

Stressed firms line up for bail-out aid

By Mathabo le Roux

16 Mar 2009

Several firms in the vehicle industry have already approached the Industrial Development Corporation (IDC) for funding to help prop up their balance sheets.

One of these, heavy duty equipment manufacturer Bell Equipment, has asked for a loan of R220m from the IDC to inject liquidity into the company, which is constrained by a drop in demand for its trucks.

IDC CEO Geoffrey Qhena would not say how many firms had asked for help, but said the approaches from vehicle and component makers were not for classic bail-outs, but were mainly applications for finance to develop new products and to sustain employment.

The IDC would also help other sectors, and was looking at restructuring the interest payments of businesses it was invested in that were suffering in the downturn.

Tsediso Matona, the director general in the Department of Trade and Industry, yesterday said the department had also been inundated by calls across sectors for help as the manufacturing sector succumbed to the economic crisis.

"Every second day in the last three weeks we have been meeting with industries hoping for help from the government," he said.

Despite the dire situation, the government would not consider a bail-out on par with the stimulus packages in Europe and the US.

"We have no resources set aside to have such bail-outs," Matona said. He said industry, in meetings with the department, "had no expectations of that kind of intervention".

Source: Business Day

Published courtesy of



