to fall by four percent in real terms next year while the whole economy will record a negative 0.8 percent growth rate," Mr Yorke-Mitchell said.

He felt that the answer lay in a long-term export programme. But with British clothing inflation only rising by one percent in each of the past two years, it would be difficult to remain competitive.

This compared with a ten percent rate in South Africa.

He said manufacturers could not look to import control to keep out cheap imports.

The major problem was textile costs — about 50 percent for clothing companies. Textile companies had done very well in the past few years. But with orders falling and the need to export, the textile manufacturers would have to reduce their prices to encourage business.

He called on the Government to give a dispensation for goods that would be exported.

The Government was moving towards a much more open market. The textile sector could not hope for greater import control and duties, rather less.

"Our industry is going to have great difficulty in maintaining turnover in real terms in 1982 and we will not be in a position to pay higher prices for our inputs."

He went on to criticise the textile industry which had applied for massive new duties on woven and knitted textiles and without waiting for the result was asking for "even higher duties" on corderoy and georgette (which is not made in South Africa) and the withdrawal of rebates on woollen tweeds where "supplies and service are minimal."

He warned that if duties were increased local prices of fabrics would rise because of the " oligopolistic nature of the textile industry and the current climate clothing manufacturers were not able to pass on the increases."

There was a dreadful muddle with textile deliveries — this was understandable in the hectic period of 1980 but now business had levelled off and the problem persisted.

Clothing manufacturers had found it better to import material to ensure their deliveries to retailers who were becoming increasingly critical of delays and "only too ready to cancel where sales are under downward pressure."

Textile manufacturers were criticised for diversifying into materials like corduroy which only had a short winter season.

"Most of the investment will be tied up in stocks and this will cost a lot in interest charges."

If the tweed rebate is withdrawn another small winter fabric plant is likely which cannot be economic.

Mr Yorke-Mitchell said that the call to the textile sector was "greater reliability, not higher prices."
Yuletide TV will be tough going

By JAN REID
TV Editor

It IS going to be a tough Christmas this year thanks to "SA TV".
Yesterdays the corporation relaced its usual strong Christmas programs and while the majority of
Christmas may feel that December 25 is a time to look forward to, the corporatises that this is very serious on
reason alone.

Here are some of the "futile" programs which
will be shown over the air - and the only advice I can give
to you is "duck"

For instance, at 8.00 on
Thursday, December 24, comes "John Strensen Christ
mas in South Africa" featuring the star of "southern
Western Opera"

Come Christmas Eve, the
SABC-TV will be broadcas-
ing (at 6.10) "Freud the King" a semi variety pro-
gram at the Durban Sobriety
(personalities such as Sonj
Hervold and Noel Chancer ap-
pear and give short Christ-
mass messages. This is fol-
lowed by "Christmas in
Germany"

Then comes "Shari's Christ-
nmas Concert", with Shari Lewis and her "art Centre chatting and
singing with her "friends"

Lambchops, Captain Pessen
(Kangaroo) and Country Cousin Grizzly

Stand by for Christmas
Day itself with "Due" at 7.20, a dumbo French film, a
Dickensian-type story about a father and his three
sons working in a factory un
der slave conditions to make a
living.

On the English Service
comes at 8.25 "A Gift to last
Christmas Special" starring
Melyn Nogues as an embittered old man who lives with
his son a family, but prefers
the splendor of his bedroom
to the hustle of a modern-day
Christmas celebration.

This is followed by "Cor-
nel Wonnchmussen". Then
comes "On the First Day of
Christmas" a local production
that suggests that beneath
the glitter, and beyond the
clash of church刻意, there
is still lives the spirit of
Christmas potent enough to
redeem even those of us least
aware of the Christmas mes-

The news for today is that
SABC-TV will be opening at
5.30 for live coverage of the
first day's play in the four
day match at the Wanderers
between the visiting Sri Lankan cricketers and the Springboks.

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SA economy facing jobs crisis threat

By GERARD ROCHE
Pretoria Bureau

The South African economy is threatened with the most serious employment problem since the end of the Second
World War according to economists.

Increasing retrenchments were reported from many sections of the economy and the trend is expected to accelerate during the next
eight or nine months.

Negative growth was forecast for most economies and under these conditions greater unemployment was

The chief economist of a durban bank, Mr John Chase, warns that South Africa had experienced no relief from the war
before the 1948 election and now faced with a five-year old economy.

"Many of the industries involved in the clothing industry in the Transvaal have boasted of 14,000
workers. By the time of "reconstruction" the figure dropped to four (4,000)

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Policeman arrested after two shot dead

Mail Correspondent

DURBAN - A policeman was arrested in Melmoth after a police sergeant and a wom
an were shot dead in the kitchen of a house in the town in the early hours of
yesterday.

"Police said that the dead man was a young man named Mr John Smith, who, together with Dective
Constable R. B. Wiegemood, was found dead on the kitchen floor of the house at 3am.

The killings were reported by a neighbour who alerted the Melmoth police shortly after
5am when a man came to the house and woke him up and made a report to him.

When the police arrived the man had disappeared but was arrested yesterday morning.

D/S Wiegemood was section head of the detective branch of the SAP at Melmoth.

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"One of the world's
great tastes - superbly matured brandy."
By Mike Pearson
Finance Editor

ALTHOUGH the production index for the clothing industry has levelled off this year, up to now business has held up better than was expected says Hugh Yorke-Mitchell, president of the National Clothing Federation.

Speaking in Durban this week he said the consumer goods industries had not experienced anything like the volume declines which were feared. In fact sales by manufacturers have so far been only a few percentage points below last year's record levels.

The clothing industry must, however, be committed to a programme of increasing its exports, particularly to Britain.

"Our future there will not be easy," he said, "with the renewed optimism in the British clothing industry where the rate of inflation of clothing prices has been only one percent for the past two years this has created a real value-for-money situation which is stimulating the retail trade.

"We have nonetheless performed well in our own market, where the inflation rate for clothing prices is the lowest of any of the components of the consumer price index. But it is still about 10 percent annually.

"With the wage increases granted recently and the inexorable rise in public sector prices like electricity and raffle rates, a continuing rise in clothing prices must be anticipated.

"It must be the aim of the federation to lead the clothing industry in resisting this trend and becoming more internationally competitive. It is, of course, the only way we can make any progress in export markets."

"Although it is difficult to sell in export markets, it will be just as difficult to sell at home if the market is going to contract by 4 percent next year," he says.

"Thus we will need to become more internationally competitive, not only to sell abroad, but also at home because notwithstanding the de-

Yorke-Mitchell pressed state of our market, there will be plenty of exporters in the Far East who will be interested in it.

He suggested a critical look should be taken at one major cost item - textile supplies - which constitute about 50 percent of production costs.

The textile industry was going to have to sharpen pencils their order books were looking thin and it was up to them to stimulate business by looking to new, lower price points to see them through.

With both sectors looking for exports he made a plea to government to help in lowering those raw material prices to manufacturers, where the production was specifically for export.

Yorke-Mitchell said the textile industry must prepare now to operate in a much more open market.

The clothing men were going to have great difficulty in maintaining turnover in real terms in 1983 and would not be in a position to pay higher prices for inputs.

"With regard to the declining value of the rand, importations of textiles have not increased at that much in real terms in 1982," he said.

"During the first half of the year the increase in volume was less than 10 percent. But the textile industry will ask why imports should be up at all at a time when business was at best static. The reason is the dreadful muddle with textile deliveries which has continued this year.

"With some relaxation of import control, clothing manufacturers have found it preferable to import their raw materials even if the prices are higher, in order to meet their obligations to retailers who are becoming increasingly critical of delayed deliveries and only too ready to cancel them where their sales are under downward pressure.

"Over-diversification seems to be the root of the trouble in the textile industry. They often complain that they have no encouragement to invest, but when they do, it is in projects like corduroy used mainly for our short winter season.

"This means that a large proportion of the investment will be tied up in stockholding because the plant will have to produce all the year round and the prices will inevitably have to include an interest charge for this.

"Similarly if the rebate on tweeds is withdrawn, capital will be invested in another winter fabric project which cannot be economic.

"If we are to become more internationally competitive our message to the textile industry must be that what we need in 1983 is greater reliability not higher prices."

Speaking about the vast retail conglomerates, Yorke-Mitchell added "Over the past five years we have seen retail chains achieve such turnovers and such profits as were hitherto unheard of.

"I do not wish to detract from the intense scientific application and ingenuity which has resulted in these achievements, but wish to associate most clothing manufacturers as partners in those results - albeit very poor partners showing very little reward.

"The trend continues. Conglomerates get bigger and conversely manufacturers' margins get smaller, because to ensure survival, competitors continue to meet the retail demand of ever increasing margins so that the latter can contain their own costs and thus their profits."

...but exports must be stepped up say Yorke-Mitchell
Call for protection 'dangerous'

MORE than 90 percent of the clothing sold in South Africa today is locally manufactured, says Mr Brian MacLeod, director of the Cape Town Chamber of Commerce.

This is his comment on a suggestion that more tariff protection is needed to reduce imports of clothing and textiles from the Far East.

More than 1 000 textile workers in the Western Cape have lost their jobs in recent weeks and Mr Mike Getz, chairman of the Cape Clothing Manufacturers Association, has disclosed that employment in the clothing industry has dropped.

DEMAND FALLING

Mr MacLeod said the downturn in the economy was "having its expected impact on unemployment as invariably happens when, as a result of falling demand for goods and services, inventories have to be reduced and industry itself has had to cut production."

But it would be a dangerous course for the industries concerned to look for a solution to their problems through tariff protection, particu-
'Hundreds' of clothing jobs lost

SEVERAL hundred jobs in the Cape clothing and knitwear industries were lost in the past few weeks, Mr Mike Getz, chairman of the Cape Clothing Manufacturers Association, said in his annual report.

He said job prospects in the new year would depend largely on orders after the Christmas sales.

MINING EXPORTS

He called for better service from the South African textile industry and the railways, and more up-to-date information from the retail trade about consumer takes to help the clothing industry in the difficult period ahead.

He said the Government might sacrifice the interests of other industries to promote mining exports.

The clothing industry had maintained its role as the backbone of the Western Cape economy in the past year and continued to supply the bulk of clothing sold to the middle and upper markets in spite of competition from imports.

"It would be realistic to recognise that import control is being run down and is not being used to regulate imports of garments."

"Rather this is being left to domestic demand reacting to the business cycle."

"Needless to say, imports in our sector continue to rise significantly in volume and value despite clear recessionary trends."

"The fact that textiles and apparel consistently head the growth index of imports perhaps illustrates the fallacy and danger of relying on simplistic rules of supply and demand as regulators."

He feared that imports of clothing would be "the equivalent of several thousand jobs precisely when employment for us may decline."

ENERGY COSTS

Discussing transport and energy costs, Mr Getz said "we subsidise and are frustrated by the South African transport system."
Job losses not seen as serious trend

Labour Reporter

THE loss of several hundred clothing workers' jobs in the past few weeks did not indicate a serious trend for the garment industry, which employed about 65,000 people in the Peninsula, according to Mr. Michael Getz, chairman of the Clothing Manufacturers' Association.

In an interview this week Mr. Getz said the turnover of labour in the garment industry was very high and some people who had left had simply not been replaced.

Critics, especially South Africa's industrial strategy, who said that most investment had not created jobs because it had been concentrated in capital-intensive industries.

TRUE POSITION

The garment industry would not know the true position until February next year, after Christmas sales were over.

The garment industry is the largest industrial employer in the Western Cape. The vast majority of clothing workers are women, who are paid an average wage of between R45 and R50 a week.

The industry's main supplier, the textile industry, has laid off thousands of workers in the past few weeks.

In the Western Cape, Berg River Textiles in Paarl retrenched 360 people last month and SBH Cotton Mills has retrenched at least 50 workers in recent weeks.

Textile manufacturers and the Tusca-affiliated Textile Workers' Industrial Union have blamed the current crisis on cheap imports from the Far East.

However, Mr. Getz said the extent to which the textile industry was protected against competition from imports had resulted in a domestic price 50 to 100 percent higher than a "reasonable international price."

A lecturer in economic history at the University of Cape Town, Mr. Alan Hirsch, who has studied the textile industry in South Africa, said the crisis which had led to the retrenchments was partly due to the small market for South African goods.
Far-reaching changes likely

Fosatu union looks set to join council

By STEVEN FRIEDMAN
Labour Correspondent

THE National Union of Textile Workers is set to become the first Fosatu union to join an official industrial council since the Government's labour reforms were introduced.

But if it does join the knitting industry's council, its entry will lead to far-reaching changes to the way the council operates, a move which could have significant implications for other councils. An important change is that it will also be allowed to bargain directly with employers outside the council.

And yesterday the NUTW revealed it had already negotiated an industry-wide pay rise in the Transvaal knitting industry outside the council — the first emerging union to negotiate a binding industry-wide rate rise outside the system.

One of the main features of this agreement is the scrapping of the "closed shop" in the industry, which has been the preserve of the two Tesa unions, the Garment Workers' Union and National Union of Clothing Workers. Details of developments in the industry are revealed in the latest issue of Fosatu's journal, Fosatu Worker News. They were confirmed yesterday by a spokesman for the Transvaal Knitting Association (TSA).

Early this year the NUTW began recruiting in the industry and it has majority membership in three factories. All three have recognised it and it negotiates with them on all aspects of work conditions.

At the same time it reached an agreement with the TSA which recognised its right to direct negotiation at plant level.

The two sides also agreed they would negotiate a one-year industry-wide wage agreement outside the council and that the council agreement between TSA and the Tesa unions would not "undermine" this.

The NUTW also agreed to consider joining the knitting industrial council.

In a joint pay negotiation attended by the two Tesa unions, the parties agreed on two increases of 13,6% each over the next year — which has also been written into the council agreement.

NUTW also received a commitment from employers, written into the agreement, that the industry would strive to achieve a "living wage as soon as possible." Fosatu believes that R3 an hour is a "living wage."

Yesterday a union spokesman said it was likely NUTW would now decide to join the council. "We have a mandate from both our members and Fosatu itself to do so and we will move accordingly," he said.

The union would insist on maintaining its right to direct factory-level bargaining and indications were that employers would agree to this.

"This is a step well under way. And we have negotiated some important improvements on the council agreement at our three factories. If employers continue to adopt a flexible attitude, we will probably join," a TSA spokesman said yesterday.

But some key issues had to be negotiated before the NUTW joined: A TSA spokesman said yesterday employers would not object to continued plant-level negotiations if NUTW joined the council.

Labour Reporter

AS FACTORIES begin closing for the Christmas period, key unionists and employers yesterday warned that employees could not look forward to a prosperous New Year.

Many employees face diminished Christmas bonuses; the prospect of no wage increases in the New Year and some will return to the news of their being laid off, they said.

Mr. Arthur Grobbelaar, the general secretary of the country's largest trade union body, Tucsa, said in the present economic climate there were likely to be more lay-offs to their ranks.

However, on the bright side, Mr. Grobbelaar said he expected the present recession to begin to 'bottom out' in the last quarter of the year.

Unfortunately, workers will have to hold on, grim and bear it,' he said.

'The mini-boom that is expected to follow there will be a renewed demand for labour,' he added.

The chairman of the Natal Clothing Manufacturers' Association, Mr. Richard Savage, said things were very serious in the clothing industry, the majority of factories are already closing for four weeks instead of the usual three.'

Watching

He said employers would be watching closely how many orders came in before mid-January and would then decide whether retrainments were necessary.

Many employees, however, had already been given notice before they left for the Christmas vacation, he added.

The Council of South African Unions' regional coordinator, Mr. Norman Middleton, said employers had said they could not see their way clear to giving the bonuses they normally did.

He predicted that migrant workers were likely to be hardest hit by retrainments as employers refused to renew their contracts.

The executive director of the Federated Chamber of Industries, Mr. Johan van Zyl, said 1983 was likely to be a 'difficult year', but this must be faced up to.

The Federated Chamber of Industries, he said, had been talking to employers about a retraining policy in order to cushion the effect of large-scale unemployment.

Six years' jail for car thief

Court Reporter

A 21-YEAR-OLD national serviceman was jailed for six years by Mr R Osthusen in the Durban Regional Court yesterday after being convicted of two counts of car theft.

Before the Court was Petras Jacobus de Villiers, who pleaded guilty to stealing a car from the Durban North Hypermarket on July 19.

The Court was told that a few days later the stolen car was involved in an accident in Pinetown.

De Villiers had returned to the Hypermarket on July 30 and stolen another car.

He admitted 29 previous convictions for fraud.

Forged R20 note found

JOHANNESBURG—Police recovered another forged R20 note in Kempton Park yesterday, bringing to eight the number of similar forgeries found recently in various parts of the country.

The head of the Commercial Branch of the police, Brig. Jaak van der Vyver, said in Pretoria that the forgeries had been well made.

The notes were slightly darker than genuine R20 notes, had no watermark and were printed on paper of poorer quality. The forged notes all had the same serial number: 762, 418.

Brig van der Vyver said the notes were definitely not made on a copying machine.

You can only tell the difference when the notes are compared with genuine ones,' he said.

(Sapa)
pressure on printing unions

Unions

The Star Friday December 10 1982
MANUFACTURING - CLOTHING

1983 - 1984 - DEC.
Clothing, textile makers plan joint effort

WESTERN CAPE clothing manufacturers and textile firms are getting together to make exports more competitive, says Mr Michael Getz, chairman of the Cape Clothing Manufacturers Association.

In the past orders have been lost because some local fabrics were so expensive that they priced garments out of the export market.

Mr Getz says established major exporters of clothing have maintained their position in spite of difficult conditions in overseas markets.

But the strengthening of the rand will compel local industry to look at effective means of maintaining export sales.

After discussions with textile manufacturers a joint export effort is planned, with more liaison between the two industries in the early stages of production.

"There have been times when a garment made of South African fabric has been out-priced overseas. The opportunity to sell it has been lost while negotiations were going on between the clothing manufacturer and the fabric manufacturer."

TAKEN PUNISHMENT

Mr Getz suggests the Government could help by subsidising the cost of materials obtained from Sasol for the manufacture of synthetic materials, to bring the price down to international levels.

He says the local clothing industry has "already taken most of its punishment" as a result of the recession. Retailers began to cut back on orders about two months ago.

Continued on Page 3.
Clothing firms eye fresh pastures

An export drive for South African clothes is being considered by the National Clothing Federation and the National Textile Federation, writes Fred Roffey.

The national vice president of the National Clothing Federation, Michael Getz, said that in the past orders had been lost because some local fabrics were so expensive that they priced garments out of the export market.

After discussions between clothing and textile manufacturers in various parts of the country, a joint export drive is planned, with more liaison between the two sides in the early stages of production.

"The strengthening of the rand will compel local industry to look at effective means of maintaining export sales," said Getz.

A meeting of the National Clothing Federation was held in Cape Town this week and more meetings would be held later this year.
3 000 made jobless in Cape clothing cutback

By ALEX PETERSEN

MORE than 3 000 jobs have been lost in the Cape clothing industry in the last three months — many of them in the last month — mainly through cutbacks on forward orders.

The chairman of the Cape Clothing Manufacturers’ Association, Mr Mike Getz, said yesterday that the job losses were chiefly in smaller companies, and those operating in the cut, make and trim areas of the industry.

Many of the cut, make and trim factors which usually sub-contract on a piece-work basis, did not reopen after the annual close in December.

Larger companies, says Mr Getz, have been less seriously affected by the downturn, and although order books are shorter than usual, a CCMA survey of retailers suggests that most fared better over Christmas than they had expected.

Cape retailers, and Getz, were more confident than their Transvaal counterparts on both the trading and forward picture.

Although the 3,000 jobs represent a 5% drop, ironically, the industry’s total Cape employment figure is still 2,000 higher than it was this time last year.

Getz, however, sees the evidence of loss in the cut, make and trim sector as serious, since it provides an important flexibility and versatility in the industry, with a rich mix of entrepreneurial skill.

He is also concerned that in the reaction to current economic conditions further job cutbacks could occur. Getz stresses his view that the industry is in a stable, although tight, situation.

Viewing the market in detail, the CCMA say that children’s clothing sales have remained firm, due in part to strong black demand. Demand for menswear, particularly at the upper end of the market, has satisfactory bookings, while exports have picked up in recent months.

One facet that has emerged clearly in recent months, Getz feels, is the importance of brand names and merchandising to counter any drop in sales. Through effective marketing some brand names have increased their percentage of market sectors.

As to 1983 sales trends, women’s fashion is seen as the main problem area, with the key factor being to identify positive trends and respond to these quickly.

The other problem area is that of supply from the textile sector, with the old problems of late deliveries and disappointing quality and service. Likewise, says Getz, textile pricing has not reacted to the market.

Although neither Getz nor the CCMA make any comment, it is likely that if the situation continues, more manufacturers will be tempted to look overseas for fabric.

On the retail side many fashion retailers are still nervous, says Getz, and suggests this could lead to understocking “and perhaps some dullness in their stores as caution comes to dominate merchandising.”

Which, of course, does lead him open to the comment from retailers and importers looking for sure-fire sales that the boot is on the other foot.
April for winter lines, which means the merchandise often arrives late in the season. And one small trader says he once received goods when the large groups had already begun discounting the identical lines.

Manufacturers say that this is a perennial problem of the fashion industry—which relies on last-minute orders.

National Clothing Federation president Hugh Yorke-Mitchell maintains that the ordering pattern forces the industry to produce the entire summer range between March and June and the winter range between December and February.

"This gives us far too little time to manufacture goods, but it is not going to change," he says. "The manufacturer has to tell little white lies and say he'll deliver on time, or the retailer will leave him."

Some clothing manufacturers blame their late deliveries on sluggish deliveries from the textile trade.

Textile Federation executive director Stanley Shlagman admits that textile deliveries may occasionally be late. But he points out that late specifications from clothing manufacturers to his industry are part of the problem—and this is to some extent because retailers like to submit their precise specifications only at the last possible moment.

Clothing manufacturers usually give five months' notice of their requirements either in terms of the type and quality of material, or factory capacity. But colour, pattern and cut details are only given later, once retailers have tested the market.

Things are not likely to get any easier for manufacturers. They are getting fewer orders in the current economic downturn and face increased foreign competition due to government's latest efforts to adhere to GATT principles.
Irrational results from a rational market set-up

LONDON — Information that is widely and rapidly available, ease of entry into markets with many participants and of high liquidity, would hope and imagine that these were the ingredients needed to produce perfect and rational prices for any commodity or currency.

But the facts suggest otherwise, writes Nicholas Colchester in the Lombard column of the Financial Times. He suggests that the major disappointment of the 16-year experiment with floating currencies is that they have proved volatile and have seldom been able to settle at reasonable levels. Realistically, prices, too, have become more mobile and more illiquid.

The point-and-figure men, wired up to computer models, have recently pushed up prices in the face of stocks in the London Metal Exchange within the last year high — and still climbing.

These phenomena seem to reinforce my long-standing hunch that the perfection of modern markets is an important cause of their instability. Today’s instant-information, instant-transaction markets replace the slow-moving, decentralized systems of the past.

In each market large weights (speculative capital) are linked by weak springs (the fundamentals of supply and demand) and the whole is very volatile. Indeed, such a market must glide smoothly between positions of perfect equilibrium for each new situation. In practice, it wobbles hopelessly beyond and around them.

The rapid rise of the commodity and financial futures markets is the latest development in this process of theoretical improvement and practical relaxation.

Leverage, or gearing, is a key characteristic of these markets. The hedger or speculator has to put up less than 10% of the value of the commodity from whose price movements he is seeking protection or profit. The appeal of this feature attracts both kinds of participant to the market, giving it added liquidity and depth.

So gearing, through liquidity and diversification, should stabilise the market. In practice, these benefits are outweighed by the way that speculative capital is given little influence over the market’s price relative to the underlying flow of supply and demand.

Take the gold market. Even without a futures market, the price of gold is dominated by movements of capital more than by physical supply and demand. So that sort of commodity. But gold experts say unequivocally that the rise of the futures market has increased the influence of speculative capital and increased the volatility in the price.

The extent of the rise in the gold price from $300 an ounce in June to almost $500 in September is said to have been due to covering of short positions by Middle Eastern investors in the futures market.

Futures markets and spot markets are said to be closely tied because there is a continuous possibility of arbitrage between the two. Futures provide the convenience of delivery at a future date and buying it today and holding it until then that demand for gold attracted by the by the futures market.

Mr Brian McDonald has been appointed manager of the coal division of Bowfe Darlington.

Japan’s exports slide

TOROYO — Japanese exports declined in February for the 14th month in succession. The biggest drop of 8% was in exports to Europe. The Bank of Japan and the Ministry of Finance reported that total exports in February were $5.95 million, down 7% on last February’s figure.

Exports to the United States were down 7% and 4% respectively. Exports of iron and steel decreased 29% and those of automobiles decreased 16%.

Shipments of iron and steel decreased 29% and those of automobiles decreased 16%.

Loan sought

BUDAPEST — Hungary is negotiating to borrow more than $200 million from the World Bank for energy and agricultural projects this year, according to Mr Miklos Fulas, vice-president of its National Planning Office.

Scaw MD

MR RICHARD Boustred, previously deputy managing director, has been appointed managing director of Scaw Manufacturing Company (MD) Limited.

W Cape as an export base

Own Correspondent

CAPE TOWN — The Western Cape could be an even more important source of manufactured goods for export, but a deliberate effort was required from industry, along with a consistent and helpful policy from Government, Mr W. J. De Put, chairman of the Western Cape Businessman’s Association, said at a luncheon at which he was awarded the Cape Businessman of the Year award for 1983 that he praised the Government’s effort in the past year.

He said that the Western Cape were important assets in producing export markets, but an extra effort was required to make them more effective.

Stressing that labour-intensive industries would continue to contribute to development, he said that "something important will have to be done to encourage such industries to grow at a faster rate at all our people are to be usefully employed in the years to come."

"I know that many people in official circles have come to this conclusion, such as they now believe that labour-intensive industries must receive priority," he added.

He appealed to the Government to give priority to these industries, particularly when they were producing export markets.

It is possible for us to compete successfully in world markets, but to do so encouragement is necessary, as well as tangible assistance in the form of strengthened and improved export facilities."
Clothing workers lose out

Labour Reporter

More than 3 500 workers in the Transvaal clothing industry have been retrenched during the past nine months.

About 500 of those workers were retrenched in the last two months alone, said the "Garment Worker", a periodical of the Tucsa-affiliated Garment Workers' Union.

During December and January another 3 500 garment workers in the Western Cape lost their jobs.

However five new factories had opened in the area since January and about 800 workers had found jobs.

Retrenchment in Natal and the Free State had been much less than in the Transvaal and Western Cape.

The periodical said a major reason for the layoffs had been the relocation of clothing firms from the urban areas to the homelands, largely due to tax incentives.
Natal garment workers are 'the exception'

Labour Reporter

GARMENT workers across the country are being hard hit by the recession and thousands of people have lost their jobs in the past six months.

The only exception is in Natal where, according to the Garment Workers' Industrial Union, employment in the garment industry is on the increase.

Natal workers have also been given a significant increase, with the minimum rate of pay in most job categories increasing by more than 25 percent under a new two-year agreement.

According to the official journal of the Garment Workers' Union of South Africa, about 3500 workers in the Transvaal clothing industry have lost their jobs since June last year.

In the Western Province 3500 people lost their jobs over the December to January period, although a significant number were re-employed last month.

According to the journal, Natal is the only exception. Mr F Henss of Natal's Garment Workers' Industrial Union was quoted as saying there was very little sign of unemployment among Natal workers.

Dr Anna Scheepers, president of the Tucsa-affiliated Garment Workers' Union, said yesterday there were signs of an improvement in the economy which would benefit garment workers.

Short time

'The trend among employers in the industry at the moment is to work short time rather than lay off workers. There is still a demand for machinists across the country.'

The Trade Union Council of South Africa reports in Labour Mirror that significant wage increases have been negotiated between the Garment Workers' Industrial Union and the Industrial Council for the Clothing Industry.

According to Tucsa, the average minimum wage increase for the 18 different job categories has risen by more than 25 percent while some categories have gone up by as much as 65 percent under the new agreement.
Garment union guns for big increases

THE PROPOSALS by the Port Elizabeth branch of the Garment Workers' Union of South Africa, to have the wages for the garment workers in the region increased by as much as 20 percent, got full support from members.

At an annual general meeting of the branch last week, branch secretary Mrs Kate Gelven explained the proposals to members. These include:

- A 20 percent increase on July 1 this year, followed by two and half percent on December 1 and a five percent as from June 30, 1984
- A reduction in some qualifying periods
- Pay for public holidays fall on a Sunday.
- Annual paid leave to be increased should be increased to 15 working days
- Workers should be given 30 minutes grace per week before losing their attendance bonus
4 026 jobs lost in Cape clothing plants

THE number of clothing workers in the Cape dropped from a peak of 63,550 in June last year to 59,324 at the end of December - a loss of 4,226 workers.

The chairman of the Industrial Council for the Clothing Industry (Cape), Mr A M Rosenberg, gives these figures in the council's annual report.

He says the clothing industry will go through a period of consolidation this year and some cut make and trim (CMT) manufacturers will find it difficult to continue as a result of a lack of orders.

But workers losing jobs at small CMT concerns will be absorbed by larger well established factories.

LABOUR MARKET

The downward phase in the business cycle might last well into the second half of this year. However, it is hoped the recession will be less severe than in 1977.

The downswing has affected the structure of the industry. For many years manufacturers have had to compete in the labour market for a limited number of employees. Now pressure on employers seeking staff is likely to lessen.

School leavers will be entering a contracting labour market and many workers with previous experience will be returning to the industry to augment family incomes.

This should have a dampening effect on absenteeism, labour turnover and on excessive wage offers.

The number of employees involved in movements into and out of the industry has continued to cause concern.

In 1982 the number of manufacturers in the industry rose from 377 to 407. Seventy-one factories opened and 41 closed.
600 lose jobs as Elvinco crashes

Staff Report

SIX hundred people were without jobs today when the Cape Town based Elvinco group was shut.

The group went into provisional liquidation last week.

All three of the group's companies — Elvinco, Lysta Zips and Hereford — were affected by the closure.

The company's plants in Johannesburg and Durban were also closed today.

Elvinco, which was started in 1948 by Mr. Martin Elvin-Jensen, is involved in the injection and blow-moulding of plastic.

Lysta Zips manufactures zips for the clothing industry and Hereford specialises in weaving woven tapes and ribbons.

The three companies owe banks and shippers R7.5 million.

This morning stunned workers gathered outside the factory gates, which were locked. They were allowed in, one at a time, to collect tools and personal possessions.

Most learnt of the closure only this morning when they arrived for work.

They include skilled workers such as electricians, fitters and turners, machine operators, assemblers and clerical staff.

Mrs. Frieda Morkel said she had been employed at Elvinco as an assembler for 17 years.

Another said she had travelled from Paarl this morning to find the factory closed and discover she was out of a job.

The provisional liquidator, Mr. David Rennie of Sveets Trust said no final decision had yet been made on how much to pay employees.

He said some workers were entitled to pay for half of April as they had been laid off on the 15th.

He said the monthly salary bill was R179,000, and added to this was a weekly wages bill of R30,000.

High interest rates during 1981-82 had hit the company hard, and were the major factor behind the failure of the group.

The decision to close had been taken late on Friday as there was a shortage of cash and working capital. The situation had been precipitated by the fact that debts owed to the company were ceded to banks.

He said the banks had preferred not to lend money to keep the company afloat.

The company would have continued to lose for the next two months.

Turn to Page 3, col 1.

600 out of work

(Continued from Page 1)

He would have needed R2 million to keep it operating until the end of May.

Mr. Rennie said the liquidation of the group was the first liquidation of a large company in Cape Town owing to commercial failure in the current recession.

He said he hoped the company could be sold and the business resuscitated.

He had had calls from interested people.

If the company was not sold, its assets would be sold piecemeal, he said.
Two men held after manhunts

Crime Reporter

POLICE arrested two men at the weekend after manhunts, one of which lasted nearly a year.

One man was arrested in association with the death of a man, the other in connection with the death of a woman.

Members of the Flying Squad arrested a 21-year-old man in Heidelberg on Sunday.

Police from Manenberg arrested a 30-year-old man after they discovered a body in a car, and a 16-year-old boy was arrested at the scene.

Mr Van Rooyen was shot when he went to help a neighbour, Mr Michael Ahearn, 32, of Westridge, who was being robbed by two men.

As the two men fled, they were confronted by Mr Van Rooyen, who heard his neighbour's screams for help.

One man was arrested soon after.

Both men will appear in court today.

600 workers lose their jobs

Labour Reporter

ABOUT 600 workers lost their jobs yesterday as all Elvinco group plants were closed - but many of them could be re-employed if plans for a takeover of the group come to fruition.

All three of the group's companies - Elvinco, Lysta Zips and Hereford - were closed after a last-ditch attempt to obtain credit from banks ended in failure on Friday.

The group was placed under provisional judicial management on April 2 and under provisional liquidation on April 7.

The three companies owe banks and shippers some R7.5-million.

The provisional liquidator, Mr David Renne, of Sydcor Trust, said all employees would be paid for work done. Only a few people on the administrative side and some workers to "keep the machines greased" were being kept on.

The company's plants in Johannesburg and Durban were also closed yesterday.

Mr Renne said there were a number of concerns interested in taking the group over and, if they came to fruition, there was a likelihood of people being taken on again.

Elvinco refused further cash, page 16.

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CITY PAROW PAARL
CAVENIDISH SQUARE
ADD TAX
**Despair ends as 500 get their jobs back**

Staff Reporter

**FIVE-HUNDRED workers at three Elvinec Group factories in Grenville Avenue, Epping Industrial, were back at work this week after spending a despairing two weeks in the ranks of the unemployed.**

They were paid off two weeks ago when the firm, hard-hit by the recession, was unable to continue paying their wages. Later subsequently offered to purchase the group, comprised of Elvinec Plastics, Lysta Zips and Hereford Industries.

Group financial director Mr N Watson, said 80 percent of the staff had taken up their jobs again. A few, mainly middle-management personnel, had found other employment.

Machine operator Mr Abraham Ahrendse, of Retreat, said he had looked for another job during the previous two weeks but had not found anything.

"I have worked here for 10 years," he said. "I am a family man. We had a hard time while I was laid off. I am pleased to have my job back."

Heavy-moulding manager Mr M.J. van Staden of Wynberg had served the company for 33 years. "I can only be employed in the plastics industry and there are no other jobs here," he said. "My age is against me."

"I'm glad I'm back," she said. "I was very worried about getting another job. This one is a good one, there are no problems with the bosses."

Employees said they had all been taken back at their previous salaries.

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NATIONAL ASSOCIATION OF FURNITURE AND RELATED WORKERS
‘Clothing industry heading for crisis’

Financial Editor

WORK for Cut-Trim-and-Make (CMT) clothing manufacturers has dried up completely Mr Hugh Yorke-Mitchell, president of the National Clothing Federation, said yesterday in a quarterly economic review of the industry, which he says is heading for a crisis.

There had been a number of CMT bankruptcies and manufacturers who normally give work to CMT contractors are finding they need not do so as they have capacity to cope with a smaller volume of business.

Mr Yorke-Mitchell said the full effect of the recession was still working its way through the industry and "although business has slackened, the general opinion is that the worst is yet to come."

He said that there had been "too cold weather to stimulate winter sales and orders for next summer would not keep the industry busy until work on the 1984 winter ranges began."

"With summer production drying up early and a probable weak demand for next winter, a crisis in the clothing industry towards the end of 1983 is forecast."

**Employment**

In the past year employment in the industry has decreased by more than 10 percent -- not as much as the textile industry, but a comparison of numbers was not valid as the clothing industry was more flexible.

Overtime is worked when work is brisk and short time when it is slack without anyone having to be laid off. But the number of hours worked may be down by up to one third.

Clothing exports last year were R30m -- similar to 1981 and there are hopes that the figure may be improved this year but the continuing uncertainty about export incentives is putting a damper on these hopes.
EL gains factory from Rand

BY TOM LOUW

Business Editor
EAST LONDON — A Johannesburg-based hosiery manufacturer is to move to East London soon, to a new factory now being built in Wilsonia.

The managing director of Eastern Province Textiles, Mr Denton Bruyns, has confirmed that his company will begin the move in November.

Mr Bruyns expects the new factory, now being built by the Industrial Development Corporation, to be ready by the end of October.

He said “Then we will start moving machines to East London and begin training the operators who will be recruited locally.”

“By the end of January we should be producing 10,000 socks a day.”

Initially the factory will offer 150 new jobs to local people. Mr Bruyns plans to bring only key experts from Johannesburg.

Chief among these is Mr Manfred Lubberger. Mr Bruyns says of him “We are very fortunate to have him. He is acknowledged to be the top hosiery technician in South Africa and is our factory manager.” Mr Lubberger will be responsible for laying out the factory.

Mr Bruyns told me his company makes the Pierre Cardin and San Diego hosiery ranges and McGregor knitwear and sports wear and “we hope eventually to expand into a cut, make and trim operation to produce garments like men’s shirts.”

Mr Bruyns is confident that the special incentives available in this area will put his company into a strongly competitive position. Already it is the fourth-largest in its field in South Africa.

“But where we have to remember is that the biggest market is in the Transvaal,” he said. Accordingly, he will maintain a marketing and sales organisation in Johannesburg under a branch manager.

As managing director, Mr Bruyns holds 30 per cent of the equity in Eastern Province Textiles. The rest is owned by Mercabank and the managing director of Mercabank, Dr Charles Ferreira, is chairman of Eastern Province Textiles.
WARNINGS HE HAD RECEIVED IN THE PAST, AND WHETHER THOSE HAD BEEN PRECEDED BY THOROUGH INVESTIGATIONS

The court expressed doubts about whether Van Zyl was guilty of misconduct, and focused attention on an International Labour Organisation recommendation on dismissal. It states "Before a decision to dismiss a worker for serious misconduct becomes finally effective, the worker should be given an opportunity to state his case promptly, with the assistance where appropriate, of a person representing him."

The court found that while Van Zyl was present at an initial disciplinary hearing, he was neither present nor represented at a second hearing. The court granted him interim reinstatement.

In the Matsheba case, the court found that the company's disciplinary procedure was unclear in that it seemed to indicate that group disciplinary hearings — something wanted by the workers, but rejected by management — were possible. In addition, the company had recently changed hands and the appeal procedure stipulated an appeal to a person who no longer existed.

OVERTIME WORK

"In finding for the applicants, it is arguable that the court was indicating that the company was charged with the duty of ensuring that the disciplinary procedure was fair and comprehensible," says the lawyer.

The whole question of employees' obligation to work overtime was raised in this case. The court noted that it was a condition of employment that employees should work overtime when instructed to do so. In addition, as required by the relevant legislation, the company had obtained permission from a Department of Manpower inspector to allow employees to work more than the statutory maximum of 10 hours overtime a week.

However, it appears the court implicitly recognised the voluntary character of overtime and the fact that both the ordinary courts and the legislature have sought to protect employees from overly burdensome terms in employment contracts. The court placed great emphasis on the fact that a practice seemed to have developed whereby an employee in the company was entitled to give reasons why he was unable to work overtime.

The employees — whose dismissal arose from their refusal to work overtime — claimed they had told the company that they could not do overtime at short notice because they had other important commitments.

The court appears to have indirectly criticised the company for not informing them of the reason for the need to work overtime. It found that because of the short notice of such overtime, it appeared that the employees' failure to comply with the instruction could not be said to be unreasonable.
Union clinches major deals with firms

THREE Trade Unions Council of South Africa (Tucsa) affiliates recently negotiated substantial wage increases for their members and concluded satisfactory new agreements with management.

The three unions whose members are said to be enjoying record wage increases are: the Garment Workers of South Africa; the National Union of Worker, Spirit and Allied Workers and the South African Leather Trade Unions, according to Tucsa's official journal the Labour Mirror.

The Garment Workers' achievements in the talks were:
- Substantial wage hikes across the board.
- The abolition of sex discrimination in wages.
- Employers agreeing to match workers' contributions to the provident fund.
- A higher attendance bonus.
- An increase in the number of paid public holidays, and
- A meal allowance for those working after 6 pm.

Wage increases totaling as much as 87.9 percent are being paid over the next 14 months.

The overall rate given to wine workers is 25 percent more, for their pay, they received 15 percent in April and 10 percent will be payable from October 8. Both increases are based on actual wages paid and not on minimum wages.

- All public holidays have been written into the agreement.
- The leather trade unions added their achievement of pay rises to the 15 percent increase across the board they received last year.

The wine workers' agreement includes:
- Hours of work have been reduced from 46 to 45 per week.
- The annual bonus has been increased from three weeks' wages to four weeks' wages.
- Workers who work overtime later than 6 pm will be provided with a meal or a meal allowance of one rand; and
- sick-leave has been increased to 12 working days over a three year cycle.

PARK: Textile worker Ms Veronica Ndlou, at the Orlando West Industrial Park.
AGREEMENT. Secretary Mrs Lucy Mvubelo

Clothing industry scandal

By PHIL MTIMKULU

Trainee workers in the clothing industry are paid R27 per week — which is regarded as "shockingly low wages" by other unions.

And this amount is reduced to R25 per week after deductions, meaning these workers earn about R100 a month — R15 less than the stipulated minimum for domestic workers.

To worsen the situation the wages paid to these workers are in terms of the agreement entered into by leaders in the National Union of Clothing Workers and employers. According to secretary of the union, Mrs Lucy Mvubelo, the R27 was an agreement of the Industrial Council of the Clothing Industry, to which her union is party.

Industrial Councils are officially sanctioned forums for collective bargaining at industry level.

The primary household subsistence level for March this year for the black urban areas of Johannesburg was R277. The figure was calculated by the Port Elizabeth Institute for Planning Research.

Mrs Mvubelo admitted that the figure was low but she said the workers received an increment after every six months. She also said efforts were going to be made to raise the amount to R36 during the next round of talks in January. But she said the employers were fighting all the way.

Trade unions were shocked to learn there were people earning such low wages in the costly urban areas.

Mr Pandelani "Nef" Nefkuhlo, regional organiser of the Black Alled Mining Construction Workers' Union (BAMCWU) said it did not matter that the learner machinists were still young and fresh from school. "Some had to drop out of school to maintain their parents and younger brothers and sisters. In any event their production is the same as that of older people," he said.

The national organiser of the 100 000 member Saawu, Mr Herman Barnabas said it was shocking to learn that there were people still being started with R25 a week in the face of spiralling costs of living. "Any union which accepts such meagre wages for its members is toothless," he said.
Ex-worker is fined

At the

You can

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Rising

aren't
Union defended

MRS LUCY Mvubelo, general secretary of the National Union of Clothing Workers, said her union did not talk shop like other unions but had benefits for the members which were second to none.

Mrs Mvubelo also said the fact that they had accepted R2.7 as a starting wage for learners or machinists was not because of lack of trying. She said the employers were constantly threatening to move their workers to the Border industries where labour is cheap.

“Our union is among two unions in the industry which works a 40-hour week. We achieved this as far back as 1948. We have the best holidays and eight holidays are paid for. In addition to this we have wonderful benefits like provident fund, medical and medical benefits.”

“Today, members of our union who are predominantly women, are able to buy their own houses because of the provident fund. They have thousands of rands in the fund. And every second year they share unclaimed provident funds and they get more than they contributed,” Mrs Mvubelo said.

Mrs Mvubelo said they also had a group funeral scheme. The scheme covered the entire family and the spouse received R1 000. Should the member die, the dependents are covered for life.
Athletic in Doldrums
Clothing Industry

By Patricia White

Business Day/Industries
New union for clothing industry

By PIPPA GREEN
Labour Reporter

A NEW union has been launched in the clothing industry.

The Clothing Workers' Union was officially launched last week and intends to organise workers employed in the largest industry in the Western Cape.

At present, the entire workforce in the clothing industry belongs to the Western Province Garment Workers' Union, which has had a closed-shop agreement with employers since 1936.

The closed shop makes it a condition of employment for all workers to belong to the union, which now has close on 60,000 members.

The Garment Workers' Union has often been criticised for relying on the closed shop for their membership and for not having adequate shop-floor structures to represent workers.

Since 1931 there have been numerous attempts to oust the leadership of the union, none of which has been successful.

FIGURES

A Clothing Workers' Union spokesman said the union could not disclose membership figures "at this stage", because of the closed-shop agreement between employers and the Garment Workers' Union.

Meanwhile, the Clothing Workers' Union has accused the Garment Workers' Union of taking details of union benefits to factories where the new union has a foothold, in an attempt to dissuade workers from joining it.

However, this has been strongly denied by Garment Workers' Union general secretary Mr L. Petersen.
LABOUR RELATIONS

Union rivalry

The International Textile Garment and Leather Workers' Federation (ITGLWF) has made an unsuccessful bid to halt the bitter rivalry between some of its affiliated unions in SA.

The international body is concerned about the increasing hostility between garment and textile unions linked to the Trade Union Council of SA (Tusca) and the National Union of Textile Workers (NUTW), a member of the Federation of SA Trade Unions (Fosatu).

The ITGLWF leadership recently visited SA and met all affiliates, but the NUTW did not attend a meeting they convened in Durban. According to the official journal of Tusca's Garment Workers' Union and the National Union of Clothing Workers, bitter complaints were made about "overseas money being used to disrupt and divide established unions instead of being used to organise the hundreds of thousands of unorganised workers."

"The feud going on is clearly not in the interests of the workers involved," says the union's magazine. "Workers who spoke at the conference alleged that threats and intimidation were used against them to pressure them to leave their union and join the other unions."

NUTW general secretary John Copelyn says his union has been surprised by such allegations of intimidation. "None of these unions has ever raised anything like this before," he says. He says the NUTW strongly denies these claims and points out that it recently resorted to legal action in the wake of alleged assaults of its members by Tusca union members.

Copelyn says the NUTW does not see any basis for co-operation with unions belonging to a body such as Tusca which has called for a ban on unregistered unions.
Police disperse 200 strikers

MORE than 200 workers who downed tools on Tuesday at the St John's Knitwear Company in Hamanskraal, near Pretoria, were dispersed by Bophuthatswana police yesterday.

According to a spokesman for the South African Allied Workers Union, most of the workers earned R22 a week.

The workers went on strike after wage demands were rejected by the company.

A spokesman for the workers said negotiations for wage hikes, increased night shift allowances and sick leave pay, began two weeks ago.

He said Mr Frans Lehabe, one of the firm's personnel managers, speaking on behalf of Mr O'Locker, general manager, told the workers that all their demands had been rejected.

When the workers demanded to see Mr Locker, they were told either to return to work, or go home. They decided not to go back to work until their demands had been met.

Yesterday, Mr Locker is reported to have repeated the ultimatum to the workers in the presence of a large contingent of Bophuthatswana Police. However, the workers stood firm on their demands.

After about 20 minutes, the workers ran off, pursued by the police.

The spokesman for the workers said nobody was injured in the incident.

Sapa
Workers free to join new union — say Park Avenue bosses

Sacked women back at work

THE first round in the battle between the recently established Clothing Workers Union (Clowu) and clothing bosses ended amicably last week with the reinstatement of three dismissed workers and an assurance that employees were free to join a union of their choice.

The three, Vanessa van Beulen, Vanessa Mathews and Delia Vindvogel, were sacked by Park Avenue Lingerie in Diep River for allegedly being members of Clowu and they responded by instructing lawyers to take the matter to court.

But before legal steps could be taken they were called to a meeting on Friday and given their jobs back, with full pay.

All the workers at the factory were given written notices of the reinstatement in which they were told, in part, by Mr Reinhardt, "You are aware that three employees of the company were dismissed last week and there have been claims that they were unfairly dismissed. "Having consulted with various employer bodies and certain labour experts, we understand that there is some doubt whether their dismissal could be entirely justified on legal grounds." DIFFICULT

"In the circumstances, we believe that we should not prejudice the futures of the employees concerned, particularly where there is doubt, and in these difficult economic times, "We have therefore offered to reinstate them in their jobs."

"You are also aware that a union, the Clothing Workers Union, has been active in our area."

"The company believes that every employee has a right to join a union of his or her choice. No employee should be victimised or in any way prejudiced for joining or supporting a union."

SUPPORT

Miss Ruth van der Vindt, the Clothing Worker's Union said the reinstatement of the three workers showed that "we can get through our problems with the support of all the workers."

She said the union was very encouraged by the attitude of the Park Avenue management. "In giving letters to all their employees explaining their position in regard to the union's activities, they have made a very serious attempt to forge proper channels of communication for workers to belong to the union of their choice, and that will contribute towards industrial peace," Miss van der Vindt said.

The reinstatement is a significant breakthrough for Clowu in what is expected to be a protracted struggle between it and the giant Garment Workers Union, which has set out to break in terms of a closed shop agreement, clothing workers are forced to join the Garment Workers Union.

However, throughout the industry, in many industries, closed shop agreements have been successfully and legally broken.

'This union cares'

WHY did the three women in the factory sacking controversy join the Clothing Workers' Union (Clowu)?

The three ladies are back in their jobs now after being dismissed for allegedly belonging to the new union. But on factory floors throughout the Cape, they are the talking point among the workers.

One of the women, Vanessa van Beulen, speaking on behalf of all three, said they felt the new union was a good thing.

"Just look at what the other union (the Garment Workers' Union) of the Western Province) has done for us."

"If we go to the Garment Workers' Union and tell them about a problem, they pick up the telephone and speak to the boss. Then they just leave the matter even if the boss does nothing about it. They do nothing for us."

DISAPPOINTED

"We have now seen that the Clothing Workers' Union cares about us. We were kicked out of our jobs and felt disappointed at first because we did not think we would be able to do anything. Then we went to the union to take up our fight."

"The other women at work supported us, but they could not show open support because they felt the boss could take action against them."

"Now that Clowu has acted we have our jobs back."

Referring to benefits offered by the Garment Worker's Union, Miss van Beulen said "They want to give us money when we die. We don't want it then, we need it now."

"We have many problems, but we will just have to fight and then we will win."

QUALIFIED

Miss Vanessa van Beulen, 24, is a qualified examiner, who has been working at Park Avenue for three years. She worked previously at Tej Fashions. She lives on Beethoven Street, Retreat.

Miss Delia Vindvogel, 31, has been working at Park Avenue for three years. She lives in Retreat.

Miss Vanessa Mathews, 26, is from Steenberg. She started working at Park Avenue earlier this year.
By ANEEZ SALIE

THREE Cape Town clothing workers are to take their former boss to court over alleged unfair dismissals, signalling the first shots in a battle royal between a new, independent trade union, factory managements and the giant Garment Workers’ Union.

According to the three workers, they have been victimised for belonging to the recently formed Clothing Workers’ Union (Clowu) and they will now take their case to the Industrial Court.

The three are Vanessa Beulen, Vanessa Mathews and Delia Windvogel. They said they had been employed for a number of years at Park Avenue Lingerie in Deip River.

There had not been any problems with their work and they were surprised when they were suddenly called to their manager’s office, Miss Mathews said.

“The manager questioned us about the distribution of Clowu’s pamphlets at the factory and about our membership of the union,” she said.

“It was rather frightening. After the questioning we were given a minute’s notice,” said Miss Mathews.

CONSULTED

“We had a No 2 entered on our unemployment card which indicates we lost our jobs because of a reduction of staff. That is untrue. We were sacked because of our membership of Clowu,” she said.

“But we will not let the matter rest there. We will now have it out in court,” Miss Mathews said that they had approached the Legal Resource Centre for assistance.

Mr Geoff Budleender of the centre, confirmed that they had been consulted by the three workers.

He said they had been instructed to institute legal proceedings. They will charge that Park Avenue Lingerie had committed an unfair labour practice by dismissing the three women.

The managing director of the company, Mr J. Reinhardt, denied that the three had been dismissed for their union affiliation.

He said they had been asked to go because they had broken the company’s disciplinary code.

REFUSED

However, he refused to disclose what these breaches of discipline had been.

The Clothing Workers’ Union was established to break the stranglehold which the conservative, 65,000-member Garment Workers’ Union had on the industry, according to Miss Ruth van der Vind, a spokeswoman for the new union.

Workers are forced, by virtue of a closed shop agreement, to belong to the Garment Workers’ Union, said Miss van der Vind.

She charged that the Garment Workers’ Union, the largest trade union in the Western Cape, had not been to workers’ grievances and had become management’s “sweetheart” union.

They had expected factory bosses to resist Clowu, said Miss van der Vind, and they viewed the dismissal of the three as “the first shots in a protracted war for the hearts and minds of the clothing workers.”
Praise for removal of controls

BY PRISCILLA WHYTE

Free market campaigner, Mr. Bryan Kantor, professor of economics at the University of Cape Town, is pleased import control has been replaced by tariffs in the clothing and textile industries.

"Tariffs are bad enough, but we have to live with them because of the capital investments made in industry."

He believes tariffs adjust more readily than import control to world market conditions.

He is pressing for the elimination of import control on chemical precursors for man-made fibres.

He says international trading conditions in the textile industry are made difficult by over-protection of the chemical industry.

He says Sasol enjoys a high measure of protection, and this is causing other industries severe problems.

Sasol’s policies were based on oil price rises which did not materialise, he says.

Prof Kantor says an investigation of the chemical industry is in progress.

He believes the removal of price control on cement and bricks is opening these industries to foreign competition.

Removal of protection is the only way to expose local industry to competition, he adds.
Cape clothing industry less affected by recession

Clothing firms in the Western Cape have been hit less hard by the recession than those in other parts of the country, Mr Michael Getz, retiring chairman of the Cape Clothing Manufacturers Association, said last night.

He said in his annual report this was partly because most of the country’s leading brand names were produced in Cape Town and partly because there was a wide product mix so that tough trading in men’s clothing was offset by acceptable sales of women’s and children’s wear.

A third reason was that retail chains based in Cape Town fared better than their counterparts in the Transvaal.

A fourth was that Cape Town was the dominant exporter of South African clothing.

"However, the challenge and opportunity of developing our potential really lies in the establishment of foreign markets.

It was important that confrontation between employers and the work force was avoided and that both realised they must work together to promote and advance their separate but indivisible interests."

OPPORTUNITY

"Recovery in foreign markets improved opportunity for growth in this area.

Exports, therefore, maintained and probably increased employment levels at this difficult time."

But employment in the industry had fallen by almost 6 percent in the past year. Although there had been a slight recovery since August, real improvement was not expected until late next year.

In the longer term, manufacturers in the Western Cape must look to exports for their growth and development.

“Our domestic market will remain substantial and important for the foreseeable future."

Mr Simon Jocum, immediate past president of the National Clothing Federation of South Africa, was elected chairman of the Cape Clothing Manufacturers Association at its annual meeting last night. Mr Jocum was chairman of the association from 1973 until 1977. He is a director of the Fearless Shirt Company."
Expert urges stress on productivity

By Louis Beckerling
Business Editor

The historical development of the US clothing industry, said Mr Ullman, had revealed three distinct phases:

Emphasis in the '50s and '60s, he said, fell on competitiveness between manufacturers South Africa was still largely in this phase.

As competitive advantage began to mean less management emphasis switched to marketing, alternative sourcing of raw materials, and asset controls (70s and '80s).

"Now the emphasis has once again swung to total productivity, and indicators of the shift may be found in such issues as:

- A return on capital which averaged 30% in the clothing industry.
- Substantially increased market research expenditure.
- A restructuring of the sales force.
- Greater controls over work in progress and inventories.

The key to making the necessary productivity gains in South Africa lay in increased capital investment in research and development and in technology, said Mr Ullman, and this was feasible behind the protective tariff barrier which existed in the country.

Entrepreneurs not willing to make such investments for fear that the barriers may suddenly be removed will pay the price for not taking the necessary risks that they should be taking as entrepreneurs.

Presenting a productivity check-list, Mr Ullman defined a number of concepts and the suggested targets for US clothing manufacturers:

Price recovery: The average price change, minus the change in (weighted) average cost of labour, cost of raw materials, and services: Target -2.2% a year.

Retail sell-through: The percentage of products sold "at first price" currently estimated at between 50% and 60%. This provides a measure of market penetration/sales productivity, target should be 80%.

Sales force: Sales representatives estimated in the US "probably perform at about 60% of their potential" for penetration, total volume, new account openings, and performance levels.

Inventory turns: A mediocre industry-wide average estimated at 2.8 turns, could improve some 25% to 3.5 turns.

A FOCUS on improved productivity had ensured that in the United States, clothing manufacture was the most profitable branch of the industry, a visiting US expert told Port Elizabeth clothing manufacturers this week.

And notwithstanding the limitations to the local market and the time-lag which distinguished the experience of the South African manufacturer from that of his counterpart in the US, significant productivity gains were available to the SA entrepreneur willing to take the necessary risks.

This was the central message conveyed to Port Elizabeth's substantial clothing manufacturing industry by Mr Jack Ullman, consultant with the New York firm of Kurt Salmon Associates, and specialist in the apparel industry.

Addressing delegates to the Eastern Province Clothing Manufacturers Association annual meeting, Mr Ullman said total factor productivity in the United States for the period 1973-79 revealed that among chemical fibre processors productivity had improved annually by 1.1%.

By contrast, textile producers had improved their productivity by 3.7% and apparel manufacturers by 3.4%.

For the retail market, generally productivity had risen over this period by 0.59% and for the United States economy as a whole by 0.4%.
SA clothing industry has vast potential — US expert

JOHANNESBURG. — The clothing industry in South Africa has a vast growth potential which is not recognised by most manufacturers, says Mr John Ullmann, a United States management consultant specialising in clothing.

Speaking at a Press conference for the National Clothing Federation's two-day national convention to be held at Sun City this week, he said the industry had a growth potential of 6 to 7 percent a year, compared with one percent in the United States.

"This country has a number of vital factors which are favourable for growth, the main ones being a virtually unlimited labour force and a growing consumer market."

"In addition you have protective barriers such as import control which enable you to develop the industry to meet the growth potential."

But most manufacturers did not appear to know how to tap the potential.

In the past two weeks he had visited plants around the country and had been surprised at how much they had spent on development of plant and buildings.

**GIVEN PRIORITY**

"They are spending more on these things than is justified by their productivity. In fact they should be spending most of their investment funds on training and motivating their labour force."

"After all, this is a labour-intensive industry and will always remain so."

Even in the United States, where the industry was mechanised, less than half production time was machine-time. Training and incentive wages were given priority.

By contrast, in South Africa productivity seemed to be acceptably low.

"The manufacturers should not allow themselves to be dominated by the retail chains. They must initiate their own modernisation and marketing programmes."

Mr Ullmann emphasised that the clothing industry was an "entry level labour industry" as well as being "the largest employers of secondary labour and therefore of interest politically."

Mr Ullmann is vice-chairman of Kurt Simon Associates of New York.

— Sapa
SUN CITY — Professor Frans Steenkamp, chairman of the committee of inquiry into the textile and clothing industries, defended the committee's call for the ending of quantitative controls on imports here today.

He was speaking at the National Clothing Convention.

Professor Steenkamp's committee has been strongly criticised for its recommendation that quantitative controls on clothing and textile imports should be replaced by greater tariff protection.

He said quantitative import controls were objectionable because they interfered with the workings of the free market system, which protection in the form of tariffs did not do.

Quantitative import controls are a nice shelter behind which the interests affected can maximise their profits, but the common weal cannot be served by interfering with the free market regime in this manner.

Excessive level

"Being as competitive as it is, the clothing industry should be one of the last of our manufacturing industries to desire protection at an excessive level or of an dispensable nature.

"I am convinced that it will not want to put forward unacceptable demands, provided its costs are not unjustifiably raised by state action."  

It would be counterproductive if protection were granted at the expense of industries having greater comparative advantages in world trade, such as certain industries in the primary sector.

Since 1948 certain sectors of the local textile and clothing industries had become overprotected, mainly through quantitative import control and, to a lesser extent, through the habit of the Board of Trade and Industries of looking to the West for "normal" prices in fixing formula duties.

Scaled down

"The committee, therefore, proposed that the existing protection be revised in such a manner that import tariffs take the place of quantitative import control and, where necessary, be either raised or scaled down over time."

Quoting from the committee's report, Professor Steenkamp said: "This country's main economic problem is the provision of employment for its explosively growing black population."

"Its labour-intensive industries, such as the clothing industry, should be assisted to develop even faster than in the past. Faster growth can be realised by avoiding cost increases caused by overprotection of upstream activities."

Materials and labour were the most important cost items in the manufacture of clothing. But South Africa, through its labour policies tended to raise labour costs artificially to levels that reduced the international competitiveness of its manufacturers.

"We have done so, in the first place, by introducing into our labour legislation various discriminatory provisions that have curbed the occupational and geographic mobility of sections of the population.

"The occupational curbs, in particular, have generally raised the level of labour costs in the higher semi-skilled and skilled occupations significantly. Most of these legal curbs have recently been abolished, but their adverse effects linger on."

"We have artificially raised labour costs, in the second place, by allowing certain types of labour contract, such as piecework and outwork, to be outlawed in our industrial council agreements and in our official wage determinations."

Outwork and piecework were important factors in the competitiveness of the clothing industry in the East and Italy.

Denied advantage

"We have denied ourselves the advantages which they carry."

The committee of inquiry had "slipped up" by missing the opportunity of recommending that the Department of Manpower "take action to discourage, if not prevent, the prohibition of piecework and outwork in official wage determinations and industrial council agreements."

Sapa
THREE clothing workers have started an industrial court action against a Diep River clothing factory, claiming they have been unfairly dismissed because of links with a new clothing workers' union being set up in the Western Cape.

The Clothing Workers' Union (Clowu) was launched at the end of last month in opposition to the Western Province Garment Workers' Union.

'Skirmish'

The court action is the first skirmish in what may become a protracted factory-floor war as the new union seeks to make inroads on the massive-established union, with a closed-shop agreement with employers and a formal membership of some 80,000.

The workers claim they were summarily dismissed by the manager of their company, Park Avenue Lingerie, after being questioned about their links with Clowu and the distribution of pamphlets within the factory.

'Victimized'

Following their dismissal they approached the newly-established Cape Town office of the Legal Resources Centre for assistance.

Mr Geoff Budlender of the LRC confirmed yesterday that he had been instructed by the three workers to prepare an industrial court action on the grounds that they had been victimized. If the industrial council could not reach a settlement, the main dispute would then go to the court, he said.

'Discipline'

Mr J. Reinhardt, managing director of the clothing firm, said yesterday the firm had not been officially informed of any pending legal action.

He confirmed that the three workers had been dismissed in a "normal disciplinary action" about 10 days ago but strongly denied that this had been caused by their involvement with the new union.
Export incentives

Call for more on export incentives

by Patricia White

Steenkamp's missed chance

Business Day
Not forced to join clothing union

I refer to a report in The Argus of November 3 headlined "New union for clothing industry". It implies that the entire workforce of the clothing industry belongs to the Garment Workers' Union of the Western Province because they are forced so to do by a closed shop provision dating back to 1936.

But it will be seen from clause 14 (2) of the Industrial Council agreement for this industry that not all firms have to be members of the employer organisation and not all employees in the industry have to be members of the trade union.

The actual position is that many factories are engaged in the manufacture of garments in Cape Town and environs which are not members of the Cape Clothing Manufacturers' Association or the Cape Knitting Industry Association, the other employer party to the council.

If there are factories which are not members of the association, clause 14 (2) would not force their workers to be members of the Garment Workers' Union.

If all the workers are members of the Garment Workers' Union, it is not because of clause 14 (2) or any other provision or action to which employers individually or through their trade associations are required to be a party.

All clothing workers are not forced to be members of a trade union and the statement in the article, namely, "the closed shop makes it a condition of employment for all workers to belong to the union", is patently not correct.

C. F. McCarthy
(Secretary)
Cape Clothing Manufacturers' Association,
Cape Town.

The labour reporter replies: According to the general secretary of the Garment Workers' Union of the Western Province, Mr. L. Petersen, the overwhelming majority of workers in the clothing industry — 56,000 out of about 63,000 — belong to his union. A spokesman for the South African Labour and Development Research Unit said the closed shop agreement in question specifies that no employer who belongs either to Mr. McCarthy's association or to the Cape Knitting Industry Association may employ a non-union member. Conversely, no union member may work for an employer who is not a member of the employer associations party to the Industrial Council agreement. Mr. McCarthy is correct in pointing out that not all employees in the clothing industry are affected by the closed shop agreement.

Employees in the industry who are not members of the union are described by Mr. Petersen as being people earning above average wages, doing specialist jobs such as dressers, tailor-managers and computer operators.

More letters on page 22
Firm reinstates fired workers

Longo's Long Beach clothing workers got word yesterday of a settlement. The workers claimed they had been unfairly dismissed. The union, which has been pressing the company to reinstate the workers, has been preparing for a potential strike.

Mr. Kenard, the firm's managing director, issued a letter to all employees, dismissing the workers.

The letter stated that the company believed all employees had been discharged for cause. The workers had not been given a proper chance to respond to the charges.

Mr. Kenard also said that the union had been accused of interfering with the company's operations.

The workers, however, said they had been preparing for the settlement. They said they would now fall away.
CLOTHING
Tighter belts

The clothing and textile industries are dismayed by what they see as poor management by retailers leading to excessive destocking. Some large chains may well have shot themselves in the foot, says Stanley Shragman, executive director of the Textile Federation.

He says while there has been a 6% volume drop in retail sales, textile manufacturers are reporting a fall of more than 20% and clothing manufacturers about 12%. Over the past 18 months, this has resulted in some 14,000 textile workers being retrenched, and another 8,000 being put on short-time.

"Had there been better planning by the retail trade and less pushing of panic buttons, the effect on industry might have been minimised," he says. He backs his argument with Edgars results which show that while profits were down, year's turnover increased.

"Profits might not have tumbled as much had management helped to keep more people, who are potential shoppers, in employment," he says. "There is, after all, a great deal of linkage between the industries. Now there is pressure to fill some of the gaps caused by short ordering and we are having difficulty to supply."

Clothing Federation president Hugh Yorke-Mitchell confirms that some retailers are "panic buying" stocks for Christmas. "It will benefit everybody but the textile producers who, in many cases, ran out of stocks a long time ago," he says.

Edgars chief executive Vic Hammond admits there has been short ordering in some areas. "Sure people are running around for stock in certain items," he says.

"At the moment there is no doubt we all under-estimated the strength of the market in ladies' shirts and T-shirts.

Nevertheless, Hammond says, total destocking has not been excessive.

Retail clothing sales were worth R3 000m in 1982 and are expected to reach R3 300m by value this year. This represents a 6% in volume terms.

Financial Mail November 18 1983
The Garment trade agreement

By JONH
RABOROKO

TRADE unions in the garment and clothing industries and their employers have agreed on a "Code of Practice" which lays down how workers may be retrenched and what compensation should be given to them.

The agreement was reached at the same time as the Industrial Council agreement between employers, the Garment Workers’ Union of SA and the National Union of Clothing Workers (SA), but it does not form part of this agreement, it is a "gentlemen's agreement" between the parties.

According to the official journal of the union "Garment Worker" this informal agreement provides some protection for workers laid off in a recession, rather than normal dismissal.

The agreement gives protection and guidance to employers who have to lay off staff because of reasons beyond their control. If they follow the code, they will not meet with opposition from the union.

The magazine says it should be noted that workers cannot get the compensation agreed upon here and the long term service bonus as laid down for ordinary termination of service of retirement, in the main agreement.
Kantor sees big benefits for clothing industry

By DEREK TOMLEY
Financial Editor

THE issue of the report of the Steenkamp committee should be regarded as one of the great moments in the history of the South African clothing industry, says Professor Brian Kantor, head of the school of economics at the University of Cape Town.

In an address to the National Clothing Convention, Professor Kantor said the clothing industry stood to be a primary beneficiary of the Government's new industrial strategy of ending import controls.

In the past South Africa had suffered rather than benefited from its policies of import protection and that even the "moderate and selective" protection provided by the Board of Trade and Industries had reduced rather than promoted economic growth in South Africa.

HIGHER TARIFFS

The clothing industry should recognise that it could get protection not just by higher tariffs or import controls but also by seeking less protection for producers of inputs for the industry.

The clothing industry had emerged extremely well from the Steenkamp inquiry into the textile and clothing industries, with strong arguments why it should be nurtured.

But the reaction of the industry had been unenthusiastic and little different from that of the fibre and chemical producers who had much more to lose.

The report of the Steenkamp committee showed how protection had got out of hand.

DISADVANTAGES

In examples of "price disadvantages" experienced by South African firms, it reported that in 1982 the local prices of polyester fibre, cotton type, were 57 percent higher than in the Republic of China and in South Korea, 51 percent higher than in Italy and 23 percent higher than in Britain.

Local prices of polyester yarn 167 decitex were 99 percent higher than in the East, 38 percent higher than in Italy and 45 percent higher than in Britain.

The prices of nylon yarn 44 decitex were 57 percent higher than in the East, 45 percent higher than in Italy and 9 percent above the British price.

Professor Kantor replied to a recent claim by Mr Denys Marvin, chairman of AECI, the country's biggest chemical company, that the Government was taking industry "down the road to disaster" by removing quantitative import controls.

Professor Kantor said the idea that certain sectors of the economy should be insulated from the chill winds of international competition while other sectors were exposed to it, had simply had its day.

"Not that Mr Marvin has, as yet, anything to complain about.

"Compared with almost all major chemical companies around the world, AECI has performed very well indeed, despite recession in South Africa and despite the fall in chemical and oil prices worldwide.

"South African consumers, in one way or another, have paid the higher prices necessary to provide for their profitable production, despite depressed world markets."
Protection’s image fades

South African industrialists and economists are divided, often sharply, about how much protection should be given to domestic production against imports. Two contrasting views were given at the National Clothing Convention at Sun City — as PRISCILLA WHYTE reports.

SOUTH AFRICA has suffered from import protection, according to Professor Brian Kantor, Professor of Economics at the University of Cape Town.

"Even the moderate and selective protection provided by the Board of Trade and Industries has reduced rather than promoted economic growth. We are not about to enter a brave new world of free trade. The BTI is to continue with business as usual."

Prof Kantor said protection diverted resources from efficient uses and, by inhibiting economic growth and income, reduced employment.

"If imports are reduced so are exports and if a rand earned in exporting is worth more than a rand earned on the domestic market there is something wrong with the exchange rate."

Nothing dramatic was likely to affect industry in the short run but the new attitude to imports was a change in direction after 40 years.

Prof Kantor said the policy of extending protection to where production was less capital-intensive, but where the manufacturer was subject to higher cost inputs, had made the clothing industry highly vulnerable to foreign competition and more dependent on protection.

"The release of the Steenkamp Committee report should be regarded as one of the great moments in the history of the SA clothing industry. The unenthusiastic reaction of representatives of the clothing industry sounded very little different from that of the fibre and chemical producers who have much more to lose."

Protection for the clothing industry resulted in dearer clothing for the public.

He challenged Mr Denys Marvin, managing director of ABIC, who is reported to have said that he could not contain himself about "those academics and bureaucrats who have never tried to sell anything and who are bent on destroying the economy."

Prof Kantor said the purpose of the BTI's protection was not to guarantee full capacity utilisation and return of capital on investment.

"The basis for the original protection of the synthetic fibre, yarns and chemical industries was made dependent on low tariffs of between 15% and 25% ad valorem. These duties were later increased. Mr Marvin is wrong when he suggests that I, or those of my ilk, have never tried to sell anything. We have attempted to sell in the most difficult market place of all — ideas."

The Steenkamp report, he said, had rendered protection valueless.

"The idea that certain sectors of the economy should be insulated from the chill winds of international competition has simply had its day."

Strategic interests were best served by mutual interdependence with other countries through trade rather than self-sufficiency.

FREE-TRADE theories are unrealistic, according to Mr Stanley Shlagman, executive director of the Textile Federation.

He told the conference: "Industry has had a constant struggle to preserve a solid manufacturing base against increasingly powerful academic and theoretical proponents, who have a misty-eyed vision of a better society based on unrealistic free trade."

Protection, properly applied and correctly administered, was concerned with the survival of industries and not with feather-bedding and inflating profits. "Protection does not, and should not, guarantee profits. Its task should be limited to creating a domestic market environment wherein normal and effective competition flourishes, but which is not bedevilled by the effects of destructive and predatory imports."

Mr Shlagman gave comparisons of profitability in the main industrial sectors in 1979. The annual average value of production an employee for the clothing industry was R7 050 against an average of R22 336 for manufacturing as a whole. Profitability an employee for the textile industry was below the average for total manufacturing.

Mr Shlagman said that in 1979 the clothing and textile industries were "reasonably well protected, both by tariffs and quantitative import control and especially by the latter in the case of the clothing industry. It should be difficult to deduce that protection had much influence on the profits of these two industries, which ranged from poor to mediocre."

The clothing and textile industries were compared over 13 years — 1966 to 1979 — by Mr Shlagman.

No trend in profitability for textiles could be noted between 1966 and 1976 and 1979, and changes in the 13 years were only marginal. There were two major increases in the tariff protection — in the middle of 1977 and early in 1980.

The major increase in profit an employee for 1979 was to some extent accounted for by inflation. Another factor was the increase in capital investment. Between 1966 and 1979 the increase in the value of production an employee was 255% compared with a profit an employee increase of 273%.

Inflation affected values and enhanced labour productivity based on increased capital spending played a role. The increase in capital was marked between 1976 and 1978 when production jumped from R9 428 to R14 630.

Profits as a percentage of turnover for the 13 years for textiles and manufacturing were 8.3% against clothing's 5.5%. Profits as a percentage of added value gave textiles 21.5%, total manufacturing 20.4% and clothing only 12.2%. Mr Shlagman said that whether this was a chronic and acceptable situation for the clothing industry was something it could ponder.

"If these figures were progressively deflated to allow for inflation, the real recovery per employee would drop more than 50% in a situation of static labour productivity even by a greater factor if some productivity improvements did in fact take place."

In the 13 years the clothing industry had access by way of rates to duty-free imports of 25% of its total input. The textile industry had 25% and 30% of material input protected, and the balance was mostly at world-related prices.

Mr Shlagman believes the reasons for the low profit performance of the clothing industry cannot be ascribed to its supply line. The increasing concentration of buying power in a small number of powerful retail groups is leading to setting of prices by powerful buyers. These are accepted by compliant but unwilling weak sellers. Many buyers are directly involved in clothing manufacture.
WAGE NEGOTIATIONS

Recession bites

The latest wage negotiations at African Explosives and Chemical Industries (AECI) have reached a critical point, as unionists report the company's latest offer back to their members. Twelve unions are negotiating on behalf of the 15,000 workers at AECI's Middelport, 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 R468.80 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 small portion. Other unions involved include the SA Boilermakers' Society, the Amalgamated Engineering Union, the SA Iron, Steel and Allied Industries Union (SAI), 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. Seawu could not be contacted.

In other developments in end-of-year wage negotiations:

- The Commercial, Catering and Allied Workers' Union of SA (Crawusa) has demanded increases ranging from R110 to R150. A 3M spokesman says the company is still willing to negotiate provided the union reduces its demand to more realistic levels.
- A Crawusa spokesman argues that the US parent company pays a minimum $4/hour and that the local subsidiary is taking advantage of cheap black labour in SA. The dispute, which involves 280 employees, is being referred to mediation.
- The Checkers dispute has also been referred to mediation which is due to begin this week.
- The Paper, Wood and Allied Workers' Union (Pawwu) is negotiating wages at plant level with Mundi and Sappi, rejecting an employer offer for an 18c/hour increase at the Industrial Council for the Pulp and Paper Manufacturing Industry.

Breakthrough

According to Pawwu, this constitutes a breakthrough as previous efforts to convince the two companies to negotiate outside the council have been unsuccessful. The irony is that Pawwu, 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 Mundi refused to negotiate at plant level.

There has been speculation that the reason the two companies agreed to this step is, 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 Mundi declined to comment. The two other major companies in the industry, Nampak and Carlton Paper, have already granted Pawwu 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.

(Continued on page 51)
January wage increase for Natal garment workers

Mercury Reporter

The second stage of a new wage structure for nearly 50,000 Natal garment workers will come into effect from January 1 next year with further pay increases of up to 12 percent, for some workers.

Mr Frankie Hansa, general secretary of the Tusca-affiliated Garment Workers' Industrial Union, said yesterday the revised scales were agreed to by the union and the Clothing Manufacturers Association last year. The first stage of the agreement was implemented in January this year.

A feature of the new agreement was the elimination of the wage disparity based on sex. While this longstanding grievance has been abolished, a sting in the new deal has been the increase in fringe benefits, comprising the sick and provident funds, which have been upped by as much as 70 percent, he added.

Terms of the new structure, a head cutter now earning R115 a week will earn R126.50 a week in January, a hike of R11.50. A cutter and trimmer earning R90 a week will get R9 more, pushing up his pay since the new agreement came into being last year by nearly 50 percent.

Mr Hansa said parity in pay between male and female workers was reached in January this year when the wages of a qualified grade one male machinist earning R42.40 a week at the time, and his female counterpart earning R36.80 a week, were both increased to R50 a week. They would get a further increase of R5 next January.

Mr Hansa also disclosed proposals by the union to form a new fund to help members who were unemployed. If approved at the union's general meeting next week the union membership fee would increase from 65c a week to R1 a week from January 1.

One of the benefits was that if a member who lost his job and the union was unable to find him alternative work, he would get 45 percent of his wage for six months.

This is in addition to what the member will collect from the Unemployment Insurance Fund from the Department of Manpower. This means that the member will get 90 percent of his wage if he is unemployed,' he added.
Clothing workers get R9.3-m rise in pay

Staff Reporter

CLOTHING workers in the Western Cape are to get a pay rise from Monday worth about R32.5-million a year.

This will put about R180,000 a week into the pockets of the 59,000 workers, and comes in time to be included in their end-of-year bonuses.

The rise is the result of a new 12-month wage agreement and follows a cost-of-living adjustment in mid-year and a R9-million a-year pay rise in December last year.

"Machinists, the largest group, are to get a R2.50 rise to a basic R54 a week, taking their pay to 28 percent more than the R42.30 minimum a year ago.

The lowest grade, learners, will now get R36, up from R32.

REVIEW IN JULY

Provision is made in the agreement between employers and the Garment Workers Union for another wage review next July to compensate for inflation in the next six months.

The chairman of the Cape Clothing Manufacturers Association, Mr. Simon Jocum, said today competition is so tough that companies will not be able to increase prices, and will have to absorb the pay rise.

"We are in a buyers' market. Clothing firms are under pressure. Business could get worse next year. Most manufacturers will have to make up for the increase by better productivity somewhere along the line."

Under the wage agreement, increases will now be automatic every six months."
Union blocked from Natal council

By STEVEN FRIEDMAN
Labour Correspondent

THE National Union of Textile Workers, affiliated to the Federation of SA Trade Unions (Fosatu), has applied to join an official industrial council in the Natal clothing industry — but says its application has been blocked by a union affiliated to the Trade Union Council of South Africa (Tucsa).

The union has appealed to the Minister of Manpower against the blocking move and may take the matter to the industrial court.

Earlier this year, NUTW joined the industrial council in the Transvaal knitting industry — after its application to join that council had also been blocked by Tucsa unions.

NUTW threatened industrial court action to win a place on the council and, in a settlement of the dispute, it was eventually awarded two seats on it.

The application to join the Natal clothing council is seen as significant as it heralds an attempt by Fosatu to establish a presence in the clothing industry proper, which has long been a stronghold of Tucsa unions.

Various Tucsa unions have through industrial council membership, negotiated closed shop clauses with employers which force workers to belong to them.

The move is also a continuation of a trend whereby some Fosatu unions, who mutually opposed joining councils, have been prepared to join them under certain conditions.

An NUTW spokesman said yesterday that the union had recruited most workers in a Pinetown clothing plant near the complex of mills owned by the Frame textile group.

On the strength of this, NUTW applied to join the council, he said.

The spokesman added that NUTW had "substantial membership in clothing plants in the Hammarsdale area of Natal, but added that Hammarsdale was not covered by the industrial council agreement.

Labour law allows unions already on a council to block the applications of new unions who wish to join councils.

NUTW's spokesman said the Garment Workers Industrial Union (Natal) had vetoed its application to join the council and the union was now forced to appeal against this decision.

Its application to join the Transvaal knitting council was blocked by Tucsa's Garment Workers Union and National Union of Clothing Workers.

The general secretary of the Natal garment union, Mr F Hansa, was not available for comment yesterday.
Little cheer for Steenkamp

BY MIKE JENSEN

THE adoption of the Steenkamp Committee’s recommendations on the textile and clothing industry emphasises the Government’s resolve to stimulate exports.

Manufacturers, however, are critical of the ability of the new measures to carry out the Government’s intentions.

The Steenkamp report said South African manufacturers should become more export-oriented by exposure to greater foreign competition.

Quantitative import controls have been abolished in favour of a tariff system likely to result in cheaper foreign textiles and clothing entering the country.

It will be difficult for manufacturers to switch to exports to counter the loss in income from the SA market, says Mr Harry Pearce, chief executive of Da Gama Textiles.

“One of the larger US mills could account for 70% of the total South African production. We have much smaller mill-runs than most of our international competitors. So it makes it hard to compete with their economies of scale.”

Although the withdrawal of the quota system will make imported raw materials for the manufacture of exports cheaper, Mr Pearce does not believe this will make a substantial difference to total costs.

The executive director of the National Textile Federation, Mr Stanley Shlagman, says duty-free imports will not be enough to create a competitive international price unless exports are stimulated in other ways.

“‘The ability of these new measures to stimulate exports is seriously in doubt unless we implement the sort of export incentive schemes that Europeans have’”

While acknowledging these problems, a Steenkamp Committee member, Mr Vivian Cunningham, says there are examples of successful South African exporters which should be followed.

“Opportunities do exist and gaps in the overseas market will have to be sought out. Growth in exports won’t happen overnight. But if our industrial strategy is going to work, then manufacturers will have to adapt.”

Dr Paul Hoogendooy, the chairman of the South African Foreign Trade Association, says the new measures should result in local manufacturers getting export rebates on a more streamlined basis. This should help cash flow.

“Furthermore, the industry will no longer have a captive local market, so productivity will be stimulated and manufacturers will be forced to take a more serious look at the export market.”
The decision to scrap import quotas for textile and clothing despite the opposition is a grave concern. It's not just a matter of international trade; it's about safeguarding local industries and ensuring job security for millions of workers. The textile industry is a crucial part of our economy, and it deserves better protection than what is currently on offer.

Governments should consider alternative measures to support local producers, such as tax incentives or subsidies. It's a matter of national pride and economic stability. We cannot allow foreign competition to erode our industry that has been built over decades. It's time to rethink our strategies and protect what is rightfully ours.
Did two jobs for the price of one, dismissed workers say

EIGHT workers who claim they were dismissed unfairly from a Wetton garment factory, allege they were doing two jobs for the price of one.

One of the dismissed women, Mrs Elizabeth Jacobs of Lotus River, said she and her colleagues had been employed as cleaners, but were also examining finished garments.

"We cleaned the products and did the final examination on them. But I was paid only R39 a week," she said when they complained on January 5, they were dismissed.

The manager of the factory, Mr Burn, said, "The matter is being handled by the Garment Workers' Union and the Industrial Council."

However, workers who spoke to The Argus at the factory said they were not members of the Garment Workers' Union. Officials from the union were not available for comment.
Three unions argue over worker loyalty

Labour Reporter

THREE Cape Town trade unions are arguing over the loyalty of workers at a Wetton canvas and garment factory.

The argument follows workers downing tools for two hours yesterday.

In what could be a significant demarcation dispute, the SA Canvas and Rope Workers’ Union plans to contest a recent reclassification of Three Spears (Ltd) under the clothing industry.

However, the recently formed and unregistered Clothing Workers’ Union (Clown) claims majority support at the factory.

“One of the workers’ demands when they stopped work was that Clown should be recognised,” said a Clown spokesman.

The Garment Workers’ Union has said management will begin deducting subscriptions from workers’ pay packets this week.

Workers told reporters this week they had elected a committee to take grievances over alleged unfair dismissals to the manager of the factory.

After the manager refused to meet the committee the workers stopped work between 8.45am and 11am, according to sources inside the factory.

The GWU and the Canvas and Rope Workers’ Union, both Tusca affiliates, were called to the factory by the management in an bid to settle the dispute.

The Secretary of the Canvas Union, Mr Jack Heeger, said the workers were members of his union until recently, when the company had applied to the Industrial Council to be classified under the garment industry.

“The workers would like to stay with us. Our wage agreement is much better than the clothing industry agreement.”

Workers at the factory said they were being paid less than R40 a week for cleaning and examining products. Under the canvas industry agreement, the lowest-paid workers got R50.
Clothing bosses hope for rags to riches this year

AFTER going through the 'most disastrous year for decades' the clothing industry is now looking forward to an improvement in business conditions.

Simon Jocum, president of the National Clothing Federation, says the effects of the drought, unemployment and shrinking purchasing power generally last year lead to heavy cut-backs on production. 'Retailers cancelled orders on a wide front and returns increased. Many articles had to be disposed of at losses,' Jocum tells Cape Business News.

Delayed buying made matters worse and there was plain chaos in the industry, according to Jocum. Quite a number of smaller factories closed, bigger companies had losses and others showed substantially reduced profits.

But there is now light at the end of the tunnel as the clothing 'pipeline' from manufacturer to user is completely empty. Manufacturers (who employ more than 60 000 people in the Cape) can look forward to a revival, especially for the summer of '84 season. This will be dampered though by still high interest rates and the recent increase in GST.

Garments makers are already employing more skilled machinists in anticipation of increased demand from retailers — who had good Xmas sales — and the unemployment factor is expected to improve.

A lot will also depend on the textile industry. During past years mills were forced to cut back on production (15% of labour was retrenched last year) and they now have tremendous opportunities if they prepare soon enough, says Jocum.

Imports — a bane to both the textile and clothing industries — have become prohibitive due to the fall in the value of the rand.

It is unlikely that Cape manufacturers, who are more aggressive on the export scene, will cast their eyes to overseas markets soon.

'You have to build up sufficient business locally before you think about exports,' explains Jocum.

The Steenkamp report has not removed uncertainty in the clothing industry and Jocum says, 'the immediate and in toto' implementation of the report will go a long way to soothe the industry.
Mercury Reporter

In a ballot held at a Pinetown clothing factory yesterday, an overwhelming majority of the workers voted for the black-dominated National Union of Textile Workers to represent them instead of the Tucsa-affiliated Garment Workers' Industrial Union.

The ballot to determine which union had the majority support at James North (Africa) (Pty) Ltd, followed a clash between the two unions for recognition at the plant, a subsidiary of the UK-based company, Siebe Gorman Group.

A spokesman for the Pinetown factory, which manufactures protective clothing for the mining industry, yesterday confirmed the result of the ballot but declined to say whether the Fosatu-affiliated union would be recognised at the plant.

A total of 219 workers voted in favour of the National Union while 43 voted for the Garment Workers' Union. There were four spoilt papers and three abstentions.

Mr Frankie Hansa, general secretary of the Garment Workers' Industrial Union, which represents 55,000 workers, said yesterday his union had objected to the ballot because it had a 'closed shop' agreement with the company.

He pointed out that in terms of the agreement workers were bound to his union and could only terminate their membership once they resigned from the factory.

Mr Hansa said his union had represented workers at the factory for many years and had not received any complaints against it.
Clothing industry facing serious problems

By Audrey d'Angelo

THE clothing industry — a major employer in the Western Cape — is facing serious problems as a result of low productivity, combined with higher wages, says Mr Hugh Brown, managing director of Integrated Productivity Systems (Pty).

His firm has invited chief executives of local clothing firms to a working breakfast at a city hotel this month at which he will explain how cost savings can be made and efficiency improved.

He will suggest that this should be made "Productivity Year" for the clothing industry, in which an all-out effort will be made to improve the situation.

The main speaker at the breakfast will be Mr Christo Wiese, chairman of Pepkor.

World markets

He pointed out that there were companies in Cape Town, which had shown they could compete in world markets.

But figures released by the National Productivity Institute in its annual report for 1993 showed that productivity had fallen since 1986 while wages had increased in real terms by about 22 percent over the same period.

"The turnover in labour in the clothing industry in the Western Cape is something like 69 percent a year.

"This is a horrendous figure and we shall never have high productivity as long as we accept that situation. Absenteeism is also high."
Plea for clothing industry support

THE clothing industry, as the most labour-intensive manufacturing industry, should receive special consideration in the promotion of industrial development.

This is the contention of the National Clothing Federation of SA which claims the industry has the potential to create an additional 230 000 jobs by the end of the century.

The industry's recommended course of action for the creation of jobs was presented yesterday by the Federation's new president, Mr Mike Getz, at a Press conference in Johannesburg.

"The secondary manufacturing sector, which has the only real potential for adding jobs to our economy, has received none of the attention and hand-some support given to the mining and primary sector, which will not be able to provide jobs at the rate required," said Mr Getz.

Among the recommendations are:
- Tax allowances for investment in machinery now being phased out should be reinstated for labour-intensive industries.
- Extension of some financial incentives similar to those enjoyed by manufacturers in decentralised areas to clothing manufacturers in the metropolitan areas.
- The clothing industry should be exempted from any payroll tax or any other measures designed to inhibit industrial development in metropolitan areas. — Sapa
Union (GWIU). The stakes are supremacy in the Natal clothing industry Industrial Court action which the NUTW now intends to launch could well signal new moves in the conflict.

A ballot to determine which union had majority support was held last Thursday among workers employed by protective clothing manufacturer James North Africa in New Germany. The NUTW got an overwhelming majority. The union, which is affiliated to the Federation of SA Trade Unions (Fosatu), garnered 219 votes to the Tucsa-affiliated GWIU's 43. This was the culmination of rivalry between the two, which began last year.

The GWIU, which is the sole union member of the Natal clothing industrial council, operates a closed shop in the areas falling under the council's jurisdiction. According to NUTW general secretary John Copelyn, his union has in the past organised clothing workers falling outside this area. Last year, however, the union signed up a number of clothing workers in the New Germany area, including the James North Africa workers, and applied for membership of the industrial council. The application was rejected on the grounds that the union did not have enough representation in the industry.

The GWIU's response was to change its constitution late last year to enable it to expel any members who joined another union. Because of the GWIU's closed shop, this meant that the jobs of workers within the industrial council jurisdiction who joined the NUTW were at risk. The closed shop prevents employers from employing non-GWIU members — and if they do, they can be prosecuted by the industrial council under criminal law. The GWIU's act was clearly designed to discourage workers from joining the NUTW, and employers from employing those who did.

In the interim, attempts by the International Textile, Garment and Leather Workers' Federation to reach some kind of compromise between the rival unions proved futile. Matters came to a head at James North Africa.

Recognition

Commenting on the NUTW's victory, Copelyn told the FM: "Our recognition agreement with James North Africa, which has already been signed, will now come into force. We intend to break the GWIU's legal hold over workers. Initially we will appeal to the Industrial Court against the refusal of the industrial council to grant us exemptions for the (James North Africa) factory. We will also resist any attempt by the GWIU to expel workers from the industry because they join us. We regard that as an unfair labour practice."

GWIU general secretary Frankie Hansa says: "Any organisation expects its members to be loyal. In view of that we decided to change our constitution."

A James North Africa spokesman indicates that the company will continue to employ the NUTW workers. "We now know which unions our staff would like to have," he says. Copelyn has indicated that his union will in future consider organising more clothing workers within the GWIU's area.
New clothing union chafes garment workers

By PIPPA GREEN
Labour Reporter

AN inter-union conflict in the clothing industry is likely following the publication of a pamphlet condemning the newly formed Clothing Workers’ Union (Clowu), issued by the Western Province Garment Workers’ Union.

The pamphlet, distributed to thousands of clothing workers at factories, calls on workers not to be “bluffed” into joining the new union.

A Clowu spokesman, Miss Ruth van der Vindt, said the union was “not at all surprised” at attempts “to discredit our effort.”

Garment workers are still among the lowest-paid workers in Cape Town industry, with a qualified machinist earning R51.50 a week after three years’ experience.

However, the general secretary of the Garment Workers’ Union, Mr. L. Petersen, has said the union is “proud” to be described as a benefit society.

The pamphlet issued by the union — in existence since 1926 — denies the new union exists “except on paper.” It is described as an “organisation of nameless, faceless people.”

As garment workers you have more benefits than any other union can offer, including social workers and a free legal advice service,” the pamphlet says.

Miss van der Vindt said the pamphlet was not the first attempt to discredit her union’s effort.

Last week shop stewards were told at a meeting that the union did not exist — a claim which they reported back to Clowu after the Garment Workers’ Union meeting, she said.
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By STEVEN FRIEDMAN
Labour Correspondent

The "closed shop" in the
Natal garment industry has
suffered a major blow with
the decision of a multinational
company, James North Africa,
to recognize the Federation of SA
Trade Unions' (Fronto) National Union of
Textile Workers - despite the
fact that the company's
workers are forced to belong
in a rival union.

A company statement says
it took this decision after
holding a secret ballot in
which 81.4% of its workers
were represented by
NUTW and only 18.6% by the
Garment Workers' Industrial
Union (Natal) - affiliated to
the Trade Union Council of
SA (Tusca).

The "closed shop" has thus
far enabled the Tusca union
to maintain a monopoly over
worker membership by
compelling all workers to belong
to it.

Recently it changed its
constitution so workers who
joined other unions - even if
they remained members of
the Tusca union - could be
expelled and lose their jobs.

The ballot followed an at-
tempt by the company to win
exemption from the closed
shop to allow workers to re-
sign to Tusca, which was
rejected by the industry's
industrial council, on
which Tusca union sits.

An exemption was also
sought allowing the company
to reject stop orders or
behave of NUTW members,
which the council does not
allow, but this was also
rejected.

A further application - by
the NUTW to join the council
was also refused because it
was not sufficiently re-
presentative.

The company statement adds that the agreement
ruled the question of whether
the closed shop in the
Natal clothing industry was
not "doomed to irrelevance."

In explaining the company's
action, James North
said it had been subject to
pressure from both unions
and decided to gain its
neutrality by organizing a secret
ballot in which both sides had
taken part.

The result implied that the
company had an obligation to
recognize the NUTW.

The company also claimed
it had faced threats of legal
action from both sides, al-
though Mr. Copelyn said yester-
day the only legal action
his union had threatened
against James North had
concerned retributions.

The Tusca union is be-
lieved to be considering legal
action.

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By ROBERT FREDERICK

"Jealous wife set
husband on fire"

DURBAN - A 49-year-old
woman wept in the Durban
Magistrate's Court yesterday
as she told how she, through
methylated spirits on her
husband and set him alight
after finding him kissing his
sister-in-law.

Mrs. Iris Kruger pleaded
not guilty to a charge of as-
ringing Mr. Carol Paul
Kruger with intent to do him
grievous bodily harm

Mr. Kruger told the court
that he and his wife were
with his brother and sister-in-

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Minimum pay offer
sparks new strike

Labour Correspondent

IN A sequel to the first-ever
national legal strike by 8 000
AECI Vinyl last month,
workers at a Punto vinyl
plant owned by the company
struck for 24 hours on Tues-
day in protest at a company
wage offer, a Chemical
Workers' Industrial Union
spokesman said yesterday.

The legal strike was
prompted by the rejection by
workers of an AECI offer
bringing minimum pay to
25% above the industrial
union agreement for the ex-
plorers industry, to
which AECI is the sole
employer party

This meant, said the
union was insisting the
union accept the wages nego-
tiated at the council and was

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According to the union
spokesman, AECI Vinyl last
year agreed to negotiate
wages with the CWU after it
had recruited a majority of
workers at the plant.

However, when negotia-
tions began, it had main-
tained that its wages were
set in accordance with the
industrial council agreement
for the explorers industry, to
which AECI is the sole
employer party.

The union was demanding
the company accept the
wages negotiated at the council
and was
Ciskei seams ahead

By MIKE JENSEN

Ciskei is budding to become a centre for textile and clothing manufacture. Investment in textile and clothing factories is expected to reach R130m, and employ 13,000 people by the middle of the year, say Ciskei officials.

South African textile and clothing production is at a post-war low with manufacturers under pressure from cheap imports since Pretoria's relaxation of import control.

Relocating in decentralised areas to take advantage of financial incentives is seen as one way of maintaining profitability.

An added attraction is that Ciskei is close to the wool-producing centres of the Cape.

The biggest South African companies already active in the region are Da Gama Textiles and the Berden Group—a subsidiary of Protea Holdings.

Thruster Manufacturing Products recently established two factories worth over R3m to make protective clothing and uniforms.

Consolidated Textiles—part of the Frame Group—will have what is claimed to be the largest blanket factory in the world in operation by June.

"While we have no immediate plans to set up any other factories in the area, Ciskei has good potential for this type of industry and we are keeping an open mind on the matter," says a spokesman for the Frame Group.

On the international front, an Italian company, said to be the biggest private textile concern in Europe, is to establish a multi-million-rand worsted acrylic spinning mill in the region by mid-year.

Agreement has also recently been reached to set up Israel's first factory—Ciskeiex—to make quality underwear for the South African market.

The establishment of these concerns is expected to lead to an integrated textile and clothing industry.

"One can already see several related manufacturing units starting to produce a whole variety of finished garments using textiles produced in the region," says a spokesman for the Berden Group.

The managing director of Da Gama Textiles, Mr Harry Pearce, says linked industries are already developing as more companies make use of the 95% kickback on wages to start the labour-intensive operations needed in the manufacture of clothing.

"Our Home Fashions companies is an example of this trend towards the development of more labour-intensive, rather than capital-intensive, manufacture," says Mr Pearce.
TEJ buys Mondi Knitwear in R600 000 deal

By PAUL DOLD, Financial Editor

TOWLES, EDGAR JACOBS the Cape Town knitwear manufacturer which last paid a dividend in 1974 has vastly enhanced its prospects for returning to the growth league with the take-over of Mondi— one of the country’s premier knitwear manufacturers.

The R600 000 deal gives TEJ a significant share of the country’s top-end fashion market presumably with higher profit margins which will ideally complement TEJ’s own middle segment range.

Cape Town’s Mondi Knitwear is one of South Africa’s leading producers of fashion coordinates and the factory has grown from two machines in January 1970 to a plant employing 200 Mondi, a specialist producer has strong links with a major German-based manufacturer Mondi Textile.

The German company was formed in 1957 by Mr. Herwig Zahm and has rapidly grown into a major clothing exporter selling to Canada, United States, Britain, France, Benelux and Scandinavia. Annual sales are more than R150m a year.

TEJ’s announcement yesterday says the group will have the right to manufacture and market in South Africa the ranges of Mondi International, London, Paris and New York.

Mr. Zahm has strong ties with South Africa and in the early 60’s established Vienna Knitwear which became a sector leader and was sold in 1963 to IL Back.

Cape Town’s Mondi Knitwear was formed by Mr. Carl von Theleman after the granting of the Mondi franchise by the German company.

Mondi Knitwear supplies fashion and departmental stores but does not serve the major chains. The company has an excellent profit record producing steadily increasing earnings even during recessions. Profits are currently at record levels.

The purchase price will partly hinge on Mondi’s results for the year ending April but is expected to be in the region of R600 000. Full details of the impact on TEJ’s earnings will be announced soon.

TEJ has for some time been looking for a suitable acquisition which would expand its base. While producing excellent quality garments TEJ has lacked the high profile marketing of competitors and marketing holds the key to group prospects.

The group last paid a dividend of 8.5c in 1974.
TEJ buys Mondi Knitwear

Financial Reporter
CAPE TOWN - Towles, Edgar Jacobs, the Cape Town knitwear manufacturer which last paid a dividend in 1974, has taken over 30% of the country's premier knitwear manufacturers.

The deal of approximately R600,000 for Mondi Knitwear, also of Cape Town, gives TEJ a significant share of the country's top-end fashion market.

Mondi is a leading producer of knitwear fashion co-ordinates and the factory has grown from two machines in 1970 to a plant employing 200. It has strong links with a West German manufacturer, Mondi Textile, which was formed in 1967 by Mr. Herwig Zahn and has rapidly grown into a major clothing exporter.

TEJ's announcement yesterday that the group would have the right to make and market in SA the ranges of Mondi International, London, Paris and New York.

Mr. Zahn has strong ties with SA and in the early 60's established Vienna Knitwear, which became a sector leader. It was sold in 1965 to IL Back.

Mondi Knitwear was formed by Mr. Carl von Thelenmann after the granting of the Mondi franchise by the German company.

Mondi Knitwear supplies fashion and department stores but not major chains. The company has an excellent profit record producing steadily-increasing earnings even during recessions. Profits are now at record levels.

The purchase price will hinge partly on Mondi's results for the year ending April.

TEJ has been looking for a suitable acquisition to expand its base.

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- **Krugerrand Options** - you can buy or sell options on Krugerrands to make big gains from short-term gold price moves.
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The Gold and Hard Asset Exchange

*Member of the Gulf Organisation*
Kleu gloomy on aid for textiles sector

By PRISCILLA WHYTE
THE clothing and textile industries had not created as many jobs as was hoped, according to Dr S J (Basie) Kleu, chairman of the Board of Trade and Industries. He added that they would also have to export more
Dr Kleu told a recent meeting of the Textile and Clothing Advisory Council in Johannesburg. "The Government's resolve to help develop the industries has been forgotten."
The main thrust of the recommendations of the Steenkamp Committee on the textile and clothing industries was that "quantitative import control should be replaced with a tariff dispensation so that the industries will not be disrupted unjustifiably."
The Department of Trade and Industries will consider representations on the recommendations submitted before July.
Mr Stanley Shagman, executive director of the Textile Federation said "It is a moot point whether a tariff structure can be finely tuned against dumped imports."
He noted that most countries had quotas to protect textile industries, but South Africa was following a different route with the phasing out of quantitative import control.
The usual workforce of 130 000 in the textile industry was down by 20 000 because of lay-offs and short-time working was widespread.
Dr Kleu said the board had been criticised for delays in making protection applications but he put a lot of the blame on companies which submitted inadequate information to Pretoria.
"The board's staff had to scratch together whatever they could find."
No application would now be published in the Government Gazette unless the board was satisfied it had at least the minimum information necessary.
"We cannot countenance the devil-may-care attitude of some applicants who think that it is the board's duty alone to prove their case."
Dr Kleu said that, even with a limited staff, "the board succeeded in reducing outstanding tariff applications from 308 to 172 last year. A total of 300 applications were finalised and 122 withdrawn."
He added that the new procedure suggested by the Steenkamp Committee, for the production of interim duties in urgent cases, was already being applied.
The most advanced of several Textile Federation applications related to woven materials, covering 86 tariff sub-items, and one for the withdrawal of rebates, mainly on woven materials. There were also applications for increased duties on knitted materials and curtaining.
Dr Kleu said these labour-intensive industries could solve the important economic problem of creating employment. Industrialists should not be obsessed with the advantages of scale and think that small- and medium-sized enterprises could not hold their own
Exports push Rex sales up 11% but profits fall

By PAUL DOLD, Financial Editor

THE recession has badly mauled the men’s clothing market judging by yesterday’s results from Rex Trueform. Rex reports a 14 percent earnings per share decline although sales were up 11 percent. While no recovery is likely in the second half the dividend will be maintained.

Booming exports helped to offset the decline in the local market and Rex’s long-term export drive paid off handsomely with no tax being incurred in the six months (R1 388 000 was paid last year) due to export incentives and other allowances.

Pre-tax profits were down at R3 642 000 as against R5 004 000 and taxed earnings were R3 642 000 (R4 216 000). A near doubling of the life adjustment to R861 000 brought bottom-line earnings to R2 781 000 (R3 595 000).

Profits per share were 123.1c (142.6c).

Margins were under pressure in the first half amidst fierce competition among clothing retailers coupled with inflationary pressures.

In addition Rex’s strategy during the recession has been to build market share thus it is not surprising that these are down slightly.

The chairman, Mr. Stewart Shub, says as foreshadowed in his last statement, trading conditions were difficult and are likely to continue for at least the balance of the current year.

For the full 12 months the group is not expected to match previous profits but the dividend will be maintained provided there is no further deterioration in the domestic economy.

Rex should have little problem in maintaining the dividend with cover last year close to five times.

Benefits

The latest results mark considerable benefits which will accru in the next upswing. With the local economy in recession Rex’s domestic tax base has not been large enough to offset the full extent of the export allowances earned. These allowances which are described as “substantial” are to be used next year and thus tax should remain minimal.

Retailers appear to have been running down inventories and are understandably cautious with sales low Rex believes the supply pipeline has been dramatically shortened for the next upswing.

The recession, while described as “tough”, is by no means the worst in the group’s history. The difference being the high level of political confidence which was lacking in the previous downturn.

Tax rate

Holding company African & Overseas had pre-tax earnings of R4 (R5.3c).

Pre-tax profits were R4 012 000 (R5 911 000).

The group again had a substantially lower tax rate with baking only R189 000 (R1 357 000).

Attributable profits were R2 455 000 (R2 267 000). Like Rex tax for the full 12 months is expected to be significantly reduced.

There was one extraordinary item in the six months — the sale of an industrial site in Parow for R797 000.

NBS launches new investment

JOHANNESBURG — The NBS has launched a new offer, weekly interest capitalization.

The money market account, launched today, is open to the public with a minimum deposit of R25 000 and the investment may be withdrawn.

According to an NBS spokesperson to be the first time that a weekly capitalization of 1.5 to 2.5 percent per annum was offered.

The interest rate, set at the average rate earned by the NBS.

Based on the mutual cost of 6.5 percent, interest capitalization will be attractive for those hoping to make a quick return on savings. The average return on a fixed deposit of 18 percent is being offered for a

Liberty Life Association of Africa Limited

("Liberty Life")

(incorporated in the Republic of South Africa)

Rights offer of 3 043 266 new ordinary shares of R1 each at a price of R50 per share

Further to the announcements made on 3 February 1984 and 15 February 1984, Guardian Liberty Investment Corporation Limited and Standard Merchant Bank Limited are authorised to announce that the Committee of the Johannesburg Stock Exchange ("JSE") has granted a listing for the renounceable (nil paid) letters of allocation and subsequently the new ordinary shares and that the Council of the Stock Exchange, London ("LSE") has granted a listing of the new ordinary shares (nil paid) and subsequently the new ordinary shares (fully paid) to be issued by Liberty Life in terms of its rights offer of new ordinary shares to raise R122.2 million.
the BTI actually did anything Geiz says: "SA is leaving itself wide open to this kind of attack by not going for quantitative import controls".

Labour-intensive Saniva, employing about 3,000 people at its largest factory in India, is offering 25,000 dozen men's short-sleeve shirts for R151,592.75 (about R6/dozen), 10,000 dozen men's polyester trousers for R121,687.50 (R12.20); 5,000 dozen children's blue denim jeans for R59,718.75 (R12.39), 10,000 dozen men's long-sleeve dress shirts for R183,137.50 (R18.30), and 150,000 yards assorted polyester cotton shirtings for R126,797.50 (about 85c/yard).

Labels are optional.

BTI chairman Basse Kleu recently told the Textile and Clothing Advisory Council (TCAC) that the board's hand was being strengthened by new personnel bottlenecks in its procedures for dealing with dumping were being removed, and through the Department of Industries and Commerce it had asked for an investigation into the creation of posts and the appointment of staff to the section responsible for tariff reviews.

At wholesale level the SA clothing market is worth about R1.4 billion. In 1982 consumers spent R3.1 billion. The difference of R1.7 billion is accounted for by imports of R1.5bn in 1982 and the rest by stock and retail profit margins. In 1981 the sector's exports increased by 9% to R358m, in 1982 by 5% to R414m, and in 1983 by no less than 25% to R518m.
LABOUR NEWS
ROM 3/1/84

Rosebank strike settled

By PHILIP VAN NIERKERN

A STRIKE by the entire black workforce of
Tellurig in Rosebank was settled yesterday
after talks between the management and
worker representatives.

The strike went into effect on Wednesday,
demanding an R50 a week wage increase and
calling on management to settle a list of
grievances.

After negotiations with representatives of
the Commercial, Catering and Allied Work-
ners' Union (Cawusa), the company agreed to
pay an increase of R10 a week, shifting from
its offer of R75 a week.

In addition, it was agreed that Cawusa
would be recognised, no worker would be
victimized for going on strike and workers
would be paid for the time they were out on
strike.

The company also agreed to look into a set
of grievances involving working conditions.

Mr. R. Keene, the managing director of
Tellurig, said, "We have been approached
by the union and we are willing to discuss
the grievances with them in good faith."
SADEK VAHED
On the up-beat

Sadek Vahed, chairman and MD of Kingsgate Clothing (KC), is something of an unknown quantity in the very visible world of fashion

Shy and retiring, he has made a point of avoiding the public gaze. But now that KC has entered the big league, Vahed obviously feels that the time has come to shed the enigma and act more assertively.

Last year the group scooped the number one prize in the clothing industry by signing the coveted Calvin Klein franchise. The move outraged his competitors, some of whom felt he should never have been granted it. Vahed claims to have felt the heat ever since “The clothing industry is a tough game, but I’ve never seen the kind of jealousies we’re seeing now.”

Still, Vahed’s not the sort to let a few ruffled feathers bother him. Quiet he may be, but servile he’s not.

Besides, he clearly believes that KC is easily up to its new assignment. The group has done its planning through the recession, and is now well-placed to meet the challenges of the future. “While the others were sitting around thinking about it, we were setting the machinery in motion,” he says.

Though he only took over as chief executive a few years ago, Vahed has been the driving force in the organisation for some time. In the past 10 months he moved with alacrity to purchase the Star Shirt company with its popular Smith & Wesson label, tied up the Calvin Klein franchise, and opened three additional clothing factories at Isithebe in KwaZulu. These are aimed principally at the export market.

Largely through his efforts, the business has grown from a tiny family concern to the largest privately-owned clothing company in SA. In two years, turnover has virtually doubled to a projected R50m a year. Vahed’s now talking seriously of floating off a portion of the company in the next five years.

To some extent, Vahed claims, he can understand his competitors’ chagrin. Traditionally, KC has stuck to the budget end of the market. Now, through acquisition, it is moving into the middle and top end of the trade. “They resent me trespassing on their territory. I’m opposition to them now,” is his comment.

Never one to miss out on the action, he conducted much of the recent franchise negotiations personally. The deal involved five trips to New York and heavy briefings by his legal team. “I’m one of the few chairmen that actually rolls up his sleeves and gets involved,” he observes.

Vahed likes to be involved in every facet of the business. Each year, for example, he flies to the Far East to tie up the entire fabric commitments for the group. Despite this, he delegates well and values the advice of his professional consultants. The various group divisions, for example, have decentralised management all reporting to the main board.

Though the recent bold acquisitive moves appear to indicate otherwise, Vahed professes to be a cautious businessman. He notes that the expansion would probably not have been contemplated were it not for the strong foundation of the group’s “volume business” with the major retailers.

“One of our biggest assets is our close association with the major groups,” he says.

Over the years Vahed has painstakingly nurtured that relationship. Some of the top directors among his principal buyers and suppliers were contemporaries of his when he was a salesman for KC — doing the beat with a suit case full of samples. Today they’re still on first name terms.

Vahed reckons he was always a bit of a slouch at school. He quit early and cut his teeth in the family retail business. He was given his first big break by his father-in-law, the late A M Moolla, founder of the KC group. At the time he was moving out of textiles and into the clothing business. Vahed was put in charge of the new enterprise — and he’s never looked back.

Financial Mail March 9 1984
Taiwan clothing giant opens in T'kei

The biggest industry to establish itself in Transkei in the past five years will start operations in Butterworth next month.

Taiwan's clothing giant, Lien Fu, and the Transkei Development Corporation (TDC) are investing R7.8 million to establish the new manufacturer, Bally (Pty) Ltd, at Butterworth's Ibeka Industrial Estate.

Announcing what must rank as a major negotiation coup, Mr G P "Sunny" Tarr, managing director of TDC, said that up to 2,000 Transkeians would be employed in the factory at a surprisingly low cost-per-job-opportunity of about R130.

The major shareholder will be Mr Robert Lee, who owns Lien Fu of Taipei and other companies. Lien Fu is the biggest single clothing exporter to the US, achieving annual sales of $50 million (R62.5 million).

The Transkeian company will manufacture solely for the US market and will achieve sales of $15 million (R18.7 million) a year when the factory reaches full production.

Mr Tarr said the R4 million factory would be constructed in stages, the first of which is nearing completion.

He said the first contact with Mr Lee was made during one of the corporation's visits to Taiwan by Mr Pieter Boesch, development manager for TDC.

"We are naturally very pleased with Bally's arrival in Transkei," said Mr Tarr.

"We are expecting more of this size of investment this year as the new incentives make Transkei virtually irresistible to foreign investors."

"The incentives offered in Transkei are such that TDC was able to deal within the top 100 companies of Taiwan."

Bally will enjoy the services of American designers and a large marketing organisation in the US already serving Mr Lee's other companies which produce garments under designer labels such as Christian Dior, Pierre Cardin, Hasty Fay, Sergio Valentia and London Fog."
Dimbaza plant to expand

EAST LONDON — A clothing factory at Dimbaza, China Garments, has embarked on an expansion programme, only six months after going into production.

The expansion entails an additional 850 square metres of factory space and a 100 per cent increase in its production line.

The factory manager, Mr James Nsu, said yesterday that the expansion scheme had been approved by the Ciskei People’s Development Bank.

“Our growth here has been nothing short of spectacular. We started production towards the end of last year with 150 employees. Now we have increased to 320 employees, all Ciskeians, and we expect this figure to rise above 800 when the expanded operation goes into full production,” said Mr Nsu.

The garment factory manufactures high quality jeans which are mainly exported.

The Ciskeian workers at the factory are mostly women. They go through a stringent two-week training course, before assuming permanent duty on the production line.

“The Ciskei People’s Development Bank has done a great deal to assist us. It took them five months to erect the factory building after our original application for establishment had been approved,” Mr Nsu said.
Cape clothing industry faces crunch months

By ALEX PETERSEN
Deputy Financial Editor

The coming months will be crucial ones for many firms in the Western Cape clothing industry, according to the chairman of the Western Cape Clothing Manufacturers’ Association, Mr Simon Jocum.

Although the level of employment in the industry has risen back up to higher levels and is on the increase, Mr Jocum says that cash-flow problems could see smaller firms go under in the present demand situation.

The industry is in a lean position because of a tough year in 1983, and what Mr Jocum describes as a “disastrous” set of orders for the coming winter.

“We have reached rock bottom,” he says. Industry sources see a number of factors contributing to poor demand.

These are:

- High interest rates, which have made retailers reluctant to carry stock.
- Poor demand outlook, with most economists seeing less disposable income among consumers.
- The effects of the drought still suppressing the levels of economic activity in the northern areas of the country.
- The continuing recession in the rest of the world, which is depressing South Africa’s export industries.

Cape better off

The industry in the Cape, says Mr Jocum, has probably survived the downturn better than in other parts of the country.

“We are known for our branded goods at the top end of the market, which always experience stronger demand.”

This is in spite of the fact that with the Reef as a major market, Cape manufacturers are disadvantaged by higher transport costs, particularly if they are supplied by textile mills in Natal and the north.

While the late start to winter is also seen as a factor, the poor winter order demand, there are some hopes that this may at least translate into a more buoyant order book for next summer.

December, while the number of factories has increased from 403 to 407.

The figures need to be seen against those of last year.

Although in March 1983 the industry employed just short of 60,000, by June this had slumped back to 57,213.

Clearly a factor will be demand trends in the coming months.

A further problem, says Mr Jocum, who heads the industry’s training board, is that not enough training was done in the past year, partly because of the lean times.

There is now a tremendous demand for training, he says. In addition to the 700 people taking courses at the CITB’s Salt River headquarters, there is a tremendous amount of on-factory training by CITB instructors.

Textiles

Employment is also improving in the related textile industry after a devastating 16 months which saw the loss of 3,000 jobs.

Mr Ernest Wilson, managing director of Hextex, says the industry is running at 80% of capacity as opposed to 40% at its low point last year.

“We are better placed than this time last year,” he says.

He says that most factories are working at five to five-and-a-half day week, but to earn a real return on investment, they should be running a full seven-day week.

Mr Wilson feels that the jobs lost are unlikely to be regained in full, unless exceptional demand occurs.

“The industry has moved to new methods. There is a greater move to automation.”

On the question of lead times, which have come under criticism from some retailers, Mr Wilson said these had been reduced because of the slow demand at present.

“Some cases these have been cut back to as little as ten weeks. We can do miracles at present.”

Labour

“Demand for labour is on the increase,” says Mr Jocum.

Figures for March show that the Cape industry employment figure has risen to 59,001 up from 57,866 in
Sats buys British

By Angus Macmillani

SOUTH African manufacturers are smarting over the loss of a major slice of a government tender for tarpaulin for the railways (Sats) to British suppliers.

"A South African supplier has used imported material to whittle away the share of Lebowa-based manufacturers who may now have to lay off workers.

Of the tender for 12,500 tarpaulins for the SAR, a Liverpool company was awarded 3,600, and a Glasgow firm, and a Port Elizabeth importer each 1,500 each. Another tender for 16,000 of material went to British suppliers.

Prices quoted by SA and foreign suppliers differed substantially. Whereas the Liverpool firm and the Scottish supplier quoted R280.90 and R341.44 respectively for a completed tarpaulin, SA quotes varied from R578.76 to R617.21.

A source in the industry says UK suppliers are dumping tarpaulins, made from German materials. There is nothing wrong with the quality as the tarpaulins have to be approved by the SA Bureau of Standards. (National Textile Sales and AECI's Sterkotile Plastics, both in Lebowa — were each awarded orders for 2,500 tarpaulins.

Another manufacturer won an order for 1,600 tarpaulins. Industry of Port Elizabeth, which used imported material, came in with a price of R403.70 to win its 1,600 order.

The Lebowa factories using SA materials could not come near the quote and were even further off the British quotes."
Incentives needed to aid labour intensive exports

By ALEX PETERSEN
Deputy Financial Editor

SOUTH AFRICA needed to invest in market research and provide strategic market support for its labour intensive industries, the president of the National Clothing Federation, Mr Mike Getz, said last night.

Speaking to a press conference in Cape Town, Mr Getz said that if labour intensive industries were to effectively pursue the path of exports suggested by the Kieu and Steenkamp Commissions, then a far greater level of support from the government sector was necessary.

He added that greater attention needed to be given to the realities of foreign trade, in particular, on the question of protectionism.

Export support had been given in the past to the precious metals, wine and fruit industries, Mr Getz said.

"On a more modest scale a similar effort and commitment is necessary for our industry."

Planners

"Our central planners are continuing to budget and plan in the traditional way, that is by placing most of their hopes and money where they always have, on mining, agriculture and primary industry."

These industries were now mature, and were no longer adding jobs to the economy in as cost effective a manner as could be provided by labour intensive industries.

Mr Getz said that the Prime Minister's recent statement at Iscor on the important role of exports from secondary industry was "highly significant."

"This indicates a strategic shift from total dependence on South Africa's traditional exports."

Challenge

While the clothing industry was willing to take up the challenge of exports, it needed the support in terms of export and other incentives similar to those granted to the industries in the Far Eastern countries, against which South African industries were being asked to compete.

Significant exports would help close the employment gap, now growing at an escalating rate, now exceeding 300,000 a year.

Training incentives were a particular case in point. The clothing industry, he said, had been a leader in South Africa in its commitment and attitudes to training.

"In the current recession there may be little taxable profit against which concessions can be offset," he said.

While it was not surprising that tax incentives had come under critical appraisal, he suggested that training in the clothing industry had not been abused since the bulk of training was under the auspices of the Clothing Industry Training Board.

"The momentum of the training effort may be jeopardized by the reduction in the incentives at a time when the industry is hit by recession."

Grant system

He suggested that the mooted switch to a cash grant system be speeded up to aid labour intensive industries.

Asked whether there was not an irony in a free market export policy when South Africa had recently acceded to a demand to reduce its steel exports to the United States, Mr Getz said the reality of international trade lay not so much in a real free trade policy, but in bartering.

"In negotiations on foreign trade, the interests of the employment providing industries should be given a place," he said.
Dispute stops work at factory

Labour Reporter

PRODUCTION at a wool-packaging plant stopped today when most of the workers left after a dispute on short time.

Workers at the Boere-makelaars Koep BP (BKB) in Epping said they had been working short time for about five months.

"We don't work on Wednesday afternoons. But the management has sometimes brought casuals in. Yesterday afternoon they asked about 50 workers to stay on," said a spokesman for a workers' committee.

"Dismissed"

"The workers said they were not prepared to do so until management took all the workers back on full time. The 50 workers were dismissed this morning.

"All the workers sat down and asked to speak to the general manager. He refused to speak to us and we were given half an hour to start work or leave."

The workers, who belong to the Fosatu-affiliated National Union of Textile Workers (NUTW), have denied they are on strike.

Not locked out

The regional general manager, Mr H J Scholtz, said the management had not locked them out.

"The workers went on a sit-down strike," he said.

The dispute over short time has been brewing for several months.

Workers say they are angry that the management employs casual workers on Wednesday afternoons and on other days.

"We have been getting only R37.25 a week since we started short time. It seems to us there is enough work to put us all back on full time," the spokesman said.

Mr Scholtz said there was not enough work to employ workers full-time.

"But we have told them that we can rotate full-time work, so they all get a chance," he said.

The workers have denied they have been consulted.
Several of the workers who marched from the EKP Depot in Epping, outside their hostel in Guguletu yesterday.

Wool packers walk off the job

By Chris BateMan

More than 140 Epping wool packers stripped off their working overalls and marched about 8km to their Guguletu hostel yesterday, after 60 of them had been fired for refusing to work shorter shifts.

The general manager of EKP wool brokers in Epping, Mr Gideon Scholtz, said afterwards that he considered all the workers fired unless they returned to work today.

The month-old dispute over rotational shifts on a Wednesday afternoon came to a head when Mr Scholtz fired 60 of the workers who refused to work the Wednesday afternoon shift this week. It was the fourth week the 140 workers had not worked the shift, which has been covered by casual outside labourers.

'Pleased'

A spokesman for the National Union of Textile Workers, who claim to represent most of the workers, said the workers had unsuccessfully pleaded with Mr Scholtz to reconsider full-time shifts before walking out.

'We consider this a lock-out, not a strike,' she said.

Mr Scholtz said the trouble began in December when his depot experienced a marked drop in wool bales.

He had told the workers that either we reduce numbers or we work short-time, and they had agreed to the latter, all working half-days on Wednesdays.

At the end of February, wool receipts had increased and he had introduced a rotational system of shifts on Wednesday afternoons.

'They objected'

The labourers objected to this and began refusing to work the shifts. He was 'forced to bring in the casual labour'.

He said 75 workers were 'proven' members of a separate local union and accused NUTW of 'trying to get in on the act now'.

A NUTW spokesman said the workers were paid an average R1 an hour and 'the extra few hours on a Wednesday afternoon makes all the difference to them'.

The NUTW had submitted a list of their members to Mr Scholtz late yesterday and were awaiting the outcome.
SA clothing could break into German market — expert

By DEREK TOMMEY, Financial Editor

SOUTH African clothing manufacturers stand a good chance of breaking into the huge West German clothing market if they can trim their prices, says Mr Georg Brunn, a leading German clothing technologist.

Mr Brunn, who has an extensive knowledge of both the South African and German clothing markets, is in Cape Town on holiday.

Until three years ago he was production director for one of the Cape’s leading clothing manufacturers.

He left to take up a research post in Germany and has recently been appointed technical and scientific adviser to the German National Clothing Federation.

Increased demand

Interviewed this week, Mr Brunn said top German retailers had been extremely impressed by a sample range of South African clothing sent there recently.

They liked the fashions and were particularly impressed by the quality. But the prices were between 15 percent to 20 percent too high to enable the product to compete in the German market.

He said it was a market well worth entering. Last year West Germany imported clothing worth Dm3.4-billion (R4.4-billion). Once the economy started to pick up demand for imported clothing was expected to rise further.

The German clothing industry could not meet the increased demand as it had been drastically run down. The number of people employed in it had shrunk from 470 000 a few years ago to 180 000 today.

There were also restrictions on the import of clothing from the Far East, which often was of poor quality.

As a result a gap could develop in the West German market which could be filled by South Africa, if the prices were right.

However, breaking into the German market would require a tremendous amount of tenacity and commitment from the top people in the South African clothing industry. It would require accurate costing, and manufacturers had to know what they were doing.

Mr Brunn said his new post basically entailed getting money from the West German Government and passing it on to universities and technical institutes for research and development.

He had a budget of Dm50-million (R14-million) a year.

The European Economic Community had recently allocated Dm100-million (R156-million) for research into ways in which European clothing manufacturers could compete with the Far East. Japan was spending $60-million on research aimed at using robots to produce fashion goods in small runs.

The European Economic Community had recently allocated Dm100-million (R156-million) for research into ways in which European clothing manufacturers could compete with the Far East. Japan was spending $60-million on research aimed at using robots to produce fashion goods in small runs.
Workers down tools over wage dispute

Workers at Rex Trueform stopped work for about an hour today after a wage dispute, according to a worker spokesman.

The newly formed Clothing Workers' Union (CLOWU) said workers on the fourth and sixth floors — mainly machinists — had stopped work in support of a demand for a R10-a-week increase.

"We believe that the workers' demand for a R10 increase is reasonable in the light of increasing prices of food and fares," said the spokesman.

He added that clothing workers were "the lowest paid in the manufacturing industry."

"Qualified machinists with three years' experience get an average of R54 a week."

The managing director of Rex Trueform, Mr Norman Gillard, was not available for comment.

However, his secretary, who would not identify herself, said "We have nothing to say. We've really got no problems here. Everything is settled."

The chairman of the industrial council for the clothing industry, Mr A...
Production back to normal at factory.

Labour Reporter

PRODUCTION was back to normal today at Rex Trueform after a work stoppage at the factory, according to the company.

The managing director of Rex Trueform, Mr Norman Gillard, said workers, who stopped work in support of a demand for a R10-a-week pay increase, had been told that Industrial Council negotiations between the "official" Western Province Garment Workers' Union and the Cape Clothing Manufacturers' Association were in progress.

Seventy-four workers at Cape Underwear in Epping were dismissed after stopping work in support of a similar demand, according to the Clothing Workers' Union (Cflow).

The company today refused to confirm or deny the dismissals.

In a statement Mr A Falconer, a director of Cape Underwear, said there had been an "instigated work stoppage yesterday for a short period".

Clothing workers, particularly, qualified machinists, have complained increasingly about their wages, which are among the lowest in the manufacturing sector.

DEFENDING

A qualified machinist gets about R54 a week.

Defending the Industrial Council, which sets wages for the 60 000 clothing workers in the Western Cape, Mr Gillard said it was a "strong council, which has created stable working conditions".
Machinists strike over pay dispute

Staff Reporter

MACHINISTS at Cape Underwear in Epping, and at Rex Trueform in Salt River went out on strike yesterday morning, disrupting production for several hours, after being refused demands for a R10 pay increase at both places.

At Cape Underwear, about 74 machinists walked out and were dismissed for refusing to obey management calls to resume work after tea-break yesterday morning.

Most of the workers belong to the 60,000-strong Garment Workers’ Union (GWU) — the largest single union in the country — which is protected by a closed-shop agreement with employers. It is also affiliated to the Trade Union Council of South Africa (Tusca).

In Epping negotiations with management involved a R10 increase over present salaries of R54 a week for machinists, R47 for layers-up and R123 for cutters.

A management statement said that a “few workers” had refused “to resume their duties when their services were terminated.” There was an “unjustifiable strike for a short period,” the statement said, with no details of workers’ demands.

Most workers went back to work after lunch without their demands being met.

The GWU assistant secretary, Mr. Cedric Petersen, was jeered at when he tried to talk to workers at the site. “We do not do selective negotiations at a factory level, but we do so on an industry level,” he said.

At Rex Trueform, pamphlets calling for a strike, if a R10 pay increase was not met, were distributed among about 300 machinists.

The managing director, Mr. Norman Gilliard, said there had been a stoppage, but that work was continuing “normally.”

It is believed the strike by between 10 and 20 people lasted for only a few hours.
Fired GWU workers defect to rival union

About 90 Garment Workers' Union (GWU) members involved in a strike at Cape Underwear in Epping on Wednesday had defected to the rival Clothing Workers' Union (Clown), a Clown spokeswoman said yesterday.

The workers had been dismissed after refusing to work on Wednesday when their demands for a R10 wage increase was refused by management.

The strikers tried to speak to workers returning to work, but were prevented by police from doing so, the Clown spokeswoman said.

The strikers who have been gathering at the Anglican Church hall in Bontshuwek are said to be receiving help from local residents, who have been supplying food to them.

GWU secretary Mr Cedric Petersen said that workers arrived in good spirit yesterday morning and were not aligning themselves with those who had been dismissed.

"If those (dismissed) workers come to us for advice we will refer their case to the Industrial Council," he said. So far none had come.

and Paulo Prete.

Writers on education this century has produced - Ivan Illich

This analysis will draw heavily on two of the most important

How can that all be as inclusive as possible?

- to all

- How?

- shall be opened

- How are we to define the doors of learning? in 1984?

- the doors of learning

of that aim.

to all. "The aim of this paper will be to look at each part

this way: the doors of learning and culture shall be opened

freedom charter defines the goal of a just education system.

How can the doors of learning and culture be open to all? The

Paddy Keenan

EDUCATION FOR JUSTICE

259
20 workers defect to Clowu from GWU

Staff Reporter

TWENTY more machinists belonging to the Garment Workers Union (GWU) who were involved in a strike at Cape Underwear in Epping on Wednesday, joined the rival Clothing Workers' Union (Clowu) yesterday, a Clowu spokesman said.

This brings the total number of workers defecting from the GWU chapel at the Epping factory to 100. Management at Cape Underwear says the workers have been dismissed for failing to obey orders to return back to work on Wednesday, when their demand for a R10 wage increase was turned down. Machinists currently earn R54 a week.

Workers feel strongly that management now say they have dismissed themselves for refusing to return to work. Workers say they have been "literally chased out" after management gave them a five-minute ultimatum to return to duty, which they refused to obey.

In a statement yesterday, Cape Underwear said they were not approached by Clowu prior to the stoppage on Wednesday, when some workers struck. "It is now apparent that our company is being totally misused in a power struggle between competing unions," the statement said.

"Management cannot condone wild-cat stoppages instigated by people outside the normal industry infrastructure. To tolerate this would lead to total instability within the industry," said Mr Alan Falconer, a director at Cape Underwear, which is part of the giant Seardel Group.

The company believed the employment package offered was well in excess of the minimum laid down in the Industrial Council agreement, and that it had acted in good faith under extremely trying circumstances, said Mr Falconer.

A spokeswoman for Clowu, however, denied the firm's claims of not being approached by them. Clowu did approach the management at Cape Underwear two weeks before the strike on Wednesday, she said.

"We would like to state that no union can instigate a strike. Strikes develop because of dissatisfaction between workers and their bosses. At Cape Underwear workers have been trying to speak to management for two weeks, resulting in threats and insults," said the spokeswoman.

A half-hour stoppage by machinists at Bibette, another clothing factory in Lansdowne, also belonging to the Seardel Group, was reported yesterday morning. It is believed that it also involved a wage dispute, but the report could not be confirmed.

Managing director Mr Winer was engaged in a high-level management meeting and could not be reached.

Clowu is an independent union formed last year in opposition to GWU, which is the largest single union in the country.
Fired clothing workers in ‘strike vigil’

By RIAAN DE VILLIERS
Labour Reporter

MORE than 130 fired strikers from Cape Underwear sang and chanted on the fourth day of their “strike vigil” in a Bonteheuwel church yesterday.

The workers, almost all women, are being organized by the Clothing Workers’ Union (Clowu), a new, independent union battling for a stake in the giant Cape clothing industry.

The workers regard themselves as being on strike after a demand for a pay increase was refused by Cape Underwear management last week.

The company regards them as having been fired.

The workers and union officials say they have conveyed their willingness to negotiate to management, and are awaiting a reply.

“We will wait here until our demands are met,” they said.

Mr Allan Falconer, a director of Cape Underwear, said he would comment fully on the situation today.

The dispute is seen as crucial for the future of Clowu, a new, independent union formed last year in an attempt to challenge the massive, established Garment Workers’ Union (GWU) which has 60 000 members and is protected by a closed-shop agreement with employers.

In an important development, the GWU has asked employers to bring forward wage increases due to all clothing workers in July in terms of the existing industrial council agreement, a highly placed source in the industry said yesterday.

He added the union had also asked employers to consider granting bigger increases.

This is seen as an attempt to retain support of clothing workers in the face of independent worker demands. There were short stoppages at several other clothing factories last week.

“The fired Cape Underwear workers said they would continue to meet in the church until their demands were met and hoped they would be joined by more workers.

They said they originally numbered 52 but their ranks had swelled to 137.

They have been marching to and from the factory every morning and at lunchtimes.

Spokesmen said they were still members of the GWU but had also joined Clowu since Wednesday.

A young clothing worker who had joined the strikers was removed from the church by relatives yesterday and was taken away in a car, despite remonstrations by union officials and striking workers.

The secretary of the industrial council for the Cape clothing industry could not be reached for comment. The council chairman, Mr A M Rosenberg, declined to comment.
MD considers request to meet union

By RIAAN DE VILLIERS
Labour Reporter

THE managing director of Cape Underwear Manufacturing yesterday declared he was considering a request to meet the Clothing Workers' Union, which is organizing workers fired after striking at the factory last week.

In an interview, Mr Cecil Beckman said he had received a letter from the union in which it provided some information about its organization and asked for a meeting.

"I am considering this — but as we employ 680 people it is obvious that they do not represent the majority of our workforce," he said.

Some 50 workers were fired after striking for more pay at the Epping factory last week.

They are meeting in a "strike vigil" on every working day in a Bonteheuwel church, where they are being organized by Clowu — a new rival union to the established Garment Workers' Union.

They have since been joined by more workers and the group now numbers more than 130.

In a detailed statement on the dispute, Mr Beckman said pamphlets distributed since February had repeatedly "caused labour unrest" at the factory.

After a short work stoppage over wages by a "small minority" of workers, management arranged for a representative of the Garment Workers' Union to address the workers to air their grievances through the "correct channels".

It also investigated its standing within the industry regarding pay and benefits and reported back to workers that it was "prone" of the package offered as wages were well in excess of the industrial council minimum levels and many other fringe benefits were offered.

This satisfied most workers, but a "group of instigators" then demanded that workers should strike.

Workers were told to return to work within five minutes or consider themselves as having been dismissed.

Most returned but 49 did not and were asked to leave.

Since then more workers had stayed away. These were being considered as "normal absentees" and were welcome to return, he said.

Mr Beckman said wages were negotiated on an industry level and the Cape Clothing Manufacturers' Association had called a meeting to discuss a request from the Garment Workers' Union to bring forward — and improve — an increase due on July 1.

"Management cannot condone wild-cat stoppages instigated by people outside of the normal industry infrastructure and to tolerate this would lead to unbelievable instability in the industry," he added.
Clothing firm to meet new union

Mail Correspondent

CAPE TOWN — The managing director of Cape Underwear Manufacturing yesterday declared he was considering a request to meet the Clothing Workers' Union, representing workers fired last week following a strike at the plant.

In an interview yesterday, Mr. Cecil Beekman said he had received a letter from the union requesting a meeting with management.

"I am considering this — but as we employ 62% people it is obvious that they do not represent the majority of our workforce," he said.

Some 50 workers were fired after striking for higher pay at the Epping factory last week.

They are holding a "strike vigil" in a Bonteheuwel church each working day.

Clovis is a new rival union to the established Garment Workers' Union.

The dismissed workers now number more than 130.
Clown talks possible

Labour Reporter
CAPE Underwear Manufacturers and the Clothing Workers' Union (Clowu) may negotiate later this week over the fate of workers fired after striking at the firm's Epping plant.

Mr. Cecil Beekman, managing director of the clothing firm, said he was considering a request for a meeting from the union.

Yesterday, he said he had made an offer for a four-man management delegation to meet with a union official and three workers on Friday morning. He was still awaiting a reply from Clowu.

A union spokesperson said the offer would be discussed by the workers yesterday afternoon.

Clowu, a new union formed in opposition to the giant Garment Workers' Union, has been organizing 49 workers fired for striking for more pay at the factory last week.

The workers have been meeting daily in a "strike vigil" in Bonteheuwel churches. The group now numbers over 130.
Employer to
meet strikers

By RIAAN DE VILLIERS
Labour Reporter

A MEETING will take place this morning between
management of Cape Underwear Manufacturers,
an official of the Clothing Workers’ Union and
workers fired after striking at the firm’s Epping
plant last week.

While the meeting may be crucial to the dispute,
there seemed to be little prospect of a negotiated
settlement yesterday.

Mr Cecil Beekman, managing director of Cape
Underwear, said he would attend the meeting be-
cause the union had requested it.

Ultimatum

However, he was not prepared to consider re-em-
ploying 29 workers dismissed after ignoring a man-
agement ultimatum to return to work last week —
and was not prepared to discuss the matter either.

Any impression previously created by press re-
ports that he would consider taking back the work-
ers was incorrect, he added.

The original 29 workers have since been joined
by other workers from the plant.

Earlier this week, Mr Beekman said any workers
who had gone absent since the strike on Wednes-
day were “welcome to return”.

In a statement, Clowu’s general secretary, Ms Zu-
beida Jaffer, said the union would do “ev-
 erything to try to settle the dispute”.

However, she added that workers remained
“strong in their demand for a R10 increase”.

While she would not elaborate, it is thought the
union and worker delegation will continue to de-
mand the increase as well as the return of all
workers.

Meanwhile, top churchmen and other prominent
figures have written an open letter to Cape Under-
wear management in which they express hopes
that the dispute will be “speedily resolved”.

Among the signatories are Dr Allan Boesak,
president of the World Alliance of Churches, the
Rev Syd Luckett of the Anglican Church, Dr J C
Adonis of the N G Sendringkerk and Sheikh Nu-
zeem Mohammed, president of the Muslim Judicial
Council.

They and others held an interdenominational
church service for the workers in a Bonteheuwel
church yesterday.

The letter was then read out and signed and tak-
en to the factory by a delegation of three church-
men.

It said the strike was a “terrible sacrifice for
workers and their families” and said they had a
“desire to reach a reasonable and just settlement”.

In response, Mr Beekman said later: “The com-
pany reiterates its commitment to discuss in good
faith any problems relating to employer-employee
relationships on the basis of accepted industrial
relations practices.”

He added the company had already agreed to
meet Clowu at their request “against this back-
ground”.

Clothing workers are worse off

CAPE TOWN — Qualified workers in the clothing industry earn 22 percent less in real terms than they did in 1948, according to a University of Cape Town study.

The nationwide study on minimum wages set by industrial councils has been published by the Southern African Labour and Development Research Unit (SALDRU).

SALDRU's Mr Gordon Young said industrial council wage agreements affected 1.7 million workers in the country.

"We have examined all wage rates in each agreement over an 11-year period. Prices are now three times as high as they were in 1972," Mr Young said.

In a section on the clothing industry, the biggest employer in the western Cape, the study found: "The real wages of clothing workers have shown a long-term decline."
Factory No to wage talks on plant level

Labour Reporter

CAPE Underwear Ltd, whose factory is the scene of a wage dispute, is not prepared to negotiate wages on a plant level as this would cause "chaos" in the industry.

Mr Cecil Beekman, managing director, said it was "impossible" to hold factory negotiations in a "labour-intensive" industry.

He added, however, that the Cape Clothing Manufacturers' Association had called a meeting to discuss a request from the Western Province Garment Workers' Union (WPGWU) "to bring forward the negotiated increase which is due on July 1 and to possibly consider improving it".

About 150 workers, some of whom were dismissed after a brief work stoppage last week, are continuing to meet in a church hall in Bonteheuwel.

Increase

The workers are demanding a R10-a-week increase.

The minimum wage laid down for a qualified machinist is R54 a week.

The clothing industry is the largest employer in Cape Town, with more than 60,000 people working in more than 400 factories.

Mr Beekman said the company was "proud of its current employment package, which is well in excess of the minimums laid down by the Industrial Council agreement and which includes many fringe benefits which are in the interests of the welfare of our workforce."

He said the stoppage had been "instigated by a small minority of workers."

The management had asked workers with grievances to go through "correct channels" and approach the WPGWU with their grievances, Mr Beekman said.

Agreements

The giant union, with 60,000 members, is protected by closed-shop agreements in most clothing factories in the Western Cape.

Most of the dismissed workers, who consider themselves on strike, have joined the recently formed and unregistered Clothing Workers' Union (Clowu).

Mr Beekman said Clowu had written to the company, which was "investigating its credentials."

"The total organisation at this point comprises one officer and whatever workers she can get to join."

He added it was "obvious" that Clowu was not representative of the company's workforce of 600.
Garment union 'not remote to members'

Labour Reporter
MR CEDRIC PETERSEN, assistant secretary of the Garment Workers' Union of the Western Province, yesterday denied a claim by a University of Cape Town industrial sociologist, Mr Johan Maree, that the union had grown remote from its members.

Mr Maree was commenting last week on the massive labour turnover recorded in the Cape clothing industry, which he blamed partly on the union's distance from the workers.

Mr Petersen said Mr Maree "does not know us at all".

"Our union is the largest in the country and, while we are not a vociferous union, there are a long list of benefits for our members."

He said the union had three full-time social workers alleviating the problems of workers, a free legal aid service and a weekly newspaper with a "terrific feedback."

Mr Petersen said that every year the union organized a fun-run in the Tokai forest and a Spring beauty queen competition.

Mr Maree said yesterday that he stood by his position "The Garment Workers' Union gives the impression of being a benefit society rather than a trade union actively fighting for the rights of workers."
Pay rises for 60,000 workers

Labour Reporter

MORE THAN 60,000 Cape clothing workers are to receive pay rises originally due in July as well as an additional R2 pay increase, following a meeting of the industrial council for the Cape clothing industry yesterday.

The increases, agreed on by representatives of the Cape Clothing Manufacturers' Association and the Garment Workers' Union (GWU), follow several incidents of unrest in the industry.

'Inadequate'

The Clothing Workers' Union — formed recently in opposition to the officially recognized GWU — later declared it viewed the increases as "completely inadequate".

Following the council meeting, reliable sources in the industry said employers had agreed to a GWU request that increases in various categories scheduled for July 1 in terms of the existing industrial council agreement be brought forward and paid from May 18.

Employers also agreed to a union request that all workers should receive an additional R2 increase.

Sick-pay rates would be increased from about 50 percent to 65 percent of actual wages, the sources said.

They added that the current agreement expired on December 12 and both employer and union parties to the council agreed to start negotiating a new agreement "as soon as possible" so that new wage rates could be implemented from December 13.

'Dissatisfaction'

Ms Subeida Jaffer, Clowu's general secretary, said in a later statement that the union viewed the increases as "completely inadequate", and "regretted" the decision made by employers in the light of the "grave dissatisfaction" expressed by workers.

"It believes their response can only worsen the present crisis in the clothing industry," she added.

Mr A M Rosenberg, chairman of the industrial council, Mr Simon Jocum, chairman of the Cape Clothing Manufacturers' Association, and Mr Cedric Petersen, assistant general secretary of the GWU, declined to comment.
Clothing union duel hotting up

By NIEAN DE VILLIERS
Labour Reporter

THE Industrial Council for the Cape clothing industry met today to consider a request by the Garment Workers’ Union (GWU) to bring forward, and increase, wage hikes for over 60,000 clothing workers due in July.

The meeting follows several incidents of unrest in the industry, including a wage strike at Cape Underwear in Epping.

These followed the formation of the Clothing Workers’ Union (Clowu) which is attempting to win workers away from the giant (GWU), officially recognised by employers and party to the industrial council.

Defections

The request, by the GWU has been viewed as an attempt to contain worker demands and forestall further defections to Clowu.

However, this was denied yesterday by Mr Cedric Petersen, the GWU’s assistant general secretary, who said the request was “entirely unrelated to the recent incidents”.

He said the union had originally put the request to employers in February this year before the incidents had taken place.

The Cape Clothing Manufacturers’ Association met yesterday to discuss the request prior to today’s meeting.

Mr Colin McCarthy, secretary of the association, would not comment on the discussions.

A Clowu official delivered a letter, thought to be from the Cape Underwear workers, to the meeting.

Mr McCarthy declined to elaborate on the contents and the worker’s strike committee was unavailable last night for comment.

In a statement earlier this week, the association confirmed that wage talks would take place today and also commented for the first time on the situation in the industry.

In what appeared to be an expression of support for both the industrial council system and the GWU, it said the industry operated “under the agreement negotiated through the industrial council” and the association was “satisfied” that the parties present were negotiating the wage adjustment were the “qualified bodies of both management and the workforce in the industry”.

Rival unions

Meanwhile, the Minister of Manpower, Mr Pietie du Plessis, has called on employers facing conflicting demands from rival unions to avoid worsening conflict.

Addressing the Cape Chamber of Commerce last week, Mr. Du Plessis said employers were increasingly faced with demands for recognition by more than one union with “conflicting claims of worker support”.

A “great responsibility” rested on employers to “act in such a manner that any possible conflict situations are not worsened”.

He said it was “difficult to lay down guidelines for action”, but employers should try to identify natural leaders among their employees as these would “probably emerge as union leaders”.

...
Deadlock in 'strike' talks

Labour Reporter

TALKS between Cape Underwear management and a Clothing Workers' Union delegation deadlocked yesterday when management refused to take back 49 workers fired after striking at the firm's Epping plant last week.

Following the all-day meeting in a City hotel, 130 workers involved in the dispute — who all regard themselves as being on strike — decided not to return to work unless everybody was taken back.

Forty-nine workers were originally fired after striking but were subsequently joined by others, bringing the total to 130.

Ms Zubeida Jaffer, secretary of the newly formed Clothing Workers' Union, said in a statement that management had "deadlocked" the talks through its refusal to reinstate the 49 workers who were "initially forced out of the factory".

The 130 striking workers, believing the dispute had been "forced on them by management due to their reluctance to listen to their wage demands", unanimously resolved late in the afternoon not to return to work unless everybody was accepted back, she said.

Mr Cecil Beekman, managing director of Cape Underwear, confirmed the talks had deadlocked because management had refused to take back the 49 workers, in line with its attitude announced earlier this week.

However, he reiterated that workers who had gone "absent" since then were "welcome to return".

'Unrelated'

As the majority of its workers were members of the Garment Workers' Union, which was the trade union party to the industrial council, the company had "no alternative" but to accept this as the forum for collective bargaining purposes.

The Cape Clothing Manufacturers' Association would meet on Tuesday to consider a GWU request for a general wage increase throughout the industry.

Regarding the 49 workers, management could not condone a situation in which employees "refused to resume their duties" in support of a wage demand which was "totally unrelated to the current discussions within the industrial council", he added.
Philipp Zuidema’s new city clothing factory

By ROBERT GREIG and ALEX PETERSEN

CHAMPAGNE flowed at Wetton yesterday as Philipp and Manuela Zuidema celebrated the opening of Philman Clothing. The factory manufactures ladies’ overalls, smocks and aprons for the mass market, sells directly to industry as well as through retail chains and has a staff of 40.

Philipp Zuidema says that while many tell him that the current climate is not the best one in which to start a business, they had to start sometime.

“If you start in the middle of a boom, then its too late.”

After studying production engineering in Germany for four years, Philipp worked with Dorothea Zuidema (Pty) Ltd until his decision that there was a market niche that needed filling.

DOWNTOWN, a bright new column catering for Cape business people and products, starts in Business Report today.

The column is for you, your company — as long as it is unlisted — and your products. If you have a new product, new business, are holding a seminar or have news about your organization that you want Cape Times Business Report readers to know, write to the Financial Editor, PO Box 11, Cape Town.

The new weekly column is for the local businessman. Its stories won’t make headlines in the national press but will tell our readers what is happening downtown in their area.

His business philosophy is to deliver on time, and he feels that by supporting local Western Cape textile mills, this can be done. “The local quality is good, and with local mills we can get the delivery times we want it also helps local employment, which is crucial here in the Cape. We need full employment, and should work toward it as a conscious policy.”
Underwear workers to meet management today on dispute

Management Refuse to Settle

Labour Reporter

Representatives of striking Cape Underwear workers and officials from the recently-formed Clothing Workers' Union (CLOWU) say they will meet the management of the company today to discuss the dispute.

This will be the second meeting between the CLOWU, which is trying to weasel support from the giant Garment Workers' Union (GWU), and the management of Cape Underwear.

Managing director of Cape Underwear, Mr Cecil Beckman, said today he could not comment on the matter.

About 110 workers walked out of the factory last week in support of a demand for a R10-a-week increase.

Commenting on increases of about 2 percent negotiated by the Garment Workers' Union (GWU), which is protected by a closed shop agreement in most clothing factories in the Western Cape, a CLOWU spokesman said there was still a feeling of “dis-satisfaction” among the workers.

The clothing industry last month agreed to bring forward and increase wage increases previously negotiated by the GWU.

A R4 minimum across the board increase, which will come into effect on May 18, has been agreed upon.

Qualified machinists at present earn R54 a week.

The CLOWU spokesman said the rise in general sales tax to 10 percent and the possibility of an increase in bus fares “would eat up most of the increase”.

Report-Back

Mr Cedric Petersen, assistant general secretary of the GWU, was not available for comment today.

The GWU held a report-back meeting with the workers on Saturday in Salt River.

However, reporters were barred from the meeting and no details have yet been released.

The CLOWU spokesman said most Cape Underwear workers, who originally went on strike, had not yet returned to work.

He said the workers were being paid about R30 a week, which is being donated by sympathisers.

Argus Correspondent

Pretoria — The three Afterridgeville High School pupils who were arrested on Friday during a clash with the police resulting from the school being closed in the township are to appear in court today.

Lieutenant TF Jeffers

son, Police liaison officer, said the three pupils will face charges of pub
clic violence and damaging state property.

Meanwhile the Minister of Education and Training, Mr Barend du Plessis, has given the school until tomorrow to return to classes and continue with normal tuition, failing which the school would be closed until next year.

Early this morning the students were seen going to school but they did not have their books with them.

No Change

The ultimatum was today communicated by the regional director for the Northern Transvaal to the school's principal.

He said as far as he was concerned “the decision to close the school if the boycotts continued until tomorrow has not been changed.”

However, a delegation from the Atterridgeville Town Council appealed to Mr du Plessis during their meeting in Cape Town last Wednesday, that the school should not be closed.

Mr du Plessis also repeated his desire for “an effective education to take place” and he joined the delegation in its appeal to all concerned parties to help prevent the closing of the schools.

Mr du Plessis's deadline coincides with the appearance in court of five other pupils arrested a fortnight ago.

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Texa
**Underwear dispute over**

By RIAAN DE VILLIERS
Labour Reporter

THE dispute between Cape Underwear Manufacturers and workers fired after striking at the factory three weeks ago was settled early last night when the parties involved reached agreement at the factory in Epping.

The agreement was announced in a brief joint statement by management, worker representatives and the Clothing Workers Union (Clown), which has been organizing the group involved in the dispute.

It said an "amicable" agreement had been reached between management and the workers. They would return to work on Wednesday next week.

Management and union spokesmen declined to comment further.

The dispute started when 49 workers were fired after striking in support of a R10 pay demand. They were later joined by more workers who left the factory.

The outcome appears to be a negotiated settlement in which management has agreed to take back all the workers. In return, the workers appear to have relinquished their original wage demand.

Workers involved in the dispute gathered in a Marzenhoff hall yesterday afternoon, where they presented a short play depicting the proceedings during the dispute.

While relatively few workers were involved, the dispute has been unusually important and its outcome may have a major bearing on labour relations developments in the massive clothing industry, which employs more than 60,000 workers.

Clown is a new union, formed recently in opposition to the giant Garment Workers' Union of the Western Province (GWU), which is officially recognised by employers and protected by a closed-shop agreement.

While Clown was not formally involved in the original wage dispute, it subsequently organised workers involved.

The dispute is said to have been the first strike in the giant Western Province clothing industry since 1980.
Clothing workers are back

Labour Reporter

NINETY-EIGHT workers returned to an Epping underwear factory today after striking for three weeks.

The employees, members of the Clothing Workers' Union, returned to Cape Underwear Manufacturers Ltd in terms of an agreement concluded with the company last week.

About 50 women, who initially downed tools in support of a demand for a R10-a-week pay increase, were dismissed three weeks ago. They were later joined by about 70 others.

TRICKLED BACK

Some trickled back to work during the three-week strike.

Mr Cecil Beekman, managing director of the company, confirmed that the women were back at work. Everything had gone "smoothly", he said.

The dispute, although not involving many workers, was seen as significant by labour observers.

The clothing industry is the largest employer in the Western Cape, and the Cape Underwear strike is believed to be the first in the industry since 1936.

The Western Province Garment Workers' Union — one of the largest unions in the country — has been protected by closed-shop agreements with most clothing companies for more than 30 years.

There have been several signs of discontent in the clothing industry recently, particularly over wages.

The Cape Clothing Manufacturers' Association yesterday instituted a wage increase of R4 a week for all categories of labour.

A qualified machinist will now earn a minimum of R38 a week.
Cape union takeover 'ironic'

Own Correspondent

CAPE TOWN — A labour historian and expert on the clothing industry, Mr Martin Nichol, says the takeover of the Garment Workers' Union of South Africa by the Garment Workers' Union (Western Province) is an 'historically ironic of immense proportion'.

Mr Nichol, a University of Cape Town academic, was commenting following the announcement that the 6 000-strong Gwusa is to become part of the 60 000-strong GWU (WP).

He said, "For 25 solid years, between 1930 and 1955, the Transvaal Garment Workers' Union waged a militant campaign to take over the Cape union, but the Cape leadership resisted. Now the tables have turned."

"Solly Sachs, general secretary of the Transvaal union until 1955 and one of the first trade unionists to be banned and exiled, believed the only way the wages of Cape clothing workers could be raised to the Transvaal standard was to have one national union."

"Now that wages are comparatively low throughout the country, the Cape union is to take over the Transvaal union."

Mr Cedric Petersen, assistant general secretary of the GWU (WP), said the move had been motivated by the shrinkage in membership of the Transvaal union. He added that there had been unanimous support for the move in the Transvaal union.
Threat to jobs mars clothing pay deal

By ROBERT GREIG

CHRISTMAS spending in the Western Cape is likely to rise after a new wage agreement in the clothing and knitting industry, but jobs are in danger.

The agreement, effective from December 13, will put R98 million, including holiday pay, in the pockets of 62,000 workers up to July 1986. But industry spokesmen warn that reduced consumer demand and running costs could mean that smaller employers might have to lay off staff.

In terms of the agreement, announced yesterday by the Industrial Council for the Clothing Industry Cape, minimum wages of qualified machinists will rise to R64 a week from December 13—a 12.5 percent increase. Qualified machinists form the bulk of the industry's workforce.

In 1985, their wages will rise to R72 and on July 1, 1986, to R77 a week.

In the two years to December 1986, machinists will receive a cumulative increase of 32.7 percent, of which 15.5 percent will be in the agreement itself.

The agreement includes higher termination pay and increased Social Fund and Provident Fund contributions.

Signatories are the Cape Clothing Manufacturers' Association, the Cape Knitting Industry Association and the Garment Workers' Union.

"All these increases will inject tens of millions of extra spending power into the economy of the Western Cape over the next two years," said the chairman of the council, Mr A M Rosenberg.

"Holiday pay will be calculated at the new wage rates, and the thousands of workers in the industry earning wages in excess of the minimum rates will benefit, as the wages negotiated tend to ripple through the industry, affecting all wage-earners."

Employers and employees alike welcomed the agreement. They also warned that the coming year would see increased unemployment, especially among smaller firms, which can no longer absorb higher costs.

The general secretary of the Garment Workers' Union, Mr L Petersen, said it was "a very good agreement". But he added that increased unemployment was expected next year.

The chairman of Searle Investment Corporation, Mr A J Searle, said "the terms of the agreement were justified. Searl employs 10,000 workers in the Western Cape."

He said employers had a responsibility to lift the level of wages. However, he warned that the time had come when the industry could no longer absorb increases unless productivity improved.

Mr Searle said the increase was "inevitable" in that it would probably affect the fortunes of smaller firms.

Mr K Malcolm, managing director of Bonwit, which employs 2,200 workers, said the agreement was fair. He said it was company policy not to lay off staff.

A spokesman for Assoc. Mr Vincent Brett, said from Durban that though he was not fully acquainted with the industry, "it would appear that employers and employees are forcing themselves to exist against the trends."

"Such an increase, with the downturn in the economy, is likely to exacerbate unemployment," he said.
Strikers to return

CAPE Underwear management has agreed to re-instate all its striking workers. This decision came after negotiations between Cape Underwear management and the Clothing Workers' Union, which represents all the striking workers.

The more than 100 striking workers had demanded a R10 increase in wages.

After a recent Industrial Council meeting for the clothing industry, workers were granted a minimum raise of R4. According to the CLOWU secretary, Ms Zubeida Jaffer, workers at Cape Underwear had been granted a R5 increase by management there. The workers had accepted this and would not push ahead with their R10 increase demand.
Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association and joint managing director of Peerless Shirt Manufacturers, is also chairman of the Clothing Industry Training Board of South Africa and immediate past president of the National Clothing Federation.

Clothing industry now a 'survivalist game'  

By AUDREY D'ANGELO

THE rise in general sales tax on July 1 is more likely to increase unemployment than to bring profit margins down, says Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association and joint managing director of Peerless Shirt Manufacturers (Pty).

He said in an interview that he did not think clothing retailers or manufacturers could afford to reduce profit margins to avoid a fall in sales as a result of the higher GST.

Stiff competition was already keeping prices low. "Clothing manufacture is the most competitive industry in South Africa.

"In Cape Town alone there are more than 400 factories and in the country there are 1,000, all competing, and that keeps prices down."

"The clothing industry is not a high-profit one. It has become a survivalist game."

"There is still stiff competition between retailers, too. That is why prices this winter started at the same level as last year."

The fall in the value of the rand against the dollar had already wiped out most of the profit some manufacturers using imported fabrics had hoped to make from clothes for next summer.

Cautious optimism

They had ordered fabrics to be paid for in dollars at a time when the rand was worth $0.80, only to see it fall to below $0.77.

The clothes had already been sold to retailers at prices based on the higher value of the rand "and some people have taken a bad knock."

In spite of this clothing manufacturers, who were now taking orders for next winter, were in "a mood of cautious optimism."

Retailers had allowed their stocks to fall so low that they had to order more.

This was the main reason for a recent upturn which the rise in GST now threatened to kill off.

The spell of cold weather last week had helped sales and it was possible there could be more.

"A great deal depends on the weather. We had no really cold weather last winter and it was the worst one that I can remember in 35 years in the clothing trade."

Free market zone

"Firms which kept going through that are the ones which will survive. This year can only be better than 1983."

Discussing future trends, Mr Jocum said the South African clothing industry would not fear competition from overseas firms setting up in the new free market zone in the Cape, provided it was fair.

But protection would be needed if these firms were able to buy fabrics free of import duties because this would lead to unfair competition from "predatory imports."

His own firm bought South African fabrics whenever these were available, even if the cost was higher than those from overseas.

More jobs

He thought it important to help provide jobs by supporting the local textile industry.

Some local firms produced beautiful fabrics and although there were complaints that some were late in fulfilling orders this was not always the case.

Both manufacturers and retailers could avoid delay by giving orders well in advance.

Unfortunately a reluctance by retailers to keep large stocks when interest rates were high had increased a tendency to give late orders.

Big chains

Neither Mr Jocum nor his partner, a cousin by marriage, Mr Stuart Tyfield, intended to have careers in the clothing industry.

Mr Jocum was studying to become an accountant when he was urged to join Peerless Shirt Manufacturers. The firm had been started by an uncle, Mr Cecil Jocum, three years earlier to supply his own wholesale company.

Mr Tyfield, who had been working as a journalist on a Cape Town newspaper, also joined the firm and they began to supply independent retailers.

Now Peerless also supplies the big chains. It employs 370 people—some of whom have been with the firm for many years—and has doubled its turnover in the past six years.

It was one of the first firms in Cape Town to introduce an incentive bonus scheme for high productivity 10 years ago. This resulted in a 58 percent increase in productivity in the first two years.

It is still a family firm. Mr Tyfield's sons, Laurence and Jonathan, have joined it and Mr Jocum said: "We run it as a team."

He has never regretted coming into the business although he says: "It is a high-risk industry."

"Men of all ages have become very fashion-conscious now and however long you have been in the business you are only as good as your latest range."

"After 35 years I still make mistakes—but I make them with more confidence."

"One of these days I mean to write a play about it."

To Page 18.
Textile chief glum on hopes of job creation

Financial Reporter

THE textile and clothing industries hold out little hope of making a serious contribution to increasing employment, says the chairman of the Textile and Clothing Advisory Council.

At the council's recent annual meeting in Cape Town, Mr Ernest Wilson said: "Regrettably, I do not see our industries as making a significant contribution to the provision of new jobs in the '90s and in the 21st century.

"The wind of change has been at gale force in our industries for three years and few if any of our organisations have not been radically affected by the new ball game where productivity, efficiency and flexibility are the name of the game.

"Those of us who remain in business in clothing and textiles will be in high technology, highly sophisticated and automated industries in capital rather than the labour-intensive sector."

"The anticipated growth in the economy will not result in the creation of a proportionate number of extra jobs, but will merely improve marginally the current employment level.

"This is a factor of which Government does not appear to be sufficiently aware as it pursues its free trade policies and the short-term advantages of homeland investment."

"The year had been dominated by uncertainty and nervousness, with mini-booms followed or preceded by doldrum recessions."

"There had been a call from the distributors for greater flexibility in the manufacturing sector, for shorter lead times and for more positive innovation in design and development."

"In paradox to these needs was the need for critical asset management due to the prohibitive cost of money, resulting in manufacturers keeping raw material stocks to a minimum. Added to these problems are the prospects of sharp cost increases in raw materials against a backdrop of lower anticipated consumer spending."

"There had been a marked slowing down of imports, both of clothing and textiles, prompted mainly by the devaluation of the rand."

"I would emphasise, however, that this is only a short-term respite and that the industries' endeavours to secure reasonable protection through tariff revision cannot afford to be relaxed."

"Sectoral reports to the meeting mentioned that both wool and cotton prices would increase. Stability was also foreseen for synthetic fibre prices because petrochemical prices were denominated in dollars."

"In fabrics, the cotton and synthetic weavers sectors had shown a steady improvement, but employment remained below the 1981 level."

"Worsted weavers reported a sustained improvement over 1983, due partly to the replenishing of stocks which had previously been at very low levels. Sales had increased by 30% in the first seven months of 1984, compared with the same period of 1983, but were still 15% below those of 1981."

"There was uncertainty about the future and fear of weakening demand in 1985 in view of the increased wool price. The cotton and synthetic weavers were also fearful of weakening demand, leading to the cancellation of orders."

"In the knitted fabrics sector, output had declined steadily since 1981 because of a fashion swing from knitted to woven fabrics. Moreover, the sector had not experienced any mini-booms. However, some specialty lines had sold well and there was a strong demand for cotton knits."

"The clothing industry reported that there were demands from retailers for shorter lead times so that stock turns could be improved from the current three or four times a year. But lead times and delivery delays by the industry's suppliers made the prospects of achieving this remote."

"Orders placed with the clothing industry appeared to be realistic in relation to consumer demand."

"The wholesale trade was faced with problems arising from a lack of liquidity and high interest rates. There was difficulty in maintaining turnover because of resistance to higher prices at all levels of the distribution chain."

"Multiple-store retailers were experiencing erratic sales and little growth was foreseen. The demand was for more basic fashion merchandise. Reliability of deliveries and quality was important."
Payroll tax a threat to jobs, says clothing industry boss

By ROBERT GREIG

A PAYROLL tax would worsen unemployment and threaten existing jobs, the clothing industry has warned the government.

The chairman of the National Clothing Federation, Mr Mike Getz, said recently that imminent payroll tax — "this latest reaction of the central authorities to the acute economic problems we face" — threatened "the very basis of present and future socio-economic priorities".

"The creation and motivation of job opportunities for our under-employed population could be seriously undermined."

"We believe that this contradiction is an unfortunate result of the absence of a consistent policy towards the encouragement and development of job-providing industries".

The payroll tax has been accepted in principle by the government as one of three tax means of raising money for local authorities, clothing industry sources say.

The other forms of tax are on capital investment and turnover.

Further details of these have not been released, nor when the taxes will be introduced.

Mr Getz predicted a moderate decline in clothes manufacturing in 1984, compared to 1983's 8% volume decline in clothing sales and 14% decline in manufacturing volume.

He said the industry's prospects depended on:
- A cost structure that would help develop manufacturing industries.
- Rents were high by Western standards and extremely high for the small, complex domestic market. "Realistically, they may well be too high for sustained growth of consumption in real terms."
- "The gap between average income growth and the rise in forward costs a square metre is widening," Mr Getz said.
- An up-to-date foreign trade policy.
- Mr Getz said, "It is important to understand that SA's preoccupation with the price of gold masked a far more serious problem."
- "This is the lack of awareness in both the private and public sector that we are presently approaching world markets with an ageing and vulnerable mix of commodities and products."
Clothing imports flood into S A

Mercury Correspondent

CAPE TOWN—Clothing imports are continuing to flood into the country in spite of the recession, with the January to April figures rising 56 percent to R50m on an annual basis, Searl chairman Mr Aaron Searl warns in his annual report.

In a hard hitting review Mr Searl calls on the authorities to give the clothing industry, which can be a major creator of jobs over the next decade, a new deal.

Not only is due recognition being withheld of the industry's role in the country's socio-economic structure, but its raw materials are overpriced to favour and protect primary and upstream suppliers.

Taxation and investment allowances discriminate significantly against labour intensive activities and Mr Searl notes that this insensitivity is now incredibly reinforced with proposals for a payroll tax.

**Control**

The traditional practices are onerous and threaten to undermine opportunities for developing manufacturing in South Africa as the base for our population entering industrial life and progressing with it.

The local industry faces an increased import threat when South Africa becomes a full signatory of GATT. This will remove import control and protection will hinge on tariff measures.

Mr Searl says the clothing industry will need to exercise particular vigilance since experience indicates that tariff barriers can be readily breached.

The situation is further aggravated by the absence of Government policy on the future role that labour intensive industries such as our own have to play in the area of industrial strategy and foreign trade.

**Margins**

But there is difficulty in obtaining long term forward business and margins remain under severe pressure.

Searl is forecasting a fall in earnings per share this year from 102.8c to 70 - 90c. Pre-tax profits will be around the R9 to R11m mark (R11,4m) with sales marginally higher at R 3 400 m - R 3 500 m (R334,7m).

The forecasts take into account the high level of interest rates Searl's improving liquidity has led to it redeeming early a further 3m of the second series of cumulative redeemable preference which will lead to a considerable drop in servicing costs.
Searll warns on flood of clothing imports

By PAUL DOLD
Financial Editor

CLOTHING imports are continuing to flood into the country in spite of the recession with the January to April figures rising 56 percent to R50m on an annual basis, Seardel's chairman, Mr Aaron Searll, warns in his annual report.

In a hard hitting review, Mr Searll calls on the authorities to give the clothing industry, which can be a major creator of jobs over the next decade, a new deal.

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Market position

Competition has increased in export markets with major export ing countries taking aggressive steps to improve their market position, and he notes that Seardel, although it needs to create labour intensive activity, appears to have no clear policy or direction.

Turning to the economy, Mr Searll sees no significant upturn before the second half of next year.

Group sales for the first two months are in line with "conservative budgeted" expectations and the forward order position is satisfactory. But there is difficulty in obtaining long-term forward business and margins remain under severe pressure.

Earnings

Seardel is forecasting a fall in earnings per share this year from 102,6c to 70 - 90c.

Pre-tax profits will be around the R9 to R11m mark (R11,4m) with sales marginally higher at R340m to R350m (R334,7m).

The forecasts take into account the high level of interest rates.

Seardel's improving liquidity has led to it redeeming early its further 3m of the second series of cumulative redeemable preference which will lead to a considerable drop in servicing costs.
Clothing industry under pressure

By ROBERT GREIG

WITHOUT exception, clothing manufacturers report reduced domestic demand, higher costs and a struggle to compete with Far East producers in the export market.

Times are exceedingly tight for them, yet the industry has announced a new-wage structure for the next two years which gives workers real increases, even seen against the dopest of predictions about the inflation rate.

The Garment Workers Union points out in its October newsletter that workers wages will have risen 10.3 percent in 1984 by December.

"This compares with an inflation rate of 14 percent," says Clothes Line.

In the same period, say the workers, clothing prices rose nine percent.

The Western Cape clothing industry — in the past a low pay area — is committed to increasing wages in real terms, says the secretary of the Clothing Manufacturers' Association, Mr Colin McCarthy.

In the past, its wages have been behind the national average.

Traditionally, the Western Cape paid better than Natal or the Transvaal but the differential is now residual, he says, with Natal matching the Western Cape's increases.

With more than 1 000 factories, employing 120 000 people in the country, it is, he says "a very competitive industry."

There are many producers but few retailers and this helps to explain the extent to which manufacturers have had to absorb the costs of wage increases. Their ability to pass on increases to consumers is "limited."

According to the National Institute for Productivity, the clothing industry workers are among the country's most productive.

However, their productivity dropped by 11.6 percent between 1982 and 1983 and 12.3 percent between 1981 and 1983.

To an extent, then, wage increases are compensatory — making up for low wages in the past.

The first question, though, is how long the industry can increase wages and how able is it to increase them in recession?

Domestic demand is declining as a result of the government's attempts to control spending and thus inflation.

On the other hand, as the Bureau for Economic Research (BER), Stellenbosch, notes in its predictions for 1985, "The sharp fall in the external value of the rand will limit competition from imported goods, with the result that domestic production will not suffer as badly as indicated by the decline in domestic demand."

It adds that in its bleak view of 1985, "the sectors producing consumer durables and semi-durables will be hit hardest."

Larger producers know what the University of Cape Town economist, Dr David Rees, calls "the escape route" of imports.

Ideally, earnings here might offset some domestic losses. Those without that route will have to lay off staff.

The escape route has decided limitations. Chief among them is the lower cost structure of Far Eastern countries which compete with South Africa in sectors of the overseas clothing market.

The chairman of Searle Investment Corporation, Mr. Aaron Searle, points out that Korean clothing workers work a 39-hour week and compared to Western Cape workers' 41-hour week, wages are substantially lower.

However, perpetualists say that to Western eyes, it represents a threat to South Africa's clothing exports' competitiveness.

The threat may be met by increased productivity which everyone agrees is a good thing.

The other strategy is becoming more capital rather than labour-intensive. This is what Dr Rees predicts.

It's a familiar cycle in human terms, it means fewer jobs or higher wages for fewer.

In structural terms, it means fewer producers in consumer terms, it means higher prices.
Outlook bright for SA clothing industry – Getz

IN spite of the economic situation, things are looking up for the clothing industry — the biggest single employer of labour in the Western Cape.

Mr Mike Getz, president of the National Clothing Federation of SA, says manufacturers report full order books and a high degree of capacity utilisation.

"The clothing industry appears to be moving against the economic tide in that a notable improvement in activity levels is being experienced or anticipated by many manufacturers," he said on his return from a meeting of the NCF executive in Johannesburg.

PROFIT MARGINS

The rise in GST might not affect this because retailers were having to build up stocks again after allowing their inventories to run low.

"Although the current increase in GST is expected to have a damping effect on consumer buying patterns it should be borne in mind that current stocks in the supply pipeline appear rather low," he said.

Also, manufacturers have cut their profit margins "The present 7 percent inflation rate in the clothing industry is indicative of low turnover margins and is well below the overall rate of inflation."

"The clothing industry appears to be moving against the economic tide in that a notable improvement in activity levels is being experienced or anticipated by many manufacturers," he said on his return from a meeting of the NCF executive in Johannesburg.

EXPORTS

As a result, the executive was calling on the Government to give more help to the development of the export trade as a matter of urgency.

It was also upgrading its training scheme and urging the Department of Labour to replace tax rebates for training with cash grants.

It regarded cash grants as "more efficacious as incentives than are tax rebates, as indeed evidenced by the success achieved with the latest cash-based decentralisation incentives."

An industrial relations committee had been formed to help members in various regions to understand, appreciate and adapt to the ramifications of the new labour dispensation.

"NEW JOBS"

It was appreciated "that the process attitudinal change on the side of management will also be required."

Discussing exports, Mr Getz said these were vital as a basis for recovery, growth and the provision of new jobs.

The export industry was now "critically dependent on prompt and relevant action by the Government in the area of export development."

It was important for the medium- and long-term future that current opportunities are not missed by South Africa."

SA 'winning fight against inflation'

THE FIGHT against inflation was being won in South Africa, but increases in administered prices and within the public sector, were resulting in a Government-led price spiral, according to Mr Chris Ball, managing director of Barclays National Bank.

He said the authorities had been far from disciplined in dealing with prices in their sphere and this had been the major factor in the price escalation pattern.

Year-on-year inflation increased to 10.8 percent in April from 10.1 percent in March.

It was not the commercial banks' but the Reserve Bank's policy to keep interest rates high, to influence the demand for credit through its price and thereby the demand for goods and services and therefore the inflation rate.

SPENDING

However, the problem was that there was no excess demand and productive capacity was adequate.

Only when the public's perceptions of continued inflation changed would spending be curbed, he said.

He said the marked shift of deposits into the short-term end of the market and a narrowing of the differential between

Gold at $386,50

GOLD TRADED at $386.50 (R494.24) an ounce in Zircon today — down from the opening $390.20 in Hong Kong, but still $2 above the London fix on Friday afternoon — Reuters reports.

Both the London and US markets are closed today because of public holidays, but in New York on Friday gold jumped to a two-month high as concerns about world oil supplies and the stability of the banking system in the United States led nervous traders to buy precious metals.

The dollar turned in a mixed performance in New York. Dealers said currency markets calmed down from the panic buying of recent days.

Diamond share De Beers followed gold, rising 13c to 955c, but other movements and financials were virtually unchanged.
324 flats We're moving into phase two, with 88 sub-economic houses, about 50 owner-built houses and 194 flats scheduled. We rau at a small deficit - about R24 000 a year.

Magerman did his B Comm at Wits, then started a wig-making business But times were against him as black consciousness pushed the "natural look." Now he's proprietor of a hairdressing salon.

Yes, Magerman agrees, he and his party are made up of the Alex elite He adds "New movements like the United Democratic Front feel we've gone too far in working within the system. The Save Alex Party was okay, but since we formed the town council, they're very critical"

"Alex is primitive," Magerman says sadly. "We don't have any infrastructure to speak of. Sewerage, electricity, water supply and stormwater drains are urgent priorities."

"We have continuous trouble with the Department of Co-operation and Development," he grows. "Their constant refrain is that they have no money.

"Heaven knows, we need revenue sources. We're considering a stadium, and we're looking at increasing electricity tariffs, since we're selling it for less than we pay for it. We don't have the money to upgrade the hostels, but in any case, the inmates can't afford more," he says.

Plans for the nucleus of a CBD are in the pipeline. "We need to establish a business centre here as a magnet to stop the flight of money And we need partnership with white capital.

Magerman's a ambitious man in a difficult situation - on your way out past the augmented queenies, the drunks on the doors say I love Alex." He needs to

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**ANNA SCHEEPERS**

History may have overtaken Anna Scheepers but it can never forget her. The labour war-horse and former United Party Senator - target of both intense loyalty and defection - announced her retirement last week, singling out the end of an era in SA's labour history. And her 58-year-old union, the Garment Workers' Union of SA (GWUSA), is now to be absorbed by the Western Cape Garment Workers' Union (WCGWU).

For GWUSA, once considered to be one of the country's most powerful and radical unions, has been left behind by new labour trends and developments. Its once powerful boss, after 50 years of union activity, is now bowing out.

Scheepers (70) looks like she ought to be baking koekisters, but has been GWUSA president for almost 47 years and obtained an honorary doctorate from the University of the Witwatersrand for her contribution to industrial peace.

Though she has retired once before and returned, she is now saying goodbye forever - and with an entirely light heart. "This time there's no going back," she says. "I can't stay and watch everything I've built up over 50 years destroyed and workers losing everything we've fought for.

"My ideas are no longer in keeping with current trends and I feel frustrated and disappointed. We fought for so many years for all workers to be members of registered trade unions. Today unions are fighting against this.

"So I ask myself what I fought for - the unorganised aren't organised and the organised are divided. And I can't see any one benefiting from these divisions. I would like to see more progress in organising the unorganised and to see unity instead of division I feel sad now.

Scheepers has paid her dues as a unionist and like many other unionists today has her brushes with the law. "The most significant achievement of my working life was in 1948 when we won a 40-hour working week for Transvaal garment workers," she says. "At the time, our City Hall meeting was attacked by our political opponents and the doors and windows broken." But today GWUSA is regarded as one of the more conservative unions. "We weren't really radical in the past, but were considered so because of strike action organised in 1931-1932 byolly Sachs," Scheepers explains.

"People thought we were koppieboetes or Communists simply because we fought for all workers. But, at that time, striking was the only way. Today she sees things differently. "Strike action isn't economically beneficial to workers, and certainly not before all other possibilities are exhausted. I believe in negotiating and using the legal machinery. But the new leadership is looking for confrontation rather than negotiation."

Born on the farm De la Rey, named after her great-uncle Koos de la Rey, near Krugersdorp, Scheepers, like many other platelland girls, was forced by economic conditions during the Depression to seek work in the city. Her father was a grocer in a Malvern delicatessen. Several months later she began work as a presser for Jaff and Co and became involved with GWUSA. She was made a shop-steward almost immediately and has been immersed in the trade union movement ever since. Widowed twice, both her husbands were union office bearers.

In its heyday, GWUSA was one of SA's most powerful unions, but in recent years, its membership has dwindled. "White and coloured workers aren't coming into the industry any longer. In the past, many matric girls or even teachers worked in the clothing industry because there was no alternative employment. In 1953, white workers were in the majority. Today whites constitute 1.5%," she explains.

Dwindling membership has forced GWUSA to consider amalgamation. And while it would have been logical for the union to merge with the Black National Union of Clothing Workers (NUCW) - which GWUSA originally helped form in 1940 - Scheepers is bitter that NUCW rejected their approaches after three years of negotiation. "I have no doubt of our black support. Recently, I thought that instead of amalgamating with the WCGWU, we'd reapproach NUCW But our members wouldn't hear of it One of our branches said they would not consider merging with black unions because they've never acted responsibly," she says directly.

"I think that the emerging black unions are acting counter-productively. They should be tackling the thousands who are still downtrodden and unorganised rather than attacking existing membership. The white-acting of unions can pay no dividends, and isn't in the workers' interests.

"My greatest fear is that with the growth of many small mushrooming unions, it will just be a question of divide and rule. My greatest hope is that I'll live to see one union and one national agreement in the garment industry."
Clothing industry demand steps up

BY PRISCILLA WHYTE

Most of the 1,200 manufacturers belonging to the National Clothing Federation (NCF) have had full order books since April.

However, the latest official production statistics show a real decline of 14% last year.

Normal capacity utilisation is 75%-80%. By December, a level of 85% had been reached.

The July increase in general sales tax — to 10% from 7% — may cause an artificial mini-boom before it comes into effect and Mr Mike Getz, president of the NCF, says stocks in the supply line already appear low.

He notes that reports of shortages of fabric are being received.

The 5% inflation rate in the clothing industry is well below the overall rate and Mr Getz believes it is indicative of low manufacturing profit margins.

In 1983, total manufacturing turnover was R1,534bn, with imports at R324m and exports of R34m.

Manufacturing volumes are expected to be maintained for 1984 and, although real growth may be only marginal, no further decline is expected.

Mr Getz says exports are the basis for real recovery and manufacturers are dependent on a prompt and relevant decision by the Government on export incentives.

According to Mr Getz, the clothing industry welcomes the replacement of tax concessions for training with a cash grant system.

Its R1,25m training board, funded by employers, is facing increasing financial pressures.

High labour turnover and absenteeism in the Western Cape are being investigated.
Workers back single union representation

Labour Reporter
IN ONE of the largest trade union meetings at Curries Fountain in Durban, more than 15,000 garment workers yesterday pledged support for the Tucsa-affiliated Garment Workers' Industrial Union in the face of union rivalry that threatens to disrupt the clothing industry.

Hundreds of clothing factories in Natal were shut down to enable workers to attend the rally convened by the union to discuss alleged inroads made into its membership by Fosatu-affiliated National Union of Textile Workers and other unions.

Most workers were on duty last Saturday at normal rates of pay to get the day off yesterday.

The meeting was attended mainly by Indian and black women and unanimously resolved to give the GWIU full support.

It called on the union to use all powers at its disposal, including strike action, to oppose infiltration of rival unions into the garment industry.

GWIU supporters carrying placards denouncing rival unions were applauded as they marched into the crowded sports ground.

Banners stated 'Unity is strength — we are happy with our union', and 'Garment workers do not want more than one union'.

Opening the meeting, union president Ismail Morkhoom said attempts were being made by other unions to win support although the GWIU had a closed shop agreement with many factories.

He said the GWIU had a membership of more than 55,000 workers at 425 clothing factories in Natal.

Since its formation about 50 years ago it had made significant strides in improving wages and working conditions.

He said the union was not racially-segregated. Its membership was open to all races.

The presence of workers at the meeting was a public demonstration of their faith in the GWIU, he said.

He claimed that the GWIU was a workers' union and was not affiliated to any political body.

General secretary of the union Frankie Hansa told the meeting that attempts were being made to sow division among garment workers by allowing more than one union to represent them.
Textile industry sees little demand for products in short term

The textile and clothing industry foresees no increased demand for its products in the short term, but expects some benefit to flow from the adverse balance of payments situation which makes imports more expensive.

In a statement issued to Sapa yesterday, following the mid-year meeting of the Textile and Clothing Advisory Council in Durban, the chairman of the council, Mr. Ernest Wilson, said the current adverse economic conditions added up to lower disposable incomes.

"We cannot see any grounds for increased demand. On the other hand, the adverse balance of payments situation will make imports that much more expensive and the clothing and textile industries may benefit because it will just not pay to import with the declining value of the rand," he said.

"High clothing and textile industry activity is developing overseas with the boom which is now beginning to spread throughout the Western world."

But in South Africa there were higher public sector salary levels, and some substantial awards by industrial councils of at least 15 percent.

"Income is rising with inflation but disposable income is unlikely to rise by any more than the difference between inflation and the amount of the awards. There does not seem to be a climate of real confidence in any sector, and very few economists are saying that we are going to break through into recovery in the next few months."

One of the problems for the textile industry is that they are pulling back from their export programmes in order to meet the demands from the local industry because they lack the confidence to expand capacity. But this is the sort of climate we are living in, where we have to do what is expedient rather than what is in the nature of long-term strategic planning.

Outlook

Discussing the outlook for the various sectors of the industry, Mr. Wilson said: "On the fibre side we see a picture of high demand and higher prices with perhaps some relief coming in due course on cotton, but wool prices are unlikely to drop. For synthetic fibres there is a stronger demand and more stable pricing policies."

"As far as woven fabrics are concerned the cotton producers feel that trading conditions are better by as much as 50 percent compared with 1963. Orders are good for three months ahead but there is some apprehension that the improvement might not be sustained. The demand for worsteds is very strong compared with a year ago."

"The knitting industry has an improved outlook for the next three months. The clothing industry is showing some improvement. Some factories are well booked up but there is a feeling that the higher demand will not be sustained."

Retailers

"The small retailers are suffering in a very lean period and they are feeling that the whole basis of the small retailer is being threatened."

"The major retail chains are showing a more positive attitude than 12 months ago but the outlook is one of restrained optimism with limited growth in the clothing sector in real terms."

"On the wholesale side there is some improved trading but there is no sustaining influence that can be seen," Mr. Wilson said. (Sapa)
Expenditure imports may help clothing industry

Business Day

DURBAN — The textile and clothing

...
Court told of union dispute on shop floor

Labour Reporter

HOSTILITY was growing among workers in the garment industry and chances were that officials of the Tusa-affiliated Garment Workers' Industrial Union might be assaulted if they went into factories, an Industrial Court sitting in Durban was told yesterday.

This was said in evidence by Mr. Johnny Copelyn, general secretary of the Fosatu-affiliated National Union of Textile Workers, in support of an appeal by the union for membership on the Industrial Council of which GWIU is a party.

Petition

The union, which had earlier been refused membership on the council, is appealing to the Court for an order to grant membership to the council or exempt its members from a closed shop agreement reached between the GWIU and a Natal company, James North (Africa) Ltd.

Under cross-examination by Mr. Bealton Cheadle, representing NUTW, Mr. Copelyn said:

80 percent of workers at James North had signed a petition stating that they did not wish to continue being members of GWIU, but were bound in terms of the closed shop agreement.

In spite of the agreement - in terms of which the company may not employ a worker who is not a member of GWIU - NUTW won recognition at the plant after about 80 percent of the workers voted in favour of NUTW in a secret ballot conducted by the company.

Mr. Copelyn alleged that GWIU threatened workers with their jobs if they joined NUTW.

The hearing was adjourned to June 15. Mr. A. Cocksane appeared for the Industrial Council.
Closed shop appeal seen as a test case

Labour Reporter

THE Industrial Court sitting in Durban has reserved judgment on an appeal by the National Union of Textile Workers to have its members exempted from a closed-shop agreement at a Natal clothing factory, James North/Africa Ltd., which led to a nine-month-long dispute.

The outcome is seen by labour experts as an important test case likely to affect about 45,000 workers in the clothing industry — the majority of whom are members of the Garment Workers Industrial Union.

In terms of the agreement reached between the garment union and some clothing factory owners, no employer who is a party to the agreement may employ a worker who is not a member of that union. The agreement, which has been in force for 47 years, effectively barred rival unions from making inroads into the membership of the Tucci-affiliated GWIU.

Blocked

The Court was told that the NUTW won recognition at James North after a majority of the workers voted to join the union, although they were legally bound by the closed-shop agreement to be members of the GWIU to which union dues were still being deducted.

Mr Halton Cheadle, who represented the textile workers, told the Court that the exemption was being sought specifically in respect of its 219 members at the James North factory.

He claimed that the GWIU had blocked several attempts by the NUTW to have the dispute resolved in a mature way and the situation in the industry had become extremely volatile. He said workers should be free to choose which union should represent them.

If the Court refused to grant the relief sought, the company would be faced with the choice of either pulling out of the Industrial Council — in a move to break away from the closed-shop agreement — or face a mass resignation.

A withdrawal from the Industrial Council would also eventually lead to the breaking up of the council and would put an end to collective bargaining at industry level — a move which would weaken the bargaining strength of workers in the industry.

Approval

Opposing the application, Mr A de Kok, for the GWIU, said the NUTW was effectively asking for an ending of the closed-shop agreement — an agreement which had been reached with the approval of all workers in the industry.

"There are really no grounds for why the agreement should be nullified merely because a union, knowing of its existence, elects to move into the industry by obtaining a minuscule measure of support — 219 members out of a labour force of 45,000," he said.

Mr I H Cochrane, who appeared for the Industrial Council, questioned whether the Court had the power to award costs in the application. He said the Industrial Council, which was the first respondent, was obliged to appear before the Court in terms of Section 51 of the Labour Relations Act and it was unfair to expect the council to be called upon to pay costs to any of the parties.
SA clothing exports to UK provoke AAM

EAST LONDON — The escalating value of South African fashion imports into Britain — up to £24 million (about R43m) from a low of £1.4 million (about R2.5 million) ten years ago — has provoked the Anti-Apartheid Movement in London into launching a new campaign aimed at persuading people not to buy South African goods.

A report this month in the London Sunday Times says South African clothing is becoming a standard feature in British fashion stores.

Last November, the newspaper reports, Harrods placed its biggest-ever order with a South African supplier — Rex Trueform of Cape Town — for a range of men's and women's wear, including a complete designer collection.

According to the London Sunday Times, other leading stores selling garments with "made in South Africa" labels are the Next chain, owned by Hepworth, Austin Reed's Options and Country Casuals, which is part of the Coates-Patoa group.

Joanne Neicho, for Country Casuals, said, "We don't regard South African fashions as a significant part of our business and we don't particularly promote our South African imports," while Next's Tony Peck said clothes from South Africa represented "only a small proportion of our range, of which 80 per cent is made in the United Kingdom."

But despite this playing down of the South African connection, UK fashion orders make big headlines in the South African press. The London Sunday Times quotes, for example, a report last November in the East London Daily Dispatch that clothing and textiles from the Far East had lost popularity in Britain "through not being able to match the South African product for quality and finish."

Prices are competitive too. The Johannesburg Financial Mail recently published a table of clothing and textile labour costs showing that at 1.07 dollars per hour South Africa compared well with South Korea (1.53 dollars), Taiwan (1.43 dollars) and Hong Kong (1.45 dollars). The rate in Britain is 5.39 dollars.

Harrods, Austin Reed and Country Casuals report their South African goods to be selling well, with no one complaining about their country of origin.

Next's managing director, George Davies, told Anti-Apartheid that although he shared its views on apartheid, he had visited his South African suppliers and was "satisfied that workers there were promoted on merit and that no discrimination was practised."

Some retailers are more circumspect. Tesco sells tights labelled "made in RSA", admitting it is not immediately recognisable, but adding "The people who are aware will know what it means" — DDR

The Daily Dispatch report referred to in the London Sunday Times was filed from this newspaper's London office and dealt with the Harrods order with Rex Trueform. The reporter in the Daily Dispatch's London office emphasised the quality of South African clothing and textiles and said British outlets now gave preference to South African manufacturers in these lines over those from the Far East — Editor.
METAL INDUSTRIES
Collision course

The Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry has submitted this year's metal agreement to the Minister of Manpower for publication — and has asked him to extend it to non-parties. In doing so it has embarked on a collision course with the Metal and Allied Workers' Union (Mawu).

The agreement, which will cover the metal industry's estimated 330,000 workers, incorporates minimum pay rises of 40c/hour and 20c/hour for skilled and unskilled workers respectively. It also includes improvements in site workers' allowances and holiday leave bonuses.

The council's decision was taken despite the fact that both Mawu and the SA Boilermakers' Society have refused to sign the agreement. Both are members of the SA Co-ordinating Council of the International Metalworkers' Federation. Another union which originally took the same stand — the Steel, Engineering and Allied Work-

ers' Union — has signed it, representing unskilled workers.

Mawu reacted to the decision with a stinging attack in which it accused the council and the Steel and Engineering Industries Federation (Seifsa) of displaying contempt for the collective bargaining process. At least one employer expects strikes by Mawu members once the agreement comes into force.

Says a Mawu spokesman: "The industrial council and Seifsa have yet again shown their cynical contempt for the process of collective bargaining by forwarding an agreement to the Minister which has been rejected by us and the Boilermakers, who are the two largest unions on the council representing unskilled and semi-skilled workers in the metal industry." He says Mawu's paid-up membership is 30,000 — while signed-up membership is considerably higher at 60,000.

The Boilermakers' union has indicated that it is in favour of the agreement being published and extended to cover non-parties. This seems to be motivated by a desire not to exclude anyone from its benefits, and the fear that some employers will withdraw from the agreement if it is not extended. This would endanger the council and its benefit structure.

But a union spokesman told the FM that it has been decided to refer the question of signing the agreement to its branches. The executive committee has recommended that the union should not sign.

The spokesman warned that the situation is encouraging racial polarisation in the metal industries which could lead to friction, confrontation and industrial unrest.

He told the FM: "We believe the agreement, as it stands, is unbalanced and does not provide for fair increases in wages to the scales. Seifsa has said there is an across-the-board increase. But the distribution heavily favours the highest-paid workers who are already paid twice or more the basic wage agreed upon. The increases provide very little relief for workers at the bottom of the scale."

Although both Mawu and the Boilermakers have refused to sign, the two unions are taking different lines of action with the Boilermakers being far more conciliatory.
Shrinking demand hits clothing and textiles

By PRISCILLA WHYTE

PROFITABILITY of 37 major textile and clothing manufacturers has suffered during the recession because of shrinking demand.

A report by IMR Consultants indicates, however, that conditions in the industries may be improving, with a reversal of the destocking which characterised the past two years, but the outlook for capital investment remains subdued.

Gubb & Legs, mohair and wool processors, reported a reduction in turnover from R81,2m to R72,3m in June 1983. In the current year, conditions have improved and earnings a share rose from 40.7c to 46.7c in the six months to December 31, 1983.

The 1982/1983 year was difficult for the Frame group (Natal Consol Ind Invest, Consol Textile Mills Investment, SA Woollen Mills and Natal Rubber Manufacturers), with reductions in turnover and profits in most trading divisions.

In the report, there is a comprehensive section on each of the 37 companies, and it includes short-term future prospects.

A process of rationalisation in the textile and clothing industries appears to be continuing.

Mergers have taken place, such as Dugson Holdings and Dublin Investments being taken over by Seardel Investment Corporation.

Groups have also been restructured to cope with the changed conditions.

Veka is undergoing a radical restructuring after making a R1.2m loss in 1983 and with no payment of dividends for the past two years.

Its divisions are being reorganised and certain product lines discontinued.

Employment in the textile industry increased to a peak of about 119,000 in 1982, but dropped to 108,000 in January 1984.

Similarly, employment in clothing peaked at about 179,000 in 1982, and dropped to 112,000 in January 1984.

The decline in demand after 1981 is reflected in capacity utilisation figures, which dropped from 51.6% and 52.6% in 1981 for the textile and clothing industries, to 44.4% and 49.5%, respectively, in November 1983.

Growth in the textile industry depends on the real buying power of the domestic private consumer.

According to Central Statistical Services, the real growth in private consumption expenditure on clothing and footwear from 1979 to 1983 was 5.3% a year, but it declined in 1982 (-1.1%) and 1983 (-2.9%).

Similarly, on household textiles, furnishings and glassware it showed an average real growth rate of 7.7% from 1979-1983 but was negative in 1982 (-5.3%) and 1983 (2.9%).

One of the major problems which confronts the textile industry is the nature of the lag between changes in private consumption expenditure and changes in demand.

The lag tends to exaggerate the effects of changes in it and this has given rise to sharp fluctuations in capacity utilisation.

Textile manufacturing has generally alternated between serious excess capacity, such as at present, and difficulties in maintaining adequate supplies to clothing manufacturers.

Recent weak market conditions are shown in retail sales of clothing, footwear and textile dealers.

These declined by 10.1% in real terms in 1983, after being static in 1982.

A cautious attitude prevails because of the recommendations of the Steenkamp Committee regarding the scrapping of quantitative import controls.

The expected benefits of greater efficiency and international competitiveness will be realised, but only when the downturn is over.

Recommendations of the Steenkamp Committee were accepted in December with the intention that submissions from the industries should be received in time to implement the recommendations by this month.

The effects of the changes proposed by the Steenkamp Committee, in an industry which has become increasingly dependent on a high level of import protection at a time when there has been a reduction in demand, remain to be seen.

A greater incidence of closures and reluctance to undertake new capital investment may well be the short-term result.

Capital projects being undertaken include a R30m project by SA Nylon Spinners to produce stabilised polyester yarns, which is scheduled to come on stream by the end of 1984.

A R12m plant is being built by Rotamex at Pueytown to produce nylon carpet yarn. It is scheduled for completion by the end of the year.

A R18m project by Natal Nylon Industries in Maritzburg to produce nylon yarn is underway.
End textile, clothing curbs — Gatt

GENEVA. — Experts of the General Agreement on Tariffs and Trade (Gatt) yesterday released a study calling for an end to special restraints on international trade in textiles and clothing.

Gatt oversees most of the world’s commercial exchanges.

The 198-page Gatt study said that discontinuing the system regulating the multi-billion-dollar trade under the Multi-Fibre Agreement (MFA), would result in accelerated economic growth both in industrial and developing countries.

It said liberalisation of the trade after expiry of the MFA in 1985 was likely to lead to more unemployment in the clothing industry of industrialised countries.

But it suggested that this would be more than offset by an increase in output and employment in other sectors and that "gains from increased international specialisation" would result in faster economic growth.

For developing countries, an end to the current restraints would mean a substantial increase in clothing production and exports, a better investment climate and an increase in overall imports from developed countries as a result of economic growth and higher foreign exchange earnings.

This would be a "particular crucial factor at the present time for those exporting developing countries suffering from severe debt service or balance-of-payments problems."

Trade in textiles and clothing in 1982 totalled $93bn, or 9% of the overall world trade in manufactured goods.

In 1982, according to the study, Hong Kong, Italy, South Korea, Taiwan and West Germany — in that order — were the five principal exporters of clothing, while the US, West Germany, the Soviet Union, Britain and France were the top five importers.

In textiles, the top five were West Germany, Japan, Italy, the US and Belgium-Luxemburg for exports, and West Germany, France, Britain, Hong Kong and the US for imports.

The study also suggested that the arguments once cited in favour of a special regime in the textile and clothing trade have ceased to be valid.

These included the contention that the challenge presented to industries in Western countries by cheap imports was largely limited to textiles and clothing, and employment and production in those industries was of importance to the countries’ overall economic activity.

The study said the fundamental issue facing Western trade policy officials was how to respond to the pressures for changes in production and trade patterns linked to economic growth — Sapa-AP.
R6m CLOTHING FACTORY OPENS IN TRANSKEI

BY MIKE JENSEN

A MAJOR clothing factory started production for its Taiwanese owners in Transkei yesterday.

It was opened by President Kaiser Matanzima and will eventually employ about 2,000 people. It has been built by Lien-Fu supply the US fashion market.

Established at a total cost of about R6m, the 3,500m² factory at Ibeke, near Butterworth, already employs 600 Transkeians to meet orders from the US for 35,000 garments a month.

Another 13,500m², costing R4m, is to be added to the factory.

More than 30 Taiwanese have been brought out to oversee the operation set up under the name of Tally as a wholly-owned subsidiary of Lien-Fu.

Mr Robert Lee, chairman and president of Lien-Fu, said yesterday that his company exported $50m worth of clothes a year under the labels of Christian Dior, Pierre Cardin, Sergio Valentia and other well-known designers.

Aside from the decentralisation incentives offered to industries setting up in the homelands, it is thought that Lien-Fu, under the auspices of Tally, will now also be able to circumvent the US ban on imports of certain clothing from the Far East.
Court told of dispute over unionist

Labour Reporter

The Industrial Council for the clothing industry came under attack at an Industrial Court hearing in Durban yesterday for allegedly failing to resolve a dispute over the sacking of a trade union activist.

The presiding officer, Dr D B Eilers, reserved judgment.

Mr Chris Albertyn, who appeared on behalf of Miss Florence Ntuli, who was dismissed by the Natal Overall Manufacturing Company, told the Court that the functions of the council were to endeavour by negotiation or otherwise to settle disputes.

He said it had failed to do so in regard to the dismissal of Miss Ntuli - a member of the Garment Workers' Industrial Union, one of the parties which make up the Industrial Council.

Because of a closed shop agreement with the company, Miss Ntuli is compelled by law to be a member of the GWIU in spite of now having joined a rival trade union - the National Union of Textile Workers.

Arguing for her reinstatement, Mr Albertyn told the hearing that a letter setting out her grievances had been sent to the council, but it had made no genuine attempt to have the dispute resolved.

The matter now falls outside the jurisdiction of the council, he said.

Mr Jeff Pobbs, representing the company, said he was not in a position to comment on criticism levelled against the council, but urged the Court not to pass judgment on the application for reinstatement until the company had filed its responding affidavits.

‘Not neglect’

He said the delay in submitting the papers was not through neglect. Miss Ntuli’s refusal to cooperate by having the dispute resolved by the Industrial Council had led to the company delaying its reply.

Mr Pobbs said it was not sufficient to merely write a letter to the council. The council should have been placed in a position to hear the dispute.

The company had agreed to abide by the decision of the council in the interest of good industrial relations, he said.
pay rise

Cape Town - Millions of garment workers will be on par with their counterparts in other industries in the Western Province after a national agreement was announced last week.

As a result of the agreement, the first year and further years' minimum wage rates will receive a rise of 14.5%. This is in line with the second year and further years' minimum wage rates as per the national agreement.

Mr. C. L. Paarman, joint secretaries of the GSCA, said that the agreement was a result of negotiations between the Garment and Clothing Industry federation and the Clothing Industry Industrial Council. The agreement will benefit hundreds of thousands of garment and clothing workers in the Western Province.

The wage increases are as follows:

- First year: R4.50 per hour
- Second year: R5.00 per hour
- Third year: R5.50 per hour
- Fourth year: R6.00 per hour

The agreement also includes provisions for the introduction of a new industry-wide collective agreement in the garment and clothing industry in the Western Province.
A 32-YEAR-OLD divorced Sea Point mother was yesterday fined a total of R500 (or 280 days) in the Magistrate's Court for 10 contraventions of the Labour Relations Act.

The contraventions included her failure to pay two employees in full for overtime.

Maria Madeleine D'Oliveira, of Rhone Flats, Regent Road, Sea Point — a director of Bellatrix Investments (Pty) Ltd, trading as Gilliard Creations, of Rose Street, Cape Town — was also convicted, as one of the 10 counts, of failing to pay another employee her wages and pro-rata leave pay on termination of her employment.

The magistrate, Mr B Carroll, suspended the entire fine for five years and ordered her to pay the amounts owing to three employees (R132,23) to the Industrial Council for the Clothing Trade by December 1.

D'Oliveira was convicted of wrongfully requiring or permitting Kathleen Spielemann and Fatuma Higgins to work overtime in excess of two hours a day and failing to pay them R23,04 and R28,24 respectively.

She also failed to pay Laurel Heuwel her wages and pro-rata leave pay on termination of her employment, resulting in an underpayment of R59, and did not produce on demand to the Industrial Council the firm's wage register.

The other counts related to failure to comply with various Industrial Council regulations.

Mr Carroll said the court took into account D'Oliveira's financial circumstances.

"The offences relating to the non-payment of amounts owing to employees are very serious. Most factory workers live just below the breadline and have to budget with what they anticipate they will be paid. If they do not receive the amounts due to them, they over-spend and end up here in the debtor's court," Mr Carroll said.

Mr J Yuille prosecuted. Mr J Kudo appeared for D'Oliveira.
Attracting industry

Evidence of an independent homeland's modest success in attracting foreign investors came when the first Israeli factory in Ciskei was opened at Dimbaza on July 28. The firm, Ciskatex, will produce underwear and other garments and will employ 150 people. The venture represents an investment of R1.6m.

Meanwhile, in its annual report for 1984, the Ciskei Peoples Development Bank says that it can now boast of having attracted a cumulative eight-year total of 194 industrial concerns to the territory. Total investment was up 47,9% last year to R275.2m. The vast majority of the new investment came from SA, although businessmen from six other countries are among those capitalising on what has been billed as Africa's most free-enterprise orientated economy.

In an effort to add larger concerns to its industrial roster, however, Ciskei will soon offer investors a choice between taking decentralisation concessions or being exempted from company tax. Those firms that opt for the concession will be obliged to pay taxes, after the concession period, until the government has been repaid — thereafter they too will have tax-free status.

Industries already established in the Ciskei will have the option of retaining their concessions or of assuming immediate tax-free status.

Despite this latest initiative, the Ciskei economy does not seem likely to thrive in the near future. CPDB projects have created a cumulative total of 19 770 new jobs, compared to Ciskei's economically active population of at least 400 000.

Over 60% of Ciskei's national income is still earned by migrant and commuter workers who are employed in SA.
Closed shop unfair, court maintains

"Labour Correspondent"

A threat by a Natal garment workers union to expel workers who join rival unions—which would cost them their jobs—has been unwar-
ted by industrial court action.

The union is the Garment Workers Industrial Union, a
member of the Trade Union
Council of SA, which has a
closed shop agreement in the
industry forcing workers to
belong to it.

It faces competition from
the National Union of Textile
Workers, a Federation of SA
Trade Unions member,
which has recruited most
workers at the Pinetown
clothing firm, James North
Africa, and is recognised by
the company.

Workers at the plant must
remain members of the
GWIU, unless they are
exempted from the closed
shop, but this has not pre-
vented them from joining a
rival union as well.

The GWIU, however, re-
acted to NUTW's campaign
at James North by changing
its constitution to allow the
expulsion of workers who
joined a rival union. The
closed shop means that ex-
pelled workers would also
lose their jobs.

If ordered workers who
had joined NUTW at James
North to appear at an inquiry
into whether they belonged to
the rival union.

NUTW challenged this in
the industrial court, arguing
that it was an "unfair labour
practice".

The latest issue of Fosatu's
newsletter, Fosatu Worker
News, reveals that lawyers
for the GWIU have now con-
ceeded that the threat to expel
members for joining a rival
would be seen as an unfair
labour practice.

As a result, it says, the
GWIU has abandoned at-
tempts to expel NUTW mem-
ers.
Ciskei gets R6m clothing factory

The establishment of a R6.3 million clothing factory — the largest foreign industry yet attracted to Ciskei — was announced here yesterday.

The company, Dina Garments (Pty) Ltd, has a sub-licence from the Ciskei government to lease a site in the Ciskei Doctors Bay area. The factory, which will employ about 2,000 workers, is expected to produce 10 million garments per year. The factory is expected to generate up to 3,000 jobs once it is fully operational.

The company, which is owned by Mr. Swart of the Netherlands, has already invested R2.5 million in the project. The factory is expected to produce garments for the European market and will be used to train workers in the clothing industry.

Mr. Swart said the company was pleased with the investment climate in South Africa and was confident that the factory would be a success.

The factory is expected to be completed by the end of the year and will start production in early 1985.

The factory will be managed by Mr. Swart, who has extensive experience in the clothing industry. The factory is expected to produce garments for both the domestic and export markets.
CLOTHING INDUSTRY

Layoffs loom

Last week’s agreement to grant substantial wage increases to the Cape’s 62,000 clothing industry workers brings with it mixed blessings. While workers will earn an extra R107m, the cost of the new deal seems certain to lead to increased unemployment in the new year, and will also push up retail prices of clothing by as much as 20%, some industry sources warn.

The new package, rubber-stamped by the Industrial Council for the Clothing Industry (Cape), is seen as “reasonable” by most manufacturers. But the industry is under severe from reduced consumer demand, intense undercutting by Far East producers, and rising production costs. Thus, even Garment Workers’ Union (GWU) chiefs concede the pay deal could cost some members their jobs, particularly those employed by smaller firms directly in the financial firing line.

The agreement, the result of “tough” negotiations between the GWU, the Cape Clothing Manufacturers’ Association and the Cape Knitting Industry Association, comes into effect on December 13. Staggered over three years, it means that minimum wages for qualified machinists — who make up the majority of the industry’s workforce — will rise by 12.5% to R134/week from December 13; wages will then increase by 15.5% to R172/week in 1985 and to R217/week from July 1, 1986.

Consumer will pay

Machinists will receive a cumulative increase of 32.7% in the two years to December 1986. Inclusive is higher termination pay (somewhat appropriate at present) and increased medical aid and provident fund contributions. Holiday pay will be calculated at the new rate.

Mike Getz, chairman of the National Clothing Federation, says the agreement may seem high in the present climate. “But it should be seen in the context of the past few years. We have been keeping things on an even keel, and the pattern of wage increases over the past eight years runs between 13% and 15%.” In any case, manufacturers accept that wages in the western Cape have been lower than average in recent years and are committed to redressing that imbalance.

On retrenchments, Getz says that is the last thing the industry wants. “But we have made our extremely difficult position quite clear. It’s up to the union to take the risks on that. It’s a good agreement that comes at a bad time.”

Aaron Searl, chairman of Seardel Investment Corporation, a major western Cape manufacturer employing 10,000 staff, says bluntly that the industry will not be able to absorb the cost of the new wage package “It will have to be passed on, ultimately to the consumer,” says Searl. “It obviously depends on the merchandise, but, taken with the effect of the deprecating rand, I expect clothing prices to increase by an average 20% within a few months.”

The other side of the new agreement, says the manufacturers, is higher productivity. SA’s clothing industry workers are already rated among the country’s most productive by the National Productivity Institute, but their performance has been declining in recent years — by 11.6% between 1982 and 1985, and 12.3% the previous year.

Low productivity is a problem, says Getz. “Some 70% of our raw materials are domestically supplied, and unpredictable deliveries are unfortunately part of the lifestyle. We can live with a tolerance of a week or two, but not with a tolerance running into months. And then there’s the prohibitive cost of imported materials,” he says.

Companies that are market-oriented and merchandise-led, with inventive and exciting lines, will continue to keep their market share, says Getz. “The best safeguard against losing out is to be responsive to consumer trends with short lead times. But there is no doubt that some manufacturing units will suffer in future. And I don’t see light ahead for the industry and the economy as a whole, until 1986-1987,” he says.
Clothing industry employers agonized over retrenchments

From C E McCarthy, Secretary, Cape Clothing Manufacturers' Association (Cape Town).

Clothing manufacturers who recently have had to retrench workers, and this association, representing employers in the clothing industry in general, have read with a sense of disappointment your editorial of July 16 on the clothing industry and its implied criticism to the effect that the trade unions of the workers may not be adequately consulted in retrenchment procedures and that such retrenchments may be undertaken by employers in a manner uncaring as to the social implications for the workers.

Nothing is further from the truth on both counts. In an industry as large as the clothing industry is in the Western Cape, employing over 50,000 workers in more than 300 factories, obviously, the odd case will be found which can be criticized. To apply the shortcomings of one or two to the industry as a whole, based on the word of one person, is the spokesman for an organization whose credibility as a trade union has not been proven in the industry can be considered as a comment that falls somewhere in the range between uncaring to mischievous, depending on the informed reader's degree of charity.

Retrenchments in the clothing industry are new phenomena and virtually all of the employers who have faced this decision have agonized and, indeed, sweated blood, in making their decisions as to who will go and who will stay. Bear in mind the retrenchments have not affected factory-floor workers only, senior technicians and executives have been axed as well.

Please be assured, clothing manufacturers as employers do work to criteria in deciding on retrenchments, they do consult with the union and they do try to take other action in cutting costs before resorting to retrenchment.

Clothing manufacturers, in the main, have not consulted with the Clothing Workers' Union before instituting retrenchments and maybe that rankles with that so-called union's spokesman, whom you quoted and who appears to be the only visible piece of that organization. Maybe CLOWU wish to emulate the iceberg and give the impression that like the iceberg only a small portion is visible above the surface and the vast and looming bulk is out of sight, but not to be taken lightly or ignored.

For CLOWU to be treated as a trade union by employers and not as a labour front for a political party with radical views, it must be prepared to stand up and be counted and it is just in that department where CLOWU have not been forthcoming — they do not appear to want to be counted. Up to now CLOWU have not exhibited any desire to negotiate with this association or employers in general other than after a situation has happened, out of which they consider they can make capital to show that they are "the champions of the downtrodden masses".

In our opinion trade unions and employer organizations exist, on the labour relations plain, in order to take prior action to develop the climate in which subsequent action at plant or individual level can be taken with the least disruption to both employers and employees and their social obligations.

Unless CLOWU act like a trade union and indicate their willingness to justify their existence, before situations occur, they cannot expect to be treated like a trade union and their comments, such as taken up by you, can only be read as a comment intended to inflame passions. Their tactics are predictable, when aimed at the uninformed and the unenlightened, but are not expected to be supported, without any apparent attempt to check on their validity or justification, by anyone in the community at large is considered to be a responsible commentator.

[Our correspondent appears not to have read our editorial properly. For from making a judgment in the matter it merely drew attention to conflicting views on retrenchment procedure, CLOWU's and the employers', and called for clarity and reassurance on a matter of importance to thousands in the community — Editor, Cape Times]
Garment workers ready to strike

Mail Correspondent

DURBAN. - More than 50 000 garment workers in Natal could take strike action against low wage increases offered in the year's industrial council negotiations with the Natal Clothing Manufacturers' Association.

Mr. Frankie Hansa, general secretary of the Garment Workers' Industrial Union, said at a meeting of 500 shop stewards, representing workers from 425 clothing factories in Natal, that management's wage offer was rejected.

"The workers are considering 'various options' if their demands aren't met. These include, strike action, go slow, and public meetings to focus attention on their low wages," he said.

He said the workers were sticking to their demand for increases of between 15%, 58% and 177%.

Negotiations were still taking place with the NCMA and it was hoped that it would reconsider increasing its offer.

Mr. Richard Savage, chairman of the NCMA, warned that strike action would be unlawful. "The action would be illegal, while the Industrial Council agreement is still in force," he said.

Mr. Savage described the demand as "absolutely ridiculous," and said the employers' final offer of between 20% and 25% was the best in view of the current economic situation.

The manufacturers were not prepared to go any higher, he said.
Garment workers talk of strike over pay

Labour Reporter

WORKERS in the garment industry are angry over what they call 'paltry' wage increases offered by their employers.

Mr Frankie Hansa, general secretary of the Garment Workers' Union, which claims to represent 50 000 workers, said that unless employers increased their offer, the industry would be faced with large-scale industrial unrest.

Mr Hansa's warning comes in the wake of a decision by 500 shop stewards, representing workers from 425 clothing factories in Natal, to reject the employers' offer of increases ranging between 20 percent and 23 percent, effective from next year.

He said the workers had asked for increases of between 53 percent and 100 percent, spread over the next two years.

'This may appear to be unrealistic, but monetarily the increase is reasonable,' he said, adding that employees in grade one and grade two, who made up about 80 percent of the workforce in the industry, were earning between R45 and R55 a week.

'We are asking that the wages of a grade-one employee be increased from R55 a week to R100 a week and, for grade two employees, from R45 a week to R80 a week - the increases being spread over two years.'

A shop steward said the management had offered increases of between R11 and R13 a week over the next two years.

Mr Hansa said that at a recent shop stewards' meeting, it had been decided to give the union representatives a mandate to make another attempt to get the employers to increase their offer.

If that failed, the workers would consider industrial action.

'They are seriously considering various options if their demands are not met. These include strike action, go-slow and public meetings to focus attention on their low wages,' he said.

Mr Richard Savage, chairman of the Natal Clothing Manufacturers' Association, said the demand was 'absolutely ridiculous'. The final offer of between 20 percent and 25 percent was the best in the economic situation.

The manufacturers were not prepared to go any higher, he said. If the offer was not accepted, a deadlock would be declared and the matter would be referred to the Industrial Council.
Judgment reserved in Textile Workers' Union case

Supreme Court Reporter
JUDGMENT has been reserved in an application for review of an Industrial Court decision relating to stop-order facilities for trade union subscriptions.

The application was made by the National Union of Textile Workers (NUTW) and opposed by the Industrial Council for the Cotton Manufacturing Industry (Cape).

The Industrial Court dismissed an appeal by the NUTW against a refusal by the Industrial Council to grant Table Bay Spinners an exemption from the agreement which would allow the company to make stop-order deductions from wages of the NUTW's members.

Mr M Brassey, for the NUTW, told the Supreme Court, Cape Town, that the Industrial Council had refused the exemption to protect the council and its members, which included the Textile Workers' Industrial Union but not the NUTW.

Mr Justice Vos was sitting with Mr Acting-Justice Berman. Mr Brassey was assisted by Messrs A Barker and instructed by Cheadle, Thomson and Haysom. Mr J J Gauntlett, instructed by Silberbauer, appeared for the Industrial Council.
Big setback for Natal garment union's pay battle

Labour Reporter

THE battle by more than 50 000 garment workers in Natal for a big wage increase suffered a major setback yesterday when their Cape Town counterparts accepted much lower rises.

Mr Frankie Hansa, general secretary of the Garment Workers' Industrial Union of Natal, said yesterday that his union had requested increases of between 50 percent and 100 percent, spread over the next two years.

Now our fight has been weakened by the 60 000-member Garment Workers' Union (Western Province) settling for a 32.7 percent increase spread over two years, a union shop steward said.

The Natal workers' pay demand has been rejected by the Natal Clothing Manufacturers' Association, which described it as 'absolutely ridiculous.' It offered instead rises of between 20 percent and 25 percent, which the workers have rejected.

**Deadlock**

The workers are threatening to resort to industrial action if their demands are not met, but a series of meetings between the union and the employer organisation has so far failed to reach agreement. A further meeting will be held on November 6.

The employer's chairman, Mr Richard Savage, said that if agreement could not be reached, a deadlock would be declared and the matter referred to the Industrial Council.

According to union shop stewards, the talks were -31 percent, of which 15.5 percent would be paid in two increases of the next two years.

The union was asking for minimum wages of qualified machinists, who make up the bulk of the industry's workforce, to be increased from R55 to R100 a week and for grade two employees to be increased from R45 to R80 a week, spread over two years.

The shop stewards said that 80 percent of the workforce in the industry were at present earning between R45 and R55 a week.

In terms of an agreement announced yesterday by the Industrial Council for the Clothing Industry (Cape), minimum wages of qualified machinists would rise to R84 a week from December 13 — a 12.5 percent increase.

In 1985, their wages would rise to R72 and on July 1, 1986 to R77 a week. In the two years to December 1986, machinists would receive a cumulative increase of 32.7 percent.
Clothing giant Rex Trueform's loss of future export trade with the British Hepworths group — worth R1m in annual turnover — could hardly have come at a worse time. It follows what Rex chairman Stewart Shub calls a "disappointing year" for the company, and occurs in the middle of one of the roughest patches SA's clothing industry has experienced.

Cape Town-based Rex is understandably putting on its best face. The ending of the association with Hepworths was a "joint decision" which Rex saw coming, Shub tells the FM. "We thus had the time to prepare ourselves to absorb the loss, firstly by seeking new export markets and also, if necessary, by taking up the slack on the domestic market," he says.

But he admits the loss is a setback. "It's a fair chunk of our export turnover," he says. Indeed, exports have been the saving grace for SA's biggest men's tailoring concern in recent months. Shub reported a 70% increase in export sales when he released the company's financial results in October, and said these prevented a "disappointing year from being worse." Rex's gross profits dropped from R9m to R4m, which puts the loss of the Hepworths deal in perspective.

Not political

It is still not clear precisely what is behind the collapse of the deal. Both Shub and George Davies, head of the Hepworths group, deny claims by the Anti-Apartheid Movement (AAM) in London that the decision was political. "We have both said we do not consider political factors to be central," says Shub. "It was a straightforward commercial decision. Obviously I am not prepared to discuss the confidential details."

Shub says that Rex will continue to supply garments which have already been ordered by Hepworths, thereafter there will be no fresh orders. "We are in an advanced stage of negotiation with other export markets. Things look very promising, but one can never take anything for granted," he says.

The new season runs from July 1985 to December 1985, which means Rex has time to seek alternative outlets. But despite promising negotiations, the loss of Hepworths business is likely to result in a short-term drop in exports for Rex. That turnover, says Shub, must simply be lost, or absorbed by the domestic market. That is easier said than done. Shub said last month that he saw little hope for improvement in international business conditions and a slim chance of immediate domestic gains. Indeed, domestic demand has plummeted and the chances of Rex substantially increasing its already significant local market share seem slim.

Coupled to this slump in demand, higher raw material costs and the ravages of the dollar, is the new pay deal for Cape clothing workers announced last month, which will further trim margins and, industry leaders have warned, could lead to layoffs.

Shub says the Hepworths business loss is unlikely to lead directly to retrenchments at Rex. "If it does, they will be of a relatively minor nature," he says.
Ciskei factory to be opened today

EAST LONDON — President Lennox Sebe will officially open the Disa Garments factory in the Port Jackson industrial estate at Mdantsane today.

The managing director of the Ciskei People's Development Bank, Mr F S Meisenholl, said yesterday that the factory was the largest industrial undertaking yet established in Ciskei in association with the bank.

The factory has been established by a Hong Kong-based international consortium in a building erected by the bank.

It employs more than 350 people in the manufacturing of women's garments solely for the export market and has been in operation since May. — DDB
Clothing industry faces loss of jobs, Jocum warns

THE Cape clothing industry and its 61 600 employees face short time and unemployment in the second quarter of next year if the prime rate of 25 percent is not reduced “dramatically and soon” says Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association.

Mr Jocum told the association’s annual meeting in Cape Town last night retailers were over-reacting to the economic situation by cutting back budgets drastically.

“Business could get worse before or after it got better.”

“However, should the Government react soon and positively, we shall see a revitalisation of the clothing industry in the third and fourth quarters of next year and we will be hard put to cope with the demand for our product.”

PLAN FOR UPTURN

A plan for the upturn should be prepared now and he suggested the Government should:

- Set an example in fighting inflation by cutting its spending
- Reduce the prime rate
- Reduce duties on imported textiles if local textile factories could not deliver within a reasonable time

In the past year the clothing industry had performed extremely well and bookings were pretty firm until the first quarter of 1985.

“This is because of our competitive nature and the low inflation rate of clothing prices. Retailers and consumers have benefited from our increased productivity and efficiencies.”

Defending the new 16 percent pay rise, with another 16 percent at the end of next year, Mr Jocum said “I believe the wage agreement to be fair, reasonable and reasonable. The cost of training is high. The cost of losing skilled workers to other industries is even higher.”
Factories selling credit, not clothing — Jocum

By Tom Hood

FIERCE competition has forced some clothing companies to offer retailers as long as eight months' credit before they pay for goods.

"This is highly dangerous and it could put people out of business next year," warns Mr Simon Jocum, who was re-elected chairman of the Cape Clothing Manufacturers' Association this week.

Mr Jocum said the time had come for management in the industry to look at itself more closely.

"No longer can we afford to sell on extended credit terms,"

In the rest of the world 30 days net or at the most 60 days net was the accepted norm.

At their peril

"Here in South Africa too many factories are selling credit and not clothing. With interest rates as high as they are today, they do so at their peril."

"We have no right to do business with those who do not pay within reasonable periods. This promotes false business, hopes and only adds to the mountain of costs."

"The difference between a profit and loss is the interest factor and I urge manufacturers to rethink their credit policies and they will be surprised at how more competitive they can become."

"When interest rates stood at 10 percent nobody worried about the cost of credit. Today at 25 percent, interest could wipe out profits."

Unfortunately, many firms that were strong in marketing were happy as long as they were writing up orders.

But competition was so keen that some firms were selling credit, a sign of chasing business and offering as much as 240 days.

The industry, in line with the economy, would be going through a very tough time.

So far the industry had performed well and bookings were pretty firm until the first quarter of next year.

Growth potential

"This is because of our competitive nature and the low inflation rate of clothing prices. The retailers and the consumer have benefited from our increased productivity and efficiencies."

"True we don't show much in profits and return on capital but there is still a great growth potential in our industry."

Clothing was still the consumer's best buy in terms of value for the rand.

Mr Simon Jocum
Garment trade chiefs in heated exchange

By DAVID FURLONGER
Industrial Editor

THE clothing industry boss, Mr Mike Getz, has been accused of seeking a confrontation with textile manufacturers.

The accusation was made at the weekend by Mr Dick Payn, the vice-president of the Textile Federation.

He was reacting to comments by Mr Getz, the president of the National Clothing Federation (NCF), at its annual meeting in Durban.

Mr Getz said unreliable deliveries of woven goods had led to a "calamitous situation".

"Our industry is plagued by unreliable performances, protracted deliveries and unheard-of lead times."

He accused suppliers of making no effort to correct the situation and of using import protection barriers to maintain shortages and high prices.

"Protection should not be a licence for unreliability, inconsistent quality, poor service and poor delivery."

Mr Payn replied: "It is unfortunate that the president of the NCF has chosen this time to attempt to cause a confrontation with the textile industry."

"It is the more unfortunate because it comes at a time when relations between the two industries in the last three years have been much more harmonious than previously."

Mr Payn said the textile industry had short-term commitments to customers who had placed orders before the recent fall in the rand.

"Perhaps it is those clothing manufacturers who were previously importing fabric, but now find it too expensive, who are the ones complaining about not being able to get fabric to meet their short-term needs."

He questioned the suggestion that South African clothing was now more expensive than foreign goods.

"How can this be when the rand has devalued so drastically during the last six months? In some cases, overseas goods are cheaper, but they are less so now than before."

"It is a fact that South African textile producers are competitive with a variety of products in overseas markets and many are now building up a regular business in the export field."

In spite of this, some South African clothing manufacturers continued to buy overseas goods, which were both cheaper and of suspect quality.

Pleading for cooperation between the clothing and textile industries, Mr Payn said: "The name of the game at the moment is survival. It is no good starting a war of words that no one will win."
Garment workers get rise

Labour Reporter

THOUSANDS of clothing factory workers are to get a 32 percent wage increase spread over the next two years in terms of a new agreement concluded after six months of negotiations, it was disclosed yesterday.

While shop stewards of the Tessa-affiliated 55,000-member Garment Workers' Industrial Union said the workers were disappointed with the increase, Natal Clothing Manufacturers Association chairman Richard Savage told the Mercury that the increase was 'far higher than any other industry has granted its workers.'

Union spokesmen pointed out that although the percentage increase appeared to be high, it represented pay rises of between R16 and R19 per week over the next two years.

In terms of the agreement, minimum wages of qualified machinists — who make up the bulk of the industry's workforce — would rise to R65,50 a week from January 1 — a 19 percent increase. In January, 1986, their wages would rise to R74,50 per week — giving them a cumulative increase of 32 percent over the two years.

Weekly wages of Grade 2 employees will be increased from R45 to R53,50 from January 1, rising to R61 in January the following year.

Mr Frankie Hansa, secretary of the union, said the agreement had been concluded after 12 meetings between representatives of the union and the NCMA at Industrial Council level.

'It was tough going throughout the negotiations. The employers refused to accept our recommendations for increases of between 58 percent and 100 percent. They adopted a take-it-or-leave-it attitude,' he said.

Mr Hansa said about 1,000 shop stewards, representing more than 55,000 clothing factory employees, had met at the weekend and had expressed 'bitter disappointment over the increase.'

Workers said the increase was not sufficient to absorb increased rentals, higher electricity charges and increased bus fares which would come into effect next year.

The union had asked that minimum wages of qualified machinists be increased from R55 a week to R100 a week and for Grade 2 employees to be increased from R45 a week to R60 a week, spread over two years.
CLOTHING EXPORTS
Tru to form

Government urges that exports are the
remedy for the economy's ills. But not all
industry leaders are convinced that a weak
rand is going to be a boon for an export-led

remedy.

Mike Getz, President of the National
Clothing Federation (NCF), the employers'
organisation, says there is no evidence that
SA is intent on exporting manufactured
products, including fashions.

Rather, he tells the F.M, there is contin-
uing evidence SA's chosen foreign trade pri-
orities are dictated by "rainfall and the
price of gold" — a tendency which has
wasted market opportunities and eroded
market share for many SA-made goods.

"Ironically our dependence on traditional
exports has increased," says Getz.

"Changes in the world economy set
alarm bells ringing for SA at least 10 years
ago. Those bells are now being heard as
though for the first time. I have no doubt
SA will recover its position in world trade,
evertheless, because it has to.

"But it will depend on South Africans be-
coming more insistent that the planning
and resources are diverted towards growth
markets — away from the familiar and
comfortable terrain of traditional com-
modities, precious or otherwise.

"The problem is that there are too many
players in the game. The Department of In-
dustries, Commerce and Tourism, which
looks after the manufacturing sector, faces
pressures from Mineral and Energy Affairs
and agriculture. Both appear to have con-
siderably more clout politically or other-
wise at their disposal than sectors of
manufacturing."

No strategy

Getz says this illustrates that the Depart-
ment of Finance, which should be the
ultimate monitor of activities in these areas, is
not possible as effective as it might be. This
is because there is clearly a lack of a suffi-
ciently comprehensive national strategy
for using exports of manufactured goods to
help SA's balance of payments situation,
not to mention its socio-economic
problems.

He believes that current and projected
taxation measures on the horizon (payroll
tax), will place further unacceptable bur-
dens on the already over-legislated and
taxed manufacturing sector, especially
those parts of industry which are labour in-
tensive, such as clothing, and negate any
benefits of the weak rand.

Clothing manufacturers are clearly out
to test government, having recently
elected from the Minister of Industry, Com-
merce and Tourism, Dawie de Villiers,
an undertaking that he will consider tailoring
a package of export benefits to suit them in
return for greater industry export effort.

Fashion exports over the period 1978-83
have grown from R233m to R271m, at an
average annual rate of 11.5%. Meanwhile,
exports over the period have been growing
at an average annual rate of 16%, reaching
R106,7m last year.

Exports of textiles and clothing in the
first four months of this year, totalling
R238m, are 40% up on the same period last

year. Imports, on the other hand, are 70% up
on January to April period in 1983 at
R334m.

Surprisingly, British imports of SA fash-
ions are now worth about £24m a year, al-
most double what they were in 1983. Last
November Harrods placed its biggest-ever
order with supplier — Rex Trueform of
Cape Town — for a range of men's and
women's wear, including a complete de-
signer range.

The company is thought to have about
80% of SA's clothing exports to the UK. It is
also in the Canadian and West German
markets, having lately entered the Aus-
bronian market.

Financial Mail July 13 1984
Clothing, textiles hard hit

Business Day
TRADE UNIONS

Garment unity move

The first steps have been taken towards consolidating SA's garment workers into a single national trade union. The separate Garment Workers Unions in the western Cape, Transvaal, the eastern Cape, and in Kimberley and Kroonstad, have agreed to form a single body which will be based in Cape Town, the centre of the clothing industry.

Excluded from the new deal for the moment are the Johannesburg-based National Union of Clothing Workers, with some 20,000 members, and the 50,000-strong Natal region of the Garment Workers' Union.

Says Louis Peterson, secretary-general of the Western Province union, "The ultimate aim is a single unified clothing workers union with a national wage, working conditions and benefit structure. But that is still some way down the road."

The Western Province union, with 62,000 members, is the biggest registered union in SA. The new arrangement will bring a further 8,500 members into the fold. No decision has yet been taken on the name of the combined union, says Peterson. The Transvaal union is known as the Garment Workers' Union of SA, but there is some reluctance in the Cape to adopt its name.

Peterson says it is only logical that the new union grouping should have its HQ in Cape Town, "the centre and the birthplace of SA's garment industry." The various unions will all maintain their executive committees and full-time staff, and will continue to run their operations on a regionalised basis. Overall command will be assumed by a central executive council in Cape Town.

The unions now face a number of administrative problems to standardise benefits, quite apart from wage agreements. Only funeral benefits are common at present. "There is no way of saying when the new amalgamated union will be operational," says Peterson, "but it will be some time." Employer spokesmen are at this stage unwilling to comment on the development.

"Labour negotiations are traditionally matters for the different regions," says Mike Getz, president of the National Clothing Federation. "But obviously we will negotiate with whoever legitimately represents the labour force."
the plastics and metal sectors are similar enough to be covered by the same industrial council agreement. There is also some confusion over which parts of the plastics industry fall under the terms and conditions of the council agreement.

The investigation is likely to result in the plastics sector playing a more prominent role in the council in the future. However, the possibility cannot be ruled out that it might also lead to a breakaway from the council.

The council, whose wage agreements cover about 350,000 workers, is the largest industrial council in SA. Most of the 45 employer organisations party to the council, including the PMA, are affiliated to the Steel and Engineering Industries Federation of SA (Seifisa). There are 13 registered trade unions also party to the council.

Sectors covered by it include automotive parts and manufacturing, electrical, electronics and telecommunications, engineering, ferro-alloys, foundries, iron and steel, manufacturing and plastics. The plastics sector is closely allied to the metal sector because of the versatility of its materials.

PMA chairman David Uys tells the FM that sub-committees of his association have looked into the pros and cons of council membership. They have considered the possibilities of conditions of employment being covered by a separate industrial council agreement or a wage determination.

Uys points out that the markets and structures of the plastics industry differ in a number of respects from the metal industry. The composition of the plastics industry’s labour force differs considerably from the metal sector as its factories are more capital intensive and employ fewer artisans. Another factor is that economic conditions for the two are not always similar, which means that they have different priorities when it comes to wage negotiations.

Nevertheless, Uys emphasises that the advantages of membership of the engineering council are considerable and that no move away from it is likely in the foreseeable future. One major consideration is that the infrastructure and benefits offered by the council are substantial.

In addition, no move would be considered without the agreement of all employers and unions concerned, and it is unlikely that the unions, as well as a number of employers, would agree to it. A further obstacle would be that while the PMA is strongly representative of the industry in the Transvaal, it is less representative in Natal and the western Cape.

The FM understands that the Plastics Industry Group Committee of the industrial council is due to meet next March to discuss the matter. The committee will be asked to recommend to the council a suitable and clear definition of the plastics industry so that all companies will know whether or not they are covered by the council’s agreement.

Uys believes that the PMA has not been sufficiently active within Seifisa, and it intends to “play a greater role in the future” so that the interests of the plastics industry are better catered for.

Seifisa director Sam van Coller says the situation is very complex and it will take a great deal of discussion before it is sorted out He adds “Seifisa itself doesn’t have a view and it is up to the employers and the unions in the plastics sector to decide on their future direction.”