

One Numsa strike ends as another begins

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Just as car workers are set to return to assembly lines on Monday (9 September) after a strike of almost three weeks, workers elsewhere in the motor industry, including petrol attendants, are to down tools.



The strike action by the National Union of Metalworkers of South Africa (Numsa) halted vehicle manufacturing and has left global vehicle manufacturers counting the costs.

Analysts and producers have warned that resumed production would need to focus on the domestic market, with the length of the strike and the lost production having further dented South Africa's image as an investment destination.

As the one Numsa strike ends, thousands the union's petrol attendants, workers at components retailers, panelbeaters, car and spare parts dealers, fitment workshops, and dealerships will begin a strike on Monday (9 September) demanding higher wages.

Referring to the strike among factory workers, Numsa general secretary Irvin Jim said that union members at five of the seven global vehicle manufacturing plants signed off on a multi-year, double-digit wage deal which will see an 11.5% wage increase this year, with 10% increases next year and in 2015 and an annual R1,200 transport allowance.

Huge cost to manufacturing

BMW, Mercedes-Benz, Toyota, General Motors, Volkswagen, Nissan and Ford, and some truck and bus makers, were affected by the strike, with the National Association of Automobile Manufacturers estimating that it cost producers R700m a day.

BMW SA confirmed last week that the strike in the sector had killed off any prospect of an expansion of activity at its plant in Rosslyn, Pretoria.

"As of Sunday (8 September), the company had lost 7,871 of its 3-Series cars to the strike, which can it says can never be caught up," said spokesman Guy Kilfoil. "The success of automobile production in South Africa revolves around increased exports. With this in mind, all locally based original equipment manufacturers (OEMs) constantly look for every avenue to increase their export volume," he said.

"While BMW remains committed to its investments in South Africa and production at Rosslyn on a long-term basis, the current labour situation has resulted in any future plans for the allocation of additional production volume to BMW in Rosslyn have been put on hold," he added.

Numsa members at Toyota SA and BMW rejected the deal but since it was a national strike, they would still return to work on Monday (9 September).

Expansion plans affected

"The issue of reduced expansion had not been raised with Numsa," said Jim. "The strike could have been averted if producers had tabled their offer earlier," he added.

He said that Numsa had been very proactive in long negotiations preceding the strike, had not sought a strike and emphasised that workers had pressing financial concerns that needed to be resolved through an adequate wage increase.

Kilfoil was not able to expand on what additional production BMW was planning to allocate to South Africa but it is possible that thousands of jobs that might have been created through plant expansion have been lost. BMW SA produces 25% of the company's 3-Series models globally.

In April Mercedes-Benz SA's chief executive Martin Zimmermann told Business Day that the manufacturer was considering building an entire new model - the GLK small sport utility vehicle - at its East London plant.

At the time Zimmermann said Mercedes-Benz in Stuttgart was carefully watching the labour situation and the current negotiations were very important indeed with regard to a decision on GLK production.

On Friday (6 September), Mercedes-Benz said that it was not in a position to speculate on the viability of potential future models being made in SA.

Ford Motor Company of South Africa's president and chief executive Jeff Nemeth said the firm had lost almost 4,300 Ranger bakkies to the strike. "It's important to note that South Africa has always had a fragile relationship internationally. When you have a protracted strike in an export-oriented industry, it's very, very visible and it can have long-term effects," he said.

Toyota spokesman Leo Kok said the firm lost production of almost 11,000 vehicles at its Durban plant.

Exports crucial for SA

The manufacturers agree that exports are worst hit in situations such as this, as the local pipeline is the first to be replenished once operations resume.

Gauteng Premier Nomvula Mokonyane said that her administration was approached earlier in the week by the management for BMW and other companies headquartered in Rosslyn, who expressed concern about the strike and the loss of production.

Mokonyane told Business Day her administration was worried that the labour unrest sent a poor signal to investors in the province. German ambassador Horst Freitag was last week quoted as warning against South Africa's plans not to renew its bilateral investment treaty with Germany.

South Africa announced last year that bilateral treaties with Belgium, Luxembourg and Spain would not be renewed. The Department of Trade and Industry said it would cancel treaties with 11 other European Union states to allegedly enhance economic transformation.

Southern Africa-German Chamber of Commerce and Industry's chief executive Matthias Boddenberg said last month the South African-German treaty was core to the success of German investment in South Africa that amounts to R81bn.

The new strike begins

Meanwhile Numsa's 70,000 members in the automotive retail sector will down tools in a separate dispute after a failure of employers to come to the table according to Jim.

Negotiations with the Fuel Retailers Association and the Retail Motor Industry Organisation deadlocked in July, with employers offering 5.6%. Numsa wanted double-digit increases, improved shift allowances and the banning of labour broking.

Numsa deputy general secretary Karl Cloete said over the weekend that while Numsa only represented 70,000 of the sector's 300,000 workers, the majority were not unionised but had a legal right to join the strike.

Numsa had demanded a R30 an hour pay increase in all sectors by 2016 for workers earning more than R6,000, a night-shift allowance of 20%, and an afternoon shift allowance of 15%.

Jim said the industrial action, featuring marches in Cape Town and Johannesburg on Monday, would be "ramping up" throughout the week.

Numsa was also concerned some companies were attempting to break the strike through individual increases, said Cloete. About 1,200 companies out of 22,000 were offering increases of between 8% and 11% but this would undermine collective bargaining.

He said that Numsa was also seeking an agreement with an amended peace clause - which prevents strike action - as employers were using it to drive productivity increases that lacked financial incentive.

Source: Business Day via I-Net Bridge

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