

Bridgestone Brits plant shut in unlawful municipal action

Tyre maker Bridgestone has come out in support of legal action by the Brits Industrialists Association (BIA) against the Madibeng Municipality, and revealed that its Brits tyre plant was one of the factories to which electricity was unlawfully disconnected by the municipality last week.



Gavin Young, Bridgestone South Africa
CEO

The massive tyre production facility employs more than 800 people and was shut down from midday on Friday, 13 January until early evening on January 16 after the municipality defied a court interdict preventing it from cutting the factory's power.

Bridgestone is the world's largest tyre maker, with over 180 manufacturing and research facilities in 25 countries. Its South African arm includes two tyre manufacturing plants, numerous satellite offices and a network of over 300 commercial and retail outlets.

"Bridgestone South Africa was one of the applicants in the BIA case in which an interim interdict was successfully obtained in 2014 challenging Madibeng's electricity tariff increases pending a court review," said Bridgestone CEO, Gavin Young. "Until the review is heard, Bridgestone's electricity tariff is the figure determined by the court in the interdict."

Young said that by cutting off electricity supply to the members of the BIA, the Madibeng Municipality directly violated the conditions of the 2014 court order.

"On January 16 2017, an urgent application for contempt of court was brought by the members of the BIA in the North Gauteng High Court in Pretoria," he explained. "The judge in the matter found in favour of the BIA and issued an order

directing the municipality to restore electricity by 18h00 that evening.”

Young added that Bridgestone had paid all amounts due for its electricity consumption at the tariff set by the court. "This cutoff unlawfully prevented us from conducting our business," he explained.

Livelihood at stake

The Bridgestone SA CEO said that Madibeng Municipality should have been more sensitive to the impact of its actions on the broader community, with Bridgestone employees being the breadwinners for thousands of residents in the Madibeng area.

"Madibeng's unlawful power cutoffs placed livelihoods in jeopardy and had the potential to harm our standing with Bridgestone's Japanese parent company," Young commented. "It is essential for investor confidence that arms of government operate within the law."

He said that Bridgestone was not ruling out further legal action against Madibeng Municipality to recover the costs of the shutdown and lost productivity. "Now that the plant has been re-started, we will begin to quantify our commercial losses, and our executive team will be taking legal advice on the relief available to us," he concluded.

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