MANUFACTURING — IRON, Steel, ENGINEERING and Metallurgical Industries

1985

# Iscor in drive to more than double steel exports in '85

Star 4/1/85 (189)

Financial Staff

Iscor has launched a new steel export drive which could see the corporation exporting a record 2,4 million tons — more than the 1 million tons exported last year (1983/84)

The increased exports will bring in millions of rands in foreign exchange for Iscor, which recorded its first profit in the 1983/84 financial year after two years of losses

Two of the export orders — 77 200 tons of rail steel for Turkey worth R32 million and a 30 000 ton steel slabs order to Taiwan worth R8 million — have been exported, and there are plans for further shipments, mainly to the Middle East, the Far East, Europe and possibly the United States, according to an article in the latest issue of *Iscor News*

## OVERSEAS MARKETS

If Iscor manages to meet its 2,4 million ton target on export markets it will be the largest tonnage of steel ever exported by the corporation in a single financial year

It will also mean that about half of the liquid steel produced by Iscor this year will be destined for overseas markets counterbalancing a falloff in local demand

However Iscor has given assurances that the increased exports will not detrimentally affect supplies to the domestic market

The increased export tonnage is the result of a more favourable export climate, and the drop in the value of the rand which will make Iscor steel More attractive to overseas buyers

The increased exports will also have a spinoff for the depressed Port Elizabeth area Because Durban, Iscor's main steel export harbour can only handle about 1,8 million tons of steel a year, Port Elizabeth is again to be used as a secondary export port, handling an estimated 600 000 tons

Port Elizabeth was used as an export port by Iscor from 1979 to 1982, but then discontinued because of the world slump in the export market

Iscor's new use of Port Elizabeth could pump in R6,5 million a year to the region in port, shipping, railway and other activities

To meet the 2,4 million ton target the two ports will have to load about 8 700 tons of steel a working day, needing six block trains of 39 wagons carrying 1 500 tons of steel every day of the year

# Engineering industry lays off thousands of black workers

**ABOUT 76 000 workers — mostly blacks — have been retrenched in the metal and engineering industries in the past three years, according to a report.**

In its 1984 review, the Steel Engineering Industries Federation of South Africa (Seifsa) says employment levels in these industries appeared to have stabilised at some 378 000 scheduled hourly employees by mid-year 1984

However, a strong downturn in activity towards the end of the year threatened to further shrink the scheduled labour force, where already 76 000 jobs had been shed from November 1981 peak employment level of 454 000

The report says labour relations throughout 1984 were regarded as "relatively satisfactory," although increasing fragmentation of the trade union movement in the metal industries inhibited stable collective bargaining

## Increases

"The severe recessionary conditions also limited the ability of employers to meet the aspirations of the trade unions, but the new Agreement which came into effect on July 1 provides for increases in statutory minimum ranging 9,1% at the top to 13,1% at the bottom

"Despite the downturn, a shortage of artisans and suitably trained technical personnel continues and the industries' training board has approved a detailed programme aimed at overcoming this problem

"The project will encourage off-the-job training, the establishment of further industry apprentice training centres, the propagation of improved training methods and the regular testing of apprentices "

Seifsa says no meaningful turnaround in the fortunes of South Africa's metal and engineering industries can be expected until 1986 and at best 1985 is seen as a period of consolidation

There are some expectations that the low value of the rand will offer opportunities for export replacement and some stimulus of Seifa's export sectors

Sowetan 8/1/85

RDM 8/1/85 (189)

# Senator sought on fired workers

By JEANETTE MINNIE

THE United Mining, Metal and Allied Workers' Union of South Africa (Ummawosa) was yesterday urgently seeking a meeting with visiting United States Senator Edward Kennedy, following the dismissal of almost 500 workers by the controversial US Union Carbide company

The workers were dismissed last month from the Tubatse Ferrochrome plant near Lydenburg, managed directly by Union Carbide (USA) — a signatory of the Sullivan Code

Union Carbide jumped into world headlines late last year after a gas leak from its Bhopal plant in India claimed the lives of at least 2 500 people

Union Carbide USA owns 51% of Tubatse Ferrochrome and holds the management contract, while the South African Gencor mining group owns the remaining 49%.

Ummawosa claims the workers were dismissed after meeting before work one morning They had asked a manager to address them on the findings of an inquiry into a senior white shift supervisor, who allegedly assaulted a black worker The company mistakenly assumed they were refusing to work unless the supervisor was fired

Workers requested the meeting after a seven-day deadline for a decision about the supervisor, agreed on by a joint union-management committee, had expired

They were locked out of the plant the next day and met at the gate by a strong security contingent, including South African Police

The plant's management has since terminated the union's recognition agreement and told workers they might apply for re-employment by tomorrow, but would be treated as first-time applicants This means those re-employed will lose service benefits

Union Carbide's group personnel manager, Mr Cedric Robertson, yesterday claimed the workers had refused to work unless the supervisor was fired and said they were only dismissed after management had invited them to return to work several times

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# Mawu calls for merger

**THE Fosatu-affiliate Metal and Allied Workers' Union (Mawu) has called for the merging of all metal unions into one powerful union to fight for a living wage this year.**

The union's spokesman said that they were committed to demanding a living wage for their members The body representing employers is the Steel Engineering Industries Federation of South Africa (Seifsa)

Mawu, the Steel Engineering and Allied Workers' Union and the South African Boilermakers' Union have in the past refused to sign a wage agreement with Seifsa because they wanted "reasonable wages for their members"

Mawu has also resolved that the Industrial Court should not be used to settle disputes, since so many cases in the Transvaal have recently been won by employers

The union recently lost a case against Screenex Wire Weaving in Alrode where 140 members were dismissed following a strike over the refusal by management to renew the contracts of 10 migrants

"We are strongly opposed to the Industrial Court judgment on this and other cases and we feel the usage of the court will be a waste of time and money," the spokesman said

Mawu was also opposed to the massive retrenchments by employers since they were not always caused by shortage of work, but sometimes management wanted less workers to do more work

The union has resolved to fight for proper family accommodation for workers Workers have called for employers to provide proper company housing schemes for families and not hostels like those built for "single" men

Mawu has also resolved to fight for a proper democracy and a free society where wealth will be distributed in a more equal way.

# Workers fired over Bop move

ABOUT 60 employees of Golden Era plastic company in Industria have been dismissed because they refused to be transferred to the company's new premises in Bophuthatswana.

By JOSHUA RABOROKO

The workers, members of the Fosatu-affiliate Paper Wood and Allied Workers' Union, said they fear losing their citizenship, Section 10 (1) A rights, trade union facilities and that they will be used as "cheap labour" in Mogwase, 100 km south of Rustenburg

They fear that they will be away from their families in Soweto and will be accommodated in expensive homes where they will be expected to pay high rents — the minimum they are expected to pay is R130 per month

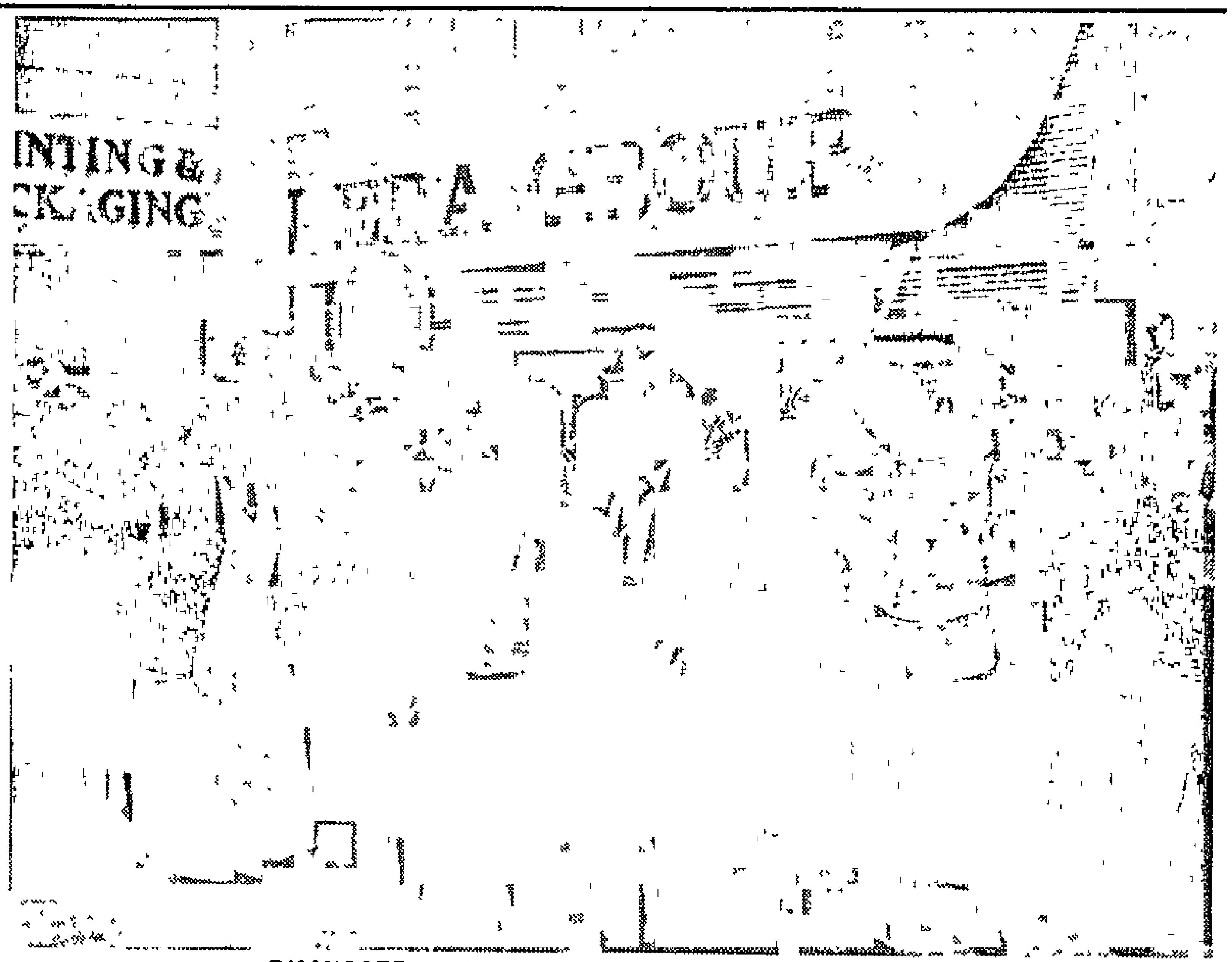
The workers also see the move as an attempt by the company to invest in Bophuthatswana following a visit to their Johannesburg plant by the territory's president, Lucas Mangope last month

Attempts by **The SOWETAN** to reach a Mr K Chita, who is the general manager of the plastic and paper bag manufacturer, have been unsuccessful for the past three days

Mr Chita was said to be in Rustenburg and later in Johannesburg and his secretary has insisted that he is not available for comment

The workers told **The SOWETAN** that before the Christmas holidays they were notified by their management that the company would move to Bophuthatswana and those who wished to come along could do so

"We were also told if we did not want to move our services would be terminated," the workers said



DISMISSED workers at Golden Era demand their money

18/1/85

*FM*, he expects to be told which are the "certain other areas" to which 99-year leasehold will be extended There are strong hopes that government will accept the permanence of the established black townships of Nyanga, Langa and Guguletu by granting leasehold there This, it is hoped, would also mean an end to government's freeze on development in these areas

But the possibility remains that government is determined to push ahead with the plan to consolidate all Cape Peninsula blacks in Khayelitsha. The existing black townships would then be made coloured areas to help overcome that community's housing shortage

But such a step would be hotly opposed by political leaders in both the coloured and black communities around Cape Town Already Khayelitsha has been turned into a protest symbol, mainly because of the fear that residents of the existing townships and squatter camps such as Crossroads will be moved there without choice.

□ It appears that the planned sale of 10 500 houses to tenants in coloured communities around Cape Town has flopped Only a few have been sold and interest is flagging in the face of the economic crunch, a weak sales drive and opposition from civic organisations

Figures from the Divisional Council of the Cape (Divco), which is handling the project in terms of the Department of Community Development's housing sales campaign, show that only 55 houses were sold in June last year, 20 in August and 25 in September — despite a fairly high level of initial interest The inability of many tenants to raise the required R300 deposit is regarded as the major factor, and Divco is now seeking permission from the National Housing Fund to allow prospective buyers to spread deposit payments over two years

The campaign was announced at the beginning of the year when some 10 500 of the 24 500 houses built by Divco were identified as suitable for sale, and tenants were invited to buy them

## INDUSTRIAL COURT

# Vetsak revisited

The effects of a large strike at Vetsak, the agricultural implements manufacturer, at the beginning of last year are still being felt

Last week the Industrial Court ordered Vetsak to reinstate eight workers it dismissed last August Six were dismissed for allegedly intimidating employees who had refused to contribute to a fund for 61 strikers who were not re-employed after the strike The other two were dismissed for "poor work performance" The court's finding is a new development in the battle between the Metal and Allied Workers' Union (Mawu) and Vetsak

In last year's strike, 272 workers were dismissed after demanding higher wages and recognition for Mawu Vetsak later re-employed the majority but refused to rehire 61 A subsequent attempt by Mawu lawyers to get the Industrial Court to reinstate the 61, on the grounds that selective reinstatement is an unfair labour practice, failed But the lawyers are still fighting

Expectations are that a case in which the court will be asked to determine whether the dismissal of 16 of the workers constitutes an unfair labour practice will be heard within the next two months The remaining 45 workers do not have this recourse to the court as, unlike the 16, they are not covered by an industrial council agreement and the Minister of Manpower has refused their application for a conciliation board to consider their dispute with Vetsak

The anomalies in this situation have caused an outcry among unions and labour lawyers, and is likely to raise further protests in the event of the 16 winning their case

## URBANISATION

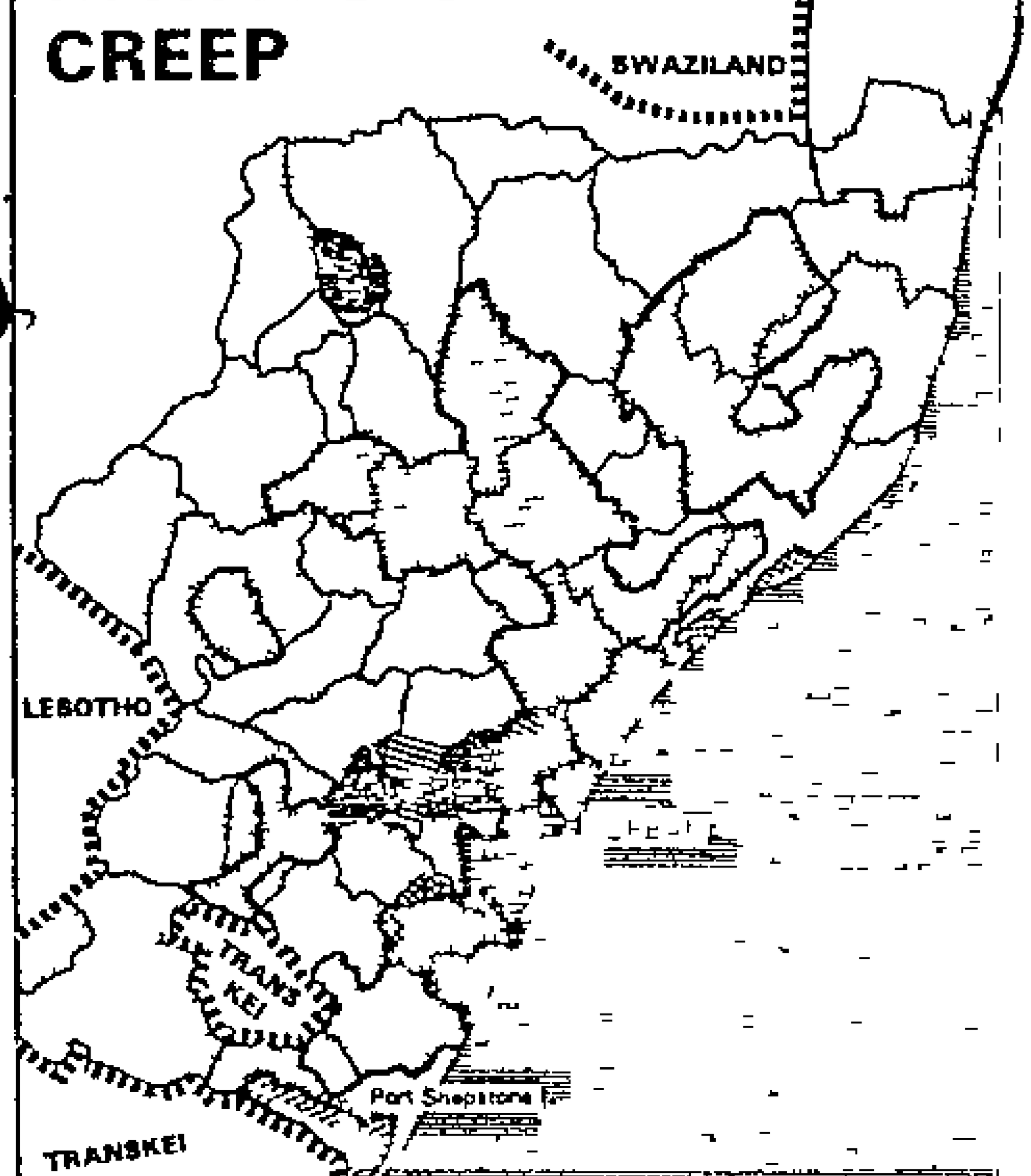
# At Durban's gates

New statistics have emerged which indicate government's estimate of the rate of urbanisation in Natal/KwaZulu could be wrong

According to the 1980 census, 22,7% of the black population of Natal/KwaZulu was urbanised But in his doctoral thesis on urbanisation, Natal University's Errol Haarhoff suggests it could be as high as 35% The recent increase in urban squatting seems to confirm his view

The reason for the discrepancy appears to be government's narrow definition of an "urban area" In the 1980 census, "urban areas" were defined as those "with some form of local authority" But as Haarhoff points out, this excludes "populations who live in close proximity to urban areas who may be economically and functionally linked to them, but because they reside in areas without local authorities, escape being classified as urban"

**NATAL'S URBAN CREEP**



Note Tone corresponds to population density

These he describes as "frontier zones," largely inside KwaZulu but close to established urban centres Those identified surround the Durban metropolitan sub-region (DMS), Maritzburg, Richards Bay and northern Natal Together, he says, the Durban/Maritzburg districts accommodate two-thirds of the region's estimated urban black population of 1,6m

Jobs are the obvious attraction The fact that "in KwaZulu migration between rural areas and frontier zones is possible" is a contributing factor "Controls by influx regulations," notes Haarhoff, "are difficult to apply, except in terms of access to employment in white areas"

After adjustment of the census figure for blacks he regards as "urban," Haarhoff has made a series of population projections for the region to the year 2000 Assuming population growth and urban migratory trends remain constant, he says the region's African population is likely to nearly double from 4,7m to around 8m — and that from natural increases alone

However, he expects urban migration will continue at the 1970-1980 rate resulting in an increase in urbanisation from the present 35% to 42% But even at this level there will be severe strain on the rural areas where the population is expected to grow from around 3m to 5m Some have serious doubts "whether the rural areas have the capacity to absorb a population increment of this size without a further drop in living standards"

The answer, he believes, could lie in allowing urbanisation to increase to between 55% and 65%, coupled with a vigorous rural development programme and improving the possible absorption capacity of rural "white" Natal

The authorities might be horrified at the suggestion, but Haarhoff argues that, under the circumstances, an urbanisation rate of around 65% is not only likely but necessary It will, he says, ease the pressure on the rural areas by keeping population growth constant and "make rural development a more realistic proposition"

But what are the implications of an urbanisation rate of 65% for areas like the DMS already heavily populated by squatters? Haarhoff's calculations suggest the black population of the DMS could rise from around 1m to 3,6m at the turn of the century — depending on the rate of city-bound migration and the effectiveness of government's decentralisation policies

In the process, the city's racial composition is likely to change fundamentally Of a total estimated population of 4,7m urban dwellers, 71% will most probably be black

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# Legal strike looms in ER

**RALEIGH Cycles, a British-owned company in Springs, is facing a legal strike following its refusal to negotiate wages in "good faith" at plant level with a black trade union.**

The United, Mining, Metal and Allied Workers' Union of South Africa is considering the strike against the company after a deadlock on negotiations this week

The matter has been referred to the Minister of Manpower for consideration — failure for the Minister to settle the dispute may open doors for a legal strike if the correct procedures are followed in terms of the Labour Relations Act

In another development Ummawusa has accused the controversial United States company, Union Carbide, a signatory to the Sullivan Code of "unfair labour practice" following the dismissal of about 500 workers

However, Union Carbide has selectively re-employed most of the workers, although the union contends that it wants all its members to be re-instated unilaterally

The union has accused the companies of not adhering to the European Economic Community (ECC) and the Sullivan Codes and has threatened to take industrial action

"These codes are just shapeless things because the companies do not adhere to them We shall have to put more pressure on them to fight for our members' rights," Mr Sam Ntuli of Ummawusa said

He said that Raleigh has refused to negotiate with them at plant level and insisted that all negotiations should take place at industrial council level

Mr Peter Nel, Raleigh's personnel director, has confirmed that a deadlock was reached and said that the matter has been referred to the Minister of Manpower

Ummawusa has asserted that the Union Carbide workers were dismissed last December after a meeting They had demanded the findings of an enquiry into a senior white supervisor, who allegedly assaulted a black worker. The company misunderstood the meeting for a strike and dismissed them after a warning

The union's recognition agreement with the company has since been terminated and the workers have been applying for their jobs and were employed selectively.

Union Carbide's group personnel manager, Mr Cedric Robertson, yesterday said that the workers have been reinstated, but could not estimate how many of them have been re-employed

"We have not re-engaged all the workers," he said. He added that the workers had gone on strike

# 300 tin workers down tools

By JOSHUA RABOROKO

ABOUT 300 employees of Main Tin Manufacturing Company in Industria yesterday downed tools after demanding the dismissal of a white supervisor and stoppage of racial discrimination on the plant.

The workers said that "blacks were often dismissed" after being found to have "stolen" products, and were discriminated against when it came to decision-making concerning white-black conflicts

Matters came to a head this week when a black security man found a white supervisor with stolen tins The matter was reported to his seniors

The matter was then referred to the management, and the workers' committee demanded that the same treatment given to blacks be given to the white supervisor Management refused

The company's manager Mr J Klein told The SOWETAN yesterday that he had no comment on the allegations and the work stoppage.

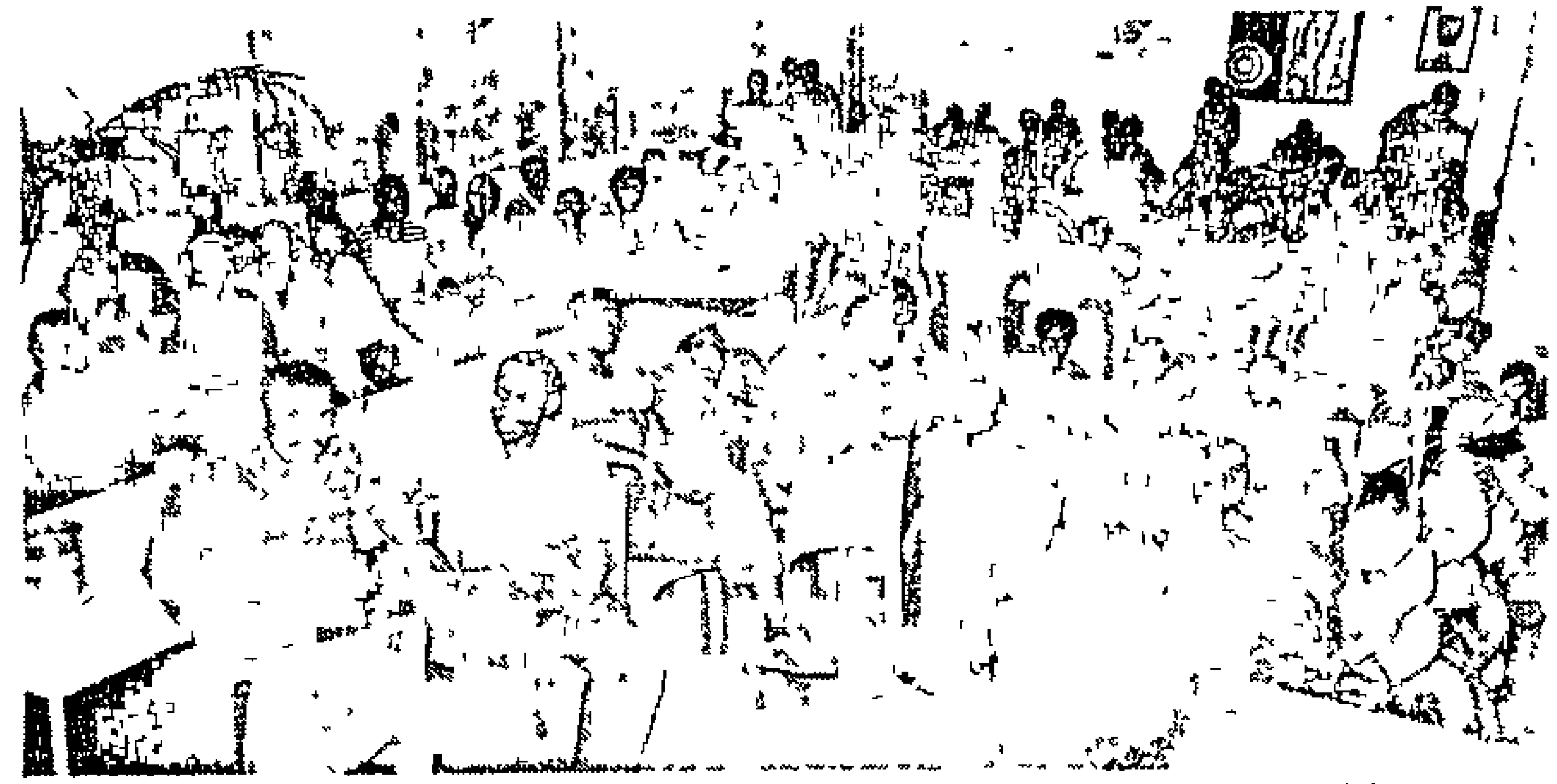
However, the workers maintain that the discrimination at the plant was disturbing because "we are not safe because the company's policies are racial "

## Dismissed

The workers also said that they did not have a trade union because the company believed in the "old liaison committee" system Workers were often dismissed without notice and, in some instances without their leave pay

Management often pressed them that they were not productive while whites were left without any pressure put on them "We form the bulk of the workforce and these whites depend on us for production, yet we are always accused of not producing much," the workers said

The workers' committee has maintained that management refused to dismiss the supervisor who was found to have allegedly "stolen" the tins "It is disgusting to work under such conditions," a worker said



DISMISSAL: Section of the workers demanding the dismissal of a white supervisor.

RDM 25/1/85 (189)



# Kohler plans huge plastics investment

By PRISCILLA WHYTE

KOHLER is to invest more than R50m in the next two years. Most of it will be on innovations in plastics packaging, according to Mr Ian Willis, the packaging company's chief executive.

He believes growth of the plastics market will be 1,5 times that of the gross domestic product.

He adds that packaging is in a cyclical downturn but has not been as severely affected as the economy in general because food packaging is a necessity.

The R2,2bn packaging market benefits from closing of the wage gap because the higher pay of poorer people increases consumer spending.

This season has been a record year for grapes, which created an early demand for packaging boxes, and the citrus crop should also benefit the packaging industry.

Paper is a mature market and does not require the same amount of expenditure on research and development as plastics.

Most of Kohler's new technology is adapted from Japanese packaging though European and US technology is also used

Mr Willis says SA is very advanced in retailing and believes this has created an innovative pressure on packaging.

At the last financial year end, the Kohler debt:equity ratio was 55%, due to the acquisition of the two packaging groups, Xactics and DRG. The plan is to reduce gearing and bring the debt:equity ratio to 45% by mid-1985.

He says that before Kohler's acquisition of DRG and Xactics, 75% of the company's turnover was from paper packaging sales and 25% from plastics.

Now, after successfully merging DRG and Xactics, 50% of Kohler's turnover is from paper and 50% from plastics

As a result of the mergers, some rationalisation has been necessary and the workforce of the combined group has been reduced by 12% to 7 000.

As in most sectors of industry, there is overcapacity and Mr Willis estimates the overcapacity in the R400m-a-year corrugated box market is 60%.

The manufacture of rigid plastics requires smaller machinery than for corrugated boxes but overcapacity here is running at 20%.

Overcapacity in the carton, print and flexible sectors is running at about a 33%.

The rigid plastics market is worth R275m a year and flexible R400m.

Kohler does not have any investments in glass or metal packaging and, although an eye is kept on these markets, Mr Willis says that with both sectors suffering from overcapacity, no immediate entrance into these markets is envisaged

If balance sheet figures are totted up, some 70% of the R2,2bn packaging market is controlled by the three major groups Nampak/Metal Box, Kohler/DRG/Xactics and Consol.

Mr Willis says the SA market can grow only in line with population trends and Kohler already has investments in nearby African countries.

Offshore investment is the only course for future growth and Nampak has been buying plants in the US.

Mr Willis believes Far East countries such as Singapore could benefit from SA packaging, particularly unique product designs.

# Will Dorbyl be the vehicle for a new steel monopoly?

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Star 26/11/85

Michael Menof on the company beat

Reading the 1984 annual report of Dorbyl against the background of merger possibilities with Stewarts and Lloyds and "big daddy" ultimate holding company Metkor Limited, made for some interesting assumptions about the future of the steel industry in South Africa

Today Dorbyl is a giant conducting its activities in more than 50 separate factories

Chairman KN Jenkins' report mirrored the deteriorating economy The first nine months of the past financial year were highly competitive and difficult The last quarter fell apart as a result of high interest rates and action taken by the authorities to reduce consumer spending

The automotive sector suffered badly Black unrest in the Vaal Triangle resulted in work stoppages, delayed deliveries and unrecovered operating costs

On the trading side turnover declined significantly to R634,6 million (1983 — R748,1 million) while operating income before interest declined 12 percent to R52,3 million (1983 — R59,4 million)

Despite R44,2 million of capital expenditure interest expense was only R4,3 million compared to R8,4 million in 1983 The group's tax charge was R17,4 million, some one percent above 1983's amount

After deducting tax the profit was R30,6 million (1983 — R33,7 million) This meant earnings per share of 165,9c (1983 — 180,9c) Despite 1984 being the worst of the past three years the dividend was maintained at 51c

## STAFFING

While I agree with the chairman that "the group's financial position is most satisfactory" I found it difficult to prove that the average level of net borrowings during the year was well below the levels ruling in the previous years especially with borrowings (long-term, current and overdraft) increasing to R66,1 million at year end compared to R53,5 million at end 1983.

Staffing was cut from 19 623 people in 1983 to 17 928, so it is evident that the steel industry is finding it tough going

So what of the future? At year end the order book stood at R635,4 million and while at first glance this is up on the previous year's R592 million, some of the current orders stretch over a longer time

The directors report emphasised the continued efforts to improve the efficiency of the group's operations and to optimise the use of assets

This saw the closure of the Busaf Natal Works and the resultant sale of the factory premises for R2 million Subsequent to year end Car-Part Industries, which operates in Bophuthatswana and manufactures ball joints and other steering components, was acquired for R4,2 million

The Atlantis Plant, established to manufacture forgings, was officially opened in September 1984 and has commenced production

The past five years' financial review is impressive At September 30, 1984 the net asset value per share was R17,77, having risen impressively from only R7,94 in 1980 At the present market on the JSE of only R6,50 this represents a 64 percent discount on net asset value

The last significant merger was in 1973 when Dorman Long and Vanderbijl Engineering Corporation combined to form the Dorbyl of today — but where to from now?

Metkor owns 60 percent and Anglo American 40 percent of a company called International Pipe and Steel Investments South Africa (Pty) Limited (IPSI), which in turn owns 51 percent in both the Dorbyl and Stewarts and Lloyds Groups

Metkor in turn is owned 49,9 percent by Industrial Mining Investments, 25,6 percent by Iscor, 11,1 percent by Rentmeester Beleggings and 13,4 percent by the public.

My guess is that the following will happen during the next 3-5 years

- Dorbyl will absorb Stewarts and Lloyds with the latter disappearing from the JSE
- Iscor will continue on its 1984 profit trend to support its ultimate privatisation whereupon it will be merged into the Gencor stable whose ultimate control rests with Sanlam.
- Significant shareholder, Anglo American will "slide" out of IPSI With no advantages, it will trade off its interests.
- Sanlam through Gencor, owning Iscor will team up with Rembrandt who will control Metkor to form a partnership Both Sanlam and Rembrandt possess abundant cash reserves to justify their controlling position in the capital-intensive steel industry
- A monopolistic steel engineering giant will emerge that will secure all major state tenders in the engineering field with little opposition

# 200 strike over racist dismissal

26.1.85
Star
189

About 200 employees of Main Tin Manufacturing company in Industria have gone on strike in protest against alleged racist attitudes of their company

The employees, who are not unionised, allege that whenever there are conflict situations involving blacks and whites in the company, whites get the upper hand

Two recent incidents involved alleged thefts of company property by both black and white staff

This week a white supervisor is said to have been caught stealing goods but when reported to his superiors no action was taken against him A similar incident involving a black truck driver occurred a few weeks ago and the driver was summarily dismissed

Spokesmen for the black staffers said yesterday "It seems our company's judgment is based on colour We demand that the white supervisor should also be dismissed and if he's not we won't return to work"

The strike by the black staff entered its second day today

# Strike by 200 enters third day

28/1/85 (189) Star

The strike by about 200 workers at the Main Tin Manufacturing company in Industria entered its third day today with workers refusing to man their posts until a white supervisor is dismissed

The strike started last week after a white supervisor was allegedly caught stealing company property

A black truck-driver, who is said to have committed a similar offence, was summarily dismissed a few weeks ago

Workers today carried placards demanding the dismissal of the white employee and the intervention of the company's head office

Sowetan 29/11/83

# Main Tin strike set to continue today

By JOSHUA RABOROKO


PLACARD carrying workers demonstrating against Main tin's racial discrimination.

**PLACARD-CARRYING workers at Main Tin Manufacturing Company in Industria yesterday demonstrated against the company for practising racial discrimination.**

Some of the placards read "We demand equal rights in this plant," "Racial discrimination is a poison on this plant", "We demand Lucas back in his truck" and "An injury to one is an injury to all" These were later left at the company's main entrance as the workers' industrial action entered its third day.

The demonstration ended without any intervention

The strike, which has racial undertones, started last week after a white supervisor was allegedly caught stealing company property A black truck driver, who is said to have committed a similar offence, was summarily dismissed a few weeks ago

The workers said that management was practising racial discrimination by sacking black employees and not whites for similar infringements They have resolved that their sacked colleagues should be re-instated

A workers' spokesman told **The SOWETAN** that they were also demanding that the company should recognise their union, Metal and Allied Workers Union (Mawu) and that the company's head office — the Metal Box Company — should intervene on their behalf.

"Unless these demands are met, we shall not return to our jobs," the spokesman said amid shoutings of "Amandla" from the striking workforce

Metal Box's Industrial Relations manager, Mr Dough Swanson, said the workers have not approached him on the matter However, he believed that the workers' representatives were having discussions with management on their problems

The plant manager of the company, Mr Jimmy Kleyn, confirmed that the workers have not returned to work The company was having discussions with the workers' representatives and "we hope to resolve the matter as soon as possible "

He also conceded that they will hold talks with Mawu sometime this week Referring to the workers demand that the white supervisor be dismissed, he said that the disciplinary committee was looking into the issue

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# Recession hammers PE engineering industries

(189) E. Post 30/1/85

By MIKE LOEWE

"WE are on our last legs," a press shop manager in North End, Port Elizabeth, said today, describing the plight of the city's ancillary engineering industry, starved of work by the severe slump in the local motor plants' production

His sentiments were echoed elsewhere

Cutbacks and lay-offs have decimated staffs, and machinery is gathering dust in a recession now being described as "worse than the 1930s"

For some companies, the nightmare of closure or take-over by larger firms grows more real by the day

These are the stark findings of a survey of nine firms allied to the motoring industry

- A factory normally employing "a large number of blacks" is producing nothing and selling nothing
- A company which last year employed 80 people now has only 20 employees and is working a two-day week
- A company using 250-ton motor presses has "50% of our machines just standing" and is in dire difficulties

Mr C Onvlee, who owns an engineering workshop in Sidwell, said his company was in a situation of "no production and no sales"

Only 25% of the staff had survived retrenchment before the Christmas holidays

Mr Mike Dibbin, who manages a press workshop in Sidwell which receives 95% of its work from the motoring industry, said the situation was "extremely bad"

"We're on our last legs here We had 70 employees Now we have 25 people working a three-day week"

"They are just not building cars," he said

Mr Chris Mangold, who directs an engineering works employing 80 people, said business was "very slack indeed" He said he faced the possiblilty of having to retrench in all sections, including office staff

Mr Harris van Niekerk, who runs a general workshop in Sidwell, said "The fair amount of business I received in June has slackened off The situation now is nowhere like it was then"

He has cut back on 65% of his staff and works a two-day week "We are still keeping a small staff busy Things look very bleak"

Mr Glen Hansen, who works in his family business, said "The situation is terrible Business has really nosedived since last August"

His company cut down to a 4½-day week after recently laying off 10% of its work force

Mr Derek Burmeister, contracts manager for a Sidwell workshop, said their machines were working at 50% to 60% of their normal production rate His firm was working a four-day week

Mr Chris Murray, managing director of a safety glass company, said one of the firm's two factories producing toughened glass was in difficulties and working a four-day week Two furnaces which were normally used in good times were standing idle

Mr Kenneth Terblanche, manager for a workshop in Sidwell, said his company had contracts from the State and his situation was "not too bad" because his firm had made early plans not to rely completely on the motor industry

The director of the ninth company approached asked not to be named, but said "things are not good"

Sowetan 30/1/85 (189)

# Race row workers back at work

By JOSHUA RABOROKO

**ABOUT 200 striking employees of Main Tin Manufacturing in Industria yesterday returned to work after the company had undertaken to get rid of racial discrimination on the plant.**

A workers' spokesman said that they agreed to return after their boss, Mr Jimmy Klein, had addressed all workers — black and white — and undertaken to abolish racialism

They went on strike last week after a white supervisor was allegedly caught stealing company property — a black truck driver alleged to have committed a similar offence was dismissed a few weeks ago

The workers accused management of practising racial discrimination by sacking black employees and not whites for similar offences

During a meeting yesterday, the workers also resolved that management should pay them their wages while out on strike and that it should continue to discuss with union — the Metal and Allied Workers Union (Mawu)

Mr Klein yesterday said the company had investigated allegations that a white employee had stolen property and found that no theft had taken place But, he added, "we found that the employee had merely failed to follow the procedure for purchasing company property " For this, he was reprimanded

Referring to racial discrimination, Mr Klein said that a black employee was previously dismissed for theft after he was found in unauthorised possession of copper wire valued at R700 When confronted, he elected to resign rather than to be subjected to an enquiry

"The company therefore strongly denies the accusation of the employees We have established procedures for dealing with grievances with employees and we are disappointed that they resorted to illegal industrial action, instead of following these procedures," he said

However, Mr Klein continued, the company has been discussing the issue with representatives of the employees and will continue to do so

It is expected that management will meet Mawu officials for recognition and other job related matters today.

Meanwhile workers at Pharmaceutical company in Aeroton, yesterday downed tools in protest against the alleged dismissal of three of their colleagues, and the scrapping of an already recognised liaison committee

They also demand that they be paid a better annual increment than 10 to 12 percent increase offered to them by the company The workers claimed that about 300 of their colleagues were out on strike, but a spokesman for the company, Sabax (Pty) Ltd, said only 80 workers downed tools

Mr F Erasmus, the company's spokesman, confirmed that the company had "little bit of a dispute," adding As far as we are concerned this is an illegal strike. Only one person was dismissed last week and that was procedural "

Management and workers are having talks

# PE reels as Ford plans pullout

Cape Times 31/1/85

189

PORT ELIZABETH — This city was stunned yesterday as the full impact of the intended closure of most of Ford South Africa's operations here struck home.

And with talk of further industry rationalization, there were fears that the figure of more than 2 000 jobs expected to be lost at Ford alone might be only a fraction of the total, including many small-ancillary industries, threatened as a result of the announcement.

Among the results of the merger announced in Johannesburg yesterday between Ford and Amcar (jointly owned by Anglo American Corporation and its industrial arm, Amic).

## Headquarters

- Both Ford and Amcar are absorbed in a new motoring giant, called South African Motor Corporation (Samcor) with Amcar having a 60 percent share and Ford 40 percent.
- Amcar headquarters will be in Pretoria.
- Although not final, Ford seems certain to close its Neave plant in Port Elizabeth completely by March next year, with the loss of 2 000 jobs. It will then be sold if a buyer can be found.
- PE will retain production of the Sierra, Ford's tractor operation and the product development division.

Ford yesterday denied that disinvestment pressure in the US or union militancy in PE had played any part in their decision.

## Implications

The largest union affected by the merger, the National Automobile and Allied Workers' Union (Naawu), will be testing Ford and Anglo American to "give proof" of their public statements of social responsibility.

Naawu said in a statement they would be negotiating to see if the companies were prepared to translate claims that they were aware of the socio-economic implications of the move into action.

The statement was issued after delegations from Naawu, the Motor Assembly and Component Workers' Union (Macwusa) and the all-white SA Iron, Steel and Allied Industries Union met senior management in Johannesburg on Tuesday.

Port Elizabeth MPs reacted with shock yesterday to the news of the merger, describing the move as a "body-blow" for the city.

Mr John Malcomess expressed the fear that the move would have a "ripple effect".

"Component suppliers might move and indeed General Motors who have already closed one plant might have to move in order to remain competitive with other factories which get subsidies from the government."

Describing the move as a "terrible body blow to Port Elizabeth and Uitenhage", the MP for Uitenhage, Mr Dawie le Roux, added that in a wider sense it was also a blow to the whole decentralization policy.

The leader of the Labour Party, the Rev Allan Hendrickse, said the closure was "almost a death-knell for many families in these times of economic hardship". — Sapa, Political Staff and Own Correspondent

**● 400 lose jobs in Cape this week, page 2**

**● Amcar and Ford merger — R1-bn turnover expected, page 14**

NAM 1/12/85 (189)

# Naacam warns on rationalisation

PORT ELIZABETH — Rationalisation in the motor component industry is a very real possibility, says Mr John Small, the chairman of the National Association of Automotive Component & Allied Manufacturers

He says the merger between Ford and Amcar is bad news for the component industry in Port Elizabeth

"Component manufacturers have been satellites feeding off the motor industry for many years With the loss of a major client, their position will now have to be examined carefully."

There will be no immediate closures but he expects positions to be reviewed in the coming months

With the high costs of ferrying components to the Reef and elsewhere, companies will be hard-pressed not to consider moving

"Rationalisation in the component industry is not out of the question," he says

For every person who loses a job in the motor manufacturing industry, three to four people lose jobs in allied industries

Both Mr Small and Mr Colin Adcock, chairman of the National Association of Automobile Manufacturers (Naamsa), agree with Mr Leslie Boyd, the executive director of the Anglo American and new chairman of Samcor, that there are too many vehicle manufacturers.

Mr Adcock says "Naamsa justifies rationalisation as long as it is done in the spirit of free enterprise and not with Government intervention."— Sapa.

# Steel shipments agreed for five years

RDM 11/2/85 (189)

**By PRISCILLA WHYTE**

A NEW export restraint arrangement for steel products shipped to the US has started.

The latest Government Gazette says that the five-year arrangement is applicable retrospectively from October and supercedes the voluntary restraint arrangement of April.

The new arrangement, signed on January 18, ensures exporters access to the US steel market and provides for the withdrawal of all pending countervailing duty and anti-dumping actions.

The importance of the US steel market can be appreciated by revenue figures published by Customs and Excise.

For the period January to June last year total shipments to all countries amounted to R955,65m. There is no figure given for steel exports to the US but, according to Customs and Excise, base metal export articles for that period earned R1,516bn of which R406,6m went to the US, R506m to Europe and R210m to Japan

Base metals include iron and steel, copper, nickel, aluminium, magnesium, beryllium, lead, zinc and tin.

President Ronald Reagan signed legislation in October 31 to limit, if necessary, steel imports to 18,5% of the US domestic market.

The SA export restraint arrangement is based on an aggregate tonnage equal to 0,42% of US consumption. SA may also export a quota of semi-manufactured products.

The Department of Trade and Industry will be responsible for monitoring shipments against quota allocations.

The five-year arrangement is sub-divided into an initial period of 15 months from October 1 1984; three calendar years ending in December 1988 and nine months from January to September 1989.

From last October to December this year 549 870 tons of steel may be shipped to the US.

Tonnages may not exceed 66 816 tons of hot-rolled sheets and strips (including stainless), 60 100 tons of cold-rolled sheets and strips (including stainless), 58 249 tons of other sheets and strips

Also included in the total figure are 58 874 tons of plate (including stainless), 83 203 tons of structurals, 13 224 tons of wire rod, 10 035 tons of reinforcing bar, 3 172 tons of other bar, 55 299 tons of pipe and tube, 27 500 tons of wire and wire products (including stainless steel round) and 113 398 tons of semi-finished steel products (blooms, billets and slabs)

The Government Gazette says quotas for the various categories of steel products will be determined annually and adjusted periodically on the basis of the projected consumption of these steel products in the US

It also gives details of the export documents which will be required for each consignment as from February 1 1985.

The completion of export documentation is required to ensure that exports do not exceed the agreed limits and that no more that 60% of any category of steel is shipped during two consecutive quarters without the prior approval of US authorities

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# Siemens workers down tools

By JOSHUA RABOROKO

**MORE THAN 1 500 employees of a German multinational Siemens, yesterday staged a work stoppage which coincided with the visit to South Africa by a top executive from the mother company.**

Employees at the four plants — Wattloo, Koedoespoort, Isando and Rosslyn — later returned to work after management had promised to resolve their grievances, which included the re-employment of dismissed Metal and Allied Workers' Union members and racial discrimination

In another industrial action, more than 13 000 miners at Kloof goldmine near Westonaria yesterday returned to work after management had shown willingness to consider their grievances

The Siemens strike was sparked-off after management had dismissed two Mawu members at Wattloo The workers were allegedly involved in a knife fight at the plant

According to a union shop steward their dismissal was "unfair" because two other incidents, in which non-members were involved in fights, were treated with "kid gloves" by management In one incident a white man had allegedly assaulted a black employee with a hammer.

## Ignored

The workers voiced their grievances to management, which ignored them and they downed tools The other plants joined because they felt their colleagues were "unfairly treated". They also complained of racial discrimination when wages and other benefits were considered.

A Mawu spokesman said that management apparently pleaded with the workers to return after promising to consider their grievances because "they were afraid we were going to boycott a scheduled meeting with a Mr Turek, who is the company's top executive from Germany."

Siemens' director, Mr Johan Krostskie, confirmed that all the workers had returned after the company promised to investigate their complaints.

- An OK Bazaars store — Valhalla, near Pretoria went on strike yesterday in protest against retrenchment of blacks and employment of white workers Workers at three other branches — Van der Waalt, Randfontein and Gezeni — have ended their strikes

FM 15/2/85

Between 1980 and 1983 the total population of SA and the TBVC states rose by 2,5% a year, the bureau found Relocations and boundary changes were primarily responsible for QwaQwa and KwaNdebele experiencing the highest growth rates of that time — 24,6% and 12,9% respectively

The black population of the Bloemfontein region also rose dramatically — by 14,4% a year in the period — mainly as a result of the concentration of blacks at Botshabelo The Cape Peninsula's black population rose at a rate of 7,1% a year

White population growth continued at a slow pace There were 4,6m whites in 1980 and 4,8m in 1983 — an increase of 1,5% a year Immigrants accounted for 45,8% of the increase Coloured and Asian population growth occurred at a rate of 1,9% a year while for blacks it was 2,8% a year

The bureau found that the majority of whites lived in the Transvaal — 53,6% of the total Coloureds dominated in the Cape (84,1% of all people in the province) and Asians in Natal (80,7%) The biggest percentage increase in the white population (4,5% a year) occurred in the south-eastern Transvaal, while the Pretoria-Wonderboom region experienced annual increases of 8,9% and 7,1% in its coloured and Asian populations respectively between 1980 and 1983

KwaZulu, with a population of 3,8m, was the most populated homeland

INDUSTRIAL COURT

## Making doubly sure

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A recent Industrial Court ruling is likely to result in significant changes in the way labour lawyers make applications to the court.

In a departure from normal practice, the court has turned down an application for the temporary reinstatement of workers who had allegedly been unfairly retrenched because, it said, too much time had elapsed between the event and the court hearing The court stated it would have preferred to have made a final judgment but could not because the appropriate application had not been made

The case, which was heard in Durban, involves the Metal and Allied Workers' Union (Mawu) and Pineware, the kitchen utensil manufacturers. It went to court when the metal industry industrial council failed to settle the matter.

The implications are profound In future, labour lawyers would be wise to ensure that in contesting cases which are preceded by (usually drawn-out) industrial council hearings, applications for both temporary and final determinations — in terms of Sections 43 and 46(9) of the Labour Relations Act, respectively — should be made simultaneously. This does not apply when the route to the court is through a conciliation board

(89) FM 15/2/85

Until now it has been common practice for parties to approach the court for temporary relief before they make application for the final determination of a matter Many labour cases do not get past the Section 43 stage, as these judgments normally give the litigants a good idea of which way the final decision will go and they often settle on that basis The Section 43 hearing takes up less time and is, therefore, cheaper for the parties

The court also appears to have adopted the view that it will not grant temporary reinstatement if the final order is unlikely to go in favour of reinstatement This could occur if the court, for example, believes that a financial settlement would be more appropriate in situations in which mass reinstatement threatens a company's financial survival

The issues in the Pineware case are also of interest The company did retrench workers in terms of the generally accepted system of last-in first-out (lifo) However, the factory is divided into a large number of small departments and the system was applied departmentally rather than in the factory as a whole This resulted in a number of long-serving employees — who had previously been transferred from one department to another — being retrenched.

Mawu, which has pledged to take the case back to the Industrial Court, argues that because Pineware was able to effectively bypass the lifo principle, the company's action constitutes an unfair labour practice The union also argues that when retrenchments occur companies should be obliged, where possible, to retrain and redeploy workers in order to protect long-serving and senior employees

The matter will be heard in the next few months after the union's legal team has submitted papers for a final hearing

## LOCAL GOVERNMENT

# Tricameral hiccups

FM 15/2/85

The Durban Corporation is getting a taste of tricameral-style consensus government.

Last week, two council decisions which affect the Indian community were held in abeyance because the Minister of Local Government and Housing in the House of Delegates, Baldeo Dookie, wanted first to consult with council representatives.

The resolutions concerned the granting of a tender to Checkers for the establishment of a supermarket in the Indian area of Phoenix, and the resuscitation of a long-dormant plan for an Oriental plaza.

Both issues are controversial Indian business interests charge that they — and not Checkers — should be allowed to build the Phoenix supermarket. On the Oriental plaza issue, private entrepreneurs are in conflict with the State over who should provide the amenity

City officials admit they were a little taken aback when Dookie suddenly sent a telegram forbidding the council from taking a decision until he had held discussions on the issues The council is apprehensive about the extent to which its powers may be inhibited by the authority of an "own affairs" Minister

However, by last weekend a clearer picture was beginning to emerge Town clerk Gordon Haygarth admits that Dookie and his department are probably the ultimate "approving authority" But he notes that the new tricameral Parliament is a "new ball game" There are, he says, "bound to be a few hiccups" until the ground rules are established Previously, Haygarth says, Durban would have consulted only with the Department of Community Development which has a "co-ordinating role"

Durban has, however, dutifully played it down the middle Haygarth, councillor Sybil Hotz and mayor Niel MacLennan flew to Cape Town on Monday, at the Indian ministry's expense, to place the decision in Dookie's hands.

Later, in a manner which indicated a new understanding, Haygarth said "We recognise that 'own affairs' involves talking with people and not making decisions for them as in the past That's what true consensus government is all about"

# Shunned union declares dispute

**THE Steel Engineering and Allied Workers Union (SEAWU) has declared a dispute with Afrox Sweisware Company in Brits following the company's refusal to negotiate with the union and alleged intimidation on its members.**

The union's northern Transvaal organiser, Mr Ndamane Tibane, said that during 1984 they started negotiating with management for recognition, but the bosses have delayed the talks and intimidated workers

He said "We tried our best to convince management about our members' rights The company preferred to reject our attempts by victimising the workers

"About 20 of our members have been forced to resign from the union after alleged victimisation from management Workers have also had their wages cut off and have had no pay increases for a long time "

A company spokesman has denied that workers have been victimised They had held "fruitful discussions" with the union and were in the process of concluding a recognition agreement He declined to comment further

Sowetan 19/2/85

# Union Carriage wins R30-m order

Financial Staff

A contract worth R30 million for the export of train sets to Taiwan has been won by Union Carriage and Wagon Company

The Nigel-based company, which is controlled by Gencor, Anglo American and Australian National Industries, is a major South African producer of railway rolling stocks

"Under the terms of the contract Union Carriage will supply eleven three-car electric multiple unit (EMU) train sets to the Taiwan Railway Administration", said Mr Maurice Clarke, managing director of Union Carriage

The coaches will be designed and assembled at the company's plant in Nigel and will be powered by electrical traction equipment supplied by the GEC Company in Britain The units will be used for suburban travel in Taipei

"The first shipment, consisting of eight three-car units, are planned for August next year and these units will be fully assembled in South Africa", commented Mr Clarke

## QUALIFICATION TEST

Comprehensive welding trials have been undertaken to assess the suitability of 3CROMIX12, the new shielding gas developed by Air Products for MIG/MAG welding of 3CR12 corrosion-resisting steel

A welding procedure qualification test was carried out to the requirements of BS 4870 using a qualified coded welder

The weld specimens were evaluated by TUV Rheinland to determine compliance by BS 4870

The results of the extensive testing indicate that the requirements of the specification have been met and exceeded, thus proving that the gas mixture used is suitable for the production of good quality welds

Middelburg Steel & Alloys, producers of 3CR12 corrosion-resisting steel, are confident that the use of 3CROMIX12 shielding gas for the welding of 3CR12 is conducive to the production of sound weld deposits and believe that the use of this gas can offer significant technical benefits during the fabrication and welding of 3CR12

## CRUSHERS

Krupp South Africa has concluded an agreement with Dunswart Heavy Engineering (formerly Concrush) whereby DHE will locally manufacture the range of Krupp crushers, screens and associated equipment.

The agreement is in line with Krupp's policy of extending its local manufacture and exporting from South Africa

The marketing of the full range of crushers and screens will still be handled by Krupp which has its head office in Randburg

According to Krupp South Africa's MD Mr Klaus Borowski the total market for this equipment in this country is worth over R30 million

Several orders for crushers are already in the pipeline from local mines while the export market is looking extremely healthy said Borowski

## R3-m CONTRACT

EMS Industrial has recently completed a R3 million contract for Escom which involved the design, fabrication, supply, installation and commissioning of the complete instrumentation and control system covering coal stockyard storage and overland conveyors at Tutuka Power Station near Standerton

The stopping, starting and interlocking of the conveyors is controlled by Programmable Logic Controllers (PLCs).

Business Day RDM 11/3/85 (189)

# Exports to the rescue as steel market contracts

By PRISCILLA WHYTE

THE domestic steel market is contracting but exports are coming to the rescue

According to the lastest figures from Sats, some 195 310 tons of steel (including tin plate) were exported in January 1985 compared to 130 031 tons in January 1984

An Iscor spokesman said it was expected that some 2,5-million tons of steel would be sold on the export market this year and that "production is running near capacity"

During the 1983/84 financial year Iscor sold about 4,7-million tons of steel of which 1,3-million tons went to export markets

It would seem that some 2,2-million tons is expected to be sold in South Africa this year, a 35% fall from 1983/1984

The Iscor spokesman said the depressed rand favoured steel exports but with the US voluntary restraint agreement (VRA) operating, other markets would have to be found

The export restraint agreement means SA may not export more than an aggregate tonnage equal to 0,42% of US consumption compared to a previous level of 0,72%

Steel is sold internationally in dollars, which is of benefit to SA

But, according to Iscor, international steel prices are lower than SA domestic prices because or a world market surplus

Iscor retrenched staff two years ago

In 1985 the labour count is about 60 000 compared to 1981/1982 when, excluding Dunswart Steel and Hlobane, which were subsequently taken over by Iscor, the staff complement was nearly 68 000

The spokesman said "Rationalisation is an on-going programme Everything is being done to achieve optimal productivity"

# GWUSA GO ON STRIKE

**MEMBERS of the General Workers' Union of South Africa employed at the Pack Shur Plastic Manufacturing Factory in Pretoria West this week went on strike over pay demands and recognition for their union.**

According to Mr Joseph Oliphant, organiser for Gwusa, his organisation represented more than 60 percent of the workers, who he claimed earned an average weekly wage of R28,00 for a 12-hour day

He added that trouble at the factory started on Monday morning as management refused to talk to Gwusa officials. He said, however, they eventually managed to draw company officials to a meeting where it was agreed that all the striking employees be allowed to go on with their work while negotiations continued But, according to Mr Oliphant, that could not materialise as management wanted to select employees when they returned to work

"The act was unacceptable to us and we felt that all the people be left out until an agreement has been reached. We intend holding further talks with the company later on Tuesday," he said

The director of the company, Mr T G Hutt, was said to have been engaged in a meeting when The SOWETAN contacted his office

Sowetan 13/3/85

RDM 13/3/85

# 3 strikes at cycle company

Mail Reporter

ABOUT 380 workers employed by Raleigh Cycles in Springs have staged three stoppages in the past week in protest against the company's refusal to bargain about wages and working conditions at the factory.

The plant falls under the industrial council for the metal industry and the company has refused to negotiate wages over and above those laid down by the council.

Negotiations between the company and the United Mining, Metal and Allied Workers of South Africa (UMMAWOSA) deadlocked last year, and the union held a strike ballot on March 1 in which most workers voted for industrial action.

Workers staged two legal stoppages last week and stopped work again yesterday.

The Rand Daily Mail was unable to get managerial comment yesterday.

# 'Govt blundered over unions'

By ALINAH DUBE

THE director of a plastic bags manufacturing company in Pretoria, whose employees are on strike, yesterday blamed the Government of having blundered in allowing blacks to form trade unions.

Mr PG Hutt, director of Pack Shur, was reacting to his employees' demands that the General Workers Union of South Africa (Gwusa) be recognised as their representative body

He said blacks took advantage of the Government's generosity and were creating new organisations daily.

"I explained to my employees that they should form a committee to solve their problems internally because I am against trade unions I am one of the pioneers in South African industry and cannot tolerate continued disruptions at this factory.

"Because the Government has allowed blacks to form trade unions we have a free-for-all in industry," Mr Hutt said

The striking workers told The SOWETAN that they refused to return to their posts because management was not prepared to talk to Gwusa They also wanted their demands for better pay met

- "A company official said we should stop making fools of ourselves as the trade union was interested only in our subscriptions

"But this was unacceptable to us and, as a result, we told management to either meet our demands or do without us," a worker said

A Gwusa official said a meeting of workers resolved that no one should return to work unless management did away with its selective method when re-employing them

All demand that they be unconditionally reinstated and that their trade union be recognised

Sowetan 14/3/85

1980

# Rationalisation ahead following Dorbyl/S &L link

KDM 15/3/85

189

**By PRISCILLA WHYTE**

**A TWO-YEAR period of rationalisation will follow the formal completion this week of Dorbyl's merger with Stewarts & Lloyds (S & L) and its acquisition of Afgate.**

Mr Keith Jenkins, chairman of Dorbyl and Stewarts & Lloyds and also the managing director of holding company, Metkor, said the rationalisation of the group's operations would take 18 months to two years

At the moment Dorbyl has six operating divisions and with the merging of S & L and Afgate, Mr Jenkins believed there would ultimately be nine or ten subsidiaries of Dorbyl.

The former S & L subsidiary, Tubemakers of SA, could become such a major subsidiary.

He said the combined workforce now numbered between 32 000 and 35 000

Rationalisation could mean retrenchments but natural attrition would be the preferred option

He pointed out that much pruning of the labour force had already taken place with the staff complement at Dorbyl now 18 000 from a peak of 26 000 and that of S & L trimmed to 9 000 from 12 000.

"No special capital expenditure projects are envisaged at this stage but in engineering the replacement of equipment such as machine tools is continuous," he said.

The seamless tube mill at S&L was being investigated for replacement but the "problem is it requires substantial new investment".

Dorbyl would have to look at "possible partners in this venture because although the plant is well maintained its life is limited".

Capacity utilisation within the new group varied between 60% and 70%.

Mr Jenkins regarded an economic utilisation of plant at between 75% and 80% and in capital intensive works a 20-hour day for a five-and-a-half to six-day week as optimal

He said working weeks varied with some plants down to a four-day week and less "with considerable short time being worked".

"The engineering industry and industry in general needs further slimming down if we are going to have strong companies

"Many industries were nurtured on a basis of protection and, while South Africa has moved on a free enterprise path, the rest of the world has introduced greater protection. The free market philosophy should not be overplayed"

He noted that in industry the demand situation was uncertain and "one of the problems is a lack of confidence and the state has a major task in rebuilding confidence"

He thought the Government had overspent on the current account at the expense of major capital projects, which benefited industry and employment in SA.

Mr Jenkins said the withdrawal of investment allowances could not have come at a worse moment. "Industry has the greatest potential for new job creation."

He said a fair amount was being exported but South Africa had problems due to a general international ignorance on the situation prevailing here and therefore it was regarded "as a high business risk".

Industrial countries were all hungry with "European countries having plenty of spare capacity and certain countries highly subsidised by government"

ARGUS 19/3/85

# Weak rand helps boost metal companies' profits

THE weak rand helped to give a big boost to the export earnings of two leading South African metal companies, Associated Manganese and Highveld Steel

Associated Manganese's earnings jumped by 283 percent last year, due largely to higher sales volumes coupled with the weak rand

Profit after tax and the State's share rose to R22,7-million from R5,9-million in 1983

The final dividend is being raised by 25 percent to 200c (160c) to make a total payout to 350c (240c)

Assmang set a fair pace at the half-way stage with a 41 percent improvement in earnings and, with the continued weakness in the rand boosting the value of its exports, this momentum was maintained in the second half

Capital expenditure by Assmang and its subsidiary Ferralloys was R2,2-million (R2,7-million) at the year-end

**Highveld Steel** achieved record turnover of R450,2-million and export earnings of R219-million last year but profit margins were reduced by increased depreciation and interest, strip mill commissioning costs and competitive steel markets

The chairman, Mr Leslie Boyd, says world steel consumption for 1984 was estimated to be 710-million tons, 6 percent more than in 1983, and the International Iron and Steel Institute had forecast a further, but smaller increase in the world steel market in 1985

World steel capacity remained greater than demand and prices did not improve significantly From the middle of the year, international steel trade was dominated by the strengthening of the dollar, with a depressing effect on dollar prices

The year was also characterised by increased protectionism in the world's major steel markets

Highveld's total export tonnage of finished products was 27 percent up on 1983

The market for Highveld's vanadium products should be maintained this year but no significant improvement in the domestic steel market is expected before the second half of 1985

Earnings, however, will at least equal last year's, says Mr Boyd

● **Duros** is to pay R10-million to take over Verhoef and Krause, Cape-based experts in the renovation and restoration of buildings

The takeover will increase earnings by 234 percent to 16,7c (5c) a share, says an announcement today

The deal will be financed by the issue of 4,6-million shares to the controlling shareholders, Mr Gordon Verhoef and Mr Earl Krause

● **Edward L Bateman** reports a net profit of R2,7-million for the half-year to December, up from R2,6-million a year ago

Turnover was R178,4-million and the group is paying a 21c interim dividend

The directors say the profits for the half year are satisfactory under current economic conditions and they expect that earning for the full year to be "somewhat higher" than last year. **Tom Hood**

# Strikers back at work

By ALINAH DUBE

**ALL the 60 striking members of the General Workers Union of SA employed at a Pretoria plastic manufacturing company yesterday returned to work following management's agreement to negotiate with their union.**

According to a Gwusa official, Mr Joseph Oliphant, Pack Shur agreed to an unconditional reinstatement of all the workers who staged a five-day strike over better pay They were also seeking recognition for their trade union as they were unhappy about the company's proposals to form an internal committee

Their other grievance was that they were being paid an average R28 a week wages for a twelve-hour day Some said they had worked for the same company for more than 10 years with no improvement in the working conditions

The company's director, Mr T G Hutt, confirmed that the workers had returned He added that no victimisation will take place The company was prepared to negotiate with the union provided the workers all returned

Sowetan 20/3/88

RDM 20/3/85 (189)

Aberdare, Scottish, Asea and Altron

# Cable trio ready to merge forces

**By BRENDAN RYAN**

THREE cable producers are set to merge into a combined operation with an annual turnover of about R230m.

They are Aberdare Cables which, with an annual turnover of about R130m, is South Africa's largest cable producer, Scottish Cables and Asea Electric.

The development follows hard on the heels of the deal announced last October when Power Technologies (Powertech) took over Scottish Cables It was the start of the current rationalisation of the heavily overtraded cable market.

As part of that deal, Asea's cable division was sold to Scottish Cables with effect from March 1

A joint announcement by the three companies yesterday said discussions were taking place which may lead to a merger of their respective cable interests

"Further announcements will be made at the appropriate time and shareholders are cautioned in the dealing of their shares until such further announcements are made"

Asea is a subsidiary of Powertech which, in turn, is controlled by Altron

Mr Ken Maud, a director of Powertech and the executive director of Altron, told a Press conference in Sandton yesterday he had hoped to be able to release full details of the merger.

But some details had still to be confirmed by the JSE, which had asked that the companies issue only a cautionary announcement to shareholders at this stage

He said he hoped to be able to release full details today

At yesterday's meeting was Mr Joop van Tilburg, the managing director of the international Philips electronics group Aberdare is a 67%-held subsidiary of Philips Lighting Corporation SA.

Mr Maud said the agreement to merge had evolved out of ongoing discussions between the various parties over the last few months over the overcapacity of the South African cable market

Aberdare's managing director, Mr Bev Pyke, put the overcapacity at between 300% to 400% for some types of cables

The three companies between them control five cable manufacturing plants based on the Reef, Maritzburg and Port Elizabeth. They offer considerable scope for the rationalisation of operations.

Mr Maud said there were a number of conditions to be met before the merger could be finalised One of them concerned the attitude of the Competition Board to the proposed deal

He said initial discussions had already been held with the board and he did not believe the merger would cause it any problems

Mr Van Tilburg said the merger did not represent a disinvestment by Philips

"We have been in business in South Africa for 55 years and have no intention of disinvesting from our activities here," he said

In addition to overcapacity, the industry has been hit by cheap cable imports, the high local cost of primary components such as PVC, steel and aluminium, compared with price levels outside South Africa, and the loss of markets caused by the downturn and the cutbacks in Escom's capital expansion projects

"A problem is that local primary industries have grown up under considerable economic protection and, as a result, their prices are way above prices ruling on world markets This affects the price structures of the secondary industries which have to buy local primary products," Mr Pyke said

The merged cable operation will be in a better position to do something about that than the three separate companies

Given the size of the cable market it controls, the merged operation should be in a far stronger negotiating position against its local suppliers of primary products

The merged operation will also be in a much stronger financial position, which should help with the establishment of an optical fibre factory.

Speculation over the possibility of Altech and Aberdare setting up such a factory has been rife for more than year.

Aberdare, through its parent, Philips, has access to advanced fibre optics technology

Mercury 30/8/85

# Workers to end strike

189

**Labour Reporter**

THE 600 striking workers at the AECI's plastics factory in Newcastle decided to end their week-long strike and return to work on Monday, a spokesman for the company announced yesterday

He said there had been no change in the company's original offer which the workers have finally accepted

3/4/85

189

The Natal Mercury, Wed

# Disinvestment will hit 750 000 Africans in engineering trade

JOHANNESBURG— The livelihood of some 750 000 black South Africans employed in the engineering industry would be directly affected if the disinvestment policy succeeds, the Federation of Societies of Professional Engineers (FSPE) said yesterday.

In a statement, the chairman, Mr Colin Spence, said that because such a large proportion of all employees in the engineering industry are black, if the industry diminishes as a result of disinvestment, some 10 million black South Africans could be seriously and directly affected

He said about 340 US companies were directly represented in South Africa in the engineering field and 80 percent of their employees are black The companies generally set a good example of equal job opportunities, non-discriminatory wages and fair employment

## Code

The principles of the Sullivan Code have been implmented in virtually all companies in the engineering industry, Mr Spence said

He said all but four nations on the African continent maintain economic relations with South Africa and disinvestment in this country would also have a ripple effect throughout the whole continent, further enhancing poverty and hunger in a region already seriously threatened

'On the contrary, continued and increased foreign investment is required in South Africa to uplift the quality of life of our black population in the shortest possible time, and to strive towards complete parity in the physical, social and political lives of all our people,' Mr Spence said

The FSPE felt that disinvestment would be bound to fail in the long term Mr Spence said the profession doubted the bona fides of many of the protagonists of disinvestment. — (Sapa)

# 370 000 metal workers move into pay dispute

By PHILLIP VAN NIEKERK

PAY talks on the country's largest bargaining forum, the steel and engineering industrial council, headed straight into dispute yesterday when employers proposed an effective wage freeze for a year.

All 14 unions on the council, ranging from all-white artisan unions to emerging, predominantly-black unions, have declared a dispute with the Steel and Engineering Industries Federation (Seifsa)

The wages and working conditions of some 370 000 metalworkers are determined by negotiations on the council

Two blocs of unions on the council — the Confederation of Metal and Building Unions (CMBU), representing skilled and semi-skilled workers, and the local co-ordinating council of the International Metalworkers' Federation (IMF) — tabled seperate sets of demands yesterday

Seifsa responded by proposing that the current industrial council agreement including minimum wage rates be extended for a year, with the only exception being a willingness to negotiate an improved holiday bonus.

A spokesman for the CMBU said the parties were unable to reach agreement and a dispute was declared by all 14 unions which are party to the council.

These include the all-white Amalgamated Engineering Union, nine affiliates of the CMBU, Fosatu's Metal and Allied Workers' Union (Mawu) and Cusa's Steel and Engineering Workers' Union of SA (Seawusa)

An official of one of the unions said they were "shocked" to hear the employer proposal, and responded by saying "no thank you".

Mr Sam van Coller, the executive director of Seifsa, said the employers were concerned that a dispute had been declared and said they would be drafting a statement today

The agreement is determined by the industrial council, so the unions do not apply for an official conciliation board in the event of a dispute as the council itself operates as a conciliation board.

An executive meeting of the council is to be held on April 10

Star 3/4/85 189

# Metal unions declare a dispute

The first round of Industrial Council negotiations for the metal industry ended in deadlock yesterday with the unions declaring a dispute with the Steel and Engineering Industries' Federation (Seifsa).

A union source said a dispute was declared after Seifsa rejected all union proposals including a wage increment to meet the rising cost of living and the reduction of working hours to save jobs

Seifsa had instead proposed the present wage agreement be extended for another year as employers could not afford another now. It also called for the establishment of a committee to negotiate the job security clause in the agreement.

Another union source said failure to reach agreement between employers and trade unions might lead to a strike after June when the agreement expires.

A Metal and Allied Workers' Union spokesman said the union's chief shop stewards met yesterday to discuss the dispute and they would report back to members

The dispute has been referred to the Industrial Council's executive meeting next Wednesday

Seifsa was expected to make a statement on the matter later today

SOME OF the workers who went on strike at VTC over the dismissal of a colleague last week

Sowetan 3/4/85 (189)

# Siemens workers down tools

**ALMOST the entire labour force at a German company operating in South Africa, Siemens Cable Company in Pretoria, yesterday downed tools after management had refused shop-stewards transport to go to the Industrial Council wage negotiations in Germiston.**

The workers, members of the Metal and Allied Workers Union (Mawu) have also claimed that a white supervisor referred to them as "bloody kaffirs who steal property" after he had lost his keys on the plant

Siemens' senior personnel, including the company's director, Mr J Krotsie, were not available for comment They were said to have gone to the IC where they were having talks with union members

The unions are demanding the reduction of the working week by five hours to help ease unemployment, high wages and maternity leave in the metal and engineering industry

This is the second time this year that Siemens has been hit by a strike — during February some 1 500 workers downed tools protesting the dismissal of colleagues

Meanwhile more than 100 Vaal Transport Corporation (VTC) workers near Vereeniging have returned to work after going on strike over the dismissal of a co-worker The workers downed tools last Friday.

Mercury 3/4/85 189

# Proposal for wage freeze ends in dispute

Mercury Correspondent

JOHANNESBURG—Pay talks on the country's largest bargaining forum, the Steel and Engineering Industrial Council, headed straight into dispute yesterday when employers proposed an effective wage freeze for one year

All 14 unions on the council, ranging from all-white artisan unions to emerging, predominantly-black unions, have declared a dispute with the Steel and Engineering Industries Federation (Seifsa).

The wages and working conditions of some 370 000 metalworkers are determined by negotiations on the council

Two blocs of unions on the council — the Confederation of Metal and Building Unions (CMBU), representing skilled and semi-skilled workers, and the local co-ordinating council of the International Metalworkers Federation (IMF) — tabled separate sets of demands yesterday

Seifsa responded by proposing that the current industrial council agreement, including minimum wage rates, be extended for a year, with the only exception being a willingness to negotiate an improved holiday bonus

A spokesman for the CMBU said the parties were unable to reach agreement and a dispute was declared by all 14 unions which are party to the council

These include the all-white Amalgamated Engineering Union, nine affiliates of the CMBU, Fosatu's Metal and Allied Workers' Union (Mawu) and Cusa's Steel and Engineering Workers' Union of S A (Seawusa)

An official of one of the unions said they were 'shocked' to hear the employer proposal, and responded by saying 'No thank you'

Mr Sam van Coller, executive director of Seifsa, said the employers were concerned that a dispute had been declared and said they would be drafting a statement today.

The agreement is determined by the industrial council, so the unions do not apply for an official conciliation board in the event of a dispute as the council itself operates as a conciliation board

An executive meeting of the council, to decide on the procedure for handling the dispute, will be held on April 10

# 750 000 ENGINEERING JOBS AT RISK

189 RDM 4/7/85

THE livelihoods of about 750 000 blacks in the engineering industry will be directly affected if the overseas disinvestment lobby succeeds, according to the Federation of Societies of Professional Engineers (FSPE)

The chairman, Mr Colin Spence, said in Johannesburg yesterday, that most employees in the engineering industry were black

If the industry was hit by disinvesment pressures, some 10-million blacks could be seriously affected

About 340 US companies were directly represented in South Africa in the engineering field and 80% of their employees were black.

The companies generally, Mr Spence said, had set a good example of equal job opportunities, non-discriminatory wages and fair employment

The principles of the Sullivan Code had been implemented in virtually all companies in the engineering industry

All but four countries in Africa maintained economic relations with South Africa and disinvestment would have a ripple effect throughout the continent, further increasing poverty and hunger in a region already seriously threatened

Mr Spence said continued and increased foreign investment was required in South Africa to uplift the quality of life of the black population in the shortest possible time, and to strive towards complete parity in the physical, social and political lives of all South Africa's people.

# Disinvestment would hit 750 000 blacks in engineering

ARGUS 3/4/85 (189)

JOHANNESBURG — The livelihood of about 750 000 black South Africans employed in the engineering industry would be directly affected if the disinvestment policy succeeds, the Federation of Societies of Professional Engineers (FSPE) said

In a statement, the chairman, Mr Colin Spence, said because such a large proportion of all employees in the engineering industry were black, if the industry diminished as a result of disinvestment, it was considered that about 10-million black South Africans could be seriously and directly affected

He said about 340 US companies were directly represented in South Africa in the engineering field and 80 percent of their employees were black The companies generally set a good example of equal job opportunities, non-discriminatory wages and fair employment

The principles of the Sullivan Code had been implmented in virtually all companies in the engineering industry, Mr Spence said

He said all but four nations on the African continent maintain economic relations with South Africa and disinvestment would also have a ripple effect throughout the whole continent, further enhancing poverty and hunger in a region already seriously threatened.

"On the contrary, continued and increased foreign investment is required in South Africa in order to uplift the quality of life of our black population in the shortest possible time and to strive towards complete parity in the physical, social and political lives of all our people," Mr Spence said

The FSPE felt disinvestment would be bound to fail in the long term because, although it would cause serious temporary harship, it would eventually generate permanent self-reliance This had been shown to occur whenever economic sanctions had been tried previously

Mr Spence said the profession doubted the bona fides of many of the protagonists of disinvestment and doubted their understanding of the implications of their policies

It was also significant that most people in South Africa opposed disinvestment, including most black political, community and trade union leaders

The FSPE represents 12 institutions of the engineering industry and more than 181000 engineers of all kinds — Sapa

METAL-SECTOR TALKS (189)

# Dividing the cake

Financial Mail April 5 1985

FM 5/4/85

The annual wage talks at the National Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry, which started this week, will be the most difficult in years Their outcome will affect the wages and working conditions of more than 350 000 employees

In a novel move, four unions, representing about 120 000 workers, are negotiating under the banner of the International Metalworkers' Federation (IMF) They are the SA Boilermakers' Society, the Engineering Industrial Workers' Union (EIWU), the Metal and Allied Workers' Union (Mawu), and the Steel, Engineering and Allied Workers' Union (Seawu)

The IMF represents 14m workers worldwide and has 11 SA affiliates, of which four are members of the metal industrial council Under the auspices of its SA Co-ordinating Council (SACC), the IMF has had a full-time office in SA since last year

According to SACC secretary Brian Fredericks, the grouping's key proposals are

☐ A R3,50/hour minimum wage and 50c/hour across-the-board increases The present minimum is R1,78,

☐ That overtime should be curbed The unions believe it is wrong for overtime to be worked when people are being retrenched,

☐ That companies be obliged to negotiate retrenchments with representative unions, and that retrenchment conditions should include a minimum severance payment of four weeks' wages per year of service,

☐ That the working week should be reduced by five hours to 40 hours without loss of earnings, and

☐ That Labour Day (May 1) should be declared a public holiday

Although the proposed minimum wage is almost double the current one, Fredericks argues that it is not excessive "Many employers are already paying a minimum of close to R3/hour," he says

The motive behind the demand for a shorter working week is the belief that it will ease unemployment Fredericks points out that in the international context a 40-hour week is not unreasonable

Steel Engineering Industries Federation of SA (Seifsa) director Sam van Coller declined to comment to the *FM* on the union proposals, saying it was Seifsa policy not to talk to the press during negotiations But, given the state of the economy, and the metal industry in particular, it is unlikely that employers will find the unions' proposals acceptable The stage seems set for a lengthy and heated negotiating season

Fredericks is prepared to make some conciliatory noises He says "Our proposals are negotiable Much depends on employer attitudes We hope that both sides will look at the other's situation and come to a compromise"

The other major union grouping involved in the talks is the Confederation of Metal and Building Unions (CMBU), which represents mainly skilled and semi-skilled workers in the metal industry Major CMBU proposals are

☐ A reduction to a 42-hour week,

☐ A 20% increase in minimum wage rates in all job categories, provided that the minimum for any category should be R2,50/hour In addition, employees earning more than the minimum rates should receive increases amounting to 20% of the current minimum for their job category,

☐ Substantial increases in overtime rates and subsistence allowances and the creation of 10%-15% allowances for shift work, and

☐ Increased consultation over retrenchments In addition, employers should be obliged to give at least 30 days' notice of retrenchments and to supply detailed information relating to them

The SA Iron, Steel and Allied Industries' Union, an affiliate of the all-white rightwing SA Confederation of Labour, submitted identical proposals As this would indicate, the conflict in the negotiations may not be only between unions and employers Until now the union side on the industrial council has been dominated by the CMBU Emerging unions like the Federation of SA Trade Unions Mawu and the Council of Unions of SA's Seawu joined the council relatively recently and represent largely unskilled workers

The time has come, says Fredericks, for a change in the balance of power on the union side Although the IMF unions represent only about a third of the workforce they are more powerful numerically than the other industrial council members he argues, and therefore deserve a greater say in the council s affairs

A CMBU source says that when one includes the Iron, Steel and Allied Industries' Union, that grouping has greater representation Each union on the council is allocated one seat

The situation is complicated by the fact that two of the CMBU unions — the Boilermakers and the EIWU — are also part of the IMF bloc, and any battle for influence may well depend on where they stand Boilermakers' general secretary Ike van der Watt says his union will attend both the IMF and CMBU caucuses He says his union had hoped for indentical proposals from both sides

CMBU general secretary Ben Nicholson tells the *FM* "We want to do all we can to avoid friction between unions But some CMBU sources are unhappy about the situation, saying that the IMF bloc just wanted to go "one better" in its proposals

They describe the IMF proposals as "unreasonable," and fear employers will use the differences to delay the talks They acknowledge that much depends upon where the Boilermakers decide to throw their weight

The IMF unions are proposing a higher minimum wage and an across-the-board increase, rather than the percentage increase proposed by the CMBU The effect of each of the IMF proposals is to allocate a larger proportion of the total package to lower-paid workers There is obviously a limited amount of money available for wage increases so it can be assumed that much of the negotiations will be devoted to deciding how the cake should be divided ■

(58) FM 5/4/85

Lord Cromer of Britain, Fritz Leutwiler of Switzerland and Paul Volcker of the US Fed are in the chair, there is bound to be a high degree of independent thought and action in their conduct of monetary policy The West German Bundesbank has in modern times been a law unto itself and this has been to the enormous benefit of that country's economy where fear of inflation is uppermost

Even if a central bank Governor be monetarist and the Treasury Keynesian, or the other way around, the argument for a large measure of independence remains Lord Keynes never argued for the erosion of central bank independence, nor did the Radcliffe Commission Even neo-Keynesians accept today that before demand management policies can be implemented, the growth of the money supply has to be within reasonable proportions

The present Governor of the Reserve Bank, Gerhard de Kock, must know well to what extent pressures can be brought on the incumbent of the position he holds He has been on both sides Perhaps, therefore, when his commission considers this matter, he should recuse himself and offer to give evidence When it is finally released, the public record of what he says might make interesting reading ■

HAGGIE

# Wired for profits

(189)

**Haggie is a tightly-held share with a record of consistent and secure returns. Its strengths are largely derived from dominance of a few major activities, and a clear managerial vision of directions. All signs are that the record should remain intact.**

**Few industries** have been hammered as hard as engineering of late This is shown in the sector's performance on the JSE, where all but a very few shares have fallen heavily in the past 12 months There are, however, some rare bright sparks shares such as NEI, Generec, E L Bateman and Haggie have actually moved higher, reflecting profits little dented by recession

To be sure, each of these more successful companies (to varying degrees) operate in different fields and sell different products and services But they *do* have things in common What stands out most is conservative managements — which keep the companies focused sharply on specialist activities There can be few shares that show the benefits of this as well as Haggie

In the year to end-December, Haggie lifted its dividend 5% to 73,5c (70c), unlike most other listed companies This it did on a 12% increase growth in earnings, which were 159,6c (142,5c) Not only did shareholders enjoy satisfactory income growth, but cover and cash resources improved comfortably too

On present indications, the group has come through the recession with its profits dropping only in 1983 In that year, after-tax profits of R33,9m were 98% of the previous year's — and 10% below, after adjustment for attributable earnings of Macdem, minorities and preference dividends In other years, earnings and dividends kept rising

"The 1984 figures were 5% above budget," says MD Richard Savage "They were a pleasant surprise, considering that the budget didn't take into account last year's 10% increase in the corporate tax rate, and assumed a higher gold price and better economic conditions than we had"

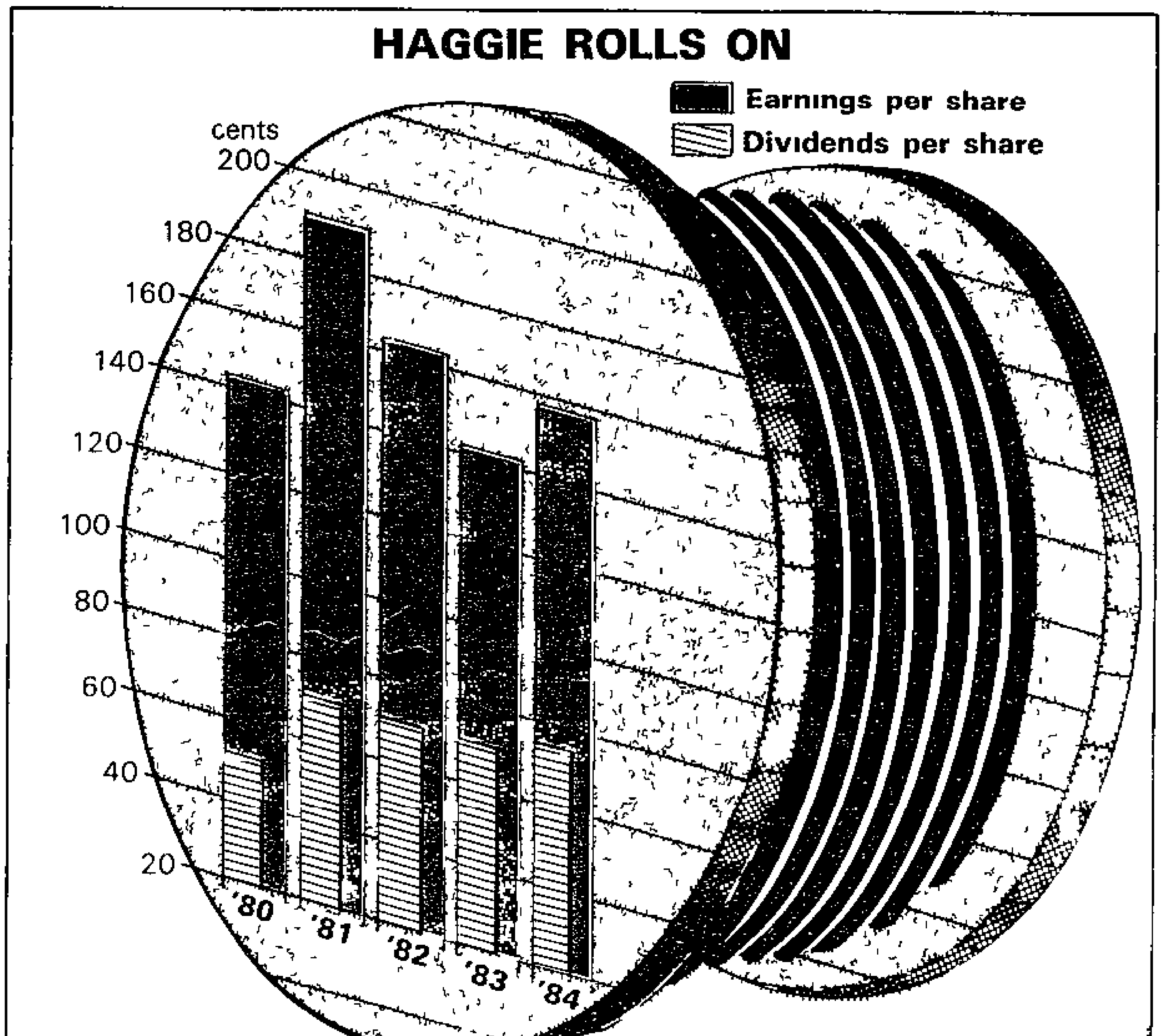
Indeed, if Savage's present expectations are justified, Haggie is firmly back in line for steadily rising profits "I have no doubt at all," he affirms "There is every sign that 1985 will be a better year for Haggie than last year"

Coming from Savage (42), that is encouraging He has come to be known as a man who often talks bearishly, although he has a habit of producing the goods Right now, his confidence is understandable Three key things that helped Haggie last year should remain in place, and may help even more These are the low gearing, the strong presence in profitable export markets, and, in the local market, a robust demand for steel wire and wire rope from the mining industry

Critically important in these times is the ultra-conservative balance sheet Most companies controlled by Haggie have no borrowings at all — they almost never have — and net interest payable last year was a relatively low R585 000 (R523 000)

After the consolidation last year of Macdem — in which Haggie now has 50% plus one share — interest-bearing debt rose sharply, with bank overdrafts at R18,5m (R545 000) and long-term loans at R8,5m (R7,8m) However, the additional debt is all in Macdem subsidiary, Copper Alloys Investments (CAI), where Haggie's effective stake is only 30% In fact, Haggie's debt equity ratio stands at a slim 0,17 (0,21), and Savage expects gearing to fall further this year

Of course, low borrowings may prevent the interest bill from bleeding away earnings, but that doesn't generate profits Steel wire and related products remain the backbone of the earnings base, currently contributing about 75% of group pre-tax profits This division includes the 100%-held Haggie Rand and 50%-held Consolidated Wire Industries (CWI) Of the rest, engineering and distribution (includ-



Zealand soldiers killed in the Second World War. Mrs Thatcher was in Singapore on

189 RDM 10/4/85

# Major meeting on pay freeze

By PHILLIP VAN NIEKERK

THE crucial steel and engineering industrial council dispute over an employer proposal to freeze the wages of more than 350 000 workers for a year enters a new phase today

The council's executive committee meets this morning to decide whether to continue talking or to proclaim a deadlock between the Steel and Engineering Industries Federation (Seifsa) and the 14 unions in dispute with it

Council sources said it was likely that the parties would continue negotiations in the short term, but in the long term there was little hope of a settlement.

A Seifsa statement last week said the decision to suspend the agreement — to expire in June — for a year, was due to the "prevailing severe recessionary conditions and rapidly escalating costs

"The key objective should be to retain employees in employment insofar as this is practicable The number of employees in the metal industries has declined by more than 80 000 over the past three years."

However, the Metal and Allied Workers' Union (Mawu) said in a statement after a meeting of union leaders that members would not accept the wage freeze, and indicated they would approach companies who could afford increases individually

Mawu blamed the "crisis in South Africa" on a system which caused the majority of the population to be unemployed or under-employed, and left them to be supported by workers

"But management refuses to pay a living wage to these workers, who are now supporting not only their own families but the families of the unemployed Inflation has further ravaged worker's standards of living"

# Steelmen return to wage talks

Star 10/4/85

Another round of tough bargaining is expected today when Industrial Council wage talks resume for more than 300 000 workers in the steel and metal industry.

The talks broke down last week when the Steel and Engineering Industries' Federation of South Africa (Seifsa) — representing 45 employer associations — rejected union demands

Two union groupings submitted separate but related pay proposals. The groups are the South African Council of the International Metalworkers' Federation (IMF) and the Confederation of Metal and Building Unions (CMBU)

The IMF key demands were pay rises for members and the adoption of measures by employers to minimise further loss of jobs The industry has lost 80 000 jobs in the past three years.

Employers said their objective was to save as many jobs as possible In line with this they suggested freezing wages for another year.

# Union welcomes official's release

189

RDM 10/4/85

By STEVEN FRIEDMAN
Labour Correspondent

THE Metal and Allied Workers Union (Mawu) has welcomed the provisional withdrawal of subversion charges against its Transvaal branch secretary, Mr Moses Mayekiso, but has demanded that the charges be withdrawn unconditionally

Mawu also accused "prominent employers" of "collaborating" with the State in probing charges against Mr Mayekiso This, it added, "only confirms in workers' minds the identification between employers and the State"

It also thanked foreign unions, particularly in the United States, for supporting demands for the release of unionists and added that arrests of unionists undermined Government claims that unions were allowed to operate freely.

Mr Mayekiso was one of five people charged with subversion for their role in planning the stay-away by about 800 000 workers in the Transvaal last November He was the Federation of SA Trade Unions' (Fosatu) representative on the committee which organised the stay-away

Last week, the State "provisionally" withdrew charges against him after the other four accused failed to appear in court for the second time

Unionists greeted this decision with a "celebration march" through Johannesburg

In a statement yesterday, Mawu condemned the fact that the charges were only withdrawn provisionally It said Mr Mayekiso had acted "at all times" as a Mawu and Fosatu representative

WAGE TALKS (189) ~~(153)~~ ~~(150)~~

# Impasse in metals (18)

(150) (154) (135)

**The Executive Committee of the Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry** was to meet this week to decide on action to take as a result of the dispute in the first round of the 1985 wage talks. The council's decisions affect the interests of more than 350 000 employees working for about 10 000 employers.

Metal industry employers, represented by the Steel, Engineering Industries Federation of SA (Seifsa), shocked unionists last week by proposing that almost all wages and working conditions be frozen until June next year. The unions, which are in two main camps — the Confederation of Metal and Building Unions (CMBU) and the SA Co-ordinating Council of the International Metalworkers' Federation — had tabled demands for a shorter working week, wage increases ranging from 20% to 102% and other improvements.

The only concessions employers offered were to improve holiday bonuses for employees with more than four years' service and to renegotiate the "security of employment" clause in the main industrial council agreement. This could lead to greater consultation between employers and unions on retrenchments.

**Five options**

Five options are open to the council's executive. It can recommend that:

☐ Negotiations should recommence;
☐ A subcommittee be appointed to consider the matter further;
☐ The dispute be referred to mediation;
☐ The parties go to arbitration; or
☐ The Minister of Manpower be informed of the dispute which would then be dealt with by the official dispute-settling procedures of the Labour Relations Act.

The key objective of the employer offer, says a statement by Seifsa, is "to retain employees in employment insofar as this is practicable." The federation points out that the metal industry workforce has shrunk by 80 000 in the last three years.

The unions are not impressed. The general secretary of the International Metalworkers' Federation's SA Co-ordinating Committee, Brian Fredericks, says the employers' proposal is unacceptable given the soaring rate of inflation.

He accuses employers of failing to take cognisance of the fact that many workers now have to support family members who are out of work. He says management has also failed to offer proof that it cannot afford to pay increased wages.

The CMBU's general secretary, Ben Nicholson, interprets the situation differently. He says: "Employers are using the severe economic conditions to open negotiations with an extreme stance. But we don't believe this is the end of the road; it is only the beginning."

At this stage the possibility of the metal unions taking industry-wide strike action is remote. But if industrial council wage rates remain static or are increased only marginally — as seems likely — individual employers will be placed under unprecedented pressure to conclude factory-level agreements and break ranks with Seifsa which has long held that wages should only be negotiated at industrial council level. ■

FM 12/4/85

RDM 12/4/85 (08899) 189

# Steel dispute is set for new negotiation

By PHILLIP VAN NIEKERK

EMPLOYERS and unions on the steel and engineering industrial council, who are in dispute over an employer proposal to freeze wages for a year, are to meet at the end of this month in an attempt to resolve the dispute.

The 14 unions represent more than 350 000 workers whose minimum wages and working conditions are determined by the industrial council.

A statement by Mr Ginger de Jager, general secretary of the industrial council, said that agreement to meet again was reached at a meeting of the executive committee of the council.

He said employer bodies within the Steel and Engineering Industries Federation of South Africa (Seifsa) would meet on April 29 to co-ordinate their views, after which they will give an indication to the unions what stance they intend to adopt.

The negotiations will resume on April 30.

The parties went into dispute when the employers proposed to extend the existing agreement, which expires in June, for a year, an effective wage freeze.

Sowetan 10/4/85

# Black and white workers unite in wage talks

**COLOUR will take the back seat when black and white trade unions representing over 320 000 metal workers present a united front in demanding pay rises and better working conditions at the industrial council meeting which resumes in Johannesburg today.**

The united front, the International Metal Workers Federation (IMF), which represents black and white trade unions had presented a proposal for wage increases which deadlocked last week.

The IMF has declared a dispute with 45 employers who belong to the Steel Engineering Industries Federation of SA (Seifsa). The dispute means that over 320 000 workers will be affected when it is not resolved.

The wage talks between employers and unions takes place amid a strike by over 400 workers at Siemens Cable Company, Pretoria — which is part of the Industrial Council — over wages and the company's refusal to allow Mawu members to travel to the hearing in Johannesburg.

A company spokesman said that the workers have been dismissed "We cannot allow workers to stop work at any time, just because we are a multinational company," Siemens' director, Mr J Krostkie, said yesterday.

The employers have called for a wage freeze in an attempt to preserve jobs They argue that in the past three years more than 80 000 workers have been laid off in this sector If they are forced to meet the unions' demands they will be forced to retrench more workers.

The steel and engineering sector is one of the hardest hit by the present economic recession.

The unions are demanding a minimum wage of R3,50 an hour which would mean doubling the remuneration received by less skilled workers Artisans want their minimum to be raised by 36 percent to R6,53 an hour.

Other demands include request that employers increase workers' contribution to the pension fund to 12 percent and that this money be invested in family housing

Because of retrenchments, the unions have demanded that the severance benefits be increased to one month's pay for every year of service.

Also party to the negotiations, but acting independently of the other bodies, is the right-wing Confederation of Metal and Building Unions (CMBU) made up of about 10 unions It is demanding increases of between 10 and 45 percent.

Sowetan 12/6/85

# Seifsa 'aims to uplift blacks'

184

**THE Steel Engineering Industries Federation of SA (Seifsa) was commited to raising the standard of living of lower paid employees in the metal and engineering industry, especially blacks.**

In his presidential address, Seifa's Mr J W Nelson says that he believed that this could be achieved over a "reasonable period of time within the parameters of prevailing economic circumstances and through increased effectiveness in industry."

He said the years 1975 and 1983 — a period encompassing two economic downturns and one upturn — the starting wage for an unskilled employee in the industry increased by 29 percent after allowing for inflation.

## Dispute

Seifsa, an employer organisation, has released its 1984 annual report at a time when several emerging unions have declared a dispute over wages, at the industrial council.

In the report, Mr Nelson says that employers face a "serious dilemma" in that wage increases would lead to further reduction in employment levels at a time when unemployment was already high

# Metal workers demand cuts in bosses' perks

Star 15/4/85

189 By Mike Siluma

In an ironic twist to the current Industrial Council wage negotiations for the metal industry, workers have asked employers to severely cut down on management perks

The Metal and Allied Workers' Union (Mawu), representing more than 35 000 workers, says in a statement that it has demanded a cut in perks to test employer sincerity in reducing costs Employers have said they could not afford wage increments for workers because of the weak economy, precipitated mainly by escalating production costs

Among union demands taken to the negotiating table were a minimum hourly rate of R3,50 rising to R6,50 for artisans Workers also demanded an across-the-board pay rise of 50c an hour

## TALKS TO RESUME

Mawu and other unions declared a dispute when employers, negotiating under the Steel and Engineering Industries Federation of South Africa (Seifsa), rejected these demands

The talks are to resume on April 30

According to the Mawu statement, the union demanded that

- All management perks be ended immediately
- All company cars be paid for
- There be no free petrol for company cars
- No "large, cheap housing loans" be given to management and directors
- Directors' emoluments be cut "so that their standard of living approaches closer to that of the rest of the population"

Mawu also called for cuts in expenditure on the South African Defence Force and South African Police and for the money to be spent on creating jobs

A Seifsa spokesman would not comment on the Mawu statement

# Cut management perks, Mawu says in pay talks

ARGUS 17/4/85 189

**Argus Correspondent**

JOHANNESBURG — In an ironic twist to the Industrial Council wage negotiations for the metal industry, workers demanding fatter pay packets have asked employers to cut down severely on management perks

The Metal and Allied Workers' Union (Mawu), representing more than 35 000 workers, says in a statement that it has demanded perks cuts to test employer sincerity in cutting costs

Employers have said they could not afford wage increments for workers because of the weak economy and escalating production costs

Among union demands taken to the negotiating table was a minimum hourly rate of R3,50 rising to R6,50 for artisans Workers also demanded an across-the-board pay rise of 50c an hour

The unions declared a dispute when employers, negotiating under the Steel and Engineering Industries Federation of South Africa (Seifsa), rejected these demands

The talks are to resume on April 30

According to the Mawu statement, the union demanded that.

- All management perks be ended immediately,
- All company cars be paid for;
- There be no free petrol for company cars,
- No "large, cheap housing loans" be given to management and directors, and that

Directors' emoluments be cut "so that their standard of living approaches closer to that of the rest of the population".

Mawu also called for cuts in expenditure on the South African Defence Force and South African Police and for the money be spent on creating jobs

A Seifsa spokesman would not comment on the Mawu statement

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# Engineering workers put on short time

By ANDRE JORDAAN
Business Editor

EAST LONDON — The countrywide recession in the engineering industry has made itself felt in East London with Dorbyl Engineering putting 94 workers on a four-day week from next week.

The area manager for Dorbyl East Cape, Mr Norman Baxter, said yesterday the short-time, which follows the retrenchment of about 30 workers in February, was the result of an acute shortage of structural work.

He said the situation had been exacerbated by a structural worldwide slump in the shipping industry and the fact that East London harbour had been without a dry-dock gate for more than a year. The gate was wrecked on the Cape coast while under tow from Cape Town where its wooden seal had been repaired.

Mr Baxter said it was a "paradox" that, while there had been considerable development in Ciskei, there had been such a lack of work elsewhere in the country.

Tuesday, April 23, 1985

RDM

# Union hits at 'loophole'

By STEVEN FRIEDMAN
Labour Correspondent

A CLASH is looming between the Metal and Allied Workers Union and employers at Ezakheni, one of the country's fastest-growing "decentralisation areas".

MAWU is recruiting workers at Ezakheni, near Ladysmith, but, like other areas in or near black "homelands" it is not covered by the Labour Relations Act and unions have no official bargaining rights there.

One firm, Mitco Tools, has refused to recognise MAWU and a Mitco spokesman said yesterday that other employers had also decided not to recognise unions.

This comes less than a fortnight after Bophutatswana police entered a MAWU gathering in Garankuwa, outside Pretoria, and ordered workers to stop the meeting. "South African" unions are banned in Bophutatswana.

Unionists fear companies are increasingly moving to "decentralisation areas" in or near homelands where unions have no official rights and wages are far lower than in the cities. MAWU recently accused companies of moving to these areas "to escape worker organisation".

Ezakheni is not yet part of KwaZulu, but because it is sited on land owned by the Government's SA Bantu Trust, it is not covered by labour law. MAWU says employers have set wages there at R23 a week.

It says it recently approached Mitco for recognition, but that the company said it would not deal with it anyway "because its workers are happy and the liaison committee works well".

A MAWU statement said this was "the sort of nonsense which was propagated by employers in 1975", and a union spokesman said he feared Mitco's attitude would be followed by other employers.

**Mr Trevor Meredith has been appointed a regional manager for Consol in the Eastern Cape. His key responsibility will be to co-ordinate the commissioning and running of the new plant at Dimbaza.**

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# Consol's Ciskei plastics venture

D. Dispatch 24/4/85

EAST LONDON — Consol's R3,5 million plastic packaging plant at Dimbaza in Ciskei is scheduled to start production in June, according to a press release from the company

The plant, which will create 400 new jobs in its first year of operation, will have blow-moulding, injection moulding and PET manufacturing facilities. It is aimed at satisfying the needs of customers in the Eastern Cape in the pharmaceutical, beverage, fabric softener and detergent markets.

The company will also make use of rail concessions to serve the Southern OFS, SWA and certain other areas in the Cape from its Dimbaza factory.

Consol says the Ciskei development, the first of its kind in the region, is part of a R9 million expansion programme which also involves the expenditure of R5,5 million on imporovements to its existing wadeville plant

Relatively labour intensive machines in use at the Wadeville plant will be moved to Dimbaza while sophisticated automated equipment will be installed at Wadeville

Consol's managing director, Mr Dave Spindler, said the developments were in keeping wiih the company's objectives of geographic and product diversification while at the same time keeping up with the latest technology in plastic packaging — DDR

# Copper price moves tied to currency variations

NM 26/4/85 (189)

Mercury Correspondent

**JOHANNESBURG— Recent moves in the copper price on the London Metal Exchange (LME) have been closely linked to currency fluctuations according to Mr G A Macmillan, the chairman of Palabora Copper.**

Addressing the annual meeting here he said that since the end of 1984 the market had been extremely volatile, with the cash copper price reaching a high of £1 303/ton on February 19 after having been R1 134 on January 3

'Market reaction has been predominantly linked to currency fluctuations and, although the LME warehouse stocks are currently at their lowest levels since September 1974, the gradual strengthening of sterling against the U S dollar in recent weeks has seen cash copper prices receding off their higher levels and falling to £1 150/ton

'Also, for the first time in 12 years, base metal prices are in a material backwardation situation

'These two factors of low LME and Comex inventories, where stocks are standing at 32pc and 55pc respectively of the levels pertaining a year ago, and the price backwardation presently being experienced should, in themselves, be bullish for the copper market yet are outweighed by currency-dominated influences,' Mr Macmillan said.

Turning to the shutdown of the two autogenous ore mills at the Palabora mine Mr Macmillan said it is anticipated both mills will be out of service for about 60 days

As a result the mine's milling rate will drop by about 30pc during this period

'To maintain smelting and refining rates during the repair period existing stocks of concentrates are being drawn down and ore mining activity is being concentrated in the higher grade areas of the pit.

## Repairs

'It is not expected that there will be any material reduction in the production of copper during 1985 provided the repairs are completed as planned

'Engineering studies have also been initiated to determine whether these repairs will provide a permanent solution to the problem or whether replacement shells will be required in the longer-term,' he said

The mills were taken out of service in March when routine inspections revealed cracks in the shells

Mr Macmillan told the meeting that Palabora would not, as it usually does, declare the first interim dividend at the annual meeting

He said this was the result of the dates of company board meetings being rescheduled The first interim dividend would only be considered at the next meeting of the board of directors which is scheduled for May 22

# Channel has loss of R36 593

JOHANNESBURG — Channel Mining Investment, which operates the Helam diamond mine in the Transvaal and was recently listed on the Development Capital Market section of the Johannesburg Stock Exchange, had an operating loss, after taxation, of R36 593 in the half-year to December 31 against R20 052 in the previous half year

Turnover was R399 204 compared with R260 658

The company said the projected turn around from loss to profit is well on its way and the financial results ultimately would give a good dividend yield — (Reuter)

Mr Glen Christie has been appointed Durban manager of Nedlloyd Agencies S A

# Kantor to talk in Durban

Finance Reporter

PROFESSOR Brian Kantor, of the University of Cape Town, will be the main speaker at a Disinvestment discussion, hosted by Aiesec, to be held in the Lecture Theatre, Denis Shepstone Building, University of Natal on April 30

His address will be on 'Economic Implications of Disinvestment and Isolation for South Africa'

The discussion will start at 7 p m

# Maize farmers owe R5-bn

W/t Argus 27/4/85

45 (18-1)

By TOM HOOD

FARM machinery manufacturers, including Atlantis Diesel Engines, could be hit by the Government's refusal to allow maize farmers increase their prices, says a Volkskas Bank agricultural economist, Dr André Louw

The farmers, after a series of bad harvests, are in debt to the banks and government to the tune of about R5 000-million, he calculated today

This burden is increasing all the time because of high interest rates

A price increase could have given them a chance to repay some of this debt and replace outworn machinery

"There is a lot of machinery that ought to be replaced but many farmers will be too hard pressed to finance their debts," said Dr Louw

Factories making agricultural machinery were already down to about half their normal sales

To some extent, however, the farmers were to blame for their problems and always expected the State or the banks to bale them out

# 15 workers fired in Pta

Sowetan
26/4/85

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ABOUT 15 workers at a tool manufacturing company in Pretoria yesterday claimed they had been fired by their boss because they spent too much time in the toilet.

They also complained that their boss always told them negative things about Bishop Desmond Tutu and Dr Allan Boesak. "He once told us that South African whites will shoot blacks from Cape Town to Cairo because we blacks are stupid," the employees said

# 50 held at City Hall demo

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## Union leaders arrested in police swoop

Star 30/4/85

By Michael Siluma

**About 50 members of the Metal and Allied Workers' Union (MAAWU) were arrested today outside the Johannesburg City Hall where Industrial Council negotiations for the metal industry were being resumed.**

The workers, including union leaders, were arrested after accompanying union negotiators to the talks which were being held with the Steel and Engineering Industries Federation of South Africa (Seifsa)

The chanting workers had marched peacefully from their union offices in Harrison Street carrying placards, some of which read "Stop retrenchments" and "MAAWU demands a living wage"

### Police confrontation

As they were leaving the City Hall through the President Street exit, they were confronted by police

It is believed that Mr Moses Mayekiso, a MAAWU regional organiser, was among those arrested but this could not be confirmed

No comment was available from the Seifsa representatives

Those arrested were driven to John Vorster Square in two large police vans

Some were forcibly loaded into the vans by large contingents of Riot Squad policemen carrying batons but, according to witnesses, no batons were used during the arrests

Multiracial crowds gathered on the pavement opposite the City Hall to watch the arrests

Roads were patrolled by traffic officials and policemen By 12 30 pm the situation had returned to normal and the convoy of police trucks drove away

A MAAWU demonstrator struggles with police as he is loaded into one of several vans used to remove those arrested.


Part of the crowd of Metal and Allied Workers' Union marchers on their way to the City Hall today. About 50 were arrested.

# Metal industry pay talks adjourned

Star 1/5/85 (189)

The Industrial Council wage talks for the metal industry, which began yesterday against the backdrop of the arrest of trade unionists have been adjourned until May 15 without agreement on union demands

Before the talks began, about 40 unionists, members of the Metal and Allied Workers' Union, were arrested after marching to the Johannesburg City Hall where the talks were held

Yesterday's adjournment is the second since the talks began between trade unions and the Steel, Engineering Industries Federation at the beginning of April

The negotiations resumed after unions had declared a dispute with the employers after they suggested a pay freeze for a year

According to a union source, the unions yesterday rejected an employer offer of an hourly pay rise of between 17c for artisans and 8c for unskilled workers

This was later raised to 20c and 10c respectively, but unionists still felt it would not meet the high cost of living

The source said that after the arrest of unionists a leading Seifsa official suggested the talks be halted while efforts were made to try to secure their release

But unionists decided the talks should continue so that they would be able to report back to their members

# The Day of the V

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Sowetan 3/5/85

By SEFAKO NYAKA

RIOT SQUAD. Police approach chanting workers after a May Day meeting at Khotso H...

**ON Wednesday thousands of workers from the country's major trade unions came together to celebrate May Day in what was a massive show of strength and solidarity**

May Day is celebrated differently in each country Workers organise around their own particular problems and struggles

Worker's Day as the day is sometimes called began over one hundred years ago with the struggle of workers for a shorter working day

At that time, industry in the world was growing at an alarmingly rapid rate Many new factories were built employing thousands of unskilled workers

These unskilled workers were employed under terrible conditions They often worked for 12 or even 16 hours a day And they worked for very low wages

## Organise

Workers began to organise against their dreadful conditions Unions began to wage a militant struggle against the bad working conditions

The workers then started campaigning for an eight-hour working day They said by forcing workers to work long hours, the bosses could employ fewer workers This, they argued, kept unemployment high and made it difficult for workers to organise

In some places the struggle for a shorter working day was successful

In South Africa May Day was celebrated for the first time in 1904 In these early days it was only White workers who were organised in trade unions

From 1919 meetings were held every year and soon workers won May Day as a recognised labour holiday

Later some industrial council agreements allowed the workers to take the day off

## Whites

By the 1920's, black workers were also starting to organise in trade unions

Some political parties joined the unions in organising both black and white workers in holding regular meetings on May Day

Meetings were organised on the Parade in Cape Town and in Marshall Square in Johannesburg

During the Second World War (1939-45) the number of black workers in the towns and factories grew The black trade union movement grew greatly in strength

Meetings were ... every year, but th... unions of the more ... servative White work... used to hold sepa... meetings where the... would pass resolutio... about international ... idarity, but refusing ... admit blacks to ... meetings

Sometimes the poli... would break up ... ings where black ... white workers wer... gathering, but left th... white workers' meet... alone

## Sactu

In 1948 the Nation... ist Party came to po... and tried to repre... black trade unions a... black political orga... tions Then May D... became a symbol ... struggle against apa... heid

In 1950, the Afri... National Congress ... the Communist Pa... organised a strike ... May Day to oppose ... government Ma... workers stayed aw... from work Factor... were quiet and ... streets were empty

In Johannesburg t...

# Day of the workers

dn 3/5/85 (1827)

Police approach chanting workers after a May Day meeting at Khotso House on Wednesday
Pic ROBERT MAGWAZA

unions

From 1919 meetings were held every year and soon workers won May Day as a recognised labour holiday

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Meetings were organised on the Parade in Cape Town and in Marshall Square in Johannesburg

During the Second World War (1939-45) the number of black workers in the towns and factories grew The black trade union movement grew greatly in strength

Meetings were held every year, but the unions of the more conservative White workers used to hold separate meetings where they would pass resolutions about international solidarity, but refusing to admit blacks to their meetings

Sometimes the police would break up meetings where black and white workers were gathering, but left the white workers' meetings alone

## Sactu

In 1948 the Nationalist Party came to power and tried to repress black trade unions and black political organisations Then May Day became a symbol of struggle against apartheid

In 1950, the African National Congress and the Communist Party organised a strike on May Day to oppose the government Many workers stayed away from work Factories were quiet and many streets were empty

In Johannesburg the police fired on the workers and 18 workers were killed

After this date there were no more large May Day rallies More and more the government cracked down on the trade unions and political organisations

In 1955 a new trade union federation, South African Council of Trade Unions, was established For a while Sactu continued to organise meetings on May Day But in 1964, Sactu was repressed, its leaders jailed, banned or exiled

By this time the white unions had become more conservative and most of them stopped holding May Day meetings

In the 1960s the right to celebrate May Day was removed from industrial council agreements.

For many years May Day was not celebrated by workers in South Africa

In the 70s black workers in South Africa began to build up their trade unions again

In 1982 and 1983 trade unions in several parts of the country began to hold meetings on May Day

In 1984, many independent unions held meetings and mass rallies on May Day

In Natal a May Day campaign was launched Thousands of workers belonging to Federation of South African Trade Unions handed out pamphlets explaining the origin of May Day

## Unity

In Cape Town unions involved in the unity talks organised a joint May Day meeting, which was attended by about 3 000 workers

Unions used May Day in 1984 to call on workers to boycott products of companies that had fired workers The meeting was also used as a protest against increases in food prices and GST

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In the same year the Chemical Workers Industrial Union won a major battle when Pilkington Glass in the Eastern Cape agreed to set aside May Day a paid public holiday

Yesterday many workers in different countries once again raised the demand for a shorter working day In the face of unemployment they were demanding a 35-hour working week

## Symbol

This is seen as a demand for more workers to work shorter hours to bring down unemployment and strengthen the workers position

To the thousands of workers May Day has become a symbol of the workers struggle for a new society, where workers will enjoy political power, and control over their own lives in the factories, and in their own communities



# Call for abolition of asbestos mines

Sowetan 4/5/85

By JOSHUA RABOROKO

**WORKERS all over the world have called for the abolition of asbestos mines because of the cancer threat.**

"Workers complain that they do not have to live in asbestos houses, send their children to abestos schools and live next to asbestos dumps."

This was said in a message from United States' environmentalist, Dr Barry Castleman, to the national anti-asbestos conference called by the Black Allied Mining and Construction Workers' Union (Bamwcu) in Soweto, at the weekend.

He said: "Enough blood has already been coughed up on the alter of greed, and in the name of profit. Unions have learnt the hard way that no employer is willing to pay what your health is worth.

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He also paid tribute to the Bamcwu for the strides they have taken in their struggle against asbestos mines, adding "we, who are part of the same struggle, applaud your courage and wish you good health."

He further said: "The world knows much about the economic and political exploitation of hard-working people in South Africa But it is not so well known outside your country that many workers must also lose their health to earn their pay.

"They labour in mines, pressing machinegun-like drills into the earth. They go deaf from the artillery sound in the harsh war of survival.

"Some will come home after a long spell at the mines unable to hear their wives and children's voices. Some workers have their lungs scarred with silicosis or asbestosis.

"They become increasingly short of breath They must watch their families become impoverished and think of themselves as a burden to their loved ones, because they will be unable to work

Miners, construction and foundry workers with silicosis are also prone to developing tubercolosis. This lung disease can be transmitted to others in the family, especially under conditions of poverty

"Workers handling asbestos in South Africa not only face exposure more but also work in industries that are banned in more civilised countries

"South African varieties of asbestos have been banned from Britain and the Netherlands The cancer threat of asbestos is so awful that construction workers all over the world have called for its abolition," Dr Castleman said

Bamcwu is gearing to campaign for the abolition of asbestos mines in South Africa because "our people are faced with the danger of loosing their lives," declared [illegible] president, Mr Letsatsi Mosala

"We have already sent our men overseas to study various strategies we can apply to bring pressure on local mine managements Asbestosis is a killer disease, so it is natural that we should act to protect our members.

During the conference, attended by several delegates, slides and video tapes depicting the various ways in which miners can contract the disease were shown

After the two-day meeting, Bamcwu's general secretary, Mr Pandolani Nefolovhodwe said the conference was "a success, especially because it was probably the first of its kind "

"What remains now is for all the participants to implement what they have learnt We are going to intensify the campaign in rural areas in the Northern Transvaal and in some parts of the Cape Province

"We also want chiefs in the homelands to take part in this venture Elected committees will be ex[illegible] [illegible] the intensification and report-back meetings will be held from time to time," Mr Nefolovhodwe said

Bamcwu will also welcome expert advice from other sources concerning the "killer disease". "We are also particularly disturbed by the fact that our members do not earn the same as their white counterparts," he said.

The campaign, if successful might have serious repercussions on workers, specially blacks who are already reeling under large scale unemployment worsened by recession and the high rate of inflation

One factor that must also be taken into consideration is that the closure of these mines might affect other industries which are related to asbestos Does it mean South Africa will afford to import asbestos? If so, this might mean that the country's workers will be hard-hit

Mine managements, on the other hand, will have to take precautionary steps to avoid what could lead to serious confrontation. Unions and mine managements will have to come together to avoid [illegible]

Cape Times 6/5/85 187

# ADE worker fired for wearing UDF badge

**Labour Reporter**

A WORKER at the State-owned Atlantic Diesel Engines factory in Atlantis was fired last week after refusing to remove a United Democratic Front badge from his clothes

After initial attempts to have him remove the badge, he was finally dismissed in terms of a regulation prohibiting the "promotion of any political cause or organization" introduced the day after he was first asked to remove the badge

Mr Isaac Phooko, 23, of 35 Magnet Road, Atlantis, who had worked at ADE since April 1983, said he had first been asked to remove the badge on Tuesday

Mr Phooko, who was an assembly operator, said he had refused as there were no company rules against it

He was eventually given a written warning for "abuse and misuse" of company property — his overall — and refusing to obey a legitimate instruction

On Wednesday, the company introduced its new rule and he was again asked by a company official to remove the badge

Despite further meetings with company officials, Mr Phooko decided he wanted to continue wearing the badge to work and was eventually fired on Friday morning

Mr Wally Rautenbach, ADE's chief executive of marketing and public affairs, confirmed the incident

# Dismissals: Union threatens action

Sowetan 8/5/85 (189)

THE soaring rate at which managements dismiss strikers has been deplored and challenged by emerging trade unions following the sacking of employees at a Boksburg company.

About 110 employees of Minesteel Products in Boksburg were dismissed this week because they went on strike over the dismissal of colleagues fired last week.

The workers, members of the United Mining and Metal and Allied Workers' Union (Ummawu) went on strike last Thursday after their colleagues were victimised for being union members, according to a spokesman.

The union held talks with management on the issue. They were told to return to work, but they refused and demanded that their colleagues be reinstated.

The talks between management and the union reached a deadlock and management dismissed the workers.

This was confirmed by Mr J Trim, director of the company. He said the workers were warned about their activities, but they would not listen whereupon they were dismissed.

Ummawu's secretary Mr Sam Ntuli yesterday said the rate at which managements dismiss workers who go on strike seems to be escalating, and "we are going to challenge some of the reasons in court".

CAPE TIMES 15/5/85

# Metal Box taxed profits down 13%

(189)

JOHANNESBURG — Metal Box with a turnover 11 percent higher for the six months ended March 31, saw profit after taxation drop by 13 percent to R16,99m compared to R19,60m for the same period last year

The unaudited consolidated results of the group show finance operating profit before finance costs increase by only two percent from R33,08m to R33,79m

Then an increase in finance costs of 57 percent at R6,66m (1984 R4,25m) shaved the profit before tax down by six percent to R27,13m (R28,82m)

Tax up, 10 percent at R10,14m (R9,22m) reduced the after tax profit by the 13 percent and earnings a share were reduced by the same percentage to 24,9c (28,7c)

However, an interim dividend matching last year's 10c has been declared and the directors say that unless there is a further deterioration in trading conditions in the second half of the financial year, the earnings for the year as a whole are expected to be in line with those achieved last year

For the year ended September 1984, after tax profit was R34,47m and a final dividend of 22c was paid with earnings a share at 50,5c

The directors say the recession which resulted in weaker consumer demand for a wide range of the group's products, had a negative impact on real sales volumes in the six months

The beverage can, divpac, plastics and liquid packaging divisions were especially affected by the reduction in demand

The food cans division's sales volumes were reduced by the effect of unfavourable weather affecting peach and apricot crops in the Western Cape

Margins in the liquid packaging and plastics divisions came under particular pressure which adversely affected profitability

However, the flexible packaging division's results were satisfactory, the directors say

The effect of the generally weak economic conditions and intensified competition was reduced by stringent cost control measures in line with falling demand and an improvement in the results of the glass division, which achieved operating efficiencies and sales volumes well ahead of expectation, they say

The directors say the second glass furnace is likely to be commissioned before June 30 this year and it will have beneficial effects in the second half of the year The final cost of the project will not exceed the budgeted amount — Sapa

## Parliament and Politics

Cape Times 23/5/85.

# Row brewing over Iscor loss

(189)

Political Staff

A ROW is brewing over the government's decision to cover the R814,3m lost by Iscor on the Sishen-Saldanha line without disclosing the contents of the Maree report on its viability

In effect, the taxpayer will cough up for Iscor's losses without being given a full explanation as to how they were incurred and why it has become necessary for the government to step in

It seems Iscor may fear that if it is forced to pay up, its iron-ore exports will be priced out of the market

The government itself will have been considerably embarrassed — if only in private — over the decision to build the line in the first place, and would wish to spare itself a roasting by going public with the report

Mr John Malcolmess (PFP, Port Elizabeth Central) described the decision to build the iron-ore exporting line as a monumental government blunder, and said "I find it impossible to believe that the whole report must be kept secret How can Parliament pass legislation on this without being completely in the picture?"

According to a memorandum, the Maree committee decided it was in the country's interest to continue exporting iron ore through the Sishen-Saldanha project, a recommendation which is accepted

But the Treasury would make good the losses that Iscor has incurred on the line

The South African Transport Services took over the line and the harbour against payment of the capital cost with loan finance provided by the Treasury and operated for the account of Iscor

SATS tariffs were structured so that these costs would be fully recoverable from Iscor

However

- international demand for South African iron ore was seriously overestimated in the planning of the line,
- expectations that other users would export considerable tonnage through Sishen-Saldahna were never fulfilled, and
- Iscor's losses on the export of iron ore mean that it can no longer afford what have become crippling tariffs

# Row over Iscor's R814m rail losses

189 Day 23/5/85

By PAUL BELL
Political Correspondent

VIABILITY of the Sishen-Saldanha railway line has flared into a major controversy after government's decision to cover Iscor's R814,3m loss on the line without revealing the contents of an official inquiry

The taxpayer will have to cough up for Iscor's losses without any explanation about how they were incurred and why it has become necessary for government to step in

Iscor apparently fears that if it is forced to pay up, its iron ore exports — which have at huge losses in recent years — will be priced out of the market

Government has also been embarrassed — if only in private — over the decision to build the line and apparently wishes to spare itself a roasting by not releasing the report of John Maree's inquiry into the viability of the line

There was heated reaction yesterday to the announcement by Trade and Industry Minister Dawie de Villiers on Tuesday that the report would not be released because it "contains information which can be detrimental to Iscor's commercial interests . if made public".

John Malcomess (PFP Port Elizabeth Central) described the decision to build the iron-ore exporting line as a monumental government blunder for which the taxpayer was now expected to pay

He said government was obsessed by secrecy, this obsession was often misplaced because it had more to do with the interests of the National Party than those of the country

"I call on government to release this report with those parts excised which could be properly deemed to be secret

"I find it impossible to believe that the whole report must be kept secret

"How can Parliament pass legislation on this without being completely in the picture?" he asked

The Maree report was released confidentially to the joint standing committee on finance although it is understood government almost tripped over its feet by not making that clear at the outset

The PFP immediately rejected the clamp, but to no avail

The row centres on clauses 1 and 2 of the Finance Bill, published earlier this session but still to be debated in Parliament

According to a memorandum on the bill, the Maree committee decided it was in South Africa's interest to continue exporting iron ore through the Sishen-Saldanha project, a recommendation accepted in the bill

But the Treasury would make good Iscor's losses on the line

The South African Transport Services (Sats) took over the line and the harbour against payment of the capital cost with loan finance provided by the Treasury and operated for the account of Iscor

Sats tariffs were structured so that these costs would be fully recoverable from Iscor

But Iscor's problems have been manifold

- International demand for iron ore was seriously overestimated in the planning of the line, it is doubtful whether the line is now running at even 50% of its capacity;
- Expectations that other users would export considerable tonnage through Sishen-Saldahna were never fulfilled,
- Iscor's losses on the export of iron ore mean that it cannot afford what have become crippling tariffs Its alternative, which government would not countenance, would be to stop exports

The bill's memorandum says that, to lighten Iscor's burden and enable it to make its price more competitive, the State will assume liability for the full capital cost of R814,3m Sats will be absolved of its liability to the Exchequer, permitting it to drop its tariffs

# Metal firm's hearing on dispute adjourned

NM 24/5/85

(189)

Labour Reporter

THE Industrial Court hearing into a dispute between the Metal and Allied Workers' Union and a Durban metal company over union bargaining rights at plant level has been adjourned to July 12 for legal argument

The dispute arises from a refusal by Hart Limited, manufacturers of cooking utensils, to negotiate wages and certain other matters at plant level directly with the union

The company argued that it was not obliged to negotiate wages with the union other than at Industrial Council level

Mr Geoff Schreiner, general secretary of the union, told the Court considerable industrial unrest could be avoided if the union were allowed to 'collectively bargain wages and a funeral benefit scheme directly with the company'

## Acceded

He emphasised the union saw 'plant bargaining' as supplementary to industrial bargaining through the National Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry

Eighteen local companies covered by the national council main agreement had acceded to such supplementary bargaining whereas there were only between six and eight companies who were refusing bargaining rights, he said

Mr Sam van Coller, director of the employers' association — Steel Engineering Industries Federation of South Africa — told the hearing that if employers were to accede to 'plant-level bargaining' on wages it could lead to the disintegration of the Industrial Council system

Dr D B Elhers and Mr Mohamed Ameen Bulbulia presided at the three-day hearing at the Ecumenical Centre in Durban

189 25/5/85

# Deadlock

JOHANNESBURG—Wage talks between the Confederation of Metal and Building Unions and the Steel and Engineering Industries Federation of South Africa have ended in deadlock. — (Sapa)

NM 25/5/85

THERE'S

# Mawu wage talks are adjourned

May 1985

THE Industrial Council wage talks for the metal industry, which began on Tuesday against the backdrop of the arrest of unionists outside the negotiating hall, have been adjourned until May 15 without agreement being reached on union demands.

Before the talks began about 40 unionists, members of the Metal and Allied Workers' Union, were arrested after marching to the Johannesburg City Hall where the talks were held

The adjournment is the second since the talks began between trade unions and the Steel Engineering Industries Federation at the beginning of April

The negotiations resumed after unions had declared a dispute with employers when employers suggested a pay freeze for a year

According to a union source, the unions rejected an employer offer of an hourly pay rise of between 17c for artisans and 8c for unskilled workers This was later raised to 20c and 10c respectively, but unionists still felt it would not meet the high cost of living

The source said after the arrest of unionists outside the City Hall, a leading SEIFSA official suggested the talks be halted while efforts were made to try and secure their release But unionists decided the talks should continue so they would be able to report back to their members

370 000 workers in deadlock

# Seifsa strained as metal unions consider ballot

(189) B-Day 27/5/85

Own Correspondent

THE two major trade union blocs on the Metal Industrial Council, representing about 370 000 workers, will decide this week whether to proceed with a strike ballot following a deadlock in pay talks

Deadlock was reached seven weeks after a dispute with the Steel and Engineering Industries Federation (Seifsa) was declared by the entire spectrum of unions on the council, the largest bargaining forum in the country

It raises the possibility of widespread industrial unrest in the industry and the likelihood of stepped-up demands for plant-level bargaining, undermining the industrial council

After earlier proposing an effective wage freeze, Seifsa last week offered a 17c, or 8%, increase on the minimum rates, a guaranteed 24c rise for artisans and 14c for unskilled workers

In a plea to the unions on Thursday, executive director of Seifsa Sam van Coller said the industrial council was experiencing its most difficult period in 40 years

He said that in the current economic climate there was no way the industry could accomodate the union demands, which would lead to massive unemployment, further shutdowns and more rapid mechanisation

The Confederation of Metal and Building Unions (CMBU), representing mainly skilled and semi-skilled workers, will caucus today with the all-white SA Yster en Staal

CMBU director Ben Nicholson said they were considering three options further informal negotiations, arbitration, or holding a strike ballot

At this stage the CMBU is more likely to look for ways of reaching settlement than the other major bloc, the local co-ordinating committee of the International Metalworkers' Federation, representing mainly unskilled workers

The four IMF unions — the SA Boilermakers' Society, the Metal and Allied Workers' Union (Mawu), the Engineering Industrial Workers' Union and the Steel, Engineering and Allied Workers' Union — will be meeting tomorrow

IMF spokesman Brian Fredericks said there was no way the IMF could accept Seifsa's offer and that they would obviously be considering some form of industrial action

# Dorbyl in PE lays off 300 workers

Argus 29/5/85

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**Argus Bureau**

PORT ELIZABETH — Three hundred men and women at Dorbyl Automotive Products here will be paid off tomorrow because of the slump in the motor industry

The company's executive director, Mr J H Herdman, said the retrenchments would be in agreement with the two trade unions concerned

The company has a workforce of 1 800 and the retrenchments were made on the "last in, first out" principle

## COMPONENTS

Half the 300 affected are in the bus division and the other half in the components division

Mr Herdman said they were given a week's notice of retrenchment

Those affected will be given first preference to work for the company if the economic position improves

Employees have been working a 35-hour week instead of a 46 hours for seven months

(189) E Post

# 300 to be paid off tomorrow

29/5/85

Post Reporter

THREE hundred workers — men and women — at Dorbyl Automotive Products in Port Elizabeth's Neave Township will be paid off tomorrow because of the slump in the motor industry

The company's executive director, Mr J H Herdman, said the retrenchments would be carried out in agreement with the two trade unions concerned

The company has a total workforce of 1 800 and the retrenchments were made on the "last in, first out" principle

Half of the 300 affected worked in the bus division and the other half in the auto components division

Mr Herdman said they were given a week's notice of their impending retrenchment

ARGUS 29/5/85 (189) ~~260~~ ~~74~~



# Iscor almost doubles monthly overseas sales

PRETORIA — Raw steel consumption could fall by as much as 20 percent during 1985, according to the head of steel production at Iscor, who today said Iscor was aiming to increase its share of the international market

Mr Nols Olivier, general manager of the steel division at Iscor, said that since October, when the company first decided to turn to the export market, it had almost doubled monthly sales overseas

According to present trends, he said, Iscor's steel exports during the current financial year compared with 1983/1984 would increase by 95 percent to Africa, 66 percent to the Far East and 72 percent to Europe

The Middle East, at present the major buyer of South African steel, would buy a total of 0,69-million tons, or 93 percent more than last year

Mr Olivier said exports were averaging 230 000 tons a month, or 2,7-million tons on an annual basis, compared with only half that figure during 1983/1984

## Local demand

He said Iscor anticipated foreign earnings of R700-million from these sales, compared with R449-million last year

Mr Olivier, who said he expected the company's revenue to drop during 1985, said the decision to stimulate exports had been taken after a fall-off in local demand

He said sales in South Africa were expected to decline by 13 percent to 2,896-million tons in the current financial year Sales for the 1985 calendar year would probably drop by as much as 20 percent This followed increases of 12 percent and 20 percent over the previous two years

"We are holding our market share," Mr Olivier said "So what is happening to us is happening to the rest of the industry"

Iscor produces about 75 percent of the country's demands for raw steel, according to industry market surveys

Mr Olivier said he did not expect the local market to deteriorate but added that sales would improve only once interest rates, now standing at about 24 percent, fell to below 20 percent He added that he did not expect any change before the end of 1985

Mr Olivier said that despite the growing export market, he expected Iscor's revenue to drop during 1985

Besides having to both cut its price to compete on the export market and take losses on transporting the material abroad, production costs had increased — Sapa

D Dispatch

# 300 retrenched

(189)

30/5/88

PORT ELIZABETH — Three hundred workers at Dorbyl automotive products in Neave township will be paid off today because of the slump in the motor industry

The company's executive director Mr J H Herdman, said the retrenchments would be carried out in agreement with the two trade unions concerned

The company has a total workforce of 1 800 and the retrenchments were made on the "last in, first out" principle

Mr Herdman said workers were given a week's notice of their impending retrenchment

Employees have been working a 35-hour week during the past seven months — Sapa

# Unions seek to resume talks

B. Day 31/5/85

By CLAIRE PICKARD-CAMBRIDGE

TWO major trade union blocks, representing 37 000 metal workers, want to resume negotiations with the Steel and Engineering Industries Federation of South Africa (Seifsa) after a deadlock was reached in annual pay talks last week

Brian Fredericks, of the local co-ordinating committee of the International Metalworkers' Federation (IMF), said the decision had been made with the Confederation of Metal and Building Unions (CMBU) this week

This did not rule out the possibility of taking strike ballots among members Recommendations had been made on Tuesday, however, and they would meet again to decide their course on June 18

# 800 workers in disputes with bosses

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Sowetan 5/6/85

By JOSHUA RABOROKO

**MORE than 800 members of the Metal and Allied Workers' Union were locked in disputes with employers at two separate companies in the East Rand yesterday.**

About 600 workers at Brollo Africa in Elandsfontein downed tools in protest against the dismissal of a shop steward Members claim that management has not explained reasons for the firing

In another labour move, about 200 employees at Barlow Railway Products in Boksburg went on strike over severence pay and other benefits they demanded when the company was bought by Dorbyl from Barlow Rand Limited

Mawu's Transvaal secretary, Mr Moses Mayekiso, also said their members who were dismissed at Hendler and Hendler in Boksburg have been reinstated following a judgment in the Industrial Court this week

Brollo management has confirmed the strike at its plant. The company said the workers was sacked in terms of disciplinary procedures at which the employee was represented The dismissed worker has the right to appeal

Mr Mayekiso said the problem at Barlow arose after the company was bought by Dorbyl Workers felt they should be given their severance pay and other benefits because they were taken as new staff members

Twice workers have staged sit-ins at Barlow Rand's headquarters in Sandton demanding that they be paid their rights Both managements have promised to resolve the matter but without success

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# Bid to break impasse on threatened metal workers

B. Day. 6/6/88

A NEW attempt is being made to break the impasse on the giant metal industrial council This threatens to leave about 370 000 workers without an agreement on wages and working conditions at the end of the month

The Confederation of Metal and Building Unions (CMBU), representing mainly skilled workers, is to meet with the Steel and Engineering Industries' Federation (Seifsa), tomorrow to see if the deadlock can be broken

The two union blocks, the CMBU and the local committee of the International Metal Workers' Federation, reached deadlock with Seifsa, representing 44 employer associations, two weeks ago

Seifsa offered an increase on the minimum rates of 8,3% for artisans and 9,8% for labourers, with the CMBU demanding 10,3% and 15,6% respectively, and the IMF unions demanding 35,7% and 100% for unskilled workers

The dispute has provided the council with the biggest crisis in its 40-year history and, according to union and employer sources, could result in industrial unrest and chaos in the industry with workers not entitled to annual increases

Ben Nicholson, chairman of the CMBU, said they had decided to press for off-the-record informal negotiations with the employers and this would be discussed at the meeting of the council's executive on Friday

The IMF unions have also sought further talks but are not likely to be present at Friday's meeting

Sam van Coller, executive director of Seifsa, said yesterday he remained optimistic that agreement could be struck in the industry, but declined to comment further

It is understood that Seifsa will be meeting on Monday to deal with the crisis and further negotiations could proceed at the next meeting of the full industrial council on Tuesday

Nicholson said there was a delicate balance at the moment and that the question of the protection afforded by an agreement in the industry could not be overemphasised

He stressed that if agreement were not reached by the end of the month, there would be no protection and no statutory increases for the 370 000 workers covered by the industrial council

In addition, the deadlock in the talks meant that all 370 000 workers could be entitled to take legal strike action at the end of the month

(189) 11/6/85 NM

# Firm selling heavy tools faces closure

**Court Reporter**

THE turnover of a Durban firm supplying heavy industrial tools and machinery dropped by half during 1983 and by December 1984 the company had a bank overdraft in excess of R300 000, a judge was told yesterday

In the Supreme Court, Durban, Mr Justice Didcott granted an order placing Metric Industrials (Pty) Ltd of Victoria Embankment under provisional liquidation and called upon interested parties to give reasons on July 8 why the order should not be made final

In an affidavit, Mr Michael Duncan Robertson, a director and shareholder of Metric Industrials, said the company had started to trade in 1972.

The business was successful until 1983 when sales more than halved and it became necessary to use overdraft facilities in order to continue trading

Mr Robertson said that in December 1984 it had become obvious to him that Metric Industrials was unable to meet its commitments At that stage the liabilities were R750 000 and the assets were R530 000

An arrangement was made with Action Tooling (Pty) Ltd to take over the business operations of Metric Industrials and to sell its stock. Action Tooling also undertook to take over the leased premises and to pay the rent from March 1985

The scheme had been acceptable to the bank, provided that the overdraft was reduced, and also to most creditors. However, one of the creditors who had not accepted the scheme had obtained a judgment against the company and certain assets including stock were attached for a sale in execution to be held on June 13

Mr Robertson said the company's only source of income was from the sale of its stock and once it had been sold, the company could not continue to operate

Mr P Meskin, instructed by De Villiers, Evans and Petit, appeared

In another matter the Judge granted judgment by default against Max Adler Clothing Industries, Prince Edward Street, Durban, for payment of R161 482 in respect of goods sold and delivered by Consolidated Fine Spinners and Weavers Ltd of Jacobs

In addi[...] Committee,
on exa[...]ines, recommend
that
1) All econ[...]e to be
mined
2) Pay l[...] as low as
possible fe[...]rod]
3) All mines [...] rates of tax
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With resp[...]3.), profitable
mines to[...]p to 70%
of the[...]nes, while
other [...] called
upon [...] tax. The
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maintain[...]ce the
gold mine[...]f the country's
patrimon[...] owners] mine
owners] [...]ry's people
are entit[...] from this
wasting asset until the resource expires'.

Thus, on the facts, it is clear that the Government has found it fit to ~~rate~~ effectively intervene in determining the optimal rate of exploitation of this resource. Yet, according to economic principles, ~~both Hotelling and~~ Solow advocates that a

BUSINESSMAN OF THE WEEK

W/E Argus 15/6/85

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# ADE set to break new ground

By TOM HOOD


Mr Hartmut Beckurts . . . looking to petrol-engined cars and exports.

A MAJOR breakthrough has been achieved by Atlantis Diesel Engines whose giant plant near Cape Town has started making engine blocks and other components for petrol-engined cars, opening the way to a multi-million-rand expansion

The factory's high-quality diesel products have met the meticulous standards of both Daimler-Benz and Perkins As a result the Mercedes-Benz organisation in South Africa has placed orders for petrol-engine blocks and crankshafts

"We can see more and more components coming our way," says managing director Hartmut Beckurts "This does not mean added cost for us — we are purely expanding our business

"This factory in years to come will be not only a diesel-engine plant but the area could develop into the centre for engine components for the rest of the country We have an enormous infrastructure All the services needed are concentrated here and we only need to expand on it"

The first engine was assembled and tested only four years ago and an ADE engine is now accepted in South Africa as a quality product and in many instances superior to imported ones, claims Mr Beckurts

"The warranty costs per engine are lower than the standard for engines generally Overseas people cannot tell the difference between a local and an imported block"

Atlantis has the facility to make 50 000 engines a year and today it is "totally underutilised" with production estimated at 18 000 engines this year

The factory is running at its lowest level since production started in July 1981

ADE is also looking for exports, although the company is under some restraints and would need the approval of its partners, Daimler-Benz of Germany and Perkins of Britain, before exporting outside Africa

Although ADE does not so far directly export its diesel engines elsewhere, they are used in other countries in vehicles and machinery exported by South African companies

Mr Beckurts also sees a good potential for a a South African high-speed diesel engine for bakkies and other light commercial vehicles Until now ADE has concentrated on medium-speed engines for lorries and tractors

"If we were to find the right product to power these vehicles that would be a very interesting addition to our products

"We want to be able to build engines soon which are as competitive as others We want to improve our productivity so that we can produce at prices whih are more or less internationally competitive

"The Government might eventually reduce the protection given to ADE engines By that time we must be able to produce efficiently so that people would not be willing to move from ADE engines

Mr Beckurts is also confident the Government-backed Industrial Development Corporation will sell shares in ADE to the public

This offer could be made once the company is showing profits and has recouped its losses

Quality is the policy of Mr Beckurts "We wish to be judged by our quality of our workmanship, the quality of our service and the integrity of our relationships with people both inside and outside the company"

Quality for ADE starts on the factory floor Its cleanliness must be an eye opener for industrialists outside food factories, for dust could pose a threat to the engines

"It becomes part of our lives You can produce a quality product only if you are prepared to subject yourself to this discipline We are trying to maintain quality consciousness throughout and I believe that is the recipe for success"

"We are very proud that the feedback from the market is a positive one Initially, there was a reluctance to accept a South African product — people felt it would not work ADE could not afford to turn out a product that would be suspect and never took any chances We made certain that at every stage of the operation quality was checked and controlled

"We have gained access to the latest technologies that were not available before in South Africa and this is one of the remarkable spin-offs of the ADE project"

ADE should be producing 40 000 engines this year "But we will probably not reach 18 000, so we can hardly be as cheap as an imported product which is turned out in thousands," added Mr Beckurts.

Sowetan June 1985

# Mawu to hold strike ballot

**MEMBERS of the Fosatu-affiliate Metal and Allied Workers Union (Mawu) at four Dorbyl plants on the East Rand are to hold ballots after declaring a dispute with the company over various issues including wages and housing benefits**

Mawu's Transvaal secretary, Mr Moses Mayekise said after Barlow Rand Limited had sold the company to Dorbyl, workers have made representations to the new company which had employed them as new workers

The issues revolve around annual wage increases, severance pay long service pay housing schemes and other benefits which they enjoyed from their previous employers

## Demands

The four plants have been the scene of work stoppages and demonstrations conducted by workers in an attempt to pressurise management to meet their demands

The workers have also stopped work and travelled to the head office of Barlow Rand in Sandton where they demonstrated against the company for not helping them

However, a spokesman for the company has said that they were busy negotiating with the union on various aspects Barlow said this matter was discussed by Dorbyl and the union

At a meeting in Germiston last Tuesday workers resolved to

- Take the dispute over long service and severance pay to the Industrial Court
- Take legal strikes on all Dorbyl plants and ballots be arranged following deadlock in the negotiations
- Hold an urgent meeting of all Dorbyl shop stewards to discuss solidarity and support of the strike
- Call on shop stewards to approach different managements, and call the union and Fosatu to support this struggle

Mr Mayekise said

"The union is deeply concerned and committed to the fact that the influx control must be abolished The only way towards that is that all employees must have proper homes and afford to pay rents

"The union is also committed to the fact that wages and any renumeration working conditions must be negotiated at all levels," he said

# Steel industry slump costs 94 000 jobs

17/6/85

1146/85

JOHANNESBURG — The metal and engineering industries had suffered a further downturn in activity levels during the first quarter of this year, reports the Steel and Engineering Industries Federation of South Africa (SEIFSA)

In its survey, SEIFSA said the downturn in business conditions had affected, in particular, the large general engineering sector and machinery, electrical machinery and foundry industries

"Most sectors report that production is slack, hours worked continued normally, but with a tendency towards short-time in the more depressed industries, and new order intake is poor"

Some 10 000 jobs were lost between the 1984 year-end and the first quarter of this year.

There had been a decrease in employees in production processes in the metal industries of 94 000 from the 1981 year end until the first quarter of 1985, SEIFSA said

This year there are 360 000 employees in this field, compared with 454 000 in 1981

"In addition to deteriorating domestic demand, SEIFSA's manufacturing sectors had to contend with increased costs of raw materials and other inputs, and a continued loss of market share to imports, despite the weakness of the rand"

However, export sales in the base metals and certain second steel product sectors were expected to show some improvement over last year

"The current rand exchange rate, combined with continuing growth patterns in South Africa's major foreign markets, suggests some reasonable growth in primary steel exports, in spite of South Africa's voluntary cutback to the United States" — Sapa

10 000 workers laid off this year

# Metal industries face low orders and short-time

189 B. Day 17/6/85

By DAVID FURLONGER

METAL industry employment has declined by more than 20% in the past five years

More than 10 000 workers have been laid off this year alone

The latest quarterly survey of Seifsa — the Steel and Engineering Industries' Federation of South Africa — says an estimated 360 000 people were employed in metal industry production processes at the end of March compared to 454 000 at the end of 1981

It adds "Employment statistics, based on a comparison between the 1984 year-end and first quarter 1985 wage surveys, reflect a loss of some 10 000 jobs during the period, highlighting the strong recessionary conditions which now characterise the Seifsa group of industries"

The survey says the downturn in the first quarter of this year was most evident in the general engineering sector and machinery, electrical machinery and foundry industries

Most sectors reported slack production, more short-time working and poor order intake.

"In addition to deteriorating domestic demand, Seifsa's manufacturing sectors are contending with increased costs of raw materials and other inputs and a continuing loss of market share to imports, despite the weakness of the rand"

On the positive side, exports of base metal and some secondary steel products are expected to improve this year The rand's weakness is expected to bolster primary steel exports, despite South Africa's voluntary cutback to the US, while ferro-chrome and ferro-manganese exports are also expected to perform better

"In contrast, the machinery and electrical machinery sectors expect no improvement in their poor export performance during 1984"

The survey says further slowdowns in the activities of major steel consuming sectors, such as the motor vehicle industry, are expected to cause a 12% drop in domestic primary steel demand this year compared to 1984

"Nevertheless, steel producers are of the opinion that the higher levels of world steel production and consumption experienced during 1984 will continue through 1985 and these trends, coupled with a continuing weakness of the rand, will stimulate export sales, now targeted at 2,5-million tons, and help to sustain satisfactory capacity utilisation"

Production returns for the first quarter of 1985 suggest a possible bottoming-out of the foundry industry but the industry's short-term to medium-term prospects remain bleak, says the Seifsa survey

Engineering and metal fabricating industries are expected to suffer narrowing profit margins and continued difficulty in securing adequate short-term work to satisfactorily use production facilities

The non-electrical machinery industry is also experiencing severe depression and little relief is seen this year

The survey concludes "Against this background, the year 1985 is seen as a critical period for the metal and engineering industries, with activity levels remaining low throughout the year."

## Another nudge for UK inflation rate

LONDON — British prices rose again last month, pushing inflation to an annual rate of 7%, its highest rate for two and a half years

British Employment Secretary Tom King said he expected inflation to stay around this level for the rest of the summer before falling to around 5% It was 6,9% in April

It was the fifth successive increase in inflation since the rate stood at 4,6% at the end of last year

King said the rise in inflation was due to widespread, small price increases for goods and services which included motor vehicles, petrol, gas, electricity and home loans — Sapa-Reuter

Political comment in this issue by Nigel Bruce Newsbills by Reg Rumney Headlines and sub-editing by Michael Allwright All of 171 Main Street Johannesburg

# 10 000 workers laid off

From PHILLIP VAN NIEKERK

JOHANNESBURG — About 10 000 workers were laid off in the metal industry in the first three months of this year, according to the quarterly survey of the Steel and Engineering Industries Federation of South Africa (Seifsa)

The survey also shows that employment in the industry has dropped by 84 000 since the beginning of the recession

At the end of 1981 there was a peak of 454 000 workers employed in the industry, but this had dropped to 360 000 by the end of the first quarter of this year

The report says the job losses since the beginning of the year highlighted the "strong recessionary conditions" which currently characterized the Seifsa group of industries

These conditions have been forwarded as a reason for the low increases offered by Seifsa to the metal unions, which in turn has sparked a dispute that threatens to leave the industry without an agreement at the end of the month

(189) B. Day 20/6/85

# Seifsa hits bottom and worse

**The metal and engineering industries face continued difficulties According to the latest quarterly survey of Seifsa — the Metal and Engineering Industries' Federation — an end to the problem is still a long way off CHERILYN IRETON asked Seifsa director Sam van Coller for the background.**

**Why is the industry in such difficulty?**

It goes back to 1982, when we suffered setbacks brought about by the poor gold price and the drought We had an overvalued rand and as a result encountered intense competition from imported goods and the engineering industry — heavily involved in long-term capital projects — was at a competitive disadvantage

Overseas counterparts were able to obtain low interest rates on export activities while our local rates climbed steadily Traditional exports such as ferro-alloys and steel suffered because our major trading partners' economies were in the doldrums.

In 1984 it looked as if we had hit the bottom and in fact there were some signs of improvment but the rand came down dramatically and we were caught by the inflationary impacts Concern that inflation would take off again led to severe financial and monetary restraints.

This affected the whole consumer durables industry which faced cutbacks in white goods and the motor assembly — both areas where we are heavily involved

Organisations such as Escom, which had continued to function at a reasonably high level during the earlier part of the recession, keeping many of our members in business, had to tighten up

But with the rand's low rate of exchange our overseas competitiveness has improved and the export side is looking good

**Who are Seifsa's major trading partners?**

We sell ferro-alloys to the major steel producing countries and we're selling steel all over the world

The test now is whether we are able to market manufactured metal products overseas. It is critical to us that cost escalation be contained so we can take advantage of the low rand

**When do you see a revival of the industry?**

It's very difficult to predict the likely upturn Obviously there are three things that can help the economy come right the gold price, a decent summer rain and improved performance on the export market.

Exports remain the prime area of survival but our international performance is tied to the level of overseas economic activity

It doesn't look as if there will be money available in SA until well into 1986

**Which sectors are not running at full capacity?**

The general engineering, consumer durables — such as white goods, motor parts — foundry and heavy engineering sectors have been badly affected. Now, contracting sectors whose fortunes are determined by the building industry are casualties

**Are a lot of companies being put out of work?**

Definitely It's difficult to tell how many because even in a recession people start new small businesses. The metal industry as a whole comprises more than 9 000 companies By far the majority are very small employers

**Will the recession destroy the industry's competitiveness?**

I doubt if we have reached a level where competition has been removed Certain highly-specialised sectors which the market isn't large enough to support may have disappeared but the industry, which recorded more than R20bn in sales last year, is characterised by high levels of competition

21/6/85

# Deadlock drags on in metal industry

189

B Day

By CLAIRE PICKARD-CAMBRIDGE

THE deadlock on the giant Metal Industrial Council is still unbroken and threatens to leave 370 000 workers without an agreement on wages and working conditions if it is not resolved by the end of the month.

The 1984 agreement expires at the end of this month and Brian Fredericks, secretary of the local council of the International Metalworkers' Federation (IMF), said the Engineering Industries' Federation (Seifsa) — which represents 44 employer associations — had not altered its offer.

The local IMF body and the Confederation of Metal and Building Unions (CMBU) are the main union blocs who meet with Seifsa for industrial council negotiations.

Sam van Coller, executive director of Seifsa, said earlier that the dispute over wages and conditions had provided the council with the biggest crisis in its 40-year history.

Asked whether any meetings were scheduled between Seifsa and the unions, Van Coller said: "The dispute procedure is still running its course and it would be inappropriate for me to comment now."

Seifsa has offered a minimum increase of 8,3% for artisans and 9,8% for labourers on the grades and both union blocs are rejecting this as insufficient.

Ben Nicholson of the CMBU said there was an unconfirmed possibility that their union representatives would meet with Seifsa next week to try and find a solution to the impasse.

Brian Fredericks of the IMF said some of their unions would be meeting with members this week to decide on their course of action. Strike action was one of the alternatives if agreement could not be reached.

Fredericks said employers had known in the past that there was pressure on unions to sign the annual agreement to prevent disarray in the industry. Unions were unhappy with the situation because employers could determine wages as they pleased if agreement was not reached.

# Recession hits blacks worst

Sowetan
21/6/85

By JOSHUA RABOROKO

**MORE than 10 000 workers, mostly blacks, have been laid off in the metal industry this year alone because of the recession.**

The latest quarterly survey of the Steel Engineering Industries Federation of South Africa (Seifsa) says metal industry employment opportunities have declined by more than 20 percent in the past five years.

It says an estimated 360 000 people were employed in the metal production process at the end of March compared to 454 000 at the end of 1981.

"Employment statistics, based on a comparison between 1984 year-end and first quarter 1985 wage surveys, reflect a loss of some 10 000 jobs during the period, highlighting the strong recessionary conditions which now characterise the Seifsa group of industries," says the report.

## Concern

These latest statistics have caused concern among trade unions operation in the metal industries, especially the Metal and Allied Workers' Union, the South Africa Boilermakers' Society and the Steel Engineering and Allied Workers' Union.

The three unions, which are affiliated to the International Metalworkers' Federation (IMF) have said that they will lose a vast majority of members.

Mawu's Transvaal secretary, Mr Moses Mayekiso, said the retrenchments come in the wake of a deadlock reached between the unions and Seifsa over wages and working conditions. Mawu will meet its members at the weekend to discuss the issue.

METAL INDUSTRY (189) FM

# Heavy going 28/6/85

**Next month's** expected cost increases in the metal and engineering sectors will wipe out much of the export edge manufacturers have gained from the low rand

Adding to fears of steel and electricity price hikes (*Business* June 7) is the threat of a major pay award to the industries' 360 000 workers The annual round of pay negotiations are already in dispute

Making the picture more gloomy for the 3 500 companies in the Steel and Engineering Industries Federation (Seifsa) are severe inroads in the local market by cheap imports, says Seifsa director Sam van Coller Foreign exporters are assisted by their governments which provide generous export incentives and soft-loan packages.

The strong recessionary conditions which characterise Seifsa companies are likely to keep unemployment rising This outlook, says Van Coller, is based on a recent Seifsa survey which shows layoffs moved up to 10 000 workers in 1985s first quarter

Falling interest rates are providing limited relief, but the manufacturers most able to withstand the mounting pressures will be those which maintain substantial exports Examples are steel producers Iscor and Highveld Steel

The *FM* learns that Iscor's target of exporting 43% of production has now been exceeded An Iscor spokesman says production volumes about equal last year's so far, but exports are way over 50% of production this year. "However, our cash flow will be down," he says

Highveld has increased exports to 40% of total production But a spokesman warns that "inflation will have a long-term detrimental effect and the protection of the low rand will not last forever"

Hopefully, the wage dispute will not end in strike action "But," says Van Coller, "we can't anticipate what will happen if there's no agreement when the present one expires on June 30." ■

# Metal, mines row boiling

By Amrit Manga and Brendan Ryan

THE two-month wage deadlock in the metal industry could be broken in the next days, but it will allow the industry only a short respite.

But the scene is set for a confrontation between the National Union of Mineworkers (NUM) and the Chamber of Mines

All metal unions except the black Metal and Allied Workers Union have agreed to recommend to their members that the employers' final offer be accepted

## Factory level

But the recommendation is only meant as a short-term solution, allowing the wage battle to move from industrial council to factory level

The final offer is an 8,3% increase for artisans and 9,8% for labourers

A trade unionist says "We have accepted the offer as a short-term settlement and will press for plant-level bargaining to improve it."

The Federation of South African Trade Unions affiliate, Metal and Allied Workers' Union, has not accepted the offer and has called for far-reaching changes to the industrial council as a negotiating forum

The NUM's central committee has rejected the Chamber of Mine's final offer of a R26 increase for group 1 surface workers and R74 for underground workers

The union says it has invited the chamber back to the negotiating table in an attempt to avoid a showdown.

## Marginal

However, on Friday strikes broke out at Gencor's Bracken mine in the Eastern Transvaal after the mining house announced the previous night the pay increases it intended implementing

The chamber was poised on Friday to implement its final pay offer which NUM had rejected for both union and non-union workers The reason given for the move is that the black work force expects its pay increases from July 1.

Gencor, however, beat the chamber to the gun Gencor had apparently indicated throughout the negotiations that workers at NUM-recognised Marievale on the East Rand would receive less than the final offer because the mine, a marginal operation, could not afford to pay that much

Gencor's increases for its mines where the NUM is not recognised were also lower than the chamber's final offer

It is believed that Rand Mines marginal gold producers ERPM and Durban Deep also intend paying less than the chamber's offer because of their tight financial situations

## AECI row

Another 160 AECI strikers could lose their jobs if they fail to return to work tomorrow About 110 lost their jobs when they failed to meet an AECI ultimatum to return to work.

AECI spokesman Murray Joubert says the company will have to consider taking on other workers if the strikers stay out.

The union's 11 000 members have not dropped the threat of a strike at all AECI plants.

They are supporting wage demands at the Ballengeich factory, near Newcastle The strike by 600 workers there enters its fifth week after almost eight months of negotiations have failed to break the deadlock. There are no signs of concessions on both sides

AECI has, however, again offered to re-employ workers who lost their jobs after closure of the chemical plant at the Newcastle factory

# Metalmen accept wage offer

Star 1/7/85

189

The deadlock in the metal industry wage negotiations, which threatened to leave more than 350 000 workers without a pay agreement, came close to breaking today when unions belonging to the International Metalworkers' Federation (IMF) announced their acceptance of employers' final offer.

A letter confirming this was sent to the Industrial Council today. But it is understood one union in the grouping, the Metal and Allied Workers' Union, is unlikely to sign the agreement which will grant hourly pay rises of between 14c and 24c.

The IMF unions had demanded a 50c-an-hour increase.

# Took job of striker, stoned to death

Star 1/7/85

By Mike Siluma

The two month-long recognition battle between the Metal and Allied Workers' Union (Mawu) and the British subsidiary, BTR Sarmcol, has spilled over into the local community of Epophomeni near Howick and has so far claimed two lives

The two died after a bus carrying Sarmcol workers was stoned in the township

One of the dead is believed to have been a new employee of Sarmcol, hired by the company after 975 Mawu members were fired in April

A mob of youths and women was said to have searched the bus for new Sarmcol workers They then attacked people and tried to set the bus on fire

Huts belonging to new Sarmcol workers are reported to have been set on fire last Monday night

## SHOPS BOYCOTTED

Township residents have also been boycotting white shops in the area for their alleged failure to support workers against BTR Sarmcol

The attacks came after the union had warned that the dismissals could lead to the "destruction of the community of Empophomeni" as many of those dismissed lived in the township

The dismissed workers have said lack of income would harm their families as BTR is the only major employer in the town

This week all meetings and gatherings in the Empophomeni magisterial district were banned

The union has cautioned that the banning could "have the effect of escalating the violence in Empophomeni because the ban will drastically undermine the union's ability to maintain some order and discipline"

## UNION OFFER

It said it was willing to meet the company "unconditionally to prevent further deaths and violence"

Repeated efforts to reach company spokesmen last week failed

At the centre of the dispute is the company's decision to fire the workers two months ago

The workers had struck over the recognition of their union, Mawu

A series of accusations and counter-accusations then followed, with the company saying the strike was illegal and the union insisting it was not

The union accused the company of "union bashing" while the company blamed the union for intimidation

The list of claims and counter-claims is endless Meanwhile the fight at Sarmcol is having far-reaching consequences in the Empophomeni community

# 600 fired after going on strike

189

More than 600 workers were yesterday dismissed by the Vanderbijlpark company Vitro Building Products after going on strike over dissatisfaction with their annual wage increases

An Anglo American spokesman said Vitro, a subsidiary of Amcoal had fired the workers after they had staged "illegal" work stoppages on Monday and Tuesday over wages

The workers were dissatisfied with their increments, which were based on the Steel Engineering Industries Federation (Seifsa) rates, he said

Most trade unions in the steel and engineering industry have rejected the Seifsa rates,

The Anglo spokesman said the Vitro workers were not unionised

Recruitment to replace the dismissed workers had begun today

Star 2/7/85

# Unhappy unions sign agreement

189 NM 2/7/85

Mercury Correspondent

JOHANNESBURG — From yesterday 360 000 metalworkers were without an industrial council agreement — but deadlock has been broken with all but one union now prepared to sign the 1985 agreement.

Three of the four unions bargaining as the local committee of the International Metalworkers' Federation (IMF) informed the industrial council yesterday that they were prepared to sign the agreement.

Fosatu's Metal and Allied Workers' Union (Mawu), which has threatened a national strike over wages, is now the only industrial council member not party to the agreement.

Yesterday's letter followed a decision last week by the artisan unions including the S A Yster en Staal Unie and the affiliates of the Confederation of Metal and Building Unions (CMBU), to reluctantly endorse the agreement.

This means that metal workers will now be receiving increases ranging from 8,3 percent to 9,8 percent but technically the industry will remain without an agreement until it has been gazetted by the Minister of Manpower.

A spokesman for the council said the employers association the Steel and Engineering Industries Federation (Seifsa), had indicated that it would be implementing the new agreement from July 1.

Mr Brian Fredericks chairman of the local committee of the IMF said the three IMF unions who accepted the offer yesterday were still very unhappy with it.

These unions are the S A Boilermakers' Society, the Engineering Industrial Workers Union and Cusa's Steel Engineering and Allied Workers' Union.

He said the unions would be approaching individual employers where they had substantial membership to demand increases over and above the industrial council minima and any employer who resisted would face action.

A spokesman for Mawu said they would be holding a national executive committee meeting at the weekend to plot what action to take now that they had rejected the industrial council proposals.

This is the third year that Mawu who have only been on the council for three years have refused to sign the agreement.

# Worker dies as unrest at mines continues

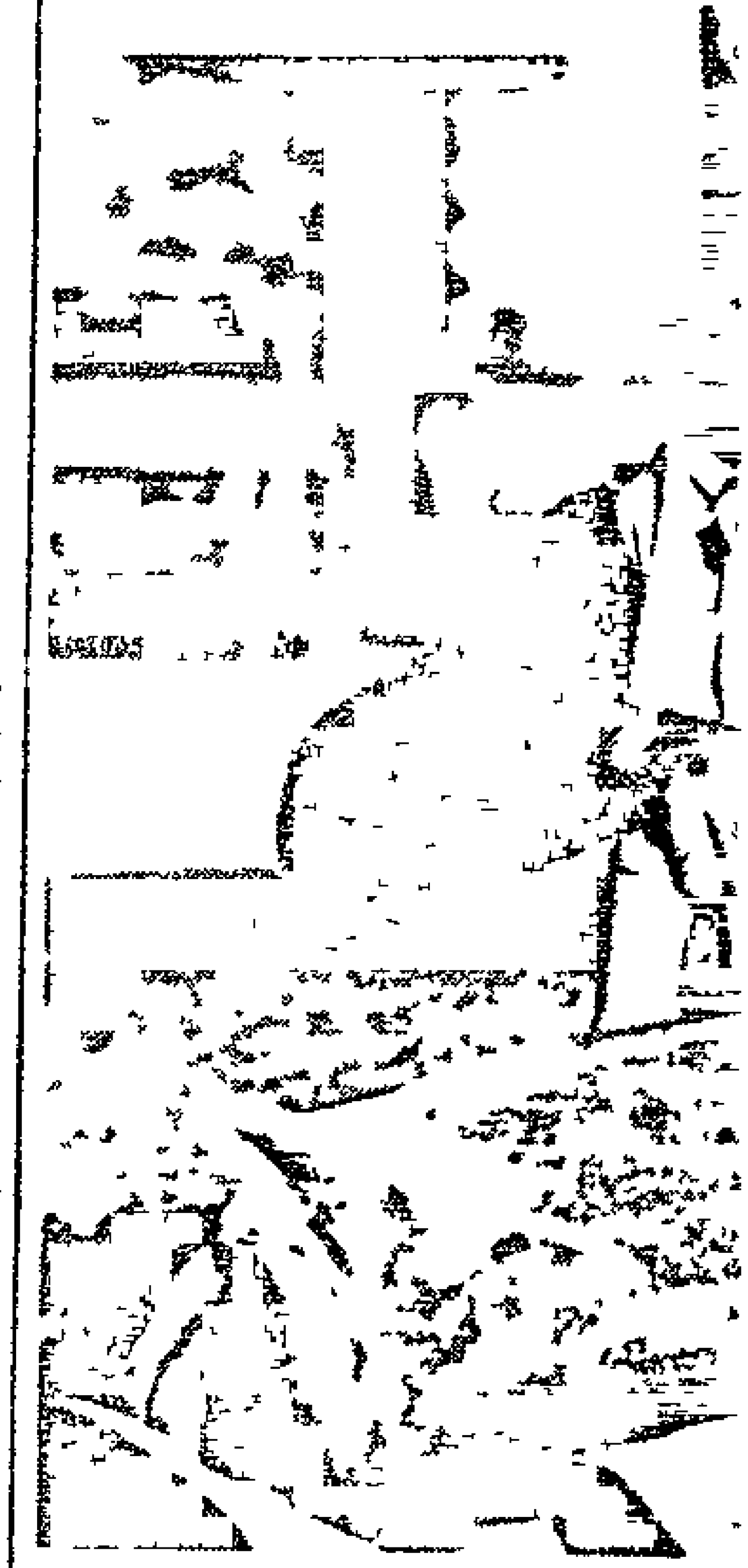
JOHANNESBURG — Further unrest occurred at the strike-hit mines of the Gencor group this afternoon with the death of one black worker being reported.

The death occurred at Winkelhaak gold mine, where work was disrupted last night when 4 000 workers from one of the hostels failed to report for work.

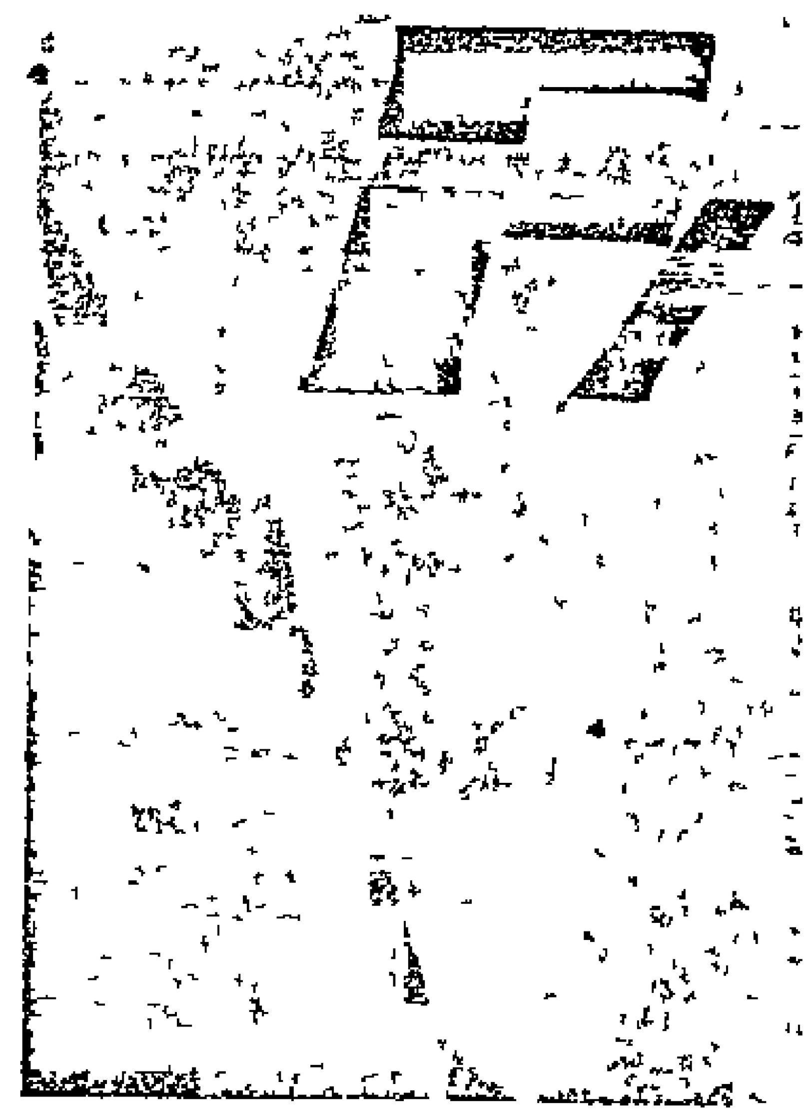
A Gencor spokesman said the dead man was brought to the hospital at Winkelhaak by two employees who subsequently ran away. 'The cause of death is unknown and is being investigated,' he said.

Almost 20 000 workers are on strike over pay at

Enough to



Tucking in . Mr Richard ... sure Beach near the Bluff, took about an hour to lan... the rest



Mawu now only industrial council member not party to agreement

# Deadlock broken over new metalworkers' deal

B. Day 3/7/85 (189)

By PHILLIP VAN NIEKERK

FROM yesterday 360 000 metal workers were without an industrial council agreement — but deadlock has been broken, with all but one union now prepared to sign the 1985 agreement

Three of the four unions bargaining as the local committee of the International Metalworkers' Federation (IMF) informed the industrial council yesterday that they were prepared to sign the agreement

## STRIKE THREAT

Fosatu's Metal and Allied Workers' Union (Mawu), which has threatened a national strike over wages, is now the only industrial council member not party to the agreement

Yesterday's letter followed a decision last week by the artisan unions, including the SA Yster en Staal Unie and the affiliates of the Confederation of Metal and Building Unions, to endorse, reluctantly, the agreement

This means metal workers will now be receiving increases ranging from 8,3% to 9,8%, but technically the industry will remain without an agreement until it has been gazetted by the Minister of Manpower

A spokesman for the council said the employers' association, the Steel and Engineering Industries Federation (Seifsa), had indicated it would be implementing the new agreement from July 1

Brian Fredericks, chairman of the local committee of the IMF, said the three IMF unions which accepted the offer yesterday were still very unhappy with it

These unions are the SA Boilermakers' Society, the Engineering Industrial Workers' Union, and Cusa's Steel Engineering and Allied Workers' Union

Fredericks said that by signing the agreement these unions had at least ensured minimum conditions for the unorganised workers covered by the council

He said the unions would be approaching individual employers where the unions had substantial membership to demand increases over and above the industrial council minimum rates, and any employer who resisted would face action.

"In addition we have submitted proposals to amend the collective-bargaining structures," he said "Otherwise all four unions will reconsider their participation in the council

"There's no way we're going to go through this situation again next year"

## NATIONAL TALKS

A spokesman for Mawu said the union would be holding a national executive committee meeting at the weekend to plot what action to take now that it had rejected the industrial council proposals

This is the third year that Mawu, which has been on the council for only three years, has refused to sign the agreement

The Mawu spokesman said the union was already involved in plant-level negotiations with 10 employers and would be approaching more in the weeks ahead

# Fosatu warning to UK subsidiary

Star 3/7/85

The Federation of South African Trade Unions (Fosatu) said yesterday it would mount a region-wide campaign in Natal against the British multinational subsidiary BTR Sarmcol for dismissing about 1 000 workers in April

The Sarmcol workers, members of the Fosatu-affiliated Metal and Allied Workers' Union (Mawu), were sacked after striking to back a demand for the recognition of Mawu

Two workers died last week as the battle between Sarmcol and Mawu spilled over into the local Empophomeni township

A spokesman from Sarmcol's Johannesburg headquarters said today he could not comment on Fosatu's plans as he had not heard of them

The company was also unaware of a letter Mawu said it sent the company asking for an "unconditional" meeting.

Asked if the company would be willing to talk to the union, he said there was no point in doing so as there were no longer Mawu members in Sarmcol's employ

# Natbolt takeover zips up the fastener market

(189) B. Day 3/7/85

NATIONAL BOLTS, a member of the industrial holdings group Form-scaff, has acquired the entire industrial-fastener business of Cut Steel and Lennings, and their subsidiaries, for R20m

National Bolts chairman Jeff Liebesman said last night that the benefits arising from the acquisition and subsequent rationalisation of the industrial fastener operations of Natbolt, Cut Steel and Lennings would substantially enhance the profitability of Natbolt.

Some R10,5m in compulsory convertible preference shares have been issued to finance the deal.

JCI, the former controlling shareholder of Cut Steel, gains a 25% stake in National Bolts as a result of the takeover

Liebesman said "The structure of the company's balance sheet will be strengthened It will also provide

By PRISCILLA WHYTE

Natbolt with much-needed suitable production capacity for the export market in which it has made significant inroads"

Competitions Board chairman Dr Stef Naude said yesterday that National Bolts had consulted with the board in terms of the Maintenance and Promotion of Competition Act regarding its acquisition of Cut Steel, a subsidiary of Lenning which is, in turn, a wholly-owned subsidiary of JCI

"Based on the information currently at its disposal, it is the opinion of the board that this acquisition is not contrary to the public interest"

The US market size in fasteners is $3,5bn of which it imports about $600m, mainly from Japan, Taiwan and Korea

With the acquisition of Cut Steel's more modern plant and machinery, Natbolt now has a stronger base to increase its share of the giant US market because of more efficient machines and longer production runs

In SA the level of demand for fasteners is low and, due to enormous manufacturing overcapacity, further rationalisation of the R250m-R300m fastener industry is necessary, said Liebesman

"Since both National Bolts and Cut Steel have high levels and duplication of stock holdings, significant reduction in these levels is now possible," he added

It is apparent that National Bolts will be in a better position to be a more efficient producer and, if it is to succeed abroad, must concentrate on becoming a low-cost quality producer of international repute

National Bolts is aiming at exporting 25% of production

# Iscor exports vital: Van Wyk

(189) B. Day 3/7/85

ISCOR's steel export programme is making a "tremendous" contribution to the national economy and it was vital that it should continue, Iscor GM Willem van Wyk, said in Pretoria

Exports were running at about 200 000 tons a month and last year foreign exchange earnings topped R700m Van Wyk said the original contract with Japanese interests was for the export of 7,5-million tons a year

This had been reduced to a 5-million. Sales were also being made to Europe, including West Germany and Italy, and to Taiwan Additional income, Van Wyk said, exceeded additional expenditure involved

On the matter sale of the Sishen-Saldanha line to Sats, Van Wyk said the scheme was built to handle 18-million tons of export ore a year Provision was made in the planning to raise this to 36-million tons.

By GERALD REILLY

But even the 18-million target had never been reached

In 1966-67 8-million tons were exported and in the following three years 13-million tons, another 13-million tons and 16-million tons Iscor losses on the scheme in 1982-83 reached R25m, and the following year R16m Since then exports had declined to about 9-million tons

## VOLUMES CUT

Van Wyk said that in 1976 the stage had been reached when Iscor could no longer continue to own the entire Sishen-Saldanha system And the fact that other users were reluctant to export had led to a decision to sell for R650m.

It had been thought that Sats' ownership of the line would encourage other exporters to use the facility

"When it reached a stage where export volumes were reduced to half the target of 18-million tons we could not see our way clear to continue on the old basis where we were not even earning enough to meet interest payments on the capital involved," Van Wyk said.

He said that a commission had recommended Treasury take over the R814m interest burden on outstanding capital with Iscor and other users paying monies in excess of their costs.

Van Wyk estimated Iscor's contribution this year at R118m He stressed that if conditions did not change drastically it was strongly in the national interest that the export programme be continued

He added it had been decided to close one of the two plants at Sishen.

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METAL SECTOR WAGES

# Accord bar one

New wage levels were due to be introduced in the metal industry from July 1 This follows a decision by all but one of the unions on the National Industrial Council for the Iron, Steel and Metallurgical Industry to accept an offer from the Steel and Engineering Industries Federation of SA (Seifsa)

But perhaps the most important aspect of the settlement is that the parties on the council have agreed to start talks on the security of employment clause in the main agreement, and the future collective bargaining structure for the industry This is likely to lead to a restructuring of metal industry collective bargaining

In terms of the new agreement, skilled workers in the industry will now receive an increase of 8,3%, while unskilled workers will receive a 9,8% increase Thus, the minimum wage for a Rate A journeyman will increase by 40c to R5,21/hour At the bottom of the job scale, the minimum rate has increased by 17c to R1,90/hour The guaranteed minimum increase for workers earning more than the minima is 24c/hour at the top and 14c/hour at the bottom

Other provisions in the agreement, which will cover some 350 000 workers and 10 000 employers, include increased afternoon and night shift allowances, leave bonuses and subsistence allowances

The agreement was struck with the Yster en Staal Unie, the Confederation of Metal and Building Unions (CMBU), which represents mainly skilled workers, and the SA Co-ordinating Council of the International Metalworkers' Federation (SAIMF), representing mainly unskilled ones

The Metal and Allied Workers' Union (Mawu), an affiliate of the Federation of SA Trade Unions (Fosatu), is the odd-man-out which has broken ranks with the other unions Mawu has now refused to sign the agreement every year since it joined the council But even so, its members will be affected by the agreement

The SAIMF's Brian Fredericks tells the *FM* that although three of the unions in that camp have signed, they are "certainly unhappy" with the offer He says that irrespective of the signing, the SAIMF unions will approach individual employers where they have substantial membership in an effort to secure improved conditions over and above what was agreed Any employers who resist these efforts "will face whatever action our membership deems is expedient under the circumstances," he says He also says the unions will be submitting proposals to amend the present collective bargaining processes within the industrial council and warns that unless a structure acceptable to them is attained in the next year, the SAIMF unions will have to seriously consider their continued participation in the council

"The council minimum rates are there to keep the small Seifsa guys in business But some Seifsa employers are doing very well, despite the recession, and they are hiding behind the small guys," says Fredericks

How is Mawu likely to react? Mawu's Moses Mayekiso says the union will be meeting this weekend to decide on strategies Even though Mawu will be going it alone if it takes action, Mayekiso says "I would not be surprised if the workers decide to go on a national strike"

**Remote possibility**

But at least one leading metal employer thinks this is a remote possibility He predicts instead that in the next few months Mawu will place pressure on individual employers for plant-level bargaining "There may be go-slows, work-to-rules, overtime bans, and maybe even some strikes International labour organisations may also be used to put pressure on multinationals for plant-level negotiations," he forcasts

Ironically, the first strike over the new wages was staged at Silverton Engineering in Pretoria on Monday by members of the National Automobile and Allied Workers' Union (Naawu), which is not a member of the council Naawu says the workers, who have been dismissed, struck after management unilaterally announced that it would implement the Seifsa increases on July 1, cutting across negotiations which had been in progress at plant level The union has demanded their reinstatement

Demands for plant-level negotiations — which Seifsa is implacably opposed to — are sure to be on the agenda when the future collective bargaining structure of the industry is discussed And the outcome of an Industrial Court case involving Mawu and the Hart company in Natal, which centres on plant bargaining, may well influence the talks

But even though plant-level bargaining may be desirable to the SAIMF unions, centralised bargaining does provide some advantages to them as they face a logistical problem in getting round to individual companies One employer told the *FM* he anticipates that the metal industrial council will probably be changed and restructured along sectoral lines and perhaps even regional lines, although he does not think this would all be done at once ■

189 S. Day 8/7/85

# Steel price set to be raised modestly soon

By GERALD REILLY
Pretoria Bureau

AN INCREASE in the steel price is expected to be announced by Minister of Trade and Industries Dawie de Villiers within the next 10 days.

But that it will be a modest one is confirmed by Iscor senior general manager (steel) Nols Olivier, who said in Pretoria yesterday an adjustment was unavoidable

However, the increase would be limited against a background of the extraordinaly high 16,1% inflation rate, and other factors

Olivier pointed out that Iscor's margins on export and local steel sales were under pressure

"Sure the rand-dollar rate favours exports, but in recent months the price of steel on an over-supplied world market has sagged significantly " He pointed out that during the past five years increases in the price of steel had been kept four to five percent below the inflation rate.

The coming adjustment was still being discussed but the increase would not seriously aggravate the inflation rate.

Iscor had always made strenous efforts wherever possible to absorb costs and keep increases down to a minimum, but a point was inevitably reached where an adjustment had to be made

# Strike-hit Vaal firm lays off 56

THE strike-hit Baldwins Steel Company in Vanderbijlpark has laid-off about 56 black employees following a strike by the entire workforce over retrenchments and other working conditions.

Mr Johannes Maloka, branch secretary of the Steel Engineering and Allied Workers' Union (Seawu), yesterday accused the company of "unfair labour practice" for refusing to negotiate the retrenchment of the workers in "good faith" with the union.

The workforce downed tools for four days last week after management had refused to negotiate the retrenchment issue which the union maintains was aimed at "victimising our members"

However, the company's branch manager, Mr R C Gybons, has confirmed that workers have been retrenched because of the current recession. He denied that the workers were unfairly retrenched He also denied the strike action

Sowetan 9/7/85

## May Day

The strike by the workers is the third since the beginning of the year During May workers downed tools to celebrate May Day, according to Mr Maloka

Workers were made to sign forms wherein they undertook not to stay away from work Since that time workers have been victimised and threatened with dismissal

"Management has also used "dirty tactics" to lure workers to return to work after the strike last week "We view this kind of practice as unfair and will challenge management "

Mr Gybons declined to comment on the allegations and claimed "This is a matter between the union and the company, and not the Press "

The union is to hold its annual general meeting at the Cathedral Place, Johannesburg on Saturday, starting at 10am The agenda includes elections, financial reports, amendment to the constitution and the unemployment and strike funds

(189)

# Mawu vows to down tools

9/7/85 Sowetan

**THE Fosatu-affiliate Metal and Allied Workers' Union has threatened to go on a national strike if employers in the metal industries refuse to negotiate wages at plant level**

This follows Mawu's rejection of a wage offer for the 360 000 metal workers at the Industrial Council (IC) — the Steel Engineering Industries Federation of South Africa (SEIFSA) last week

Mawu is the only union in the metal industries' IC which refused to sign the wage agreement — the second time in two years The union is a member of the International Metalworkers Federation (IMF)

Two other IMF members which took part in the IC wage negotiations — South African Boilermakers' Society and the Steel Engineering and Allied Workers Union — have signed the agreement

The agreement means that metal workers will now receive increases ranging from 8,3 percent to 9,8 percent as from July 1, but the agreement still has to be gazetted by the Minister of Manpower

However, Mr Brian Fredericks, chairman of the local committee of the IMF, said the unions were still unhappy about the offer and will be approaching managements at plant level The unions will clammer for increases above the IC minimum rates and those employers who refuse to negotiate will face action

Mawu said it was unable to sign an agreement which was not accepted by its members It will not be pressurised by anybody into accepting the offer because "we are fully committed to the establishment of a living wage "

"The union remains totally opposed to Seifsa's policy of discouraging plant level bargaining ,and points out that this policy is based on a spurious intellectual and a historical supposition and has the effect of

- Causing massive industrial unrest,
- Protecting highly profitable companies from paying wages commensurate with their income and profits, and
- Distorting the collective bargaining process

# Metal industry's wage pact does not guarantee peace

189 By Mike Siluma SAOH 12/7/85

The conclusion of a wage agreement in the metal industry this month may not have guaranteed peace between employers and a large section of the industry's nearly 360 000 workers NRTH 1 NOMI

All unions in the International Metalworkers' Federation (IMF), save one, signed the agreement only last week, after three months of tough negotiations with the employer body, the Steel Engineering Industries' Federation (Seifsa)

The IMF unions are the South African Boilermakers Society (Sabs), the Steel Engineering and Allied Workers' Union (Seawu) the Metal and Allied Workers' Union (Mawu) and the Engineering Industrial Workers' Union (EIWU)

They have a membership of more than 120 000, comprising mainly unskilled workers

In signing the agreement, these unions made it clear they were doing so 'under protest" as they were unhappy with the employers' final offer

## REFUSED

Mawu is the only union which has for the third time in as many years, refused to sign

The other union grouping in the industry, the Confederation of Metal and Building Unions (CMBU) representing mostly skilled and semi-skilled workers has also accepted the employers' offer

At the start of the talks, the two union groupings presented separate sets of demands

The CMBU demands included a 42-hour working week and a 20 percent increase in minimum wages for all categories

The IMF unions asked for, among others

- The raising of the hourly minimum wage rate for unskilled workers from R1,78 to R3,50 and a guaranteed across-the-board 50c an hour increase
- The reduction of the working week to 40 hours without loss of pay
- A strict control on overtime to curb retrenchments
- The recognition of May 1 as a paid holiday

Seifsa's final offer came after talks had broken down several times and a declaration of dispute by the unions

The employers rejected many of the union demands, but have agreed to raise the minimum wage for artisans by 40c to R5,21 an hour The minimum wage for unskilled workers will be R1,90 an hour

An across-the-board hourly rise of 24c for artisans and 14c for labourers has also been granted

Although the agreement came into effect on July 1, the unions have rejected it as not meeting the high cost of living

When signing the agreement, the IMF unions said they reserved the right to negotiate supplementary agreements with the more profitable companies in the industry.

## ATTACKED

They attacked the Seifsa position as "discouraging plant-level bargaining" The unions contend that the setting of general wage minimums at the Industrial Council (IC) is meant to protect the smaller employers But the bigger employers whose profits were greater and therefore could pay more, were hiding behind the IC minimums, the unions said

It is these employers with which the unions will negotiate directly

Employers who resisted these attempts would "face whatever action our membership deems expedient", said the local IMF secretary, Mr Brian Fredericks

Mawu was even more explicit, hinting at a possibility of a national strike if employers refused to negotiate at plant level

The union claims a signed-up membership of more than 40 000

A union source this week predicted work stoppages over the next few weeks to back plant-level negotiations with some companies

Last week 500 workers were dismissed by the Pretoria firm Silverton Steel Engineering after striking over the issue

Their union, the IMF-affiliated National Automobile and Allied Workers' Union, said the company had implemented the new wage rates while direct negotiations were in progress w/t AK SS 13/7/88 189

NEWS

# R560 million foreign exchange saving for ADE

By TOM HOOD

MORE than R560 million in foreign exchange has been saved by the local production of 69 000 engines since Atlantis Diesel Engines started in 1981, says Mr Otto Scholtz, director of finance and management services

Total investment in fixed assets is R290 million, priced at a time when dollar was $1,36 to the rand

The same development today would cost upwards of R700 million, he estimated this week

"The project has become more and more justified with the devaluation of the rand"

Criticism had been levelled at ADE for its price increases but Mr Scholtz claimed the increase in prices of petrol engines manufactured elsewhere and ADE's increases were practically in a straight line

However, the recession had hit ADE's plans for six

The country's total diesel engine market was 25 000 engines a year when it started but this had dropped to about 8 000 this year The normal market would average 14 00 to 15 000 a year

The plant was designed for double shift operation But it was working only one shift a day and at about 50 percent of capacity and so could meet South African demand for some time to come

There could however, be a sudden increase in demand, especially if agriculture recovered

In its planning ADE expected the replacement market to drop because its engines were likely to have a longer life span than many currently available

One of the long-term benefits to ADE was that practically every garage would be trained to work on its engines so there would be considerably less down-time for users, said Mr Scholtz

Standardisation would bring tremendous benefits There could be three or four spares dealers in any town competing

A major development would be the production of components for petrol engines

The Mercedes-Benz organisation had placed orders for petrol-engine blocks and crankshafts and more components could be produced without increasing costs

CAPE TIMES 26/7/85

# 1 000 strike at Siemens

Own Correspondent

JOHANNESBURG. — More than 1 000 workers went on strike at five Siemens plants in the Transvaal yesterday as the Metal and Allied Workers' Union (Mawu) stepped up its plant-level wage demands.

Mawu was the only union which refused to sign the metal industrial council's annual agreement two weeks ago.

The strike at Siemens, which manufactures cables and power-engineering and telecommunication equipment, followed a refusal by the firm to negotiate wages over and above the council increases of 14c an hour.

Argus 18/7/85

Argus 18/7/85

CITY/NATIONAL

# Vigil to mark funeral of UDF victims

Staff Reporter

A VIGIL organised by the Mowbray Inter Race Group (Mirge) will be held in St George's Cathedral on Saturday to mark the funeral in Cradock of four murdered United Democratic Front leaders Mr Matthew Goniwe, Mr Fort Calata, Mr Sparrow Mkhonto and Mr Sicelo Mhlawuli

Starting at 9 30am the 2½-hour vigil will be to express sympathy with the bereaved and all victims of the unrest, concern about escalating violence and commitment towards achieving justice reconciliation and peace in South Africa, according to Mrs Daphne Wilson of Mirge

Archbishop Stephen Naidoo will open the service and members of the Langa Adult Choir and the Princess Square African Choir will lead the singing of hymns

# Treason trial: 'Bail notes valid'

Argus Correspondent

PRETORIA — The State has set about trying to prove to a Pretoria magistrate that the Attorney-General's certificates denying bail to the 22 Vaal Triangle treason accused are valid

Defence counsel Mr Ismail Mahomed had told the court at an earlier hearing that the documents were illegal because they were issued before the men were formally arrested This was a violation of Section 30 of the Internal Security Act, in terms of which the certificates were made

The State submitted that a magistrate could not rule on the certificates validity and a lengthy legal dispute ensued

However, magistrate Mr J B Koekemoer finally ruled yesterday that a lower court could decide if certain concrete provisions in Section 30 had been complied with

One of these, he said, was the provision that certificates must be issued after arrest

Deputy Attorney-General Mr P B Jacobs, for the State then argued the definition of the word 'issued' saying a certificate could only be considered to have been issued once it had been handed into court

# UDF badge — hearing postponed

Argus 18/7/85

Labour Reporter

AN Industrial Court hearing on an allegation of unfair labour practice by a man fired for wearing a United Democratic Front badge at work was postponed for a ruling on the court's competence to hear the complaint

The case arose out of the dismissal of Mr Isaac Phooko from Atlantis Diesel Engines in May

After lengthy legal argument in which Mr F Erasmus, for ADE claimed that the hearing could not be held because the application had not fulfilled legal requirements the presiding officer, Mr P E Roux SC, yesterday postponed the hearing

It is alleged that after being given a written warning for refusing to obey an instruction and "abuse and misuse" of company property — the overall to which the badge was pinned — the company introduced a new rule the following day prohibiting promotion of any political cause or organisation

Mr Phooko was dismissed the following day

He has applied for reinstatement in terms of Section 43 of the Industrial Relations Act He is represented by Mr L J Bozalek of the Legal Resources Centre

19/7/85.

# Siemens and union meet over strike

B. Day (189) 1090A

By FRED STIGLINGH

SIEMENS management and the Metal and Allied Workers' Union (Mawu) are meeting today in the hope of breaking the strike deadlock and re-employing 1 250 dismissed workers

Both parties have indicated their willingness to negotiate and to come to an acceptable agreement

Workers' demands of plant-level bargaining and a R1 across-the-board increase led to a deadlock in talks with Siemens management on Tuesday evening

Mawu, representing most of the strikers, is the only union which rejects the wage increase negotiated with employers through the Industrial Council for the metal industry

Joint Siemens MD Johan Trotskie said yesterday that Mawu had dropped its plant-level bargaining demand, while Mawu's Transvaal organising secretary, Moses Mayekiso, said their demands remained the same

"We don't know what management have up their sleeves," Mayekiso said, "but if they are serious about considering our point, then we too are committed"

He expressed his disappointment in the Steel and Engineering Industry Federation of South Africa (Seifsa), who "sided with Siemens'

Seifsa director Sam van Coller had indicated that Seifsa members were strongly opposed to plant-level (shop-floor) bargaining and did not believe it possible to bargain on the same matter on two different levels

Siemens' Trotskie said that 500 coloured workers who were threatened by striking workers at the Pretoria factory on Wednesday had returned yesterday, together with "some black workers"

Reports concerning a sympathy strike at Dorbyl plants remained unconfirmed yesterday

CM6 7/..6 12/7/85

# PE plants shut down by strike

PORT ELIZABETH — Volkswagen and the locomotive plant of General Motors shut down yesterday through continuing strike action by the workers

Workers at Ford's Neave plant resumed work yesterday but by 10 30am had downed tools again They went on strike on Wednesday

A spokesman for Ford said it was not clear at this stage whether the Neave plant would be closed down for the day

On Wednesday, for the second time this year, all three motor companies in the Eastern Cape had workers out on strike

● Meanwhile the National Union of Mineworkers (NUM) plans to go ahead with a strike on 27 gold mines and collieries throughout the country early next month, according to the union's information secretary, Ms Manoko Nchwe

More than 210 000 of the country's 550 000 black miners are employed on the designated mines, which would make the strike, if successful, the largest in South African history

Ms Nchwe said balloting at 16 of the 27 mines where the union is recognized had brought in more than 60 000 votes favouring the strike with fewer than 1 900 opposing

This represented 92 percent of workers on the balloted mines according to the union's figures "The strike is going ahead" Ms Nchwe said

The industrial relations adviser to the Chamber of Mines Mr Johann Liebenberg said yesterday the NUM represented 85 000 paid-up members on the mines

"The chamber contends that the NUM does not have a mandate from the 27 mines where it is recognized, and most definitely not from throughout the industry," he said

● In Johannesburg, the Siemens management will meet representatives of the Metal and Allied Workers' Union (Mawu) today to try to overcome the deadlock situation in which about 2 000 striking workers were dismissed, a company statement said last night

The workers were dismissed at five Siemens plants for going on strike on Monday to back demands for plant-level wage negotiations to supplement Industrial Council wage rates

Siemens said the company was willing to consider re-employment of the fired workers many of whom were loyal to Siemens — Sapa

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July 1985

# 2 000 strike at Siemens

189

More than 2 000 workers from Siemens factories in the Transvaal downed tools today to back demands for a R1 across-the-board hourly wage increase, the Metal and Allied Workers' Union (Mawu) said

The workers are from Siemens factories in Spartan (Kempton Park), Isando, Kuduspoort, Watloo and Rosslyn (Pretoria).

A union spokesman said the workers were not satisfied with the 14c an hour rise granted by employers at the Metal Industry's Industrial Council.

"From the company's financial statements, we are convinced that the company can afford what we are asking for," the spokesman added.

deed the keystones of the Reagan presidency — jammed up in the Congress for him to be even partly incapacitated

The time pressure is especially acute Congress goes on holiday on August 1 When it returns in mid-September the lawmakers will be looking ahead to the mid-term 1986 elections for the full House and 33 of the 100 senators — 22 of them incumbent Republicans

So the Congress will be in even less a mood then to compromise over tax reform, the budget deficit and important foreign policy questions such as the sanctions against Nicaragua and SA and the president's October summit meeting with Soviet leader Mikhail Gorbachev.

The question thus is: how quickly can Ronald Reagan snap back?

The president has experienced only mild discomfort from the operation He is resting well and relaxing between briefing documents with a series of bedside novels and visits from his wife

And as for the American presidency, except for a seven-hour period when George Bush was in charge, it remains clearly in the hands of Reagan Chief of Staff Donald Regan has taken over much of the detail work which the president had passed on before he entered the hospital

But soon that backlog of executive decisions will be exhausted New decisions will have to be taken, initiatives planned and — insofar as the recalcitrant Congress is concerned — bargains will have to be struck. ■

FM 19/7/85 (189)

LABOUR RELATIONS

## Novel strike clause

**Durban motor** components manufacturers Rowen, and Fosatu's National Union of Automobile and Allied Workers (Naawu), have signed a recognition agreement containing a unique clause whereby the company undertakes not to dismiss strikers for four weeks — provided they have adhered to the agreed dispute procedures

Unions have long argued that striking workers should be entitled to some form of protection from dismissal if they have followed dispute-resolving procedures This agreement goes further than any other in providing this protection, and is set to be a major talking point in industrial relations circles

The agreed dispute procedure comes into effect once a deadlock has been reached in negotiations over conditions of employment, or when the disciplinary or grievance procedures have been exhausted. It includes

- ☐ A five-day cooling-off period,
- ☐ Thereafter management and the union are obliged to meet twice within 14 days to attempt to resolve the dispute,
- ☐ If that fails, a mediator may be appointed by mutual consent, and he has seven days to bring the two sides to agreement, and
- ☐ Unless mutually agreed otherwise, the dispute-resolving mechanisms contained in the Labour Relations Act must be invoked

Once these steps have been followed, workers are entitled to embark on an "authorised" strike (which may also be legal) with the guarantee that they will not be dismissed for at least 20 working days

The philosophy behind the agreement, says a Rowen spokesman, is to create an onus on both sides to prevent strikes and to build a relationship based on trust "We do not want wildcat strikes This clause is an incentive for the union to follow the lengthy procedures Hopefully, once they have been followed, any dispute will be resolved But if not, and there is a strike, we believe that to dismiss our employees immediately would destroy any trust that has been built," he adds

Rowen employs 800 people It is part of the Met Air group and supplies a major portion of its products to Toyota Toyota is, in fact, a shareholder in Met-Air and a Naawu spokesman believes the agreement has implications for the whole Toyota group

☐ The first strike following the wage settlement at the National Industrial Council for the Iron, Steel and Metallurgical Industry has been resolved According to a Naawu spokesman, 500 members at Silverton Engineering have returned to work having won improved wage increases They are to receive hourly increases of 15c as from July 1, with two further 5c increases in October and December The new minimum rate at the company is R2,15/hour The new Industrial Council minimum is R1,90/hour with guaranteed increases of 14c/hour in the lowest job category

Still at issue, however, is whether the workers should be fully reinstated or treated as new employees They went on strike on July 1 over a management decision to implement the council increases while plant-level negotiations were in progress, and were dismissed (*Current Affairs* July 5).

Naawu is not a party to the Industrial Council However, another Fosatu affiliate which is, the Metal and Allied Workers' Union, refused to sign the agreement and has said it plans to campaign for extensive plant-level wage settlements ■

THE PFP AND REFORM

## Brokering peace

**The leader** of the Progressive Federal Party (PFP), Frederik van Zyl Slabbert, pulled the self-fashioned mantle of national peace broker more firmly around his shoulders this week with a well-reasoned and apparently effective lecture to influential young Afrikaners in Stellenbosch

Speaking at the annual congress of the Afrikaanse Studentebond (ASB), Slabbert laid the country's choices before delegates continue on the road towards siege, or negotiate away from it

Judging by questions afterwards, his concept of dialogue certainly captured some

# Car industry strikers 'to go back to work'

CAPE TIMES 20/7/85

**Own Correspondent**

PORT ELIZABETH — Workers at Volkswagen in Uitenhage and Ford's Neave plant here are expected to return to work early next week ending strikes at both factories

A spokesman for the National Automobile and Allied Workers Union (Naawu), which represents most hourly-paid workers at both plants said workers at VW were expected to return on Monday and Tuesday and Neave workers on Tuesday

Strikes at both companies started on Wednesday this week and affected about 5 000 workers Both plants were closed yesterday

Workers at VW downed tools after demands for refunds from pension contributions were refused Workers at Ford stopped work because of the company's refusal to backdate interim wage increases, the Naawu spokesman said

These issues are expected to be high on the agenda when Ford, General Motors and VW meet trade union representatives in the Industrial Council on Monday

Industrial Council negotiations over wage increases have been going on for about eight months with no results

Ford and Volkswagen spokesmen could not be reached late yesterday to comment on the expected return to work

● Sapa reports that yesterday's talks between Siemens and the Metal and Allied Workers Union (Maawu) to break a deadlock after 1 250 workers were fired for striking this week will be resumed on Monday

A Siemens statement last night said Maawu delegates were told that the company was willing to re-employ the vast majority of the dismissed workers, as it believed them loyal to Siemens It said that while the company "clarified" its refusal of the R1/hour increase, individual workers would receive an additional increase based on performance and merit

The statement said, however "A small number of the dismissed workers will not be re-employed where acts of violence and intimidation can be proved In addition, where disciplinary records exist, this will also be taken into account"

The company added it was willing that a small committee, representing both sides in the dispute, investigate the fairness of each case

# Sanlam's heavy vehicle merger

189

B. Day

23/7/85

CHERILYN IRETON

SANLAM has reinforced its base in the heavy vehicle industry through a merger between Gradtek, the construction equipment company, and Premier Metal, an offshoot of Messina

Through Sankorp, Sanlam holds a 50,5% interest in Messina, which has a 75% controlling share in the new company, Premier Equipment

Delta SA, Gradtek's holding company, remains a substantial minority shareholder.

The tie-up follows a merger between the companies' overseas principals, Volvo BM and Clark Michigan Euclid, in the Netherlands earlier this year

Premier Equipment has exclusive distribution rights for Volvo BM, Clark Michigan and Euclid products, as well as Hitachi, Coles, Grove and Ford construction products and Clark forklift trucks

Premier Equipment chairman Tony Buchan said the merger would eventually lead to a rationalisation of the company's product lines

"Although there are areas of overlap, our activities are complementary"

Construction equipment will be the biggest section of the new company's business. Its strength will be the heavy duty front-end loaders and large mining and construction trucks manufactured by Clark/Euclid and Volvo's small-to-medium range of front-end loaders and articulated trucks

Clark forklifts will continue to run as a separate handling division within the new company

Peter Law, GM of Premier Metal will be MD of the new company and a member of the Board of Directors Other board members are Paul Smits, Delta's chief executive and Brian Wright, a director of Gradtek

# Shell SA to invest R60 million in new mining venture

ARGUS 25/7/85

## Liberty, UBS form new life company

A NEW life insurance company with the medium and lower end of the market as its target has been formed by Liberty Life and the United Building Society

The company, Charter Life Insurance, initially will have assets of about R70 million and premium income of R19 million

Liberty will have a 67 percent stake and UBS Insurance will hold 33 percent.

- **Metal Closures Group** is paying an unchanged interim dividend of 31c although net profit dipped to R2,2 million from R2,4 million.
- **Free State Development and Investment Corporation** is raising its final dividend to 55c (37,5c) after a rise in earnings to R3 million from R2,2 million
- **Sage Group's** three property trusts, Fedfund, Pioneer and CBD Fund, all raised their earnings and dividends for the half-year to June

Fedfund's interim is up by 9,7 percent to 11,39c, Pioneer's is 11,83c, up by 17 percent while CBD Fund is paying 11,95c

- **Everite's** total dividend is a same-again 60c after an unchanged final of 40c although

By DEREK TOMMEY
Financial Editor

SHELL South Africa, one of the country's major oil distributors, is on the way to becoming an important mining company as well

Already a major coal exporter, Shell is spending R60 million developing an open cast lead and zinc mine at Pering, near Vryburg, the chairman, Mr John R Wilson, reports in a review of the company's activies.

Shell is also planning to develop a tin-tungsten mine near Upington, once market conditions for these metals improve

Expenditure on the new mine will push Shell's investment in South Africa to above the R1 billion-mark, making it one of the biggest foreign investors in the country

### COAL EXPORTS

The Pering mine will be open cast and worked with conventional truck and shovel equipment It will produce 60 000 tons of zinc concentrates and 9 000 tons of lead concentrates a year

Shell exported 5,8 million tons of coal last year, which was a million tons more than in 1983

Mr Wilson says that the capacity of the Richards Bay Coal Teminal, in which Shell has a 12,5 percent stake, has been raised to 44 million tons, and could be raised to 80 million tons by 1997

However, he warns that future South African coal sales overseas could be constrained by political considerations

He says discussions are taking place between the oil industry, the Government and motor vehicle manufacturers on the desirability of lowering the lead content of petrol

A programme has been designed which, if implemented, will lead to a reduction in the lead content of locally manufactured petrol by 1986

Should this happen it would substantially increase production costs of petrol

### SELF-SERVICE STATIONS

New filling stations were being designed to facilitate fast flow and to be converted at short notice to accommodate self-service

Under the oil industry rationalisation plan Shell has been able to open only five new filling stations in the four years ended December 1985, and a further one, up to a maximum of five, for every four filling stations closed

Since 1981 Shell has spent R3 million on an educational programme for blacks, aimed at upgrading their language, mathematical and scientific knowledge and skills to acceptable levels for university education

Sinclair sued for R4 million

25.7.85 (189) 4404 ~~4203~~ (14P) R.D. au

# Strike-hit Siemens improves offer to Mawu

By CLAIRE PICKARD-CAMBRIDGE

AGREEMENT has still not been reached at Siemens where about 1 250 strikers were dismissed last week, but the Metal and Allied Workers' Union (Mawu) said yesterday the firm had made an improved offer

Moses Mayekiso, Mawu branch secretary, did not want to talk about the offer until the matter had been discussed with members, but said the union was still demanding a R1 an hour across-the-board increase and rejected the industry minimum of a 14c increase implemented on July 1

Mawu is also demanding plant-level bargaining as an additional alternative to industrial council negotiations, and the reinstatement of all dismissed workers

Johan Trotskie, joint MD of Siemens, said the company had offered to re-employ the majority of the dismissed workers, but could exclude about 40 where acts of violence and intimidation could be proven

A small committee representing both sides in the dispute would investigate the fairness of each case, he said

The company have also said they do not want to agree to plant-level bargaining until the outcome of certain developments in Seifsa, the employer federation

Seifsa plan to meet with certain trade unions to discuss collective bargaining arrangements in the industry.

Cape Times 26/7/85

# Steel product prices to rise

PRETORIA — The South African steel industry was entering a "difficult phase", and its future profitability would largely be determined by the effect of a new tariff structure announced yesterday by government Iscor's chairman Mr Floors Kotzee said yesterday

Mr Kotzee released a statement in Pretoria in reaction to the announcement by Trade and Industry Minister Dr Dawie de Villiers abolishing quantitative import control on steel products, replacing it with a customs tariff system

The new policy which also abolished price control on basic steel products will be effective from today

Mr Kotzee said the announcement was not unexpected

'Owing to the exceptional conditions prevailing in the international steel industry for the past few years, and the consequent cut-throat competition, world steel prices in the export market are abnormally low at present,' he said

The position was aggravated by the increase of steel production in certain countries as well as government subsidization, especially in EEC member countries

'These abnormal conditions are expected to persist for a long time yet which means that for some time to come there will not be any hope for normal market-orientated prices for steel in the international markets"

Mr Kotzee said while the new tariff system would offer 'moderate protection' to the local industry, "the abolition of price control on primary steel products heralds a new era in the history of the South African steel industry"

Local steel prices among the country's nine independent steel producers would in future develop largely in keeping with market forces, without government interference and in competition with imports, Mr Kotzee said

In his statement, Mr Kotzee also said price increases on several steel products will be announced today but said they would be below the current rate of inflation — Sapa

# Steel pricing system to be changed

Financial Staff

South Africa's steel pricing system is to be remoulded

The Minister of Trade and Industry Dr Dawie de Villiers announced yesterday that price controls on locally produced primary steel products and quantitative import controls over foreign primary steel imports are to be scrapped

In place of the quantitative import controls "appropriate customs duties" will come into operation from today Dr De Villiers said

The extent and method of the customs duties are expected to be outlined in schedules to be published in the *Government Gazette* today

But at the same time many local primary steel product manufacturers will also increase their prices from today

Price control on primary steel products from Iscor and other South African rolled steel producers date back nearly 45 years to 1941 when it was introduced as a war measure to curtail rising prices during a period of shortages

In recent years though the South African steel industry has come under severe pressure because of high internal production costs and the cheap price of 'dumped' foreign steel, much of it produced with the aid of government subsidies

Steel prices were "traditionally" reviewed — and increased — in July of each year after the go ahead from the government

CAPE TIMES 26/7/85

189

# Govt drops price control on steel

PRETORIA — Price control and quantitive import control on primary steel products is to be abolished with effect from today, the Minister of Trade and Industry, Dr Dawie de Villiers announced yesterday

Dr De Villiers said price control on primary steel products dated back to 1941 when it was introduced as a war measure to curtail rising prices in a period of shortages

He said that since then the government had been of the opinion that it would not have been advisable to expose the local industry to foreign competition without tariff protection.

"It is common knowledge that steel prices on the world markets are at unrealistically low levels on account of the imbalance existing between supply and demand

"Consequently overseas steel producers are preopared to export primary steel products at marginal prices while the governments concerned are prepared support their steel industries by means of export subsidies and other forms of assistance"

Dr De Villiers said these measures did not apply in the case of South Africa steel producers

In view of these factors the government had decided that it was now opportune to abolish price control as well as quantitive import control on primary steel products

He said the abolition would come into effect today when revised customs duties come into effect

Dr De Villiers said the abolition of price control would have numerous advantages for the country because among other things it would result in greater competition between steel producers and more price flexibility — Sapa

● **Steel product prices to rise, page 13**

METAL INDUSTRY

# Wage talks roundup

**Industry-wide** strike action, threatened by the Metal and Allied Workers' Union (Mawu) after its refusal to sign the metal industry's wage agreement, has not materialised But Mawu and other metal-sector unions, including the SA Boilermakers' Society and those affiliated to the Confederation of Metal and Building Unions, are proceeding with — or have completed — plant-level wage negotiations with a number of major metal industry employers

A new agreement for the National Industrial Council for the Iron, Steel and Metallurgical Industry came into effect on July 1, providing for minimum increases ranging from 14c/hour for unskilled workers to 24c/hour for those in the highest job categories Most members of the Steel and Engineering Industries Federation of SA (Seifsa) are implacably opposed to plant-level wage bargaining, and, says Seifsa director Sam van Coller, "Seifsa seeks to guide members accordingly " But Seifsa is a voluntary organisation, and members who disagree with this policy are entitled to do so, he adds

At Siemens, wage talks precipitated a strike by 1 250 Mawu members at five plants. They were dismissed by the company and at the time of going to press the union was considering whether to accept a management offer of selective re-employment

The strike began on Wednesday last week when deadlock was reached over a Mawu demand for R1/hour wage increases. The *FM* understands that Siemens has offered to take back most of the strikers, but some would be placed on suspension pending disciplinary hearings over their conduct during the strike.

Meanwhile, other wage talks have gone ahead According to a Mawu spokesman, agreement has been reached whereby some 1 400 employees at Alusaf in Richards Bay will receive increases ranging from 20c/hour-41c/ hour, plus improved shift and tool allowances and sick leave

Negotiations with other companies are not yet completed, but indications are that most settlements will be above the industrial council minimums The Mawu spokesman says the Highveld Steel and Vanadium Corporation is offering 17c/hour-27c/hour increases for its 5 000 employees All unions involved in the talks, except Mawu and the SA Boilermakers' Society, have already accepted the offer.

Samancor, which employs about 1 500 people, has offered 19c/hour-38c/hour increases According to Mawu, Ferralloys has made a "final offer" of 25c/hour-40c/hour increases The company will not confirm the figures, saying only the parties' respective proposals are not far apart But it is unclear whether 370 of the workers — almost the entire black workforce — will benefit from any wage agreement

They staged a work stoppage on Thursday in sympathy with the striking BTR Sarmcol workers (see page 73), and, on their return the following day, were told they had been dismissed Most of the 370 are Mawu members, although a small number belong to the Boilermakers' Society Talks with the two unions over their re-engagement are in progress

In another set of negotiations, Mawu has declared a dispute with Iscor Iscor has offered workers in the lower job categories increases only marginally higher than those agreed at the industrial council, but the offer to the skilled workers is in the 38c/hour-42c/hour range ■

ment of the rand to about 5? as the

It opened yesterday morning at 52,90c

# Govt lifts controls on steel imports

(189) B. Day 26/7/85

QUANTITATIVE import controls on primary steel products are being abolished and replaced by import tariffs

The decision, forecast in yesterday's *Business Day*, was announced in Pretoria last night by Trade and Industry Minister Dawie de Villiers

He said the new import policy would take effect from today, but gave no details of the new level of tariffs

De Villiers said the abolition of control on primary steel products would encourage competition and price flexibility among local steel producers

"Similarly, competition from overseas will act as an incentive for the local steel industry to continue to increase productivity and efficiency on an intensified scale," he said

It would also stimulate regional development in coastal areas, where secondary manufacturers were situated far from the large rolled steel producers in the interior

Iscor chairman Floors Kotzee said the SA steel industry was entering a "difficult phase" and its profitability would largely be determined by the effect of the new tariff structure

**Business Day Reporters**

"Owing to the exceptional conditions prevailing in the international steel industry for the past few years, and the consequent cut-throat competition, world steel prices in the export market are abnormally low at present," said Kotzee, also chairman of the SA Rolled Steel Producers Co-Ordination Council

"These abnormal conditions are expected to persist for a long time yet, which means that for some time to come there will not be any hope for normal market-orientated prices for steel in the international markets"

Major steel markets in Europe and the United States had moved away from tariff protection towards quantitative protection in terms of import quota restrictions for steel, he said

"Looking at it from this point of view, the domestic steel industry would have preferred that quantitative import control be abolished only when the international situation has improved after supply and demand have come closer to equilibrium"

# Sacked workers to be rehired

189 Pretoria Correspondent Star 29/7/85

Letters of re-employment were handed out to 1 250 workers at five Siemens factories in Pretoria and Isando today — ending a two-week strike

The joint managing director of Siemens, Mr J Trotskie, confirmed that all workers barring 40 would receive notices of re-employment, and conditions at the plants in Rosslyn, Waltloo, Koedoespoort and Isando are expected to return to normal.

The workers, members of the Metal and Allied Workers' Union, downed tools to back demands for plant-level wage neogitations and a R1/h across-the-board increase. When the parties failed to reach an agreement, Siemens dismissed the strikers.

But after a week of bargaining the parties agreed that workers would return to work at the Industrial Council for the metal industry's wage increase of 14c/h, and the question of plant-level wage negotiations would be discussed after an investigation into collective bargaining practices in the metal industry was finalised

The union reserved the right to reopen negotiations on pay increases

An independent arbitrator will be appointed to inquire into charges of intimidation and violence brought by management against 40 workers.

# Workers declare dispute with Dorbyl group

B. Day

3/7/85 (189)

Business Day Reporter

THE Metal and Allied Workers' Union (Mawu) has declared a dispute with the Dorbyl group over wages and other issues, and plans to take strike ballots among members on August 12

The dispute affects Dorbyl Railway Products, Dorbyl Structural Products, Dorbyl Structural Engineering and Dorbyl Forging and Machining Division

Mawu said yesterday that deadlock had been reached with the group on several issues, including the company's refusal to meet Mawu's request of negotiating wage benefits at plant level

The company could not be reached for comment last night

The union's demands include a 40-hour working week without loss of pay, an increase in the long-service bonus and improvements in severance pay It is also demanding that the Dorbyl group provides family accommodation at a reasonable rent for all its workers, regardless of Section 10 qualifications

A union statement said Dorbyl had refused all its proposals except family housing, on which it said the union should come up with the concrete proposals

The matter was referred to the industrial council to arrange conciliation and deadlock was also reached there, the statement said

The statement added that Metkor controls Dorbyl and that Metkor workers would also consider solidarity action with those at Dorbyl

(189) FM 2/8/85

STEEL INDUSTRY

# Threat from abroad

**Government's** moves to free the steel industry from import quotas and price control should be welcomed by the private sector as a whole But for the industry itself it raises the spectre of increased competition from imports when producers are already suffering from heavily reduced sales

And, making matters worse, price hikes have just been agreed for primary steels, and the sole stainless steel producer has asked the Board of Trade and Industries (BTI) for an increase in its reference price, on which duties are based

This is set to trigger a higher price for stainless steel on the local market — which will, in turn, make downstream fabricators even more vulnerable to competition from foreign manufacturers, who have already been accused of using SA as a dumping ground

Local fabricators are rapidly losing share in the domestic market to marginally-costed and subsidised imports Hardest hit are heavy fabrications, such as pressure vessels and boilers

"Since 1982, the fob value of imports has soared from R90m to R250m, while the market has shrunk 30% to R500m in the same period," says Pressure Vessel Manufacturers' Association chairman Arthur Goodwin

The Southern Africa Stainless Steel Development Association (SASSDA) has also submitted a case for more protection for hollow ware manufacturers to the BTI The decision is still awaited

"Meanwhile the industry will bleed quietly as imports from Spain and South Korea stream in at a third of domestic prices," says SASSDA chief executive George Malan

All this means that fears are growing in the steel producing and fabrication industries that the liberalisation has been mistimed

Says SA Rolled Steel Producers' Co-ordinating Council chairman F P Kotzee "Without question the industry is entering a difficult phase "

Steel producers say Department of Industry's decision to scrap import quotas has come just when major markets in the US and the European Community are shoring up their protectionist barricades.

They are proud of the fact that the new steel price increase will be pegged below 10%, although it is above last year's 7,5% This may have a good psychological effect on the market but is, nevertheless, a hike fabricators can ill-afford

Downstream users will find it even more difficult to turn back the tide of imports because finished products enter SA, in their view, with inadequate protection

Under the new legislation, quantitative import control is replaced with permit-free tariff protection As it stands, the new system is a self-regulating formula tariff that ensures that the lower the fob value, the higher the duty to bring up the floor price

For many producers, however, this will not make SA safer against dumped steel imports

Coastal users are likely to import more because of the high railage costs from Reef producers Iscor, for one, see this as a major headache

One solution could be a special Sats tariff for "exports" to coastal users to make local steel more competitive But foreign producers would see this as subsidisation

Despite a limited recovery in demand and reduced output by mills, the world steel market is still deeply depressed

Admittedly, foreign governments are trying to wean steel industries off subsidies but many are having only mixed success There are signs that the European Community's intention to stop bankrolling loss-making producers by year-end has been shelved for at least 18 months

Clearly, the ideal conditions for deregulating SA's steel industry are nowhere in sight Although Iscor disagrees, there is, however, a glimmer of hope that opening up to imports may drive down domestic steel prices

The move to dismantle import quotas may have been largely motivated by the need to appease the General Agreement on Tariffs and Trade (GATT), rather than a desire to soften domestic prices

It could also take some of the sting out of foreign moves against SA's increasing steel exports In the past, both Iscor and Highveld have been targets of US anti-dumping actions

While the recession at home means producers must court foreign buyers to take up the capacity slack, major foreign markets have become a minefield of anti-import activity

Notably, the US has pegged steel imports to 18,5% of consumption by securing voluntary restraint agreements with suppliers, including SA

In effect, this makes SA more vulnerable to maverick imports Foreign producers, particularly from threshold industrial countries, which relied on the US to take surplus steel are looking elsewhere

The new reference prices for carbon steels had to be refined recently to keep pace with the dollar, local inflation and international metal fixings

A major gripe about the new tariff is the absence of a mechanism allowing these rates to flex continually with exchange rates "The legislation is still as rigid as it was in March 1984," says Highveld Steel marketing director Rob Herbertson

The Board of Trade and Industries (BTI) has turned down all calls for a mechanism to cope with volatile exchange rates

It believes that while the steel industry deserves moderate protection, it is not the Exchequer's role to compensate producers for natural business risks, including the vagaries of the rand/dollar exchange

In May further increases in stainless steel reference prices were gazetted because the sliding rand had forced Middelburg Steel & Alloys (MSA) into an inflationary cost-price spiral

"Static reference prices since October 1983 put the rates at which our duties cut in wildly out of line with the overseas market," says marketing director Leo Melvill

The price of nickel, for example, soared from R3 500/t to R10 000/t in 24 months The metal accounts for around 50% of MSA's raw material costs in popular grades of stainless steel

Downstream stainless steel users are nervously awaiting the outcome of MSA's application to the BTI to raise protective duty "The higher import duties will also drive up local prices," says Malan

Which is the last thing fabricators need when profits are being cut to the bone by the flood of cheap imports The argument is that if mills receive import protection, the so-called "back-end" should also be shielded

Placating the industry, admits Melvill, is not easy, although SASSDA has been assured that the increases will be "responsible "

The major hurdle to downstream protection is the 18-24 months lead time between filing a case and the go-ahead for formula tariffs

There is, however, one shred of comfort Although the lead time before import statistics are published is still around four months, the new demand for details of imports will make policing possible The data, it's hoped, will jolt government into action ■

PARKFAIR

# Still at risk

**The R50m** Parkfair Group, which narrowly escaped liquidation in the Cape Town Supreme Court, last week, is effectively being closed down

The group, owned by black entrepreneur

2/8/85

LABOUR DISPUTES

FM (189)

# Feralloys spinoff

The SA Boilermakers' Society is seeking an urgent meeting with the executive of the Metal and Allied Workers' Union (Mawu) in an attempt to resolve a dispute which has arisen between the two unions The Boilermakers allege that 35 of their members were forced by Mawu unionists to participate in a one-day work stoppage at Feralloys two weeks ago They have suffered severe financial losses as a result The Boilermakers also plan to declare a dispute with the company over members' losses

The strike by 371 black workers at the Anglovaal subsidiary in Machadodorp on July 18 was in sympathy with Mawu members dismissed from BTR Sarmcol in Howick (*Current Affairs* July 26) The workers were dismissed the same day

Last week, management agreed to re-employ most of the strikers However, they have been taken back as new employees — meaning a loss not only of long-service benefits, but also a fall in wages Feralloys is now paying the strikers at minimum company rates for the various job categories According to Boilermakers president Ike van der Watt, some long-serving employees are being paid up to 20c/hour less than before the strike

The Boilermakers have alleged that there was "large-scale intimidation" of its members during the strike At least seven have made statements to the police claiming just this and three Mawu members have been arrested The three, plus another two have not been re-employed because of their alleged conduct during the strike

Mawu and the Boilermakers have unique links Theirs is the closest working relationship that exists between an emerging union and an old established union in SA They are both leading forces in the SA Co-ordinating Council of the International Metalworkers' Federation and have collaborated closely in recent wage negotiations in the metal industry

**Boilermakers' Van der Watt . . . a tremendous strain**

Van der Watt acknowledges that latest developments are likely to create "a tremendous strain" in the relationship, but the union felt it had to take action He hopes this will not create a breach "that cannot be healed" The Boilermakers wish to meet Mawu to defuse the situation and to discuss "how similar problems can be avoided in future" The *FM* was unable to reach Mawu for comment

Meanwhile, Feralloys is faced with possible Industrial Court action instituted by the Boilermakers for the full reinstatement of the 35 workers, on the grounds that they did not participate in the strike voluntarily Says an Anglovaal spokesman "Action was taken against the workers for refusing to resume work after being warned to do so" It may be, however, that the action taken against the 35 will be reconsidered ■

21/8/85

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LABOUR DISPUTES

FM

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Cape Times 9/8/84

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# Haggie raises profits 32%

JOHANNESBURG — Haggie has achieved a 32 percent increase in attributable profits in the six months to June, with earnings a share of 101c, compared with 77c in the same period last year

Attributable profits totalled R19,4m (R14,7m) and profits before taxation were 35 percent up at R41,1m (R30,5m)

Turnover increased 53 percent to R283,7m

The group has declared an interim dividend of 25c a share (20c)

The directors state in the interim report that "generally conditions in the local market have proved to be extremely difficult but the group is fortunate in being a major supplier to the mining industry and has developed a substantial export market

"Exports could reach R85m this year compared with R40m in 1983

"The increase has been not only in rand terms but there has also been a significant improvement in volumes"

The directors expect results for the year to be an improvement on the those of 1984

They point out that the results for the period under review are not directly comparable with those of the previous period as the results of Macdem (Pty) have been consolidated from July 1 last year, when the company's holding was increased to 51 percent, while those of Chloride Holdings SA are no longer included as control was relinquished on October 31 last year

"This is particularly relevant as regards the increase in turnover but the effect on the group's earnings for the period is minimal" they state — Sapa

# Iscor steels itself for more hard times . . .

B. Day 9/8/85 (189)

DAVID FURLONGER/Industrial Editor

● FURLONGER with Iscor's WILLEM van WYK . . . "wouldn't like to be a prophet of doom"

THESE are difficult times for the steel industry Faced with rising costs, falling demand, pessimistic forecasts and, most recently, government relaxation of import barriers, some manufacturers might be excused for believing matters can't possibly get worse

They can Ask Iscor. For in addition to general industry difficulties in the past year, the South African Iron and Steel Industrial Corporation has been accused of inefficiency, over-pricing and even empire-building.

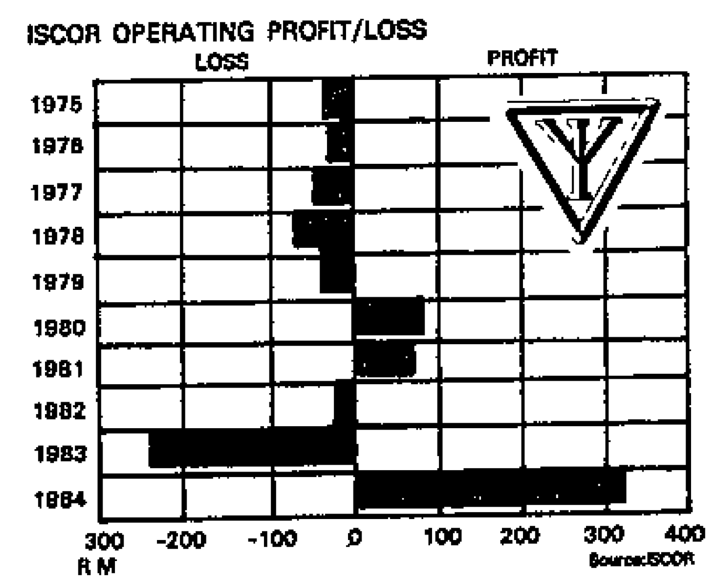
Almost wholly government-owned — less that 0,5% of the corporation's stock is in private hands — and controlling 75% of the local steel market, Iscor is perhaps a natural target for detractors

It is also an easy target It has made a profit only three times in the past 10 years Last year it turned a loss of R244m into a profit of R317, but that was made possible largely through the sale of its Samancor operation for R247m Even chairman Floors Kotzee admitted the actual operating profit of R70m was "not very handsome" for a company with net operating assets of R3,860bn

Results for the year to end-June 1985 are not expected to give any more cause for joy, despite the government taking over the R814m debt on the Sishen-Saldanha iron ore export scheme.

Increased steel exports have been offset by reduced demand locally Since launching a foreign sales drive in October last year, Iscor has increased sales to Africa by 95%, Middle East 93%, Europe 72% and Far East 66%. Export volumes this year are expected to make up 43% of overall production, compared to 29% last year However, because overseas prices are below local levels, Iscor has to sell 1,6-tons abroad to earn as much as a single ton locally

At the same time, domestic sales have fallen heavily. In the first quarter of this year, sales to




the motor industry were down 79%, white goods manufacturers down 75%, SA Transport Services down 39%, merchants down 35% and heavy engineering sector 25%.

Iscor MD Willem van Wyk doesn't see the situation improving in the short- to medium-term, although he believes the slump may have bottomed out.

"I wouldn't like to be a prophet of doom but we don't see clear signs in the immediate future of a change in any direction. That is reflected by our budget at Iscor. We are budgeting to sell on the local market the same tonnage this year as we did last year. So while we don't foresee a further decline, neither do we see a sharp increase in demand."

In the longer-term, Van Wyk wants to achieve a 4% annual growth rate in production for the local market. This he plans to do, not by creating more capacity, but by reducing exports.

He isn't altogether happy with the high level of exports. However, he considers it necessary to maintain production and prevent further reduction of the workforce.

The workforce has shrunk by about 17 000 in recent years to its present level of 61 000. At the same time, excess plant has been closed down to the point where what remains is producing at almost full capacity

"World demand for steel has come down and this has resulted in companies cutting down their production capacity and closing old plant. We've had to do the same. It's no use having production units producing at half capacity. They still have to be staffed and maintained."

Future production increases will be achieved through greater productivity, a major factor in Iscor's long-term strategy. "There must be a decision to utilise your existing facilities better."

Better productivity does not come cheaply, however. It presently includes more than R300m in capital expenditure at Iscor's Vanderbijlpark and Pretoria works No major capital projects are currently under way at the corporation's Newcastle, Dunswart and Ciso works.

While two-thirds of the outlay will be spent at Vanderbijlpark, which churns out 370 000-tons of steel each month, Iscor's new pride and joy will be a R100m coal reduction plant at its Pretoria works. The newly-developed German KR plant will produce liquid iron 30% cheaper than conventional coke oven/blast furnace processes and will replace Pretoria's remaining two blast furnaces and three coke oven batteries. Construction is expected to take nearly three years

Because much sophisticated equipment has to be imported from overseas, Van Wyk is cautious about further capital expenditure in view of the rand's weakness against foreign currencies "The position of the rand is definitely discouraging, and the situation regarding imports will clearly become worse if the rand stays as it is now."

However, because much of Iscor's machinery has a lifespan of 25 years or more, replacements can be staggered over long periods

The government's heavy stake in Iscor has inevitably made it a favourite target of the privatisation lobby. While some observers have suggested the government takeover of Iscor's Sishen-Saldanha iron ore rail link debts is a first step towards privatisation, others point out that the corporation's performance, coupled to the recession, do not make it an attractive prospect.

Iscor officials have remained cagey on the privatisation issue, while insisting that it makes no difference to the way the corporation is run

Says Van Wyk· "Our philosophy is similar to that of the management of a company whose shareholders are private individuals Therefore, calls for more privatisation are not a management issue. It is up to the shareholder in the company to decide whether it would like to sell its shares, for whatever reason, just as any shareholder in a company can decide to sell However, I don't think it's going to make any difference to the way Iscor is managed or run"

On the Sishen-Saldanha issue, Van Wyk says the corporation is "quite happy with the situation as it is now Basically, we're relieved that it won't be necessary for us to carry the burden of the full investment in the railway and harbour. It became too big a burden and we managed to convince the other parties of that"

Like other local steel producers, Iscor is not over-enthusiastic about the decision to abandon import quotas and substitute a system of tariffs According to Kotzee "The domestic steel industry would have preferred that quantitative import control be abolished only when the international situation has improved, after supply and demand have come closer to equilibrium and when the large-scale government subsidies received by a significant proportion of the steel producers in the free world have been phased out."

Van Wyk is in no doubt that the steel industry needs protection. "Under present-day circumstances, no local industry could survive without import protection Why? Because you don't have a normal trade situation. The free market principle doesn't apply to a situation where trade is based on selling surplus capacity, or exploiting surplus capacity

"There's only one way that steel can come cheaper than ours into this country, and that's when it's dumped."

He rejects accusations by SA's secondary manufacturers that locally-produced steel is overpriced.

"In the past number of years, the price of steel in SA has increased at below the inflation rate, in spite of the fact that price increases of our inputs weren't below the inflation rate. We in the steel industry believe that we have played our game, we have made our contribution towards effectiveness and towards containing the inflation rate"

# Exports boost Hiveld earnings 45%

By Duncan Collings

Highveld Steel and Vanadium Corporation increased attributable earnings by nearly 45 percent in the six months to June 30 under the influence of an improved export performance

Net profit rose to R19,0 million from R13,1 million giving earnings a share of 27,0c (19,2c) Interim dividend is raised to 8c from 6c Turnover rose to a record R304,4 million, with export sales representing 53,3 percent of this, compared with 39,2 percent in the corresponding period of last year

The company said world steel consumption increased by seven percent in 1984 over 1983 Indications are that 1985 consumption will remain level

"Despite this levelling off in world wide consumption, Highveld's steel export business has continued to expand, largely owing to increased sales of steel semis"

189 STAR

However, in the early months of this year the domestic market remained at the same low levels of the last six months of 1984, but demonstrated a seasonal improvement in May and June It is unlikely that the underlying trend will show any significant improvement in the second half of the year

But, says Highveld, there are indications that the domestic steel market will not deteriorate further during the second half of the year.

12/8/85

And while there is downward pressure on the US dollar prices for the group's exports, volumes remain at satisfactory levels

"It is therefore expected that earnings in the second half of the year will show a modest improvement on the first half"

Highveld says that the world vanadium market was relatively stable in the first half of the year, "but there are the usual Northern Hemisphere mid-year downturn pressures on prices and volumes"

Vanadium pentoxide production at the Ventra division has been and will continue to be regulated to help balance the overall supply/demand situation. Rand Carbide and Transalloys operated at satisfactory levels despite a weakening in export prices for silicon and manganese ferro-alloys

The group has arranged forward cover over $65 million of its $97 million uncovered loans at the end of 1984 "The balance of $32 million has been deemed to be the forward cover for the proceeds of future dollar export sales"

B. Day 14/8/85

# Braai 'fight' leads to strike vote

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CLAIRE PICKARD-CAMBRIDGE

MEMBERS of the right-wing white Mineworkers' Union have voted to strike at Matthey Rustenburg, JCI's platinum refinery in Wadeville, after the dismissal of a white worker who allegedly assaulted a black worker.

However, MWU general secretary Arrie Paulus said yesterday that the union was trying to arrange a meeting with management before going ahead with a stoppage

The MWU declared a dispute with the company over the dismissal of employee Piet Robbertze, who is understood to have been involved in a series of racially-linked incidents.

The company declined to comment yesterday.

Paulus said that the alleged incident had occured at a multi-racial braai held on company premises in March. A black worker had gone into the toilets and claimed he'd been assaulted by Robbertze.

The MWU declared a dispute with the company over Robbertze's dismissal which followed a disciplinary hearing and an appeal.

Minister of Manpower Pietie du Plessis refused to appoint a conciliation board to resolve the issue and the Industrial Court was unable to prove that Robbertze had been responsible for the alleged assault. A status quo order for temporary re-instatement compelled the company to restore Robbertze to the payroll although he was not allowed to work.

Paulus said that the temporary provision had expired at the end of last month and members were now determined to take action to have him reinstated.

Cape Times 14/9/85 (189)

# Tedelex shows R26,4m loss

JOHANNESBURG — Tedelex showed an attributable loss of R26 4m or 198c a share for the six months to June, compared to a loss of R12m (90c a share) for the comparable period last year

Turnover for this year's six months was R182,3m against R212,3m last year

No dividend has been declared

Commenting on the results, the directors say the outlook for the rest of 1985 is bleak but the company's medium to long-term prospects are encouraging

They say provided a stable trading environment is restored Tedelex's performance will improve in 1986, when the benefits of the impending rights issue and the generally expected lower interest rates will have a favourable effect on profitability

The interim results show a trading profit, before finance costs and taxation, of R7,2m (1984 R21,3m) Finance costs for the half-year were R30,4m against R27,4m in 1984

The directors says that trading in most sectors in which Tedelex operates reflects the depressed state of the economy and sharply reduced consumer demand The situation has been aggravated by the continuing unrest.

They attribute the increase in financing costs to a significantly higher net interest payable as a result of additional borrowings to finance currency losses incurred last year

Those losses necessitated the restructuring of Tedelex's capital base through the proposed rights issue, they say, and the issue, which will be underwritten by Tedelex's major shareholder Gencor, is intended to raise R122,6m — Sapa

# Shipbuilders mourn removal of subsidy

(189) B. Day 16.8.85

ALAN PEAT

COMMERCIAL shipbuilding in South Africa has been in a parlous state since the cessation of the government subsidy 18 months ago, say executives of Dorbyl Marine

"The removal of that subsidy was damaging," says MD Trevor Jackson. "We have to compete with an international industry also feeling the effects of the shipping recession and which has heavy subsidies in most cases"

The currently weak rand is not giving any relief on exports.

"This has not made much difference to us because most of the specialised equipment for ships has to be imported and we suffer from the weak rand in that respect," says GM Rob Deans.

The peak for Dorbyl was in the 1982/83 period when it had up to six ships on the stocks at any one time and well-padded order books.

"But in 1984 we suddenly found ourselves with no orders on the books until SATS ordered the last two of six tugs they required," says Deans. "We have just finished the last of these and only have enough work to keep us going to the end of the year."

Jackson hopes to be able to acquire enough small local work to keep the commercial shipbuilding industry going, but is not over-optimistic about seeing boom days again.

"We have to keep together the expertise and facilities because of its value as a specialised industry, but there is not much going on locally and I don't know where the worldwide shipbuilding industry is going to go."

of manufacturers' price-cutting moves, outside the usual discounts on fleet sales "We're not in the banking business," affirms marketing director Brand Pretorius

Nissan chairman Peter Whitfield says that jugular marketing to make sales is likely to leave dealerships in worse shape when the discounting ends Even Toyota has been largely powerless to stop its dealers discounting heavily to shed stock quickly

Whitfield

The split in strategy on discounts and special incentives between makers has created a "hawks" and "doves" rift in the troubled industry

Alfa Romeo (AR), which fired the first public shot, is extending its sales blitz for another month Samcor, however, will not say when its Mazda 323 promotion ends

The doves, who oppose discounts, say cut prices will merely delay the inevitable fall in AR and 323 sales They expect Naamsa's monthly new-sales figures to show the discounters rapidly losing market by the fourth quarter of the year, as a result of bringing sales forward

There may, however, be other motives for the apparent madness The current Mazda strategy appears to be designed to clear stockyards before a new model 323 is launched, towards the end of the year Samcor is banking on the current sales drive to give the new 323 an extra push

Clearly, the industry's troubles are far from over, and a very different manufacturer-dealer scenario is expected to emerge in the next year It will certainly be a leaner industry, but whether it will be healthier only time will tell ■

FM 16/8/85 189

MANGANESE

## Ex unitate . . .

The merger last week of the world's two largest manganese metal producers — Delta Manganese and the Electrolytic Metal Corporation (Emcor) — creates a new company which carries heavy clout in world markets for the metal

The new company, the Manganese Metal Company (MMC), exports 98% of South Africa's production which, in turn, meets 75% of the West's demand for electrolytic manganese — a high-purity metal used for high-strength, low-alloy (HSLA) steels and aluminium and copper alloys, particularly in the motor industry

Delta Manganese is a subsidiary of the UK's Delta Group Delta Manganese and Gencor-controlled Emcor have worked together in the past, following each other's price leads

But the new deal will lead to rationalisation benefits, and inevitably strengthen the producers' bargaining power in overseas markets

Delta's Nelspruit plant, with a rated capacity of 26 000 t/year, will operate at full capacity while Emcor's smaller Krugersdorp facility will absorb the overflow and the smaller runs

MMC stresses that there are no moves to close Krugersdorp "The main thrust behind the merger was to rationalise plants and pool resources and shipping arrangements to avoid duplication," says MMC MD John Jacobs "We are not carteling," he adds

Although the Delta plant is bigger, Jacobs explains that it was agreed that Gencor would have the majority shareholding Emcor now owns 51% of the merged operation

The move is in line with most of Gencor's acquisitions, which tend to give it a majority stake

Emcor is to pay R8m to Delta's shareholders in an immediate down payment, and a further tranche may be paid on a performance-related basis in 1988

Abroad, the depressed state of manganese markets has triggered a spate of mergers to combine resources and establish corporate ties with consumers — the SA Manganese Corporation, for example, owns a ferro-alloy plant in the US

Elkem, the major Norwegian ferro-alloy producer, recently acquired a minority shareholding in Gabon's Comilog It also manufactures electrolytic manganese in the US, along with Kerr-McGee

The manganese industry has suffered from stagnant demand, tumbling prices and the fact that manganese is a virtual hostage to the steel industry

Electrolytic manganese has fared rather better, but virtually static demand in the Seventies and early-Eighties mothballed the Foote plant in the US and squeezed Yamagata of Japan out of the market altogether

Currently, manganese metal prices are buoyant, but there are storm clouds on the horizon

Competition for the SA producers will increase when Brazil's Metallur electrolytic manganese plant comes on stream with possible production of around 20 000 t/year This is likely to upset the market unless demand picks up

In April, Delta MD Langham Carter told a minor metals conference in Paris that a new plant coming on stream "will provoke aggressive retaliation from producers," which will severely dampen prices

Since SA producers currently control 60% of world market sales it is hoped the newly-formed MMC will be a potent force in counteracting the Metallur threat

Already the industry is shouldering the financial penalties of excess capacity Although world sales increased from 44 000 t to 58 000 t between 1981 and 1984, installed capacity is around 76 000 t/year

"Merging the two plants," says Jacobs, "will undoubtedly help us take up the slack "

Other SA exporters, particularly of strategic materials, are bound to look increasingly at similar moves to strengthen their bargaining position in world markets as the sanctions threat grows ■

# Little hope for Cape Town's shipyards

(189) B. Day 23/3/87

CHRIS CAIRNCROSS

CAPE TOWN'S shipbuilding industry has been dead for years and the prospect of it being resurrected in the foreseeable future remain dim

Though the main companies concerned, Dorman Long Swan Hunter and Globe, have not exactly shut up shop, their yards have virtually been reduced to the level of a care-and-maintenance operation.

In the past year, turnover is conservatively estimated to have declined by more than 50%.

Most of the labour force employed by, these shipyards has long since moved to other industries. Only a residue of senior skilled staff remain, but even their jobs are now on the line. Under these conditions the survival span of Cape Town's ship repair industry is forecast to be not much more than two to three years

"We are not yet terminal, but definitely on a life support system," says an industry executive This drip feed is coming mainly from SA's inshore and offshore trawling industry.

With marine resource showing encouraging signs of recovering, fishing companies are expanding their fleets and spending money on refitting and refurbishing many of their vessels Most of the latter business is being placed with local yards.

But it still remains a meagre fare to survive on. Industry executives confess they are fervently hoping Soekor's Mossel Bay gasfield is considered to be commercially viable and that a decision will be taken to exploit the resource

The ship maintenance and repair work that will inevitably flow from this venture should provide a shot in the arm needed to take Cape Town's shipyards out of intensive care.

When the oil industry was booming during the 1970s, Cape Town's shipyards obtained the bulk of their business from the passing tanker traffic. That has now mostly dried up, particularly with much of the focus turning to the North Sea oil fields.

Containerisation has also had a major impact. At one time it was a common sight to see 20 to 30 cargo vessels waiting in the roadsteads, many of them requiring one sort of repair job or another They, too, have disappeared.

Cape Town's other problem is that it is not considered to be a terminal port Few vessels completely offload their cargoes in the port. Those that do generally prefer to conduct any necessary maintenance at overseas yards.

Though Sats last year introduced a discount scheme for shipping companies putting their vessels into Sturrock drydock as a means of assisting local repairers, it has not proved to be a big enough carrot Incentives offered elsewhere have been far more attractive

189 B Day 29/8/85

# Aluminium: fighting on 2 fronts

*SINCE export is tipped as the future for SA's aluminium industry, the sooner business picks up, the better. Industrial Editor DAVID FURLONGER looks at the prospects.*

SOUTH Africa's fledgling aluminium industry is waging war on two fronts — at home and abroad.

At home, the industry recently persuaded the Board of Trade to double *ad valorem* import tariffs from 10% to 20% to protect it from cheap imports, and it is involved in a long-term campaign to make other industries aware of the metal's capabilities

Abroad, it is faced with trying to export excess capacity on to a temporarily flooded world market

Although both primary and secondary sectors of the industry generally welcomed the recent doubling of import tariffs, they did so with reservations

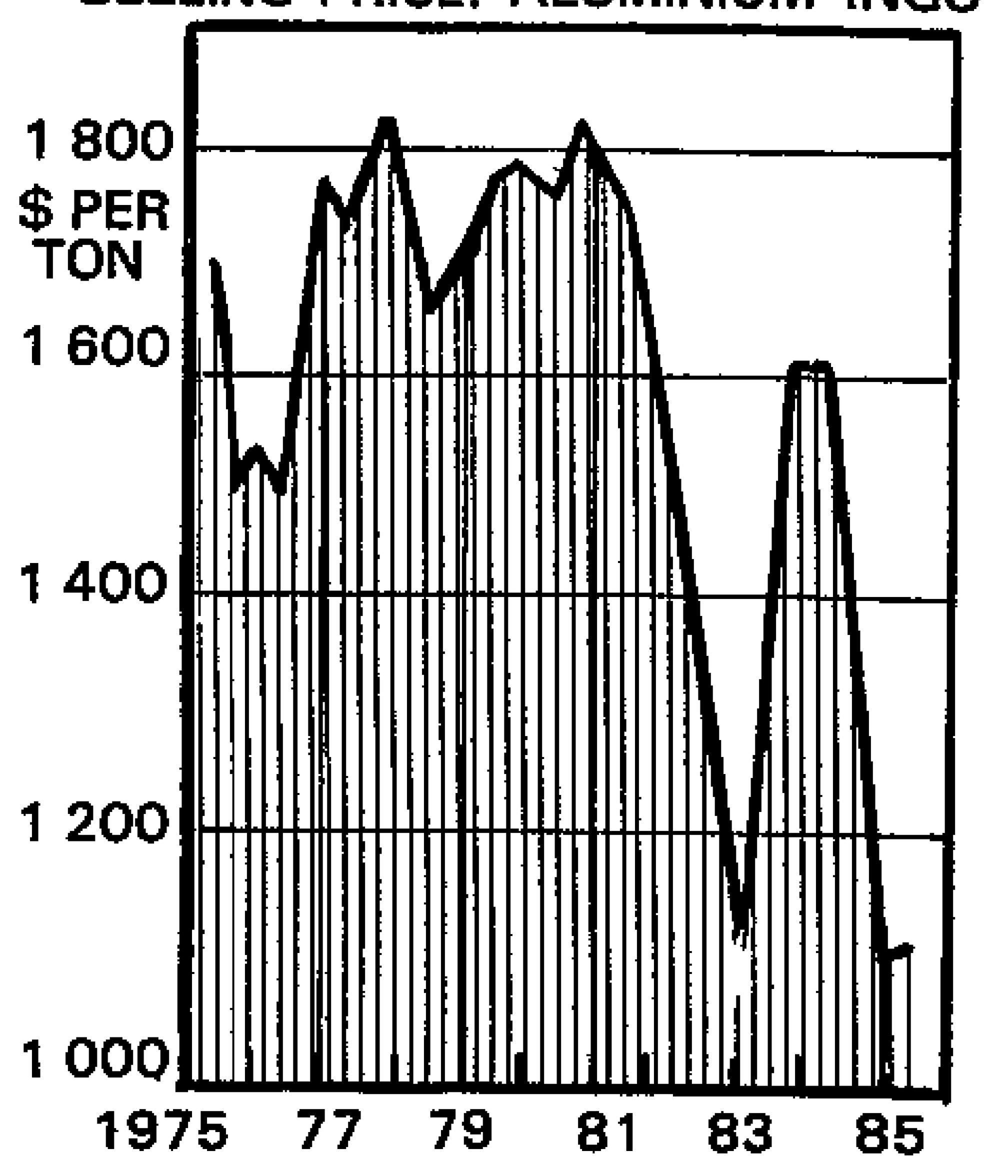
Alusaf, the country's only producer of primary aluminium, applied for the *ad valorem* tariff increase because the previous 10%, while cancelling out the cost advantage of cheap imports, was not sufficient to give local industry a competitive edge

At a meeting called by the Aluminium Federation of South Africa (Afsa), the industry's umbrella body, representatives of all sectors of the industry agreed protection was necessary, but expressed concern with the way it was done

The industry made a four-point submission to the Board of Trade, in which it accepted the need for protection because of the fluctuating world commodity market; agreed that while a 20% tariff was high the previous 10% was insufficient, accused the board of adopting an inflexible approach to tariff protection and said tariff code definitions were too broad

The meeting was an important one for the aluminium industry, being the first time individual companies and industry organisations had worked out a common tariff approach

SELLING PRICE: ALUMINIUM INGOT




Source FINANCIAL TIMES

Afsa represents nearly 100 companies and four associations — the Association of Architectural Aluminium Manufacturers, the Aluminium Fabricators' Association, the Aluminium Anodisers' Association and the Aluminium Stockists' Association

According to Afsa executive director Tony Paterson "It is important the industry as a whole puts forward a point of view"

The other main objective of the industry is to achieve greater penetration of domestic industry.

Paterson says the metal is still considered "exotic" by many manufacturers and therefore under-utilised in SA

Of the 170 000 tons a year produced by Alusaf, he says, less than half is sold locally at the current domestic price of R5 400 a ton. The rest is sold overseas

"Part of the reason for aluminium's under-exposure is that decision makers are, in the main, ill-trained in econotechnics analysis

"Aluminium is a high-tech material, easy to utilise for a vast range of purposes from milk bottle tops, cooking foil, food and perishable wraps, to high voltage electrical conductors, automobile wheels, aircraft and spacecraft"

However, he believes new aluminium applications currently being tested could soon lead to an upsurge in use of the metal These potential new applications include agricultural silos, coal trucks and mining equipment

Overseas manufacturers are even more optimistic George Kervern, head of the aluminium division of Pechiney of France, is excited about aluminium-lithium alloys for the aerospace industry. Bill Reynolds, president of Reynolds in the US, predicts aluminium will soon make major gains in the motor industry again

For the South African aluminium industry, the sooner business picks up, the better

Alusaf MD Rob Barbour has predicted the difficult conditions facing local industry will continue at least until the end of the year

Markets for products, including flat rolled products and extrusion ingots, are 20-25% down on predictions, while the recession, interest rates and stock level reductions have all been blamed for the mill industry's difficulties.

The picture, particularly for Alusaf itself which won the 1984 State Award for Export Achievement, is not made any better by problems in overseas aluminium markets

Industry analysts estimate the present world aluminium glut at between 400 000 and 500 000 tons, but cannot guess at how this will be reduced

According to a recent report. "If market sentiment on prices changed, consumers would snap up tonnage to hedge against future price increases But after the volatile swings of the past few years (see graph), no-one dares forecast price movements"

Afsa's Paterson insists, however, that export markets are the future for the local aluminium industry.

"The present exchange rates cry out for export exploitation"

Crisis in electrical engineering

# Giants battle for survival

(187) S. Times 8/9/85

By Kerry Clarke

**SOUTH Africa's electrical engineering industry is slashing prices to survive.**

Paul Hatty, managing director of GEC SA, the nation's largest electrical engineering organisation, says price cutting is the norm in the industry

"There are areas where we have gone out on tenders at prices 25% below those which we quoted two years ago — and we have still not won the contracts

## Turnover falls

"This is the situation in a business where costs of our raw material inputs have risen dramatically, particularly copper, where the price has increased by approximately 89% in the past year"

Mr Hatty says in an interview with the journal, Barlows '85, that the GEC group, which last year had a turnover of R360-million, has experienced a 12% decline in turnover this year and there are no signs of improvement

"I believe next year is also going to be difficult because we will have completed two major traction contracts with very little further traction business on the cards

"The real problem is the reduction in margins, primarily due to reduction in selling prices and rising material input costs

## Toughest

"We make very little profit on major contracts and it is the smaller business that is holding up best at the moment The area where we are least affected by the downturn in the economy are those businesses involved in service or maintenance"

Mr Hatty says GEC is involved in infrastructural contracts and therefore in the tender business, which is one of the toughest. Once a company puts in a price, there is no room for manoeuvre

The group has made a representation to the Board of Trade and its chairman, Basie Kleu, on the need for understanding of the industry

He says representatives from the Industrial Advisory Board and leaders from industry should get together and discuss the strategic nature of the industry and the way in which the Government can help it to not only survive but increase its opportunities for employment, import replacement and export.

The electrical engineering industry has been shedding employees while potential customers have been importing products from Japan, Germany and Sweden

Auto battery output plummets

# Demand for lead falls as car sales decline

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B. Day 9/9/85

LINDA ENSOR

THE lead industry is sharing the fate of the motor industry as demand by car battery manufacturers for lead has plummeted with the drop in car sales

The trend is serving to damage further the structurally weak and depressed nature of the industry, which grows at an annual rate of only 1,4% worldwide, mainly because of recycling

Norman Henry, MD of Fry's Metals, a leading secondary smelter, said business was "terrible"

"Most of my business is related to the motor industry and volumes have fallen off due to the recession Our forecast for 1985 is a decline of 23% based on predictions for the motor industry"

He was pessimistic about the prospects of an immediate recovery as, he said, "the car industry does not seem to have a promising future"

In 1984 the battery industry consumed 68% of the total South African lead consumption of 43 700 tons A further 18% was used for electric cable sheathing and the remainder for pipes, sheets, alloys, chemicals and ammunition

About 50% of the lead used in South Africa is imported in refined form, primarily from Tsumeb in South West Africa but also from Zambia The remainder is recycled from batteries and electric cable sheathing

Chris Devine, MD of Castle Lead Works (Tvl), agreed prospects for the lead industry were directly linked to those of the motor industry, but added that the battery replacement sector had been expanding

The original equipment market was "substantially down" compared with last year, he said, while lead supplies to the building, cable and nuclear industries had suffered only a slight decline

An exception, however, was the expanded plant of SA Smelting Works at Isithebe, Kwazulu GM Guy Marshall said the newly-commissioned R1,5m plant, which had increased capacity four times, was operating at full capacity to satisfy the increased demands of its steady customers

The plant included a sophisticated bag-house anti-pollution facility, a UK manufactured rotary smelting furnace and an Italian fully-automated ingot caster Annual output is expected to be 7 000 tons and Marshall hopes to pick up at least 10% of the export market for antimonial lead

While it is to be expected that the general economic conditions would have had an adverse affect on the lead industry, its intrinsic long-term prospects are not something to get excited about

There are few new outlets for lead apart from batteries, says Henry

In addition, substitutes for its traditional uses are being sought because of the metal's toxicity Overseas the lead content of petrol has been substantially reduced for this reason and its use in paint has been phased out

Less solder is used for electronics because of the trend towards miniaturised printed circuit boards and the use of lead in printing has also declined Research is underway overseas to discover new ways of using lead, for example, to stabilise asphalt in roads, but tests have to be done to ensure it will be safe

The only sector indicating some improvement in the use of lead is pigments

BUSINESS DAY, Thursday, September 12 1985

Plant-level ~~demands~~ legitimate

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# Expert slams Seifsa's stance on bargaining

CLAIRE PICKARD-CAMBRIDGE

OPPOSITION by the Steel Engineering Industries Federation (Seifsa) to plant-level bargaining was an example of the inflexibility that had caused SA's current crisis, a labour expert said yesterday

Industrial relations consultant Andrew Levy said at a Johannesburg conference Seifsa's opposition to plant-level bargaining was a refusal to recognise legitimate aspirations and legitimate power

He said debate about the level of collective bargaining was ultimately political and would have a major influence on the outcome of SA's political balance of power

"In seeking to negotiate wages with their employers though their trade unions at plant level, blacks are exercising the very participation in the sort of dialogue that all reasonable people in SA must support

"By denying them this opportunity, employers are demonstrating just the sort of thinking that has led to the current crisis," he said

Seifsa argues that similar issues cannot be bargained effectively at two levels (when there is already an Industrial Council) and that shop-floor bargaining will lead to disorder

But Levy said a failure to realise that a judicious blend of plant bargaining and national regulation was appropriate and to set an industry on a path likely to result in greater conflict did not seem worth the price it might exact.

About 1 000 companies, including some of the most influential employers, already bargained at plant level and Levy believed the dispute about the level of collective bargaining would also pass.

Industrial conflict in the metal industry, which employed over 400 000 workers, would have an economic and political impact, he said.

# Minerals multinationals must relocate plant in SA

B. Day 12/9/85

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**The government is studying a document on the future of the SA economy. The document — entitled "Marketing Plan for the SA Economy" — was prepared by some of the country's leading marketers and will be presented next week at the International Marketing and Strategy Congress in Johannesburg. Industrial Editor DAVID FURLONGER reports some of its findings**

FOREIGN multinationals dependent on South Africa's mineral deposits must be put under pressure to relocate their operations here.

Such a move would create employment and stave off further attempts at disinvestment, says a document being studied by government officials

The document — "Marketing Plan for the SA Economy" — was prepared by businessmen from some of South Africa's biggest corporations, and is offered as an alternative to the government's White Paper on industrial development

It warns manufacturing industries that the local market is too small to justify heavy investment in local manufacture

"Future investments in SA, where such investments, because of economies of scale, necessitate plant with capacity that is well in excess of the local market, should only be permitted where strong supporting evidence is submitted to show that the capacity which is in excess of the local market requirement will be exported This will ensure that the plant operates efficiently and does not distort the economy with excessively high costs"

It says the major application should be to convert or process raw materials into added-value products

"We should exploit the benefits of our unique position with respect to metals and minerals"

The document concludes that SA's best short-term plan is to make greater use of the multi-national corporations that use South African minerals

"South Africa has for many years been a market for multi-national companies but, with very few exceptions, these companies have not perceived SA to be a source supply for components or other inputs to their operations elsewhere in the world.

'This attitude prevails despite the fact that we have effective control of a huge proportion of strategic world minerals and metals We also have some of the best technology in the world to extract and process many of these minerals and metals.

"If the multi-national companies had substantial investments in SA, and SA was a major supplier of components to their operations in other countries of the world, the current disinvestment call would never have got to first base

"We recommend SA should use its economic power to persuade multinationals who are currently adding value to SA raw materials in countries elsewhere in the world to relocate certain secondary processes to this country

"The invitation should be extended to all those persons interested around the world currently buying raw materials from SA, to relocate or establish new facilities in SA to process and add value to raw materials"

The document points out that businessmen must be prepared for major, fundamental changes to the South African consumer market

"We have an ageing white market with a low birth rate and a growing black market with a high birth rate. Assuming economic growth, future markets will be predominantly black and thus the single most inviting prospect for international investors in SA."

It calls for the establishment of a central committee to oversee the development of markets, establish privatisation programmes and set money supply targets.

"A national steering committee should be established, whose goal would be to lower input costs and thus provide opportunities for more employment through positive profit possibilities

"Markets and products should be viewed with the purpose of encouraging the production of high export potential products with added value

"The country should also move fast in terms of being totally self-sufficient in respect of liquid fuel through the establishment of more fuel capacity

"The water supply situation should be reviewed and a positive programme put together to establish an effectively-geared organisation

'Controls on development should be loosened in principle and regulations reviewed so as to allow more competition and competitors, which has to be the solution to lower prices

"There should also be more participation in corporate decision-making so as to reduce industrial unrest."

The document says SA is ill-prepared to exist in a competitive world

"There is inadequate competition in SA, although it operates in an intensely competitive national trade environment We need to recognise the increasing need to accept international competition and to adjust tariffs or protectionist policies accordingly."

SUNDAY TIMES, Business Times, September 15, 1985 13

# Employers win case on plant bargaining

MAWU BUSIN UNCO INDUSTRY 189

By Amrit Manga

THE Industrial Court has ruled in one of it's most important judgments that a refusal to negotiate at plant level does not necessarily constitute an unfair labour practice

Although the ruling does not necessarily set a precedent it will have far-reaching implications for wage negotiations involving hundreds of thousands of workers

The implication for the metal industry, which employs more than 400 000 black workers, is particularly important

## Justified

Plant-level bargaining to secure higher wages than industrial council rates is at the centre of a major dispute involving 40 000 metal workers and nearly 100 factories

The Industrial Court heard an action in which the Metal and Allied Workers Union claimed that Hart's refusal to negotiate wages above the industrial council rate was an unfair labour practice

Hart is a Metkor subsidiary and is involved in metal-goods manufacture and plastics The dispute concerned its Durban plant

The court said "the employers' failure or refusal to negotiate with the union at plant level appears reasonably justified, and under the circumstances, does not constitute an unfair labour practice'

Several industrial councils have experienced major setbacks recently as trade unions have withdrawn to continue negotiations at factory level

The Steel and Engineering Industries Federation of SA argues that shop-floor bargaining will lead to disorder if the same issues are negotiated at two levels

Seifsa director Sam Van Coller says "It appears that our argument against one party simply having to go to court to compel another to negotiate on any matter has been upheld"

Labour consultant Andrew Levy says the ruling is not necessarily a total denial of plant-bargaining rights

The court said in its judgment that although plant bargaining ought to be encouraged, negotiations should also assume a voluntary character to be effective

"If the court had to proffer an opinion as to which of the two systems, plant-or industry-level bargaining was a better one it would find itself hard put to make up its mind"

Mr Levy said Seifsa's argument against compulsive bargaining ignored the public interest

"It has been viewed in a narrow private law context which ignores the implications of a refusal to negotiate with majority membership unions.

"Industrial conflict in the metal industry, which employs more than 400 000 workers, could have both an economic and political impact

"Employers should be compelled to negotiate at plant level if the majority of workers wish to

## Resistance

"It is clear that the union will eventually win the fight over plant-level bargaining But it will be at the cost of thousands in lost manhours and a bitter struggle resulting in widespread labour unrest"

Employers who interpret the ruling as not compelling them to negotiate at plant level could meet strong resistance from Mawu The union plans strikes at nearly 100 factories that have been challenged on the issue

In another important labour test case, the National Union of Mineworkers application to declare evictions from hostels illegal has been postponed indefinitely

A resumption of strike action on the mines therefore seems unlikley, at least until the Rand Supreme Court hands down a judgment

Industrial Court rules . . .

# Refusal to bargain at plant level 'not unfair'

CLAIRE PICKARD-CAMBRIDGE

THE Industrial Court has made one of its most significant judgments by ruling that a refusal to bargain at plant level is not necessarily an unfair labour practice.

The outcome is expected to have an important influence on the response of employers to rising union demands for plant-level bargaining.

The ruling is of vital importance in the metal industry where the Metal and Allied Workers' Union (Mawu) is threatening strikes at more than 100 companies in a demand for plant-level bargaining.

The court had to decide in the case of Mawu vs Hart Ltd whether it should compel the employer to bargain with the union at plant level on effective wages and the introduction of a funeral benefit allowance.

Hart in Durban is a member of an employer association which is party to the Industrial Council where minimum wages and conditions of employment are negotiated. It is also affiliated to the Steel and Engineering Industries Federation of South Africa (Seifsa) which advises members not to negotiate fundamental issues at plant level.

In its judgment, the court said it did not find the two systems of collective bargaining to be incompatible It said that with regard to current trends, bargaining at plant level ought to be encouraged as much as possible.

But the court said it had to be borne in mind that negotiations should always be voluntary to be effective.

The union argued that Hart's refusal to negotiate on wages and the funeral benefit allowance was an unfair labour practice because it unfairly affected employees and prejudiced their economic welfare

The union said plant-level bargaining was supplementary to industrial-level bargaining because minimum wage rates fixed by the Industrial Council protected employees. But the Industrial Council could not fix a reasonable wage and there was a wide disparity in the profits earned by different companies.

Hart's reasons for refusing to negotiate at plant level included the claim that bargaining on the two issues had taken place at the Industrial Council. Additional bargaining on these matters should be voluntary without legal compulsion.

Seifsa intervened as an interested party and said Mawu was one of 15 trade unions party to the Industrial Council. Inter-union rivalry would be worsened if employers had to deal with competitive bargaining units in separate forums.

The dispute was initially referred to the Industrial Council and when it was not resolved Mawu initiated actions at the Industrial Court.

# Mawu says Hart ruling will lead to strikes

CLAIRE PICKARD-CAMBRIDGE

AN Industrial Court key ruling that Hart Ltd's refusal to bargain at plant level was not an unfair labour practice, has drawn angry response from the Metal and Allied Workers' Union (Mawu).

The applicant Mawu said the judgment was "pointing unions in the direction of more industrial action".

All unions in the Metal Industrial Council had called for the right of plant-level bargaining and this would now be refused, it said.

Sam van Coller, executive director of the Steel and Engineering Industries Federation of South Africa (Seifsa) — which represents employers — said Seifsa was pleased with the judgment, particularly as it appeared to support the notion of voluntary collective bargaining rather than legal compulsion.

"We are studying the judgment and it will influence what we do. We are also committed to restructuring the collective bargaining process and are still awaiting suggestions from unions affiliated to the local co-ordinating council of the International Metalworkers' Federation," he said.

Mawu is urging workers in the metal industry to join unions and unite to match Seifsa's power. "Only in this way will the employers' power to dictate the conditions of employment be smashed once and for all," it said.

It said the court's ruling had destroyed reforms proposed by the Wiehahn Commission and re-introduced the discredited liaison committee system in which worker representatives could only consult and not negotiate on plant-level issues.

The court had also chosen to ignore overseas precedent on labour law and unfair labour practices. This confirmed the trend by the court to take a very parochial and narrow view of its jurisdiction, Mawu said.

"It is now clear the court is only prepared to establish rights for individuals and that it is not prepared at all to establish collective rights."

Mawu said it still believed collective bargaining at industry level should be supplemented by bargaining based on ability to pay

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(189) FM

METAL INDUSTRY (189)

# Recipe for conflict

**The attempt** by the Metal and Allied Workers Union (Mawu) to use the Industrial Court to compel Hart Ltd to negotiate with it at plant level has failed But the full ramifications of this landmark judgment have yet to be felt

Mawu says the Hart judgment will "encourage chaos" in the metal industry The union has canvassed some 100 companies about their attitude to plant-level bargaining and is threatening to declare disputes with any that refuse to accede to its demand for

FM 20/9/85

such negotiations Some employers see this as part of growing union militancy in response to the political situation

In the eagerly-awaited judgment, the court has rejected Mawu's contention that Hart committed an unfair labour practice by refusing to negotiate on effective wages above the rates negotiated in the main agreement of the metal industry industrial council and the introduction of a funeral benefit scheme

From the start, the dispute had implications which extended beyond the differences between the two parties The underlying issue is one of the major unresolved debates in SA industrial relations the thorny question of the relationship between industry-level bargaining at industrial councils and bargaining at plant level

Differences on the issue have been a major point of friction between Mawu and the metal industry's employer federation, the Steel and Engineering Industries Federation of SA (Seifsa) Seifsa is opposed to plant-level bargaining on any matters covered by the main industrial council agreement Despite this, many metal companies have chosen to defy Seifsa's guidelines

Against this background, the Hart matter was seen as *the* test case to determine whether the union could win concessions in the court that it has not been able to wring out of Seifsa The fact that the court granted a Seifsa application for leave to intervene in the case as an interested party and that the sole witness for Hart was Seifsa director Sam van Coller, points to the nature of the stakes in the case

One of Van Coller's principal arguments was that if the court upheld the notion of compelling parties to bargain, it would undermine the voluntarism which characterises industrial relations in the industry and bargaining in good faith at industrial council level

The court found that "under the circumstances" Hart had not committed an unfair labour practice It said "Although it would seem that some of the results of the refusal to negotiate at plant level could be comparable with those in the defintion of 'unfair labour practice' one should not overlook the justification which might exist for such refusal "

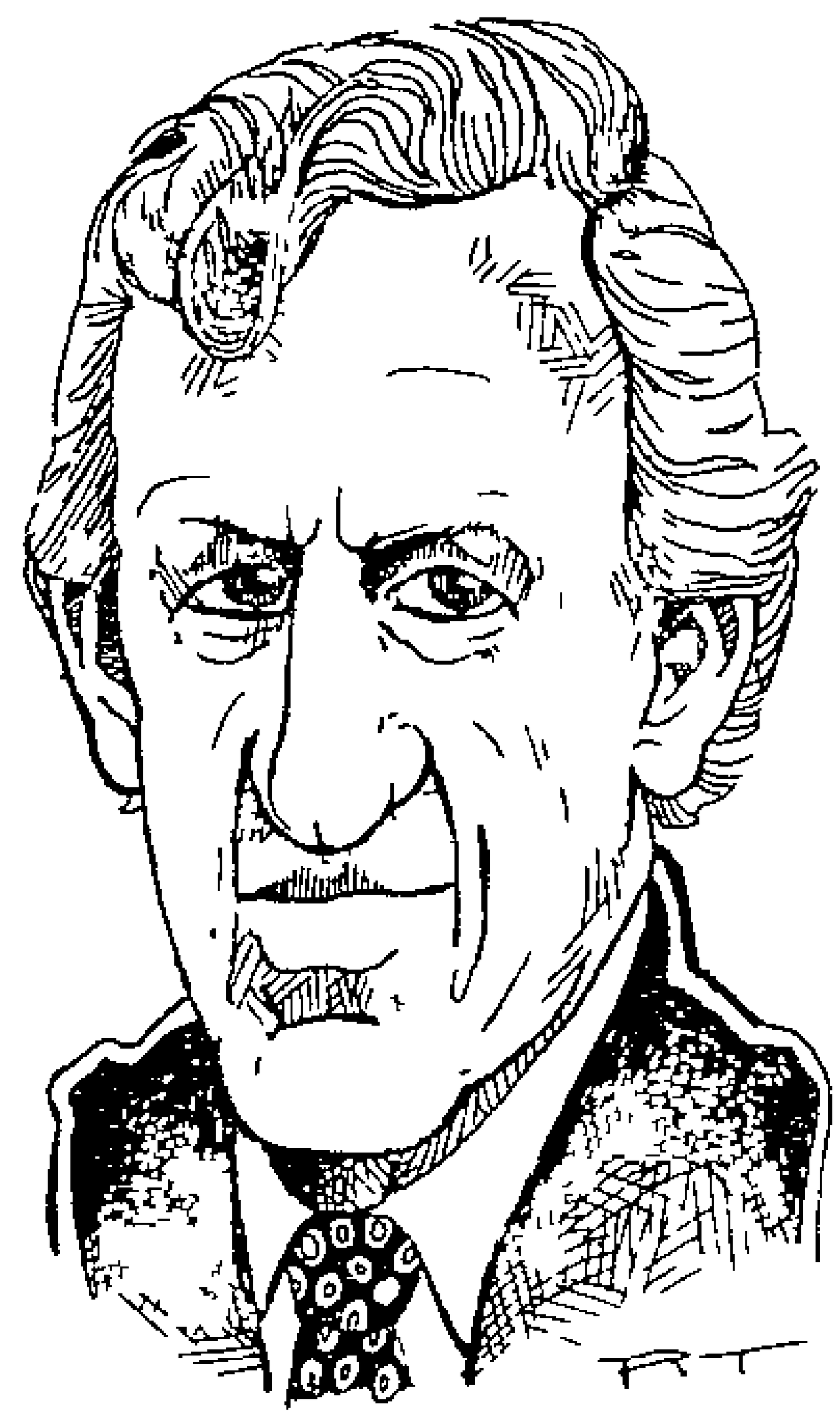
Despite this finding, the court has failed to make a coherent statement on the issue of what constitutes an appropriate bargaining level plant- or industry-wide Indeed, the judgement reads "If this court had to proffer opinion as to which of the two systems was the better one, it would find itself hard put to make up its mind "

Comments Van Coller on the outcome "We are pleased that the judgment appears to support the need for voluntarism in collective bargaining " But other labour observers have criticised the court for failing to address the fundamentals of the debate

Says one labour lawyer "The court had the opportunity to create a procedure for plant-level bargaining other than industrial strife The judgment will undermine the court's image and means that unions will be forced to rely on industrial action rather than the courts "

Mawu has slated the judgment, but it also says it is not surprised by it as the court called the parties together before the case was heard and stated that the time "was not right" to grant an order requiring an employer to bargain at plant level

While the core issue of voluntarism versus compulsion raised in the Hart case has



**Van Coller ... supporting voluntarism**

been resolved, the practical question of what constitutes an appropriate bargaining level has not The latest metal industry agreement, which Mawu has not signed, contains a commitment by the metal employers and unions to examine the industry's collective bargaining structure

Seifsa states, however, that the unions falling under the SA Co-ordinating Council of the International Metalworkers Federation (which includes Mawu) have not yet put forward any proposals The coming weeks and months will determine whether industrial action or debate will clarify the controversy over plant- and industry-level bargaining ■

GELD!

# VASBYT - MIN

22/9/85 C.Press 189

**By MONO BADELA**

THOUSANDS of engineering construction workers in Wadeville, near Germiston, are paying at least R2 a month from their scant earnings to help maintain the "boys on the borders," City Press learnt this week

Angry Katlehong father of four Alpheus Selala told City Press this week that an engineering company, General Erection Co (Pty) Ltd, has been "ripping off" its workers.

He has worked for the firm since September 1979, and during this time has had R2 deducted monthly

"The deductions were never explained to us," said Mr Selala, who has sought legal advice to reclaim his money

Genrec director C M Visagie told City Press the company had a workforce of well over 4 000

But she refused to discuss the complaint raised by Mr Selala and demanded that City Press put all its queries in the form of a letter

A Black Sash worker who Mr Selala contacted to lodge the complaint, said she had spoken to the management of Genrec and was told by a wage clerk that the deduction was for a military fund

The clerk said the money was for the "boys on the border" because "everybody wants to give something to the boys".

Mr Selala approached the Black Sash for assistance with his application for Section 10 (1B) rights after he was retrenched by Genrec.

# Workers end strike over assault

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About 200 workers who went on strike on Friday at the Pretoria cable manufacturing firm, Asea Electric, returned to work today after a foreman who allegedly assaulted a colleague resigned

26/9/85

The workers were part of a staff complement of about 700 at three plants who downed tools demanding the dismissal of the foreman, on the grounds it was procedure under the company's disciplinary code to dismiss workers guilty of assault

STAR

About 135 workers who went on strike at Structural Hollow Flooring Company at Robertsham on Tuesday returned to work yesterday after successful wage negotiations between the company and the Black Allied Mining and Construction Workers' Union.

# Major ruling on labour practice

26/9/85 Weekly Mail

(189)

BY WEEKLY MAIL REPORTER

THE Industrial Court has made a far-reaching ruling that a refusal to bargain at plant level is not necessarily an unfair labour practice

However, the outcome of the case between the Metal and Allied Workers Union (Mawu) and Hart Ltd in Durban has drawn the wrath of union leaders, who believe the judgment is going to "point unions in the direction" of more strike action

The judgment is likely to have an important influence on employers, particularly in the metal industry, where the employer body, the Steel and Engineering Industries Federation of SA (Seifsa), advises members not to grant increasing union demands for plant level bargaining

The hearing was regarded as an important test case because unions argue that plant level bargaining — based on an employer's ability to pay — is needed to supplement Industrial Council negotiations where only minimum wages and certain conditions of employment are set

Mawu said afterwards it was not surprised at the judgment. "Before the case was heard, the court called the lawyers and the parties together and stated that the time was wrong for such a case to have been brought and that the time was not right for such an order to be granted "

It said the outcome confirmed Mawu's view that the Industrial Court took a very parochial and narrow view of its jurisdiction

Seifsa, in turn, said it was pleased with the judgment because it supported the notion of voluntarism in collective bargaining, rather than legal compulsion

In its judgment, the court said it did not find the two systems of collective bargaining to be incompatible It said bargaining at plant level ought to be encouraged as much as possible, but the court had taken into account that negotiations should always be voluntary in order to be effective

27/9/85 FM

people — exceedingly difficult under the circumstances

So if the political dynamics don't once and for all confirm the irrelevancy of consolidation, the process is likely to be frustrated indefinitely by the resistance of the communities faced with removal themselves

Whether government has any hope of seeing the boundaries of the national states firmly in place by its set date of March 1987 is a moot point Tempel won't be drawn He merely says "We've got a job to do What the future will bring is open to speculation I don't want to commit myself to that" ■

METAL INDUSTRY

## Mawu showdown

**The Metal** and Allied Workers' Union (Mawu) is heading for a major confrontation with metal industry employers over the issue of plant-level bargaining The move comes after the vast majority of the 100 metal companies who had been sent letters asking them to spell out their attitude towards plant-level bargaining rejected Mawu's demand for such negotiations

For years now the merits of bargaining at plant level as against industry-wide bargaining at industrial councils has been a hotly debated industrial relations issue In the metal industry in particular it has been a prime source of conflict between Mawu and the industry's employer federation, the Steel and Engineering Industries Federation (Seifsa), which is opposed to plant-level bargaining on any issues covered in the main agreement of the metal industry industrial council

In its attempts to gain this concession, Mawu has even gone to the Industrial Court its recent case against Hart Ltd was an attempt to get the court to declare that an employer's refusal to bargain at plant level constitutes an unfair labour practice But its hopes were dashed when the court rejected its claims against the company

Notwithstanding the court's finding in the Hart case, Mawu, which is affiliated to the Federation of SA Trade Unions, has now decided to use the threat of industrial action to force metal employers' hand over the issue This week the union announced that 70 out of the 100 companies it had challenged with demands for plant level talks have refused to accede to its demands

According to the union, the replies from the companies fall into three broad categories

- ☐ Companies that have refused to recognise the union at all,
- ☐ Companies that have refused to engage in plant-level bargaining, insisting instead that the metal industrial council should be the only forum for negotiating wages and working conditions These include Siemens, Dorbyl, Scaw Metals and Haggie Rand, and
- ☐ Companies that have insisted on pre-conditions for plant-level bargaining Some, like GEC, are only prepared to negotiate at plant level if Mawu agrees to joint negotiations with other unions which have members in their plants Others, like Barlow Rand subsidiaries, want Mawu to sign a procedural agreement before they will agree to negotiating at plant level

Mawu's Transvaal branch secretary, Moses Mayekiso, says the union has declared disputes with companies that fall into the first two categories He also says the union has informed the industrial council about the disputes If the council does not manage to resolve the disputes within 30 days, workers at those plants will be entitled to strike legally Says Mayekiso "We want unconditional plant-level bargaining, accompanied by preparedness to negotiate fairly "

The declaration of the disputes is a sign of increased union militancy and raises the possibility of widespread disruption in the metal industry How are metal employers reacting to the threat?

Seifsa director Sam van Coller says the federation is aware that the disputes have been declared but refuses to make any further comment A leading Seifsa member, however, was prepared to offer an opinion "It doesn't seem to me that Mawu members are geared for national strike action But the union may zero in on individual companies Multinationals and some large SA-owned companies may be targeted," he says

One way or the other it seems that the metal industry is in for a torrid time in the coming weeks ■

CONVENTION ALLIANCE

## A cautious start

**There were no** great expectations from the fledgling Convention Alliance's tentative first meeting, held in the Sandton Sun hotel last Saturday It was, as the PFP organisers explained from the outset, exploratory, to see if there is a need for such an alliance of the political middle ground and to work out an agenda for it (*Current affairs* September 20)

A formal decision to launch the alliance was duly taken and a provisional steering committee chosen by the 150 or more delegates The committee, which is to meet early next week, sees as its first priority the need to broaden its base of representation It will then start formulating a plan of action which is expected to be unveiled shortly

The 10-member steering committee is made up of its convener Jules Browde, a distinguished lawyer who is also chairman of the Lawyers for Human Rights, the PFP's Colin Eglin and Alex Boraine, Inkatha's Oscar Dhlomo, businessman Raymond Ackerman, the Black Sash's Joyce Harris, the NGK's Professor David Bosch, the Rev Stanley Magoba, Natal University's Professor Denys Schreiner, who was chief author of the Buthelezi Commission report, and Tony Ardington

The major drawback of the alliance at this stage is obviously the (expected) stayaway of the most important parties to the conflict — government representatives as well as, for example, the UDF from the opposite end of the spectrum The incarceration of the UDF leadership of course hampers any chances of the organisation participating

And if the presence of Chief Mangosuthu Buthelezi's Inkatha might make the UDF hold back, the alliance organisers point out that a start nevertheless has to be made somewhere if the eventual goal, a national convention, is to be realised There was no significant Afrikaner business presence at the alliance meeting, but enough Afrikaner academics Bishop Desmond Tutu, who did not attend, at least sent a message of goodwill Other important clerics, like UDF patrons the Rev Beyers Naude and Allan Boesak, did not attend

Certainly Browde is aware that it is "very important to try to persuade government and the UDF to take part " He is also aware of the difficulties which lie ahead due to deep suspicions that prevail But Browde is bullish about the need to develop a "third force" to negotiate fundamental change in SA and says there has been an "extraordinary re-

**Alliance sponsors Buthelezi and Slabbert . . . taking a low profile**

# Seifsa warns of a long haul to uplift

(189) B. Day 27/9/85

Business Day Reporters

DOMESTIC demand for steel products dropped substantially during the first half of 1985 as the slump in the motor, transport and heavy engineering industries deepened

According to the half-yearly report of the Steel and Engineering Industries Federation of SA (Seifsa), some recovery is expected toward the year end and should cushion the estimated 22% drop in local demand

An increase in export volume should offset the decline in domestic demand

Seifsa targets steel exports for 1985 at 2,5-million tons and this increase has contributed towards satisfactory capacity utilisation

Seifsa predicts that activity levels of its industries will remain low for the rest of 1985

No real recovery in the metal and engineering industries is seen before mid-1986

The combined industries sacrificed over 15 000 employees in the first six months of the year

Since 1981 the metal industries have shed nearly 100 000 people

Physical volumes of production fell 3% against the yearly average for 1984 Major drops in output were recorded by the automotive components industry down 32%, transport equipment down 21% and electrical machinery which has dropped by 19%

Steel sales to the automative industry fell by 79% between January and June and during the same period the South African Transport Services demand droppped by 39%

Production totals for iron and steel castings are still falling and Seifsa regards the industry's short to medium prospects as uncertain

Ferrous casting production is down 61% from 601 800 tons in 1975 to 372 700 tons last year, indicating the extent of this sector's contraction

The heavy engineering industry, despite rationalisation, continues to report under-used capacity and a further narrowing of profit margins

Depressed performance levels also characterise the constructional engineering sector which reports disappointing new orders and negligible enquiries for heavy and medium structural steel fabrications and erection

Some overall growth for 1985 is anticipated by the electical machinery sector, despite deferments in the Post Office, SATS and ESCOM project completion dates

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Since 1981 the metal industries have shed nearly 100 000 people

Physical volumes of production fell 3% against the yearly average for 1984. Major drops in output were recorded by the automotive components industry down 32%, transport equipment down 21% and electrical machinery which has dropped by 19%

Steel sales to the automative industry fell by 79% between January and June and during the same period the South African Transport Services demand droppped by 39%

Production totals for iron and steel castings are still falling and Seifsa regards the industry's short to medium prospects as uncertain.

Ferrous casting production is down 61% from 601 800 tons in 1975 to 372 700 tons last year, indicating the extent of this sector's contraction.

The heavy engineering industry, despite rationalisation, continues to report under-used capacity and a further narrowing of profit margins.

Depressed performance levels also characterise the constructional engineering sector which reports disappointing new orders and negligible enquiries for heavy and meduim structural steel fabrications and erection

Some overall growth for 1985 is anticipated by the electical machinery sector, despite deferments in the Post Office, SATS and ESCOM project completion dates.

# Metalworkers elect new leader after unions clash

B. Day 1/10/87

CLAIRE PICKARD-CAMBRIDGE

THE powerful SA Co-ordinating Council of the International Metalworkers' Federation has elected a new chairman after a clash between two of its key unions

Des East, general secretary of the Motor Industry Combined Workers' Union (Micwu), has been elected chairman of the 200 000-strong council after the resignation of Ike van der Watt, president of the SA Boilermakers' Society.

Van der Watt said he had stepped down to make it easier for the council to resolve differences between society and the Metal and Allied Workers' Union (Mawu)

Conflict between the two unions, which used to work closely together, was sparked by a strike at Feralloys in Machadodorp two months ago when the society accused Mawu of intimidating its members.

The relationship has deteriorated further with the society arguing that Mawu has taken other unilateral decisions affecting society members

"But we've arranged some meetings with Mawu and I'm confident this will improve the situation," Van der Watt said yesterday.

Van der Watt and the National Automobile and Allied Workers' Union (Naawu) general secretary, Fred Sauls, have been elected vice-chairmen of the metalworkers' council.

The council is about to submit proposals for the restructuring of bargaining arrangements in the industry to the Industrial Council. Included are proposals from Mawu, which is particularly unhappy with the bargaining system

Boilermakers' Society general secretary Okkie Ooshuizen said yesterday the Minister of Manpower would meet employee and employer representatives in Johannesburg on October 24 to discuss the future of industrial councils in most industries.

Domestic steel sales slump

185

# Iscor plans to boost exports to R1,2bn for '85

B Day 1/10/85

THE value of Iscor's steel exports will rise by 28,6% to nearly R1,2bn for the current financial year, according to Nols Olivier, the corporation's senior general manager (steel)

Iscor's aim, he said in Pretoria yesterday, was to raise exports this year to 47% of total production

In the year to June exports were expected to earn about R900m compared with R490m the previous year — an increase of 83,7%

Earnings could be even higher when the effect of the weak rand was taken into account, he said

Olivier said steel exports increased from 1,3-million tons for the year to June, 1984, to 2,1-million tons for the same period this year

Because of depressed domestic conditions the sale of steel locally dropped sharply from 3,2-million tons in the 1983/84 year to 2,8-million tons this year

Steel sales dropped in the first quarter of the year compared with the same period last year — in the

Pretoria Bureau

motor industry by 79%, white goods by 75%, the SA Transport Services by 39% and heavy engineering by 25%

Olivier was pessimistic about the outlook for domestic turnovers next year

However, he said indications were that demand would remain fairly constant

Referring to two second-hand electric arc furnaces bought by Iscor in Britain for R90m, Olivier said the rand was worth $0,70 at the time "so the timing of the purchase was favourable"

Olivier said a major reason for buying the furnaces had been to reduce pollution because older furnaces were a serious pollution problem

Another reason for the purchase was that production of heavy profile steel by Iscor and the private sector had been in excess of local demand

Potential production had now been reduced from 1,5-million tons to 900 000 tons, Olivier said

# 15 000 metalworkers lose jobs as industry reels

By Mike Siluma

More than 15 000 metal industry employees lost their jobs in the first half of 1985 as the industry continued to reel under the recession

189

The drop in employment has been accompanied by a reduction in output of as much as 32 percent in some sectors, according to the Steel and Engineering Industries' Federation of South Africa (Seifsa)

STAR 2/10/85

In its review of the first six months of 1985, Seifsa said the decline in the number of employees from 454 000 at the end of 1981 to 355 000 this year confirmed the continuing downturn in the metal industries

Despite some improved export performance in the steel and secondary steel industries and ferrochrome being able to maintain 1984 export levels, output statistics had generally confirmed a further slowdown with capacity utilisations below the average levels for 1984

Sectors recording major drops in output were the automotive component industry (32 percent), transport equipment (21 percent), electrical machinery (19 percent), machinery - including farm machinery and machine tool industries — (18 percent) said Seifsa

In contrast, the major sectors of iron and steel industries were supported by increased export volumes and showed gains in production levels

While there was a sharp drop in the demand for domestic steel products, some recovery was expected towards the end of the year

The engineering and metal fabricating industries continued to face difficulties in securing adequate volumes of short-term work to utilise production facilities satisfactorily

Also reported to be critically affected is the shipbuilding industry, which has faced the recession and a worldwide slow growth in shipping activity

Despite South Africa's underlying economic situation appearing sounder than a year ago, activity levels were expected to remain low throughout the remainder of the year, Seifsa said

Dealing with labour costs, Seifsa said the 1985 industrial council agreement for the industry — which guaranteed increases ranging from 14c/hour at the bottom to 24c at the top — represented an average rise of about 7 percent ps in two armoured personnel carriers

journalist,

# Mawu threatens to strike

B-Day 3/10/85

CLAIRE PICKARD-CAMBRIDGE

URGENT steps are being taken by the Transvaal metal and engineering industrial council to deal with 70 disputes in the industry

A council spokesman said this was the largest number of disputes submitted in one letter against companies party to the council

The council has withdrawn inspectors from the field to help attend to the disputes, which were declared by the Metal and Allied Workers' Union in demand for plant-level bargaining

Mawu is threatening to strike at the end of the month at companies with which it cannot reach agreement It said talks had not yet begun but it believed strikes would be legal because 30 days would have lapsed after declaring the disputes

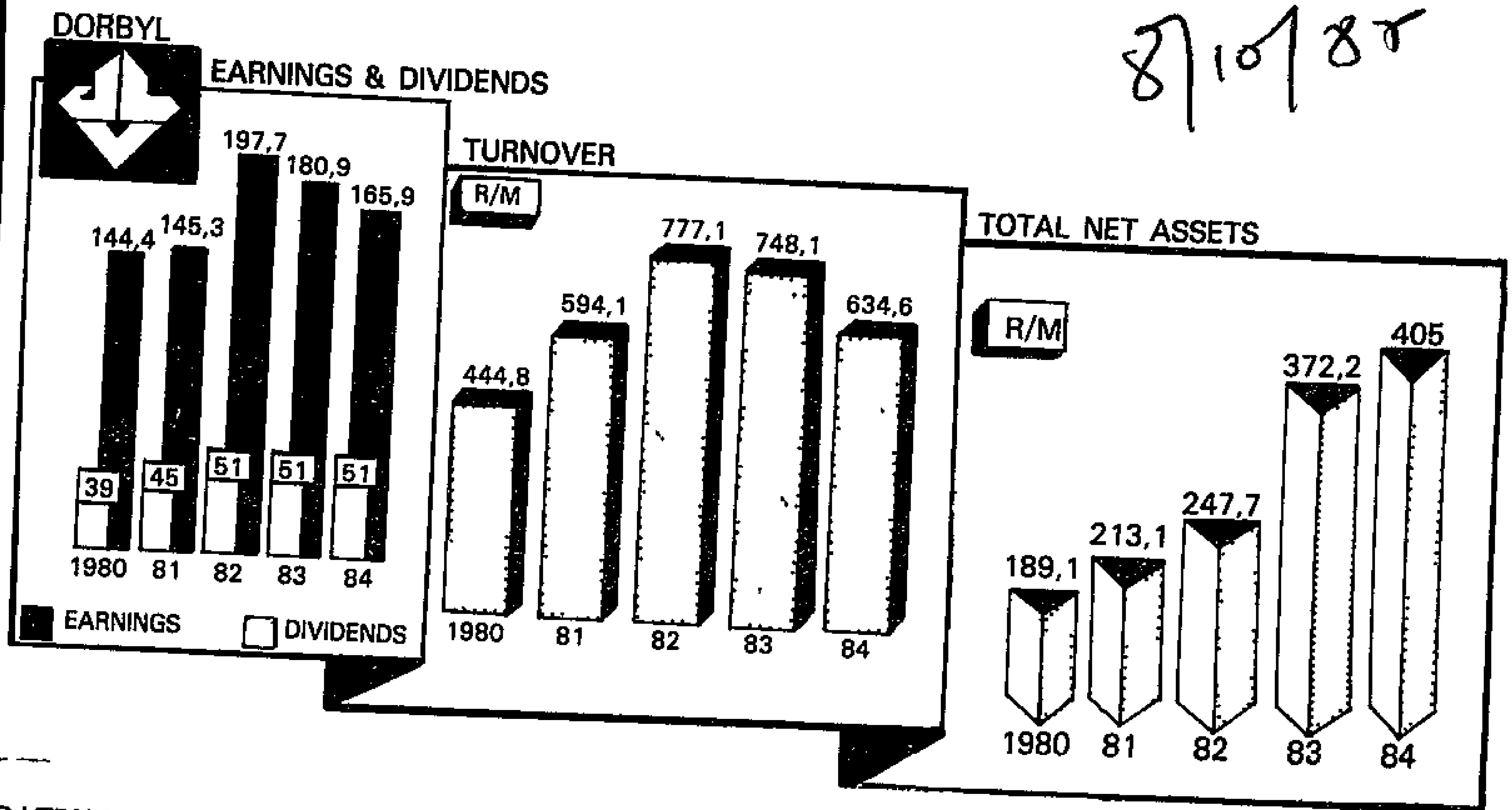
The council is also having to cope with additional disputes which do not involve Mawu's demand for plant-level bargaining There are 15 unions and 45 employer associations which are party to the industrial council

Parties to the dispute will have to decide which companies can deal with the situation jointly

The council spokesman said he could not yet give details about dispute-resolving arrangements, but he expected that as much time as parties required would be allocated

# Dorbyl engineers nearly everything SA requires

(189) B. Day
8/10/85




FRED STIGLINGH

RATIONALISATION, exports and import replacement are prominent among the common-sense items in Dorbyl's handbook for success

Generalisation comes in handy when talking about this huge and diversified group The 10 subsidiaries generating annual sales of R1,5bn are all involved in metal engineering

Activities include shipbuilding, shiprepair, heavy engineering, structural steel construction, manufacture of rolling stock, locomotives and automotive components, bus and commercial vehicle body-building, erection of mechanical and electrical equipment, project engineering, and the range of products and services of the Stewarts & Lloyds group

Small wonder, taking to heart the company statement that Dorbyl can "engineer almost anything and everything the Republic needs in metal", that rationalisation in the form of takeovers was on the cards during the past financial year

Group MD Dawid Mostert says "Thank goodness we did not retain cost structures as they were," when referring to the recession reaching depths management did not bargain for while planning recent takeovers

Car-Part Industries, producing machined components, was bought in October last year for R4,2m to complement Dorbyl's Automotive Products This was followed with the buying-out of Barlow Railway and Engineering products and Barlow Heavy Engineering, and later the Stewarts & Lloyds merger.

S&L fell under the same owners as Dorbyl (the Metkor Group and Anglo American together hold all the shares in International Pipe and Steel Investments, which in turn holds 51% of Dorbyl's shares)

"It is better for the economy to reduce the number of companies in the face of reduction in total demand," says Mostert

"A series of weak businesses are unable to justify modernisation and expansion to meet new opportunities "

In the six months after the mergers, he adds, they were able to "tune the sets of businesses to harmonise together successfully"

Harmony seems to be the best policy in the face of strong competition both locally and overseas

Although there is no similar group in SA "competing shot for shot" with Dorbyl, local competition is marked for each of the companies' subsidiaries, and international competition is stiff, particularly in the area of heavy engineering

Korean, Japanese and European suppliers aggressively seek business in SA, and quote competitive prices, together with attractive financial packages

High local raw material costs, with "relatively high labour costs", make it hard to compete with imports

The answer, says Mostert, is simply to gear the business to continue meeting the markets, matching activity levels with demand The customer still stays the most important man, and adapting to his needs in volume, quality and price, stays top priority

Main customers, for the record, are SA Transport Services, the motor, mining, iron and steel industries, Escom, and other quasi-government organisations

A further solution to competition, says Mostert, lies in doubled marketing efforts to cash in on overseas markets newly opened because of the low rand By the same token, products previously uneconomical to make locally, can now be produced

"Customers who have suffered currency losses will seriously consider local manufacture," says Mostert, adding the new 10% surcharge offers further import replacement opportunity

Material imports are not a major worry, although, by value, local content for shipbuilding is only 50%, most raw materials for other subsidiaries are locally sourced

"We try to push up local content in our manufacturing, and when we buy, we follow the same approach

"How can we encourage steel mills to buy Dorbyl spares rather than import them, while at the same time we turn out to be importers of steel?"

Mostert identifies low-cost housing as a major growth area, where Dorbyl supplies construction services and materials He also sees large potential in mineral extraction, with the company supplying the mining and base mineral industries

"Energy and related fields have tremendous opportunities," Mostert says, "SA is importing 50% of its liquid fuel requirements, and we could reduce this through more Sasols or through Soekor.

"The automotive industry, despite the gloom," says Mostert, "is a growth industry in the long term"

A depressed motor car market has meant drastic cutbacks on automotive components, but, says Mostert, diversification in the group means the different subsidiaries are at various points in the economic cycle People and resources cut from one subsidiary can often be moved to another

Despite this advantage, Dorbyl was down to 18 000 employees last year before the acquisitions, from a peak of more than 26 000

"This year, there were further cut-backs," says Mostert, "partly due to the deepening recession, and partly to rationalisation"

Lay-offs, says Mostert, always takes place from top to bottom

The Bedfordview head office is run on slim lines 45 people make up group financial, manpower, legal, industrial relations and public relations services

Being a "true SA company", says Mostert, holds the advantage of "having no major overseas shareholders for whom we have to window-dress"

By this he means taking the concept of equal opportunities "too far for the sake of being fashionable

"There was a stage where it was the done thing to mention how many non-whites you had in good positions, but we've followed a practical rather than ideological approach"

People are indeed selected on merit, "but it is not that simple", he says, "you cannot solve the skilled manpower shortage overnight by breaking down all race barriers"

The bottom line of Dorbyl's success? Says Mostert "We don't see ourselves as anything but a pretty basic industry, and we continuously adapt "

# Plant-level deal despite opposition by Seifsa

B-Day 2/10/85

CLAIRE PICKARD-CAMBRIDGE

FRY'S METALS in Germiston has gone against the advice of its giant employer organisation in agreeing to plant-level negotiations on wages and conditions of employment

The Metal and Allied Workers' Union (Mawu) said it had negotiated a wage agreement with the British company despite advice by the Steel and Engineering Industries Federation of SA (Seifsa) that companies should refuse to negotiate at plant level

The company could not be contacted yesterday

Seifsa advises members not to negotiate fundamental issues at plant level because minimum wages and other conditions are set at industrial-council level But a few companies in the industry have begun concluding plant-level agreements with unions to negotiate further increases after the minimum has been set at industrial-council level

Mawu said all multinationals should learn that plant-level bargaining did not kill a company, but rather improved relations with employees Mawu also claimed that progressive companies and multinationals were going to be forced to heed the call for plant-level bargaining

It said that according to the new agreement, Fry's Metals had agreed to raise the minimum wage from R1,90 an hour to R2,10 But further bonuses raised the actual increase to a possible R2,47 on basic rates, the union said

It said these increases were in addition to the 1985 industrial-council hikes and would be backdated to July 15

# Boilermakers do site pay deal

(189) (~~[illegible]~~) (~~[illegible]~~) (~~[illegible]~~) B. Day 10/10/85

CLAIRE PICKARD-CAMBRIDGE

THE SA Boilermakers' Society (SABS) has signed its first site level bargaining agreement with a company which is also governed by the main agreement of the metal and engineering industry.

SABS's procedural agreement with the Kew Site of Barlows Manufacturing Company covers all conditions of employment and comes at a time when the merits of plant or site level bargaining are being hotly debated

The union has accepted an across-the-board increase of 6c per hour and the company has agreed to extend the hike to 200 non-union members, effective from November

BERNIE FANAROFF

# Transnationals and responsibility

Bernie Fanaroff is national organiser for the Metal and Allied Workers' Union

Three representatives of the Federation of SA Trade Unions (Fosatu) gave evidence at the recent hearings of the UN Sub-Committee on transnationals in SA. The representatives from the Metal and Allied Workers Union (Mawu) and the National Union of Textile Workers (NUTW) presented very substantial reports to the sub-committee documenting in great detail the anti-union and anti-worker activities of transnationals BTR, Bata, Tidwell and Transvaal Alloys.

In evidence to the committee, and in answering questions, our representatives made the point very forcibly that the various codes of conduct — Sullivan, European Economic Community, and the Urban Foundation/SA Consultative Committee on Labour Affairs codes — have been an abject failure and that the international community has to create more satisfactory mechanisms to prevent unacceptable behaviour by transnationals in SA.

It has to be accepted that transnationals are here to exploit the markets and the labour conditions. They have not come here with the objective of improving the living conditions of the people of SA. For many years they, like other companies here, have benefited from apartheid.

Workers are no longer prepared to accept this situation. The codes of conduct have, however, failed to make any significant change. They are not mandatory or enforceable. They cannot deal with the sophisticated union-busting tactics of the transnationals nor the disputes which result. They do not require corporations to commit themselves to eradicate apartheid as a national policy and practice.

A radically new approach is required. We proposed at the hearings that the international community create a mechanism whereby breaches of internationally-accepted labour standards could be aired. Where such a breach is established, the metropolitan governments should undertake to take action against the offending transnational corporation (including, for instance, refusal of government contracts, export guarantees, trade credits, etc).

Obviously, pressure would have to be exerted in SA first. In the case of BTR, for instance, massive pressure by Mawu members, other Fosatu unions and the community have all failed to move BTR. So up to now has pressure from the international labour movement through the International Metalworkers' Federation, Trades Union Congress and the International Confederation of Free Trade Unions. Given BTR's union bashing in other countries this is not surprising, and clearly something more is needed.

Besides their unacceptable labour practices, the four companies about which our representatives testified directly and indirectly, support apartheid. BTR, for instance, has had the SA Police extensively involved in their labour affairs for the past 12 years. And their chairman, Peter Fatharly, is on record in the London *Sunday Times* as saying that the State of Emergency was necessary and that change should not come too quickly in SA.

It is clear then that BTR, their advisers Andrew Levy & Associates and many other transnationals are substantially out-of-step with even the conservative business establishment. This obviously raises the question of whether they should stay or go.

Our attitude, which was explained at the hearings in New York, is straightforward. We believe that maximum pressure should be exerted on the apartheid regime. To the extent that disinvestment is one pressure it should be maintained and intensified. Proper account must however be taken of the fact that the greater part of the wealth and assets of the transnationals in SA has been created by South African workers — so transnationals have no right to ship out this wealth.

The South African employer representatives at the UN hearings seemed to understand that something more is needed than simply more talk of codes. During their session they argued that they are well placed to facilitate negotiations between the political groups to end apartheid, and that if they had not fulfilled this responsibility within one year they understood that the international community would have to go ahead with economic pressures. They also committed employers to one-man-one-vote, albeit within a federal system.

The media in SA seemed to be scared to report this. Despite the extensive coverage of the hearings and press statements from Mawu, there was very little reporting of the union delegates' presence or evidence. Nor was there a report of the remarkable commitments of the employers' representatives. It seems that it is not only the SABC which is "protecting" the public.

# Boost for local farm machinery manufacturers

(189) STAR

11/10/85

As the agricultural sector feels the impact of the recent 10 percent surcharge on imports, more agricultural mechanical parts are to be manufactured at local plants where other machinery is made

The most popular agricultural gearbox — a 50 hp unit used in slashers and mowers — has been in production at Uitenhage since last year and sales are expected to rise by 100 percent following the surcharge announcement

Mr D Walton told *The Star* that the gearboxes, made at the plant along with heavy-duty rear axles, were 100 percent locally manufactured

The export potential of the gearboxes was being investigated, he said

"A locally made smaller gearbox is expected on to the local market in January when stocks of imported units will have run out," he added

Power turnover shafts, usually imported from Italy, are being manufactured in Uitenhage by another company which also makes prop shafts

All but 30 percent of their components are made from South African materials

### AGGRAVATED BY LONG DROUGHT

A spokesman for the manufacturers, Mr Derek Edwards, said that, although his company's products would not be affected by the 10 percent surcharge — unlike his competitors — sales would depend on what farmers could afford in their difficult situation which had been aggravated by four years of drought

Mr C H Strydom, managing director of J I Case South Africa (Pty) Ltd, a large agricultural equipment importing organisation, criticised the local manufacture of high technology agricultural equipment

"Local manufacturers simply get Government protection for their goods at the cost of quality imported equipment becoming more expensive

"South Africa does not have the volume of production to justify having high technology equipment manufactured here," he said

Mr Strydom also condemned the imports surcharge

"High-production farmers need to renew their imported machinery and the Government has given no reason why it has imposed the surcharge," he said

Camera, television, video prices soaring

# Retailers rush for photographic stocks

(2334) STAR 21/10/85 (189)

Mercury Reporter

**THE photographic industry faces a bleak Christmas as prices continue to soar in the wake of the worsening exchange rate and a recently imposed surcharge on imported goods**

Buyers can expect to pay up to R500 more for some cameras than they would have done a few months ago and dealers expect further increases

Wholesalers stocks were depleted this month after retailers, fearing further price rises, rushed to buy cameras and accessories at old prices

'The situation is terrible — absolutely terrible said one photographic shop owner in Durban

'There have been big increases up to 50 percent in some cases in a matter of only one month said Mr Theunis van Wyk of Etkind s Smith Street branch

All photographic equipment is imported and therefore affected by the poor exchange rate and the 10 percent import surcharge implemented by the Government recently

'It has become impossible to quote prices because they are going up all the time ' Mr van Wyk said

A Cannon T50 camera which had been R650 about a month ago now cost R1 150 he said

'Retailers can't even buy cameras because most wholesalers are out of stock all of a sudden

'The price of film has doubled in the last six months and is going up almost every two weeks Another increase is expected at the end of the month

Some wholesalers had been out of stock for the past three or four weeks said Mr van Wyk

Mr Naresh Modi of Modison s Photographic said 'Things are very bad with increases of about 40 percent in the last three months '

He gave an example of a popular brand of autofocus camera which had increased in cost from between R299 and R350 to about R550 in the past three months

Mr Modi said although he had not experienced any major problems getting stocks, wholesalers seemed to be cutting down or being more selective about products they imported because they were not sure whether the public would buy at such high prices

Price increase of between 8 percent and 25 percent had been implemented by film suppliers three times in the past three months he said

## 'Tremendous'

Mr Stan Cooper a sales representative for a major photographic wholesaler, said 'At this point we do not have stocks on hand but they have arrived at the airport

'There are going to be tremendous price hikes, up to 50 percent in some cases

'Last month we had stocks in all our ranges, but because of imminent price hikes the stores bought out all our stocks

He said there was no problem obtaining stocks from Japan, but the main concern of wholesalers was whether the high-priced cameras would sell

# 50 fired over strike

**Labour Reporter**

ABOUT 50 employees of Fine Scrap Metals in Jacobs had been dismissed after going on strike, Mr B E Fine, the company's managing director, confirmed yesterday

He said the workers had downed tools on Friday and in spite of talks with union shop stewards, they had refused to return to work.

He said they appeared to have so many different grievances it was still not clear what their real problem was

The dismissed workers were still milling around the premises yesterday

Spokesmen for the workers could not be reached for comment late yesterday

1589 335

22/10/85

Mercury

# Chrome ban threat is causing alarm

289

The Star's Foreign News Service

184

MELBOURNE — There is considerable alarm in Australia over South Africa's threat to ban crucial chrome exports if any countries impose economic sanctions against it.

Such a ban could easily throw Australia's steel industry into chaos.

The *Melbourne Herald* led its front page today with a warning that the Australian Government could find itself embroiled in a sanctions "war" with South Africa.

Minister for Trade Mr John Dawkins said the government would consider retaliating.

STAR

A spokesman for Mr Dawkins said: "If South Africa wishes to respond in that way instead of the logical one of looking at its internal domestic politics the government would consider its own response."

23/10/85

Australia's biggest company, BHP, relies on imported chrome to feed its stainless-steel plants. A spokesman said the company might have to switch to manganese. Job losses would depend on the time it takes to adapt to the change.

Australian business groups have also warned that union action against apartheid could threaten negotiations to bring companies trading in South Africa under a code of conduct.

At the South African Embassy in Canberra, union pickets have refused to call off their protest despite requests by the government.

The picket has been on since June and has stopped all deliveries, forcing embassy staff to bring in supplies in their own cars.

The government believes the pickets could be breaching the Geneva Agreement, which allows free movement to diplomatic staff.

● See Page 6

# PW denies threat to withhold vital supplies of chromium

189

24/10/85

STAR

**Political Correspondent**

The State President's Office strongly denied today that the Government had in any way hinted or suggested it would withhold chromium supplies in retaliation for anti-apartheid sanctions.

An international furore has ensued following an apparently incorrect report that President Botha made the threat to suspend supplies during a by-election speech in Bethlehem on Monday.

Mr Botha's message was that sanctions imposed from overseas could boomerang on those countries which imposed them. A block on South African chromium, imposed from abroad, could, for example, put one million Americans out of work, he said.

Mr Botha's spokesman said today the reference to chromium was misinterpreted when taken out of context.

"All the President was doing was setting up a series of hypothetical consequences of trade sanctions, in order to highlight the folly of such measures."

The incorrect report led to United States legislators warning that a cutting of chromium supplies would have serious consequences for the American economy.

And in Australia the Minister of Trade, Mr John Dawkins, suggested that there might be some form of trade retaliation if South Africa carried out its threat while the Australian media warned of a looming trade war.

Platinum prices hardened on major international markets as dealers grew worried that a South African ban on chromium might be extended to platinum, which is even more strategic and scarce.

# Iscor raises exports — profits decline

PRETORIA — The South African Iron & Steel Corporation (Iscor) group had a net profit of R23m after tax in the year ending June 1985 down R69m from the R92m of the previous year, according to the group's annual report released yesterday

However foreign exports increased by 54 percent from R488m to R923m, as the foreign market took advantage of the weakened rand Iscor's chairman Mr F P Kotzee told a press conference at Iscor's headquarters

The group had a profit before tax of R33m, compared with R96m last year, and local sales of steel declined by 13 percent after a 16 percent increase in the preceding year — "in keeping with the overall economic climate in South Africa," he said

"The profit performance declined, notwithstanding an increase in the total sale of steel products of 259 100 tons or five percent compared with the figure for the previous year

"This happened mainly on account of a drop of 552 900 tons in sales to the local market' the chairman said

Steel products account for about 88 percent of Iscor's total turnover

Mr Kotzee emphasized that the Western world industry was experiencing a "gross over-capacity, of about 30 percent with many producers of floading products on the world market at reduced prices

They were able to do this because they were often subsidized while this was not the case in South Africa, Mr Kotzee said

The freeze on repayments of foreign loans and the unrest situation had caused uncertainty overseas about South Africa he said

The restrictions on sales mainly to the United States and the European Economic Community meant that new markets had to be found and international market prices had been further depressed

The poorer operating results of necessity also had a negative effect on the group's internal cash flow "which still amounts to the substantial sum of R355m of which Iscor contributed R323m — appreciably less than its R507m contribution in the previous year '

Asked about the possible privatization of Iscor which is almost totally government-owned the chairman said it was "not really on the cards

'It's government policy but there has been nothing specific regarding negotiations

"It will be up to the shareholders to decide on their line of action not management' Mr Kotzee said — Sapa

Cape Times 1/11/85 (189)

# Diesel engine plant opens in Atlantis

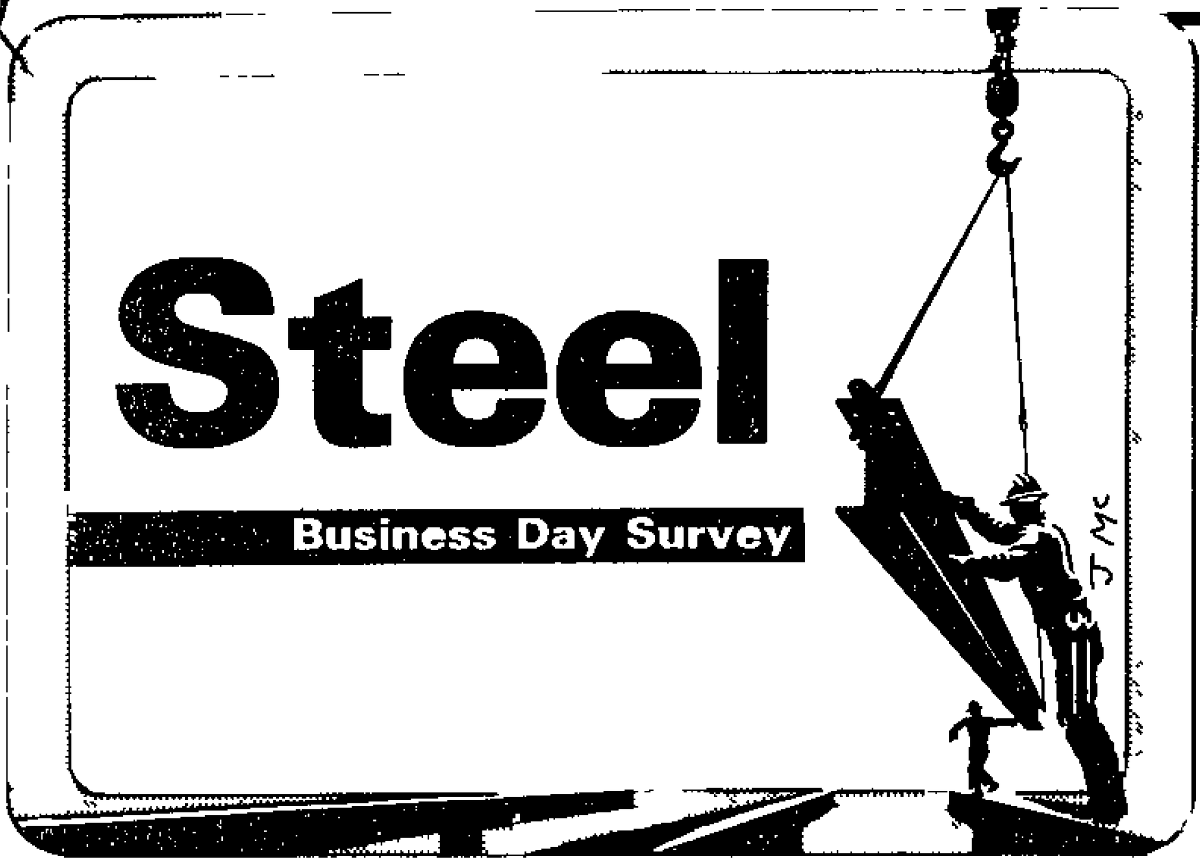
THE Minister of Trade & Industry, Dr Dawie de Villiers, yesterday morning officially opened a R7m engine manufacturing plant at Atlantis in the Western Cape

The Probuilt Diesel Plant, which will eventually employ 200 people, was built to complete 20 remanufactured engines daily, although it would initially only complete three engines a day

An engine exchange on a truck could take about 18 hours, while overhauling an engine could take up to 10 days, according to the factory's general manager, Mr Graham McComb

The factory would initially only rebuild truck engines, moving on to tractor and other diesel engines later if there is sufficient demand, Mr McComb said

All remanufactured engines would have a 12-month guarantee — Sapa




Edited by Matthew White

# Sales plummet — prospects are bleak

STEEL production in SA appears to be facing even further corrosion, for both domestic and export usage

The seemingly unending recession in the country has taken a serious toll of the major steel users, with the result that the local sale of the metal has fallen from the 1983/84 levels of 3,2m tons to 2,8m tons in the comparative period of the current year

Statistical records issued by government departments at this time of the year cover only the actual sales to the end of the second quarter of the year which, in the light of the post-June collapse of the rand, would make their projections for the current year somewhat over optimistic

Sales to the hard-hit motor industry have dropped by 79%, white goods by 75% and the SA Transport Services by 39%

Major local producer Iscor has made face-saving sounds that the value of their exports will rise by 28,6% for the current finanacial year, and that exports are planned to climb to

ROY BENNETTS

47% of total production

Iscor, being a June-end company, is probably basing its predictions on the foreign currency exchange advantages of the falling rand, starting with its level of about $0,70 to the June to September average of $0,45.

This alone provides for a 36% gain in the rand/dollar exchange rate for exports, and suggest that actual export tonnages will in fact decline

It naturally follows that, if lowered exports are to make a larger contribution to total production, then the local market is expected to decline by an even greater amount.

The US is believed to have placed a restraint on the importation of steel from SA, with the situation further aggravated by large expansions in the fields of steel manufacture in developing countries such as Taiwan, India and Brazil

Competition in other traditional SA selling areas, such as the Far and Middle East, is likely to become fierce in the coming months, while the South East Asian market will experience a steep dip in prices.

It has been estimated that for every ton of steel on the order books there are about 50 tons on offer.

Figures quoted in the overseas publication, Metal Bulletin, show that the biggest import cuts in July occurred in Japan and the EEC.

Japanese tonnages fell from 629 233 tons in June to 388 797 tons.

The SA Department of Mineral and Energy Affairs, in its outlook for 1985 to 1986, says steel production in the major Western industrialised nations is expected to stay approximately at the levels attained in 1984.

Prime ingredient iron ore is expected to remain in oversupply, with the current situation expected to worsen as increasing tonnages of ore are poured onto the market from Brazil's Carajas project.

Lower export tonnages of 10,3m tons and 10m tons are foreseen for 1985 and 1986 respectively.

Prices negotiated by SA producers for the year to end June 1986 average some 3% below the 1984 levels in dollar terms.

The *Wall Street Journal* has reported a number of closures among smaller US steel producers, while the more successful operators are having to upgrade and diversify their products in order to maintain their share of the market.

The US emphasis on upgrading and improved efficiency is exemplified by Nucor Corporation's recent contract to retrofit an electrical furnace at its Darlington, South Carolina, mill with a continuous steelmaking process developed by Intersteel Technology.

The process is expected to enable the mill to double liquid steel production to 430 000 tons a year, saving Nucor about $10 a ton produced

Iscor appears to have followed the US trend with the purchase of two second-hand electric arc furnaces from Britain, at a cost of R90m

Reasons given for the purchase include a need to reduce the production of heavy profile steel, which is in excess of local demand Potential production has now been reduced from 1,5m tons to 900 000 tons

# SA steel producers forced to go abroad

SOUTH AFRICAN steel producers' ability to weather the recession depends on their switching enough of their production to export

In this the main non-Iscor producers — Union Steel, Scaw and Highveld, who have around 25% of the market — do not differ from Iscor (Highveld and Iscor between them are said to have all but 15% of the market)

The two listed companies, Highveld Steel & Vanadium and Union Steel Corporation, have both increased steel exports to cope with a drop in local demand

Local steel demand is down, and until there is an improvement in the economy, it is likely to stay that way

The Steel and Engineering Industries Federation of SA (Seifsa) has said some recovery is expected toward the end of the year, but local demand is estimated to drop 22% this year

Its half-yearly report targets steel exports for this year at 2,5m tons.

Demand for steel products from the motor, transport and heavy engineering industries dropped substantially during the first half of this year and no real recovery is seen before mid-86

Also, the dropping of quantitative and the introduction of tariff protection has opened local producers to competition from subsidised steel producers overseas.

Chairman of the Rolled Steel Producers Co-ordination Council and of Iscor, Floors Kotzee, reiterates what he said at the time of the introduction of tariffs, that because of "exceptional conditions in the international steel industry for the past few years, and consequent cut-throat competition, world steel prices in the export market are abnormally low at present.

REG RUMNEY

steel products, because changes in exchange rates can make these prices out of date in a few weeks.

Then there is the fear that coastal markets will be more vulnerable to imports because steel shipped at high railage costs from the Reef — where most of the producers are situated — cannot compete

It has even been suggested that Sats should charge a special tariff to make local steel more competitive.

But while Iscor's MD has gone on record as saying that the steel price is not high and comparing SA prices against dumped goods is unfair, some secondary industry steel converters feel high domestic prices are more of a threat than competition from dumped finished products, and have slammed the tariffs for being over-protective of the steelmills

While local producers can thank, for the moment, the weak rand in the automatic protection it affords them, they are also fortunate to have the competitive edge it gives to exports as protectionist pressures build up in major industrialised nations

## Restraint

The US aims to peg imports at 18,5% of local consumption next year, from around 25% now, and has sought Voluntary Restraint Agreements with importers, including SA, while SA has a long-standing agreement with the EEC to limit steel imports into the bloc

Individual producers are understandably cagey about where they are selling their steel, but they have to aim for markets where tariff protection allows them to move in — at a price.

Other foreign steelmakers, hit by the new US protectionism, will be vying with SA for markets, particularly in the East

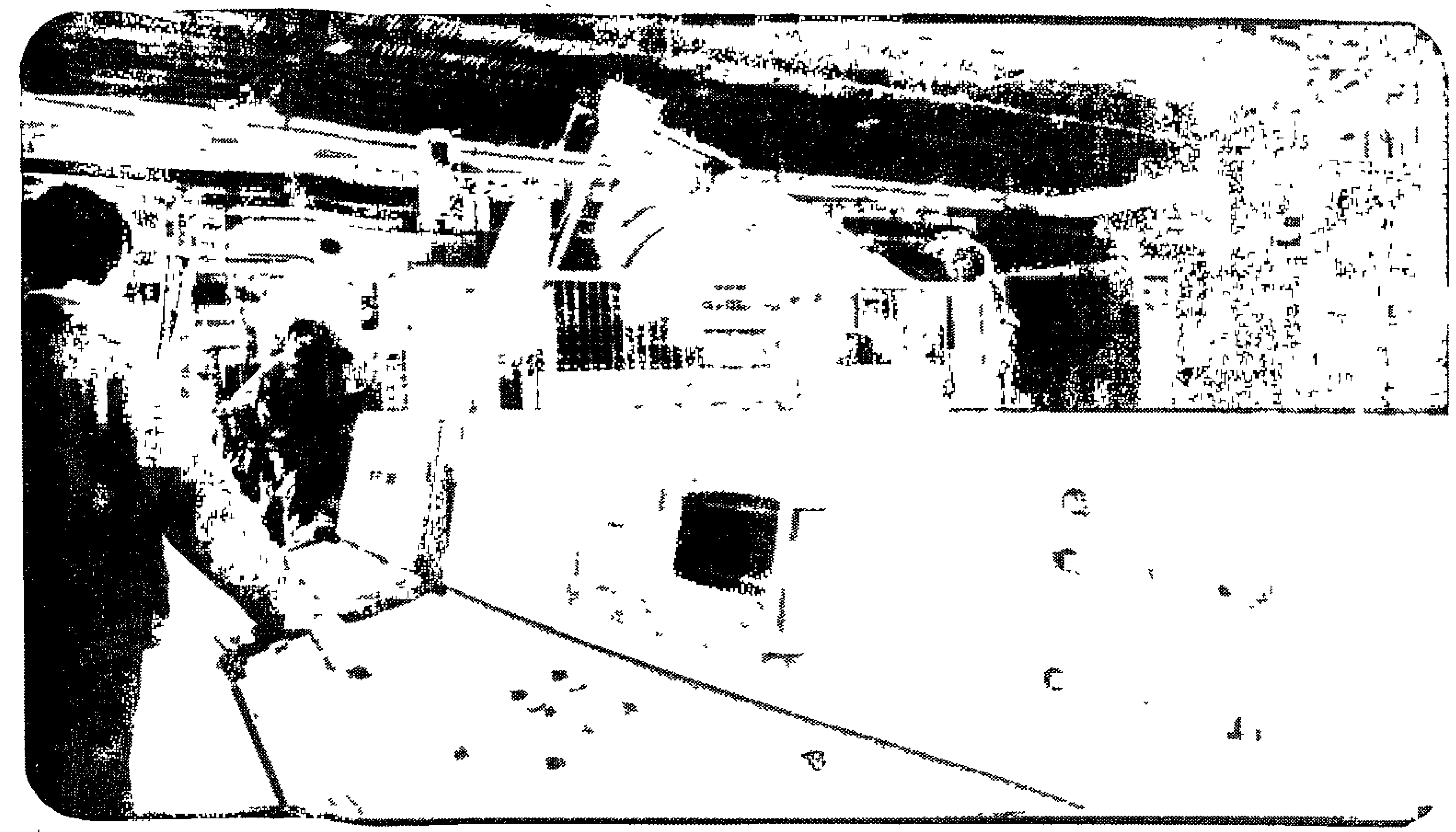
Worldwide, there is no shortage of steel

Consumption in the major industrialised countries is set to fall to 324m tons in 1986 from 331m tons in 1985 on an expected 6% decline in demand in the US, according to the International Iron and Steel Institute (IISI)

World steel demand is set to stay more or less static, according to Boyd, who recently returned from an IISI meeting

Boyd says the IISI figure for worldwide apparent steel consumption (including the communist bloc) in 1984 was 715m tons, in 1985 this looks likely to rise slightly to 718m tons, and the forecast for 1986 is 719m tons

He adds, however, that this is not an "unhappy level"



☐ An operator checks the setting before cutting steel sections at the premises of Steinmuller-Lavis Structural Steel, a new joint venture company whose plant is claimed to be as advanced as any in the world.

# Galvanisers seek state intervention on zinc

A RAND/DOLLAR crisis has hit the South African galvanising industry resulting in a call from galvanisers for an enquiry into the pricing system of zinc This call has resulted in an investigation which is currently being undertaken in terms of a directive by the Ministry of Trade and Industries

In the galvanising process zinc is the only commodity used and is one of

Changes in zinc price compared to European producer

Price (000)

Rand/$ Exchange rate

# Industry smarts over steep price increases

INDUSTRY has accused primary steel producers of using the abolition of price controls as a means of sending prices soaring

By abandoning the system of discounts and rebates that has existed for years — in addition to the annual round of price increases in July — manufacturers say Iscor and its com-

... pers... for a long time yet, which means that for some time there will not be any hope for normal market-orientated prices for steel in the international markets"

He says the domestic steel industry would have preferred quantitative import control to be abolished only when the international situation has improved "after supply and demand have come closer to equilibrium"

## Criticism

He adds, though "At present the weak rand makes the feasibility of more steel imports improbable"

Should the rand appreciate, he says, SA will be vulnerable

The private sector is less circumspect in its criticism Highveld Steel chairman Leslie Boyd labels the timing of the move "ridiculous" in view of the trend in major industrialised nations towards quantitative protection

The criticism of the tariffs has been far-reaching, and has been aimed also at technical aspects

For instance, Highveld marketing director Robert Herbertson said recently that tariff structure gave no protection against steel being dumped, since steel in coil and in cut-sheet forms had been granted the same threshold price in tariff structure

Decoiling operations would suffer, he said, because they had to add the cost of decoiling to the cost of the coiled steel But buyers could import cut steel from overseas at the same price as the cost of coiled steel before it was cut

Highveld has also called for flexibility in deciding reference prices for European Producers Price (EPP) converted to rands. As the tables show, this has been calamitous for local zinc users and a windfall for local producers

Zinc has been mined in SA only since 1968 — when it became difficult to secure supplies from Zambia after UDI — at Black Mountain, Goldfields, located in the Northern Cape, Prieska, Anglovaal also in the Northern Cape, which is due to close this year; and Rosh Pinha, an Iscor mine located in SWA

Between July 1984 and September 1985, the value of zinc purchased by the hot-dip galvanising industry increased by 50% in rand terms despite a decrease of 25% in the world price in dollars (see graph)

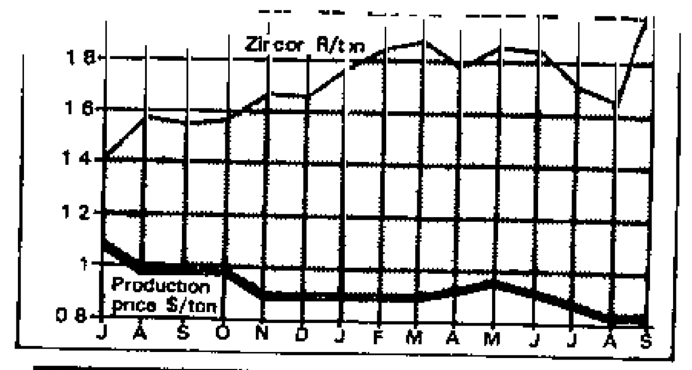
The fluctuating rand is adding to the galvanisers' problems and they have had to absorb serious losses on quotations This is not new in local business in recent times but in the case of galvanisers there are no precautions they can take and the industry has become very vulnerable to the economic and political vagaries of these stirring times

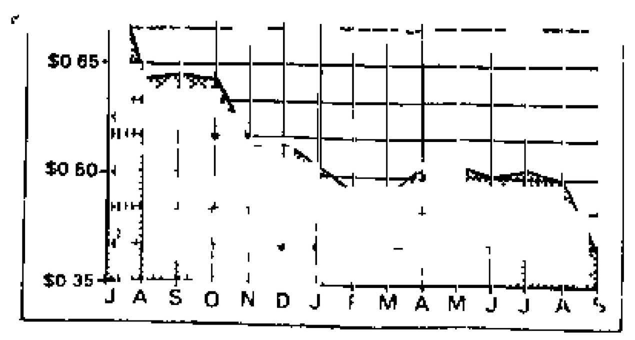
This is graphically illustrated by the steep upward climb in the local zinc price when we crossed our Rubicon (see table)

On the other hand, every rand which is draining from the galvanising industry is finding its way into the pockets of the mines and Zincor, SA's sole smelter owned by Goldfields

The galvanising industry has made repeated representations to Zincor to reduce the price but Zincor owner Goldfields had refused outright to make any concessions to the industry. Goldfields argues that there can be no justification for a price reduction for a commodity which never has trouble finding a market

Some galvanisers are calling for an SA price for zinc but Zincor maintains that a local price would trigger a famine-or-feast situation, depending on whether international prices were high or low




SHEILA TILSTON

When the local price fell below the EPP, for example, mines would export their production for higher world prices Similarly, when the local price was higher than the EPP, users would cut out local producers and import From the galvanisers' point of view the odd feast and famine might be preferable to permanent famine

On the basis of this argument, however, galvanisers asked Zincor if they would at least consider reducing the local price by the cost of freight but in a captive market Zincor refused even this concession

Trying desperately to fight their way out of this corner, local users have gone to some trouble to try to secure zinc from sources outside Goldfields' control

These include an attempt to do a straight barter of goods for zinc with Zambia — which was turned down by Zambia — and a shipment of zinc was secured on the London Metal Exchange at a spot price slightly lower than the going rate in the hope that the shipping costs could be covered by the difference

This did not prove economical

Galvanising the galvanising industry to solidarity has not been easy Joe Binder of Industrial Galvanising, prime mover behind the Competitions Board appeal, reports that Iscor, the biggest user of galvanised sheeting, refused to put pressure on Zincor because it has shares in that company Monoweld Galvanising, the largest galvaniser in SA, refused it public support because it is owned by Barlows, which fears spin-off investigations into their other interests

The attitude of the SA Hot-Dip Galvanisers Association, SAHDGA, is that there is little threat to the industry from substitute commodities such as paint In other words, the industry can increase its prices and still remain competitive This is rejected by Joe Binder, who claims there is a price war going on among galvanisers in order to keep their operations going Hot-dip galvanising is uneconomical without large tonnages because galvanising baths have to be kept hot In addition, a number of new rust-proofing methods are already making inroads into traditional galvanising markets Binder speculates that SAHDGA's soft stand is motivated by self-interest based on a R250 000 annual grant from Zincor

So far the galvanising industry has been able to keep price increases down to 30% but this is cold comfort for the man in the street who will ultimately be footing this bill

Many galvanisers feel, not surprisingly, that government should control strategic natural resources for the benefit of the country. This topical debate is reportedly under heated discussion behind closed doors in Pretoria.

... 25%.

Primary producers confirm they have stopped offering discounts but dispute the level of increases claimed by industry

Says Hans van Vuuren, Iscor's GM marketing "Prices have certainly gone up But to claim general increases of 25% is an overstatement You would be stretched to achieve that"

According to Van Vuuren, prices of Iscor light steel products rose between 5% and 7,5% in July

According to the MD of a leading secondary steel manufacturer, however, basic prices rose 10,5%

Bruce Fairlie, MD of Bruce Fairlie Steels, regrets the increases "Price increases always affect cash flow, which is a negative pointer It can also cause a buyer to buy down and possibly use an inferior substitute"

## Less stock

He says steel merchants are already carrying less stock, while mill lead-times are shorter — six to eight weeks instead of the normal 12 to 16 weeks

Robert Herbertson, Highveld's GM marketing, says the decision to end discounts and rebates is the result of natural market forces

"In the past, pricing arrangements were established on a non-competitive basis They were the result of government's promulgation of a maximum steel price

"So the price at which steel was sold was more or less ordained by government and did not recognise market forces — nor whether there was a surplus supply or excess demand

"In the past few years, however, the mills have been forced for one reason or another to recognise some of these market forces and the very competitive nature of the marketplace, and therefore to sell and price accordingly, whether above or below the table.

"So, if market forces are such today as to allow steelmakers to increase their prices, either through means of a published price list or the withdrawal of discounts, nobody can have any ground for complaint.

"No-one said anything when market forces worked in favour of the consumer and put prices down So they cannot complain when market forces are such that prices to go up

Therefore, whether it's changed by 15% or 25%, these people have no grounds for complaint"

Ultimately, says Herbertson, the new price structure will be proved or otherwise by the level of orders

"We'll find that out in due course My view is that these things are proved by people either ordering or not ordering"

Herbertson is unwilling to discuss the level of discounting formerly practised by Highveld, or the suggestion that producers must still offer some form of inducement in order to retain market share.

"We believe the market share that we or Iscor or anybody else enjoys is far more sensitive to performance than it is to price The pressures on us and presumably Iscor to discount price merely arise from people who wish to get all the benefits of the service, and not pay more than they would if they get it from the other source.

"It is up to us, if we are sensible, to say. 'Look, in order to give this quality of steel and service, we cannot afford to start discounting our price And if you can buy from the other

Strengthening the primary producers' hand is the present level of steel export earnings While local steel sales have dropped sharply this year, exports have grown enormously, in both volume and earnings

SA steel exports this year are expected to make up over 40% of total production With the weakening rand offering the potential for huge rand earnings, producers can afford to be more dismissive of short-term local needs

Says Herbertson "We have the overseas situation where, with the weaker rand, the return from export sales is very comparable with domestic sales

## Collusion

"Compared with a year ago and certainly two years ago, returns from exports are comparable with returns from domestic sales Which is one reason for not being quite so paranoic about domestic market share, and another reason for not discounting the domestic price What's the point of cheapening domestic sales when you could export that equivalent quantity at a higher price?"

The steel industry has been a traditional target for opponents of price-fixing According to Iscor's Van Vuuren, the new pricing structures are a sign of an end to such collusion

"While price controls existed, the industry had to get together to maintain price stability So it would be fair to challenge us then on collusion But we had no choice You had to get together and talk prices and agree to a price structure

"Since lifting price controls, our house is in order and there are no discussions — of policy maybe but not prices"



# CAD speeds cut steel shaping

ALAN PEAT

ABKIN Steel Services has invested in a computer-aided design (CAD) system to speed up its processing of cut steel shaping

The Hewlett-Packard mainframe driven by Skok software can produce computer drawings in less than 5% of the time required for a manual operation

"And the accuracy level is basically the width of a drawing pencil mark," says director Barry Abkin

"With this system's speed and accuracy we can, for example, produce a gearwheel drawing that would take seven hours manually in about 15 minutes

"The benefit here for a one-off order is that the customer does not have to face the high development-time cost that had to be charged on the manual production of a template"

The system also has the advantage of a better "nesting" situation — the machine utilises material with minimum wastage

"This also allows us to feed the saving back to the customer," said Abkin

Another customer saving is made through the increased accuracy provided by the system

## Savings

"On components with a fine machining tolerance we can cut fairly close to the required finished size That saves the customer on machining time cost, which is quite high"

The system also provides the usual computer ease of access to stored drawings and can alter original plans without any need for the creation of a new drawing

"Our next step is to follow the US experience, and adjust our system to negate the need for the intermediate template stage in creating the finished piece," says Abkin

"We were the first steel-service operation in this country to introduce the CAD principle, but our initial nervousness about using this type of electronic processing has now been allayed

"The move now will be to an intermediate stage using a numerically controlled (NC) paper tape cutting system — replacing the need for a template which can often be metres wide, more costly and not so convenient to use

"We can dispose of our present template-following magnetic eye and replace it with a paper punch machine and make only a minor adjustment to our software."

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Steel
Business Day Survey

# Privatisation way to cheaper steel

JOHN TILSTON
Economics Editor

PRIVATISATION is an issue that has gained increased acceptance in SA over the last few years and Iscor — the national steel producer — is close to the top of the privatisation list

After the success of the Sasol public share issue, it is argued other public corporations should be following suit Indeed, at the recent Transvaal National Party congress, President Botha reaffirmed government's commitment to privatisation under certain circumstances and said that a privatisation programme was about to be launched

In the UK, Margaret Thatcher's free marketeers have realised £11-billion from the sale of state assets since they came to power in 1979 South Africans of all persuasions now seem keen to jump on the bandwagon

Iscor's management says the issue is beyond its terms of reference as it is a matter to be settled by its shareholders (read government) In any event, top Iscor executives argue it would not make a material difference to the way the corporation functions It is already run on business principles Costs have been cut and productivity improved

Not everyone shares that view A number of secondary manufacturers claim locally-produced steel is overpriced A charge, not surprisingly, denied by Iscor. As always, the truth is likely to lie somewhere in the middle

Would privatisation bring prices down? Most economists think it would The relentless drive to earn profits that characterises private companies would surely cut even more Iscor fat. Large private corporations can be as wasteful as public corporations in the good times when markets are buoyant The difference is likely to be in the bad times For example, when the diamond market crashed in the early Eighties, the monolithic De Beers organisation cut its costs significantly.

However, despite the fact that government has accepted the principle of privatisation, there are still a number of impediments, both real and imagined

One of the most serious obstacles, if one is a politician, is management and employee resistance to a potentially threatening change However, overseas experience suggests this is a bogus fear. Employees can get rich on privatisation.

When the British public corporation, National Freight Company, went public through a share issue, employees were offered preferential treatment in the allocation of shares Since the issue the capital value of the employees' investment has increased by a factor of 2,5 and current annual dividends are worth 30% of the original investment

The now private company has gone from strength to strength A major reason, say its managers, is the ability to operate without government control or political restraint

A more difficult obstacle to overcome is the question of whether anybody would want to buy the corporation Last year Iscor turned in a profit of R317m, of which R247m was from the sale of Samancor That means it realised an operating profit of R70m on operating assets worth R3,86bn You can get a better return leaving your money in your savings account

In fact, Iscor has made a profit in only three of the past 10 years

But, as every accountant knows, there are a number of ways of calculating profit University of Cape Town economist Brian Kantor argues that all of SA's public corporations are more profitable than they appear

The reason is the replacement cost accounting used On a cash flow basis the corporations are very profitable, he argues

## Cash flow

Indeed, calculating Iscor profitability last year on an historical cost accounting basis would show a trading profit of R505m The internal cash flow generated by operations was R507m.

The British experience suggests corporations get an enormous lift when they go private British Telecom, which went private amidst great fanfare, has returned pretax profits that are up 50%

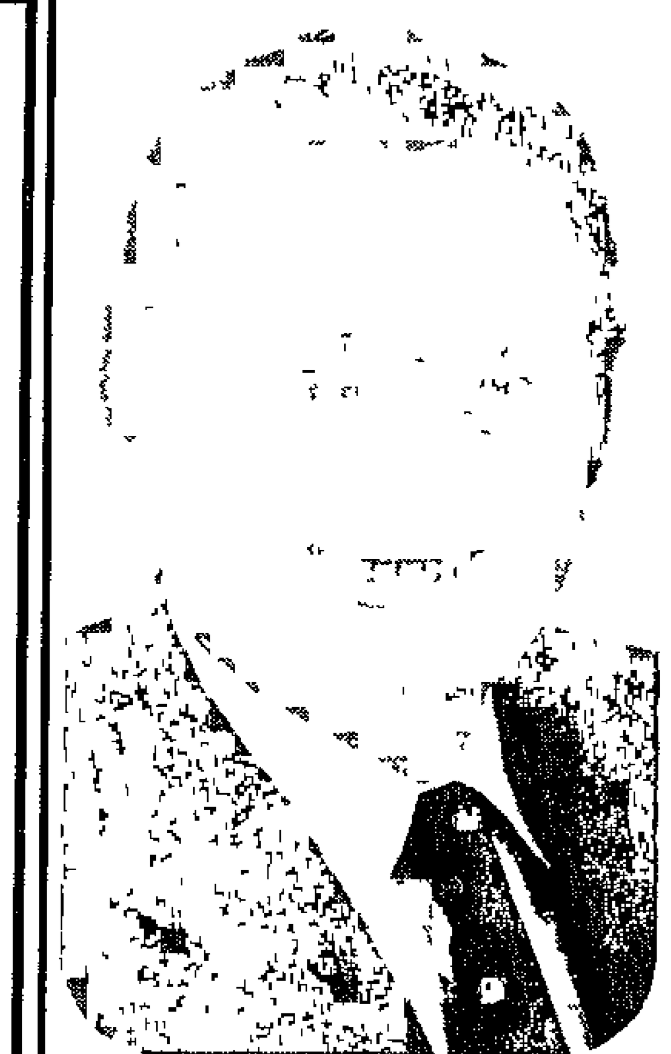
UK Chancellor of the Exchequer Nigel Lawson recently said "each (corporation) has prospered more — in many cases much more — since privatisation than it did before And roughly one-third of 1m employees have acquired a share in companies"

Perhaps Iscor's 57 000-odd employees should have a word with the President



# Highveld's aggressive exporting makes up for domestic slump

REG RUMNEY



☐ LESLIE BOYD . . . controls out of step with the rest of the world.

DESPITE rising protectionism in world steel markets as world demand stays static, Highveld Steel & Vanadium is more than making up with exports for a slump in domestic demand.

Highveld is being "aggressive in export markets," says chairman Leslie Boyd. As a result the company's plants are running at a "fair level" of activity.

"Protectionism in the industrialised countries is increasing all the time but we have been able to move into other markets".

Export sales for the first eight months are running at about 53% of total earnings, the same level reported in the six months to June, when record turnover of R304m was posted — 47% up on the previous interim.

Steel exports made up 38% of total tonnage produced in the first eight months, says Boyd, and steel production at Highveld is running at record levels.

Steel production at the halfway stage was 15% up on the previous six months, at 390 000 tons Since then the new iron plant has been switched in, and for the first eight months of this year, production is up 16,5% Boyd estimates this will rise to 20% by the end of the year

## Ridiculous

Local demand has fallen below last year's levels but, Boyd maintains, it is in the short term price inelastic and has not been much affected by Highveld's 8,7% rise in price after government scrapped price control on steel products on July 26

At the same time quantitative import controls were replaced by tariff controls, a move Boyd describes as "being out of step" with the rest of the world.

"The timing is ridiculous," he says, "in relation to a world steel market which is becoming increasingly protectionist The major world economies are moving towards quantitative protection."

We will have to wait and see what effect it will have on the local steel industry, he says, and adds· "I can't believe SA is right and the rest of the world is wrong."

Tariff protection, Boyd says, will make coastal markets more vulnerable to imports because of the railage costs involved in bringing steel up to the Reef where the bulk of the steel industry is situated

Highveld marketing director Robert Herbertson has also called for flexible reference prices on steel goods qualifying for tariff protection. Boyd explains that one of the many factors that affect the reference price is the exchange rate

"The reference price can be out of date in a few weeks and should be structured in such a way as to take cognisance of the exchange rate."

He feels confident Highveld's export competitiveness can be maintained — as long as SA's inflation rate can be kept in check He singles out power costs, which are subject to price surges well above the Consumer Price Index (CPI) and which in five months are slated to go up by 37%. He is strongly critical of Escom

"The parastatals must get their act together"

## Employment

Boyd notes that between November 1975 and November 1984 electricity as a component in the production of steel at Highveld went up 365%, compared with an increase in the CPI of 200% and a domestic steel price increase of 168%

He is proud of Highveld's export policy, and points out that aside from profiting the companies concerned, exports also create jobs.

"It is incumbent on export industries to go out and sell to get people back to work

"Unemployment is the number one enemy in the short term and we should be doing everything we can to get people back in jobs"

A→B

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# The outlook for capex bedevilled by sanctions

DESPITE the downturn, most South African steel plants are running at about 90% of capacity. This is due to the depressed rand, which has enabled the industry to increase exports and offset the fall in domestic demand

If sanctions can be staved off and if, as seems likely, the rand does not rise sharply, a major rise in local demand would result in a need to increase production capacity right across the board

In any case, capital spending in the steel industry is likely to remain at a proportionately higher level than for most other industries for, while capital expansion is generally associated with an existing or future demand for more product from the marketplace, with a basic commodity such as steel, the need for technological improvement in the production process is often the reason for further investment in plant and equipment

The new technology introduced frequently has a cost advantage, but more stringent regulations such as pollution control and escalating direct cost of raw material or labour can also be the reason for capital spending

The SA steel industry is dominated by the two major producers, Iscor and Highveld Steel & Vanadium, which together account for well over 98% of the total annual production of about 4,5m tons

Over the past few years Iscor has taken control of a large number of production units The corporation now includes the original Pretoria works (started in 1934), the Vanderbijlpark plant started after World War II and the Newcastle works which were developed in the Seventies

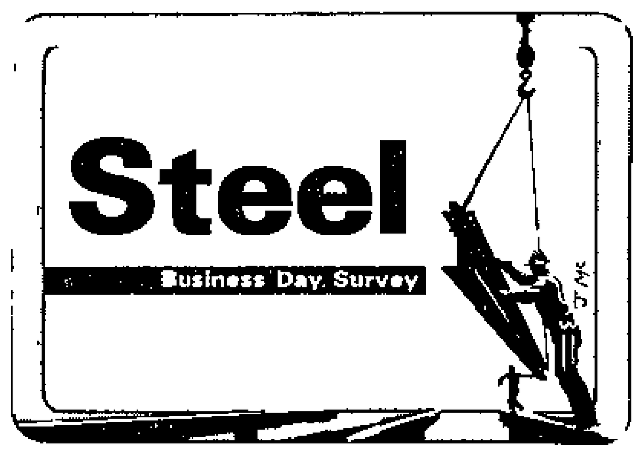
## Sections

While the Pretoria works concentrates on the production of sections, wire, etc, the Vanderbijlpark plant is Iscor's primary producer of flat products Both these two plants have, over the past three to four years, been considerably modernised

Capital expenditure at these plants has been high by international standards Capex has risen from a total of R1,4bn in 1974 to R3,86bn with annual capital investments of R400m being recorded for 1983 and 1984 Of these amounts only about R70m a year was needed for the replacement of small assets

These capex figures are, however, well below the R1 to R1,5bn annual expenditure undertaken by Iscor during the period 1972 to 1976 while the Newcastle plant was being built

Recent projects undertaken by Iscor include construction of a 600 000 ton/year direct reduction sponge iron plant at Vanderbijlpark Completed in mid-1984, it was planned to supplement an expected shortfall in steel scrap used in the electric furnaces.




The reducing agent is freely available low grade coal instead of the metallurgical grade of coking coal normally used and which is expected to be in short supply in SA in the future The total cost of the four-kiln direct reduction plant was about R190m

Normally direct reduction is achieved using natural gas SA has basically pioneered new technology in using 100% coal

Early in 1983 coal briquetting plants were commissioned at Newcastle and Vanderbijlpark These plants brought about a considerable improvement in the quality of the coke used in the blast furnaces With individual capacities of 4 000 tons a day, these plants are among the largest in the world

Modernisation and improvements to the continuous casting plant attached to the basic oxygen furnaces at Vanderbijlpark has been completed Using a continuous casting process there is less internally generated scrap and this is another reason why Iscor has concentrated on developing the direct reduction of its own iron ore

Recently new orders were placed with Lurgi for direct reduction plant to convert fine ore to liquid iron at Vanderbijlpark Not only will this operation have the economic advantage of using lower quality coal but there will be energy economies in not cooling and remelting the iron The cost of this plant is likely to be about R100m

In the overall modernisation of the Pretoria works the objective was to produce steel at a competitive cost Low productivity and yield necessitated the replacement of some Bessemer open hearth and small electric furnaces by two huge 125-ton electric arc furnaces which had been bought from a producer in South Wales

This equipment was recently commissioned and, because of the advanced design, will reduce pollution, which is a major problem in the valley where Iscor is situated.

Further orders still have to be placed for continuous casting plant to produce blooms at Pretoria This will lead to more efficient production of sections

Other important modernisations in the Iscor plants have included uprating of blast furnaces at Iscor to achieve the full benefit of coal briquetting and the recently introduced low alkali sinter process which Iscor developed

## Improvements

The Newcastle plant principally produces light and medium sections and bars for the construction industry Due to the downturn, some of this plant has been closed down, however Iscor is continually undertaking modernisation and improvements to other plants such as Dunswart which it took over from Gencor in 1983 where production is now up from just under 1m tons to 1,5m tons

Cape Iron and Steel, a producer of reinforcing bars was acquired by Iscor from the Old Mutual some time ago Modernisation has allowed it to reach a figure of 120 000 tons/year This figure is small but such a plant can remain viable by supplying a local demand for construction steel

This situation is the same with the privately owned Natal steel mill MacWilliam, which, in line with the major producers, has also been uprated to produce more

The second major producer is Highveld Steel Vanadium which was started up in 1968 with a capital cost of R127m This plant is also the world's largest producer of vanadium

Initially the steel works were designed to produce medium sections but in 1977 a plate mill was introduced and in December 1982 a large reversing hot-strip mill was brought on line This allowed the rational diversification to strip which was needed for market expansion

As with Iscor, Highveld has increased its iron production by installing direct-reduction and continuous-casting plant Similar general uprating has also been undertaken by another reasonably large Transvaal operation, Scaw Metals

Highveld and Scaw Metals are both controlled by Anglo American The plants already mentioned produce most of the standard steel grades but privately owned Davswart in Vanderbijlpark has a flexible mini steel mill which also adds some capacity

Usco, the steel and non-ferrous producer in Vereeniging concentrates on producing special steel It is the country's largest producer of drill and special spring steel Recently a large 45 ton electric arc furnace was installed This now converts sponge iron to rolled and forged products An additional vacuum degassing unit allows Usco to produce stainless steel such as grade 340L which is now sold as bright bar

In the area of stainless steels Middelburg Steel & Alloys has a large R150m special stainless steel mill at Middelburg which, except for special grades, can cater for the entire local market and has spare capacity for export

## Corrosion

Stainless steel, in terms of volume, accounts for only about 1% of the total steel market In order to increase the market for stainless steel, Middelburg Steel & Alloys developed a high chromium corrosion-resisting steel and are developing market applications

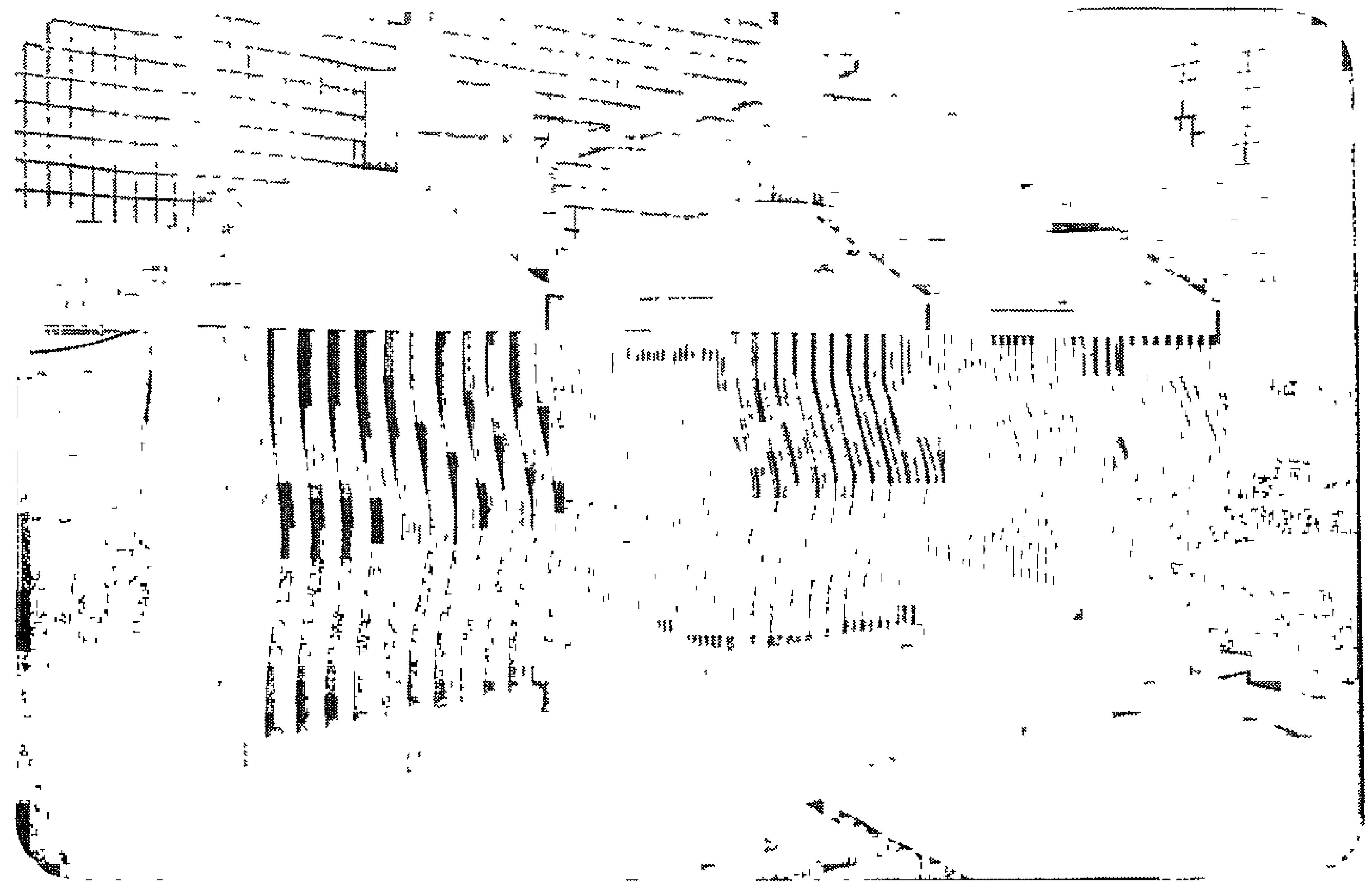
Whereas all steel producers have improved their exports considerably (aided by the low rand to dollar exchange rate), nevertheless exports are less profitable than local sales and 1,7 tons must be exported to get the same profit as 1 ton sold locally Iscor is currently exporting to 60 countries and such exports were 1,35m tons in 1984 and it is hoped to increase exports by an additional 1m tons in 1985

The production of ferro alloys is complementary to the production of steel and organisations in steel generally are involved in ferro alloy production In many respects South African alloys are easier to export than steel

This is because SA has the raw material and because the strict environmental control conditions applicable in highly developed countries has caused the closure of plant rendered uneconomic by the high cost of pollution control Overseas steel mills are however, reluctant to lose all their business and would clearly resist an increase in SA added value

In an effort to optimise profits considerable attention is being paid to introducing more sophisticated grades of steel such as high strength low alloys and corrosion and abrasion resisting grades which are generally produced on a licences basis from overseas producers As SA develops, additional capex will be required for this type of development

The basic nature of the steel industry has an effect on other industries such as the local production of zinc Today in SA 13% of all steel is galvanised This needs 65 000 tons of the total production of 85 000 tons of zinc produced by Zincor



□ Steel companies spend capital not only to meet demand but to increase efficiency. Twenty-four recuperators of the this type, designed and supplied by Arminco at a cost of R1,5m, have significantly improved furnace efficiency at Iscor's hot-strip mills South Works at Vanderbijlpark. Fuel savings are expected to pay for the retrofit within 20 months. Based on this, Armincor has received a further order worth R2,5m for retrofit to Iscor's North Works.

# German firm in SA joint venture

JIM PENRITH

A TOP German steel fabricating group has linked with local company Steinmüller Africa in a R15m structural steel manufacturing joint venture

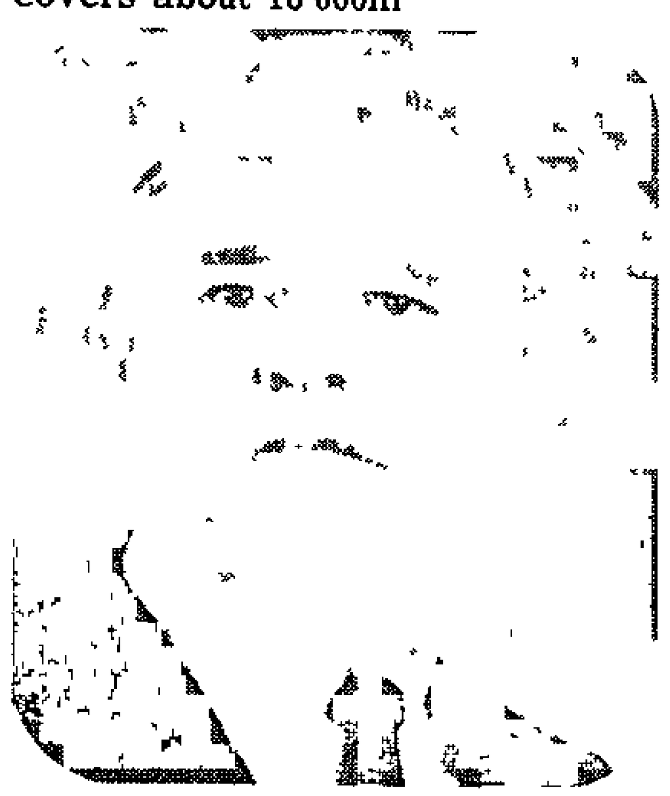
Steinmüller's partner in the enterprise at Chamdor, near Krugersdorp, is the technologically renowned Stahlbau Lavis of Offenbach, which has been a leader in Germany's steel fabrication industry since it was founded in 1897

The new joint company — Steinmüller-Lavis Structural Steel — is wholly owned by Steinmüller (51%) and Lavis (49%) and was formed primarily to fulfil a contract the principal partner has won from Escom for the Majuba power station

This calls for about 50 000 tons of structural steel for the power plant's boilers, bunkers, platforms, stairways and support structures and is expected to be supplied by Steinmüller-Lavis over a period of about five years once work is under way on Majuba

The formation of Steinmüller-Lavis also gives Steinmüller the convenience of a manufacturing facility for heavy and medium steel fabrication that previously had to be sub-contracted to other companies

The new facility is literally across the road from Steinmüller's plant in Chamdor and has a total factory area of about 30 000m², with a workshop area under roof of about 12 000m² The area served by overhead cranes covers about 18 000m²



□ FRIEDRICH KREUTZBERG

An experienced German management ...

# 3CR12: success story . . .

THE development and marketing of 3CR12 — a corrosion-resisting steel that occupies the gap between mild and stainless steels — is one of the great success stories of the South African steel industry

As long ago as 1970 the then Southern Cross Steel Company realised that for the success of its venture it had to develop a local market for low-cost chromium-based steel

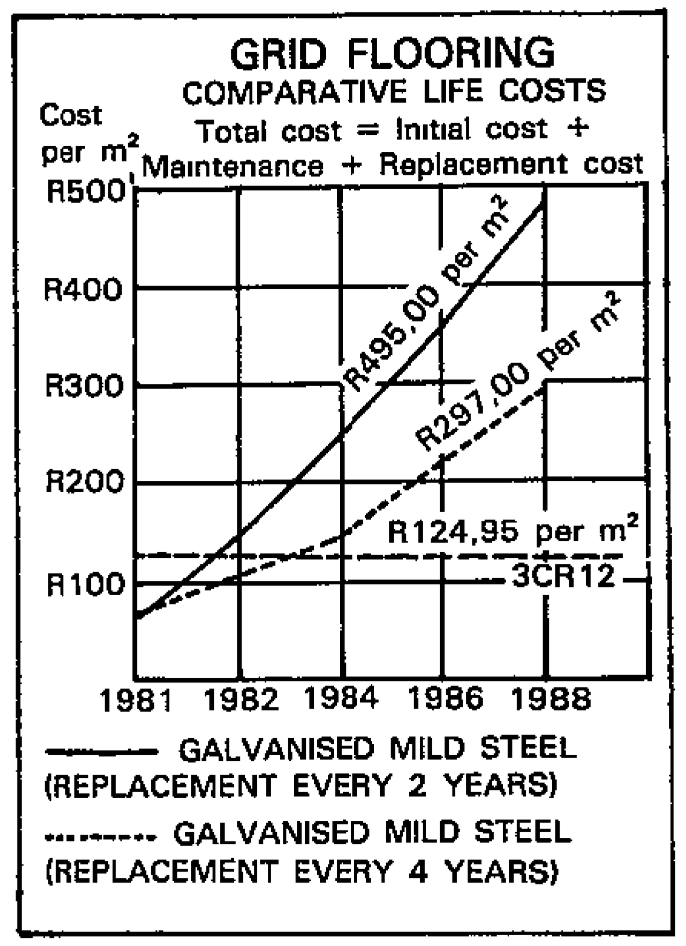
In the mid-Seventies a search was instituted for a more versatile corrosion-resisting steel than then available Middelburg Steel & Alloys (MS&A) laboratories and numerous SA universities and institutions such as the CSIR became closely involved in the project

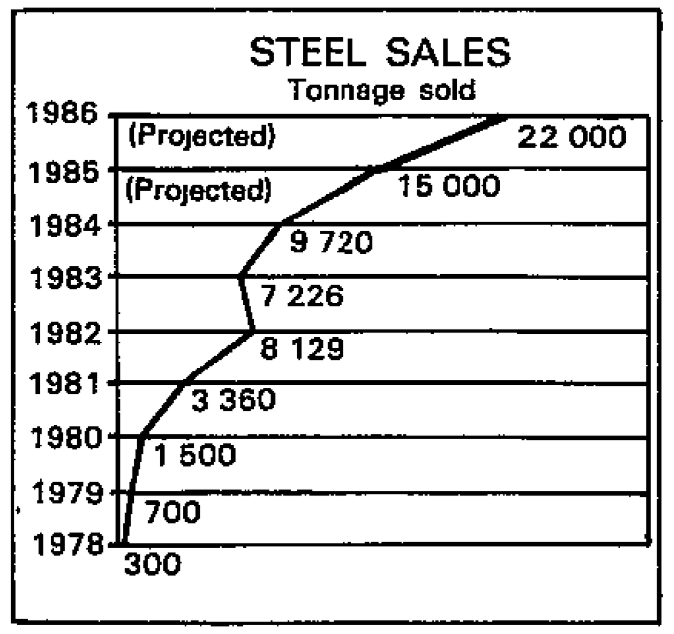
By controlling the chemistry of the steel and by specific and careful heat treatment, a 12% chromium steel with excellent corrosion, strength, toughness and welding properties was developed It was given the name 3CR12, a mnemonic derived from the first letter of "chromium containing corrosion-resisting" steel

The product proved to be far superior to what metallurgists had originally thought possible, and a patent was granted in 1978

As a result of this careful planning, the market for locally-produced 3CR12 has grown exponentially (see graph) Today, 3CR12 is used in an increasing number of applications where, on a life-cycle basis, it has been proved more cost-efficient than mild steel

A whole industry has been generated to service the growing demand for this corrosion-resisting product




# Bright future, dull present for stainless

MATTHEW WHITE/Surveys Editor

TIMES are tough for the Steel Division of Middelburg Steel & Alloys, South Africa's only producer of stainless steel, even though it has a modern, integrated production facility that is highly competitive by world standards and the world's richest deposits of chrome ore in its backyard

Domestic consumer demand has slumped 60% below the peak of 1981 and, even more worrying, it is 50% below the established trend line With capital spending continuing at low levels, demand from this sector is also about 50% below peak

"The only bright spot is 3CR12 (a corrosion-resisting steel that fills the market gap between mild and stainless steels) Sales of this are increasing dramatically," John Hall, Middleburg's executive chairman, told *Business Day*

While the company, a Barlow Rand subsidiary, has been able to make up some of the shortfall in stainless steel sales abroad, the export market itself is far from buoyant despite the falling rand This has left Middelburg operating at only about 75% of capacity

"The decline in the rand has coincided with a decline in the dollar price of stainless steel of almost 30% since February/March," said Hall "This means that prices in dollar terms are now below the 1977 level"

He believes there are two reasons for the slackening price in the face of the continuing strong performance of the US economy and the weaker but still growing economies of Western Europe

"Firstly, producers are trying to maintain production at high levels Secondly, protectionist measures in the US have forced traditional exporters to that country to look for other markets. This has put tremendous pressure on markets in South-East Asia, South America and Europe"

Despite this, he believes stainless steel, which Middelburg markets under the trade name of Southern Cross, should be performing a lot better than it is

"On a true cost basis, using life-cycle costing techniques, we have demonstrated that stainless steel is highly competitive material The protection of carbon steel is only as good as the first damage, whereas stainless steel is corrosion-resistant throughout"

## Non-productive

Hall is very bullish on the future of stainless steel as a replacement for carbon steels And indeed, it was stated at the fourth SA International Corrosion Conference in Johannesburg in August that an estimated 40% of carbon steel — which comprises the vast bulk of steel industry output — is made to replace corroded steel

Why then is stainless steel not gaining ground faster?

Partly, he said, it is because the stainless steel industry has marketed itself so poorly

"But the major stumbling block is massive vested interests in the production and maintenance of products made from carbon steel, which has to be protected by galvanising, painting or rubber coating"

Replacement and refurbishing cost SA millions of rands a year and while those who profit from these essentially non-productive tasks profit handsomely, the country can ill-afford such wasteful expenditure, he says

As an example of vested opposition to the use of stainless steel, he cites the case of French car manufacturer Renault Middelburg ordered three Renaults with bodies fabricated from stainless steel as demonstration models The cars, which show no signs of corrosion after more than six years, caused a sensation and Middelburg received firm orders for more When, however, it placed an order with Renault for 100 stainless steel cars, the company declined to supply them

Stainless steel cars would cost some 15% to 20% more than conventional cars, Hall estimates, but there would be pleny of buyers, particularly in coastal areas where the sea air eats through car bodies despite so-called "rust-proofing", which delays but does not prevent mild steel car bodies from rusting

In the longer term Hall is optimistic At one time, stainless steel sales averaged about 1% (by mass) of carbon steel sales, but this is changing in stainless's favour Current world production of stainless steel is estimated at about 8-million tons, against 450-million tons of mild (carbon) steel.

"While conventional wisdom is that the stainless steel market can grow about 3% a year, I believe its potential is really two or three times that," he said

Middelburg's group director of marketing, Leo Melvill agrees that new applications indeed presage faster growth There has, for instance, been a tenfold increase in the use of stainless steel roofing in recent years An example of this is the roofing of the Citrus Exchange's pre-cooling facility at Durban Harbour Nearly the size of three rugby fields, the building is on the waterfront and in a valley where industrial pollution is a major problem.

Originally the use of stainless steel has been ruled out on grounds of cost However, life-cycle costing techniques showed stainless steel to be more economical Apart from reducing maintenance, the roof panels are lighter, which enabled the architect to reduce the structural support needed

## Contract

Another breakthrough is the award of a contract by SA Transport Services to Dorbyl for the manufacture of 96 stainless steel motorised passenger coaches designed for a life of 40 years Current coaches are withdrawn for extensive repair and refurbishment after 15 to 20 years The first of the stainless coaches are due to be delivered to SATS in April 1987.

Melvill believes that just as stainless steel now dominates razor blade manufacture, it will be used for the majority of vehicle exhaust systems within four to six years.

Locally produced holloware (saucepans etc) is better than that made in Taiwan and could be the basis of a "buy SA" campaign, he suggests.

Middelburg is also urging local fabricators to establish their own export programmes and actively encourages the import of technology.

delay carves itself a substantial share of the local market The team is headed by MD Friedrich Kreutzberg, a mechanical engineer with more than 20 years' experience in the iron and steel-making industry

Kreutzberg took over his new post in July, barely a month before the factory started up its production facility on initial work for Voest-Alpine, and Bilger

He says the plant, which has a capacity of 15 000 to 20 000 tons a year, depending on the type of structure handled, is the most advanced of its type "not only in SA, but in the whole world"

A sophisticated feature of its operation is its on-line CNC machinery, which ensures pinpoint accuracy through a centrally controlled computer facility This also reduces off-cuts by at least 5%

"We are quite confident that this facility and the configuration of our workshop will give us the edge on our competitors," says Kreutzberg "We will produce the goods faster, more accurately and much more cost effectively"

Another big advantage, he says, is the availability of technical know-how and back-up from Stahlbau Lavis in Germany, with its vast design and manufacturing experience in all forms of structural steelwork

Says Kreutzberg "Steinmüller-Lavis's fabrication capability extends into all areas where welded construction with a degree of mechanical machinery is a major part of the project"

The Steinmüller-Lavis joint venture's ability to offer a one-stop operation from design through fabrication to erection and commissioning has already created jobs for more than 70 people, mainly welders, fitters, turners and boilermaker platers

"We have faith in SA — otherwise we would not be here," says Kreutzberg

# Steel 'mountain'

INDUSTRY is sitting on a steel mountain, thought to be about 1% of Iscor's output of loose category mild steel, 1,8m tons, which excludes its high carbon steels, alloys, rails and proprietary types According to one-stop agent Stan Noik of Stansteel, who handles about 20 000 tons a year, people who have been sitting with this surplus for the past two years are now selling at prices based on current Iscor tariffs

The most recent price rises, announced on July 26, makes sales of surplus an even more attractive proposition, according to Noik He deals on a willing buyer, willing seller basis, moving parcels of redundant and bankrupt stock on commission (about 2,5%) The supplier pays the commission

(189) B. Day 1/11/85



# Scrap is a free-for-all market

SHEILA TILSTON

OVER the past five years free enterprise has dragged the scrap metal industry kicking and screaming to its present coming-of-age

Scrap merchants, particularly small independent operators, are crying out for an increase in price from Iscor, claiming users don't pay what the scrap is actually worth to them This after a 9% increase by Iscor in September

Merchants claim they can get much more for scrap overseas as a result of the drop in the value of the rand and it appears some scrap is being exported Most scrap merchants, however, are not really in a position to make use of the export potential because of the logistics of stockpiling for transportation, slow payment and the sheer mire of paperwork which exporting involves, as well as the serious question of stockpiling for better times

This appears to be causing sour grapes in the industry with objections based solely on the notion that scrap is a vital, valuable commodity which is in short supply and should therefore not be exported This is a remarkable viewpoint coming from an industry which operates totally without controls and with every man very much for himself

The discontent over the Iscor price is not shared by all merchants Some are more concerned about additional competition at source as a result of the introduction of free enterprise into the industry This new competition is not only affecting the relatively vulnerable independent operator who does not have a regular guaranteed supply or market but is also beginning to worry the giants in the industry

The value of the ferrous scrap industry is approximately R120m a year from 1,4m tons This cake is shared by four major merchants

- South African Transport Services, which supplies Iscor on a free tender basis,
- Rand Scrap, which is owned by Scaw Metals,
- Universal Metal Holdings, which is owned by Davsteel, and
- Chicks, which operates mainly in the coastal centres and is owned by Macdem

They account for nearly 1m of the approximately 1,4m tons of scrap generated The remaining 0,5m tons is spread over a few dozen smaller "independent" merchants All the aforsaid have varying facilities for processing scrap and they, in turn, buy scrap from numerous and varied sources

Steel
Business Day Survey

After World War II government decided that in order to develop the steel and foundry industry it would have to place controls on the scrap industry including its export because of the inherent shortage of scrap In order to effect these controls, the scrap producers got together and formed Ferro Scrap Distributors (FSD) a non-profit making body which handled the buying and selling of all scrap in the country including its grading.

The price for scrap in SA was thus kept unrealistically low for a blissful 40 years to the advantage of steel works and foundries, many of whom, it was feared, would go to the wall if price increases were allowed

In 1980, as a result of pressure from merchants, government did away with the FSD, removed controls and opened the industry to free enterprise. Surprisingly, not a single foundry or steel works went under as a result, which highlights the extraordinary protection which was enjoyed for so long Merchants, on the other hand, became less and less efficient over the years except in the sphere of grading, which was strictly controlled by the FSD and to which everyone adhered

Today the price paid by Iscor for scrap is set at the rand equivalent of the international price less freight, but all deals are negotiable with total free market principles prevailing, including freedom to export

This is where the crunch lies In the FSD days merchants relied on their individual established suppliers which saw them right year in and year out and the FSD guaranteed markets albeit at set prices Trading was orderly and the FSD took care of grading

The situation now is that during the fat years from 1980 when the price went up to the beginning of the recession, merchants were able to expand and some invested in very expensive processing equipment Now there is a greater than normal shortage of scrap being generated because of the slowing down of steel mills so merchants are vying with each other for supplies, undercutting on price to develop new sources

On top of that, a small army of one-bakkie men has emerged from the recession like a bad rash on the industry

This situation appears to have come about as a result of steadily lowering standards of grading within the industry since 1980

So concerned are people in the industry with "fair play" that some even believe their operation should be subsidised by government because of the environmental value of their work

# High cost of labour hampers the industry

ANTHEA DUIGAN

WHILE the steel industry has had labour unions for many years and it has meant a better deal for workers, this has had the effect of putting up the cost of steel construction

Labour workers in the steel construction industry earn approximately one-third more than their counterparts in general construction

Kurt Horngren, director of the South African Institute of Steel Construction (SAISC) was unable to elaborate on what is being done to bring the labour rates to a more competitive level and Walter Kirkwood at SEIFSA declined to make any comment, saying "The labour issue is far too sensitive a subject to discus with the Press"

To obviate the wage discrepancy, the steel industry has been forced to automate to survive but to the detriment of the unemployed of this country Modern steel fabrication workshops are full of machines and robots

In the past they were labour-intensive but the labour was pushing the price of the product to an uncompetitive level

"Concrete will become more expensive as labour rates increase, but the manufacturing of steel will be more constant", said Horngren

## Cost-effective

Most local consulting engineers are unable to design a cost effective steel-framed building In all fairness, according to Horngren, the reason is they have not been keeping abreast of the latest technology and because they have been (and some still are) under the impression that building with steel is always tages

It is inaccurate to say one medium is any better than the other but both should be considered by consultants In its endeavours to get the message across, the SAISC is taking drastic measures

If it hears of a project to be constructed in concrete, before the final drawings are submitted, it often intercedes and presents an alternative design in steel, without being asked

"Quite a few consultants have had red faces having said steel frame buildings are more expensive only for the Institute to prove them wrong"

While standing up for steel, Horngren conceded many people like to work by rule of thumb

"They like to be able to say a steel frame is more expensive but perhaps they fail to recognise they owe it to their clients to arrive at the best solution and part of the definition of 'the best' is cost effective In addition to prove this, alternative design has to be prepared for comparison This means time and money and if the design costs have been established on a lump sum basis, there is a limit to what lengths the consultant will go to achieve the most cost effective design"

"In SA we do not have the same corrosion problems most other countries have Firstly, we have a totally different climate Strange to tell, the fact that salt is used to de-ice roads in winter in Europe and US is the major corrosive factor in their buildings

"We have a unique environment in SA

sive than others is no longer the case, especially if the most modern technology is used in the design The SAISC has a design facility for steel-framed multi-storey buildings

The designs are not only practical but also cost-effective If all the different components which go into making the frame, the philosophy of steel/concrete interaction is married properly, the design will be cost effective However, that does not mean every multi-storey building is cheaper in steel but it does mean that those designed with steel in mind are cheaper in steel"

Steel and concrete have totally different material strength characteristics so the advantages of steel over concrete have to be qualified Given the right frame or structure and the right architectural concept, steel has the advantage because it allows a larger column-free space and therefore is cheaper to construct

Ancillary advantages include the reduction in the total mass of the construction so smaller foundations may be used There are advantages which are not quantifiable such as adaptability of the end product

Trends overseas are to renovate a column in a steel building by strengthening the beams and welding additional plates but it is not as simple with a concrete building It is debatable what store can be measured by such advanca reports are not always useful and sometimes can be destructive They might say steel bridges corrode, but in SA this is not the case The oldest bridges in this country are made of steel but there are no old concrete bridges Steel bridges 80 years and older are still serving a useful life, in spite of the lack of maintenance

## Resale value

"Most steel structures are designed for a 50 year life-span and clearly once the structure has exceeded the period it is due for replacement This is not necessarily the case with steel"

Once a concrete building has been demolished, a pile of worthless rubble has to be disposed of as in-fill or waste, but with a steel-framed building the scrap iron or scrap steel can either be used again or it can be melted down for something else It has a resale value For example, the 80-year-old railway goods sheds in Durban were demolished but the steel frame was cleaned up and re-erected for an exhibition centre

Structural steel in this case has withstood the Durban environment for 80 years and is all set to endure the same conditions for another 80 years If it had been a concrete building none of the structurel elements could have been reused

# ISCOR GROUP

# SUBSTANTIAL INCREASE IN STEEL EXPORTS

**Abridged version of the review by the Chairman of Iscor, Mr F P Kotzee, in the report for the financial year ended 30 June 1985, together with operational and financial results.**

The Iscor Group profit for the year, before tax and before provision is made for extraordinary items, amounts to R33 million, compared with R96 million in the previous year The group net profit after tax amounts to R23 million, as against R92 million for the previous year

The profit performance declined, notwithstanding an increase in total sales of steel products of 259 100 tons, or 5%, compared with the figure for the previous year This happened mainly on account of a drop of 552 900 tons in sales to the local market

In an effort to prevent production cut-backs, Iscor Group succeeded in securing orders abroad for higher tonnages Total steel exports amounted to 2,31 million tons — an improvement of 812 000 tons on the previous year's performance

## THE WORLD STEEL INDUSTRY

The under-utilisation of production capacity which has been a feature of the world steel industry for some years, has in recent times resulted in restructuring and modernisation aimed at a reduction of the existing capacity in several of the older traditional steel-producing countries In this way the production capacity in non-communist countries dropped from 606 million tons of crude steel in 1980 to about 568 million tons in 1984 The major decreases occurred in the USA (from 140 million in 1980 to 122 million tons in 1984) and in the EEC (from 196 million to 167 million tons) The annual production capacity of the Japanese steel producers remained fairly constant at approximately 156 million tons over this period

However, these capacities still exceed the demand by wide margins, as is evident from the 69% capacity utilisation in the USA, 71% in the EEC and 68% in Japan Further restructuring is therefore still required

The positive approach on the part of older industrial countries to obtain a healthier balance between the supply of and demand for steel products, was unfortunately counteracted to a large extent by a considerable increase in production capacity in the developing countries The result is that an overcapacity of about 30% still exists in the Western World

The tendency to protect local steel industries by restricting imports as far as possible remains a world-wide phenomenon This is evident from the bilateral "voluntary restraint agreements" concluded by the USA with certain countries, including South Africa, as well as the quota arrangements maintained by the EEC with third countries

It is hoped that this tendency towards protectionism will diminish as supply of and demand for steel products become more balanced in the future, which should also lead to higher international price levels Unfortunately it is a drawn-out process which will extend over a number of years

## THE LOCAL STEEL MARKET

The economy was in a declining phase of the business cycle throughout the year under review as a result of the Government's restrictive monetary and fiscal policies Consumer spending, particularly on durable goods, and investment dropped sharply In consequence, the local demand for steel products showed a decrease of 13% during the year, after having increased by 16% in the preceding year

The restrictive measures which were in force during the year under review were, however, aimed at laying the foundation for sound economic conditions and for continued growth Towards the end of the year a few economic indicators indeed pointed to more favourable conditions for the future The current account of the balance of payments changed from a large deficit to a considerable surplus in the course of the 1984/85 year Furthermore, a declining trend in interest rates has now become a reality, and personal savings as a percentage of spendable income rose from practically zero at the beginning of the year under review to 6,4% in the first quarter of 1985

Although these factors on their own could not have led to a recovery in the economy and local steel consumption in 1985, it was nevertheless expected that general economic conditions would gradually improve as from the beginning of 1986 However, the possibilities of a recovery are detrimentally affected by the increasing economic and political pressure on South Africa, and an early upswing is therefore not to be expected Moreover, the "standstill" in repaying foreign loans announced by the Government early in September 1985 will inevitably have a further negative influence on economic recovery

## EXPORTS AND PROSPECTS

After the sharp decline in the domestic demand, steel exports were stepped up by as much as 54% to 2,31 million tons during the year under review, which was made possible mainly by the more favourable net earnings resulting from the weakening of the rand against other foreign monetary units, especially the US dollar Exchange earnings on these steel exports amounted to R923 million, as against R488 million for the previous year Since December 1984 the increased volume of exports has made it necessary to again make use of the Port Elizabeth harbour facilities to supplement those of the Durban harbour This step contributed towards stimulating the prevailing low-level economic activity in the Eastern Cape and was welcomed throughout that region

The number of ships loaded by Iscor during the 1984/85 financial year increased by 94 to 424, that is by 28%

Iscor's policy of orderly marketing, embracing among others the maintenance of marketing channels and a long-term involvement in selected international markets, largely contributed to the success of the effort to market the increased export tonnage

A bilateral trade agreement was concluded by the South African Government with the USA for a period of five years with effect from 1 October 1984, replacing the earlier voluntary unilateral restraint undertaking on the part of South Africa in regard to steel exports to the USA In terms of the new arrangement, South Africa's steel exports to the USA for the first 15-month term up to 31 December 1985 are limited to 582 000 tons, including 95 000 tons of specified secondary steel products Although these measures led to a fairly sharp reduction in South Africa's steel exports compared with those in the preceding two to three years, they did result in the cessation of the countervailing and anti-dumping actions repeatedly launched by the USA against steel imports from South Africa

Similar restrictive measures in respect of imports from 13 other countries into the USA have had the effect that emergent steel-producing countries, particularly Brazil, South Korea and Taiwan, had to find alternative markets for their surplus steel production at relatively short notice This led to intensified competition and lower price levels in other traditional markets The relative weakening of most European currency units against the US dollar during the year under review further contributed to a softening in dollar prices

These conditions are expected to persist for a considerable time With Iscor's proven ability to supply high-quality products, its skills in respect of international marketing and the expectation that the rand will remain relatively weak against the US dollar, it is envisaged that it will be possible to attain its planned increased export levels

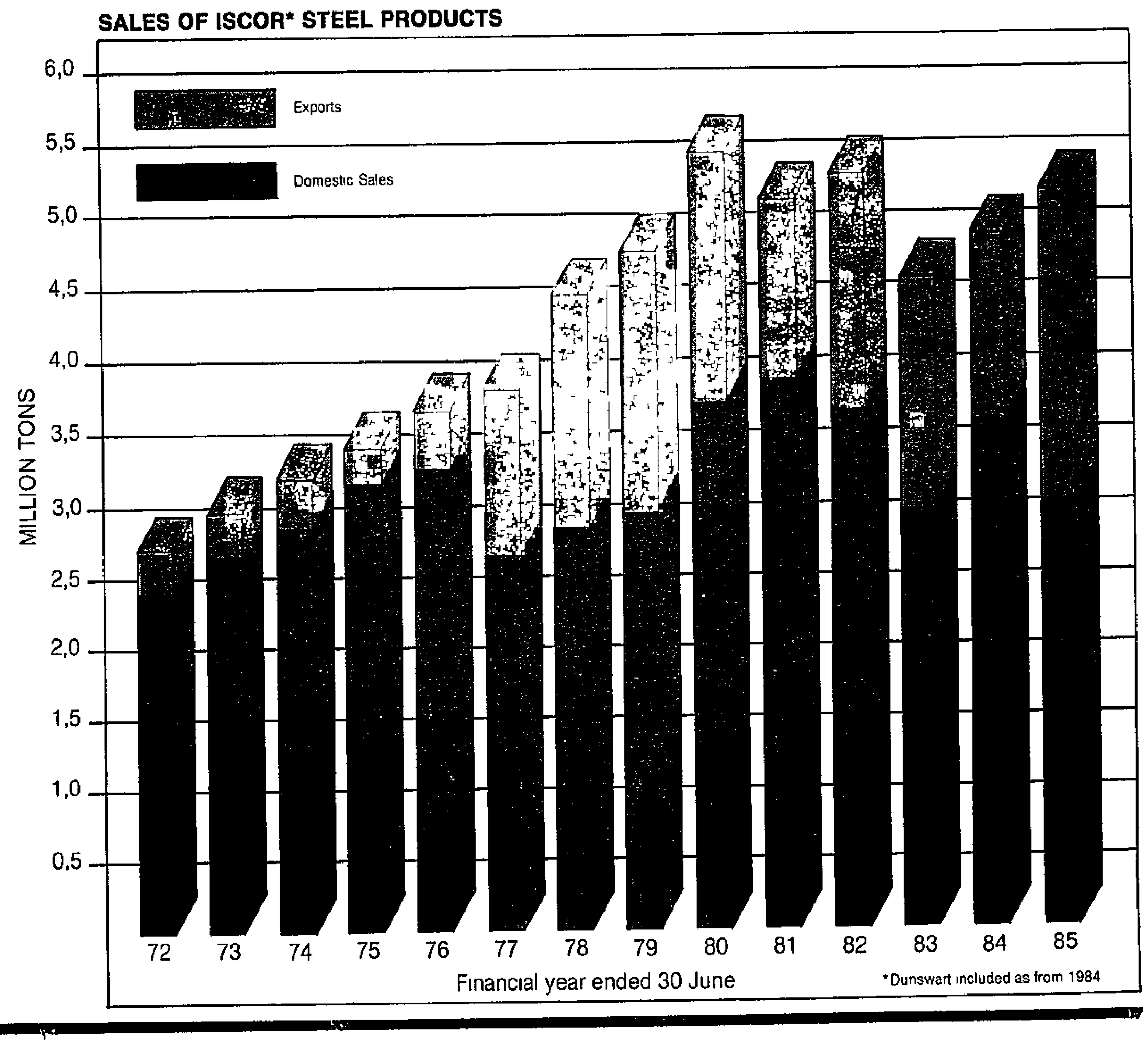
The quota agreement with the EEC is still in force and in terms thereof exports of South African primary steel products to the EEC countries are currently limited to 300 865 tons per annum

## STEEL PRICES

The Cabinet approved a 7,5% steel price increase which was applied as from 2 July 1984 Iscor's tinplate prices, however, were increased only with effect from 1 April 1985 by a modest 5,3% — a measure which should be seen as its contribution towards helping the local canning industry

The production price index rose from a base of 100 in 1979 to 181 in 1984 and 211 in 1985 This represents an increase of

SALES OF ISCOR* STEEL PRODUCTS



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16,6% in the past year, whilst the steel price index rose by only 7,5% Iscor itself therefore had to absorb a substantial proportion of the cost increases in respect of its inputs This was achieved largely on account of sustained productivity improvements

Owing to the lower domestic demand for steel, Iscor resorted to stepped-up exports in order to make the best use of production facilities and thus sustain employment levels The earnings on these steel exports make a meaningful contribution towards recovering unavoidable fixed costs, thereby keeping unit costs down, with consequent benefits for local steel consumers by way of relatively small domestic steel price increases

Domestic price levels were under pressure on account of keen competition among the various producers This had an adverse effect on profitability

## DEREGULATION

After the end of the year under review, the Government, by way of an announcement in the Government Gazette of 26 July 1985, abolished price control and quantitative import control on primary steel products With effect from the above date, a customs tariff system in respect of primary steel products has been in force.

These steps are in line with the Government's announced policy of promoting the free-market system, which Iscor supports However, there is great concern about the timing of these steps, particularly as regards the abolition of quantitative import control on primary steel products As already indicated, the international steel industry continues to be characterised by unusually large capacity surpluses, giving rise to artificially low price levels for steel in world markets In the USA and EEC countries, the authorities concerned were obliged to introduce import restrictions in an effort to protect their domestic steel producers against the flood of dumped steel. These conditions are expected to persist for several years to come The abolition of quantitative import control on primary steel products at this stage, is bound to expose the South African steel industry to the threat of artificially cheap imports

The position will be carefully watched, and although it is too early to forecast the effects with any degree of certainty, provisional studies indicate that Iscor's future financial position may be seriously prejudiced Other domestic steel producers are likely to be affected in a similar way.

## IRON-ORE EXPORTS

In last year's review it was pointed out that the Cabinet, after considering the Maree Committee's recommendations, took certain decisions which would permit iron-ore exports to continue

Since then, the necessary legislation was promulgated to establish the new dispensation with effect from 1 October 1984 Agreement was reached between Iscor, the SA Transport Services and the Government on payments to the Government to amortise the outstanding capital debt of R814,3 million taken over by the Government from the SA Transport Services in respect of the railway line and harbour

Continuation of iron-ore exports ensures that approximately 3 000 workers involved in the project are kept in employment and that valuable foreign exchange can be earned During the year under review, foreign exchange to the extent of R246 million was earned At the current favourable rates of exchange, the capital amount should be redeemed within a limited number of years.

## TURNOVER AND PROFIT

With a view to standardising accounting policies in the Iscor Group, all such policies were reviewed and the policies in respect of depreciation and conversion of foreign currency were modified to conform with the latest generally accepted accounting standards in this regard

Although the turnover increased from R2 921 million in 1983/84 to R3 123 million for the year under review, trading profit dropped — as already referred to — from R276 million in 1983/84 to R86 million in 1984/85 This profit was calculated in accordance with Iscor's policy of current cost accounting Calculated on the conventional historical cost basis, the trading profit amounts to R414 million, compared with R580 million in the previous year

The poorer operating results of necessity also had a negative effect on the group's internal cash flow, which still amounts to the substantial sum of R355 million, of which Iscor contributed R323 million — appreciably less than its R507 million contribution in the previous year

Total export earnings increased from R725 million in the previous year to R1 169 million for the year under review, mainly as a result of increased steel exports and the weaker rand

## CAPITAL EMPLOYED

The favourable positive internal cash flow, together with the continued policy of limiting capital expenditure to a minimum and confining this expenditure to projects which will increase efficiency, effect cost savings and improve the quality of products, resulted in a further reduction of the outstanding long-term loan debt from R1 494 million at 30 June 1984 to R1 463 million at 30 June 1985

## RATE OF EXCHANGE

Contrary to expectations prevailing early in the financial year regarding a gradual strengthening in the value of the rand against other monetary units, the rand's external value initially showed a fairly sharp drop during the year under review, reaching a low of approximately US$ 0,43 in January but strengthening subsequently to come to about US$ 0,51 on 30 June 1985 The general weakening of the rand against other monetary units, for example 31% against the US dollar, 24,5% against the German mark and 28,2% against the British pound during the year under review, inevitably had a detrimental effect on the costs of imports, not only for Iscor but for the country as a whole It led to abnormally high increases in input costs, particularly in respect of purchased goods and raw materials On the other hand, Iscor as an exporter derived considerable benefit from the lower external value of the rand

In the light of the expectations regarding a strengthening of the value of the rand, and bearing in mind the high cost of forward cover, Iscor continued with its policy of not covering forward all foreign loans and trade credits to rand through the banking sector but utilising its own foreign exchange earnings as a hedge for these loans and credits against currency fluctuations Unrealised exchange differences which arise at the end of the financial year as a result of this policy, are amortised over the period of these loans, and in terms hereof R33 million was written off in the financial year and R61 million deferred

## INDUSTRIAL RELATIONS

The past year has again been characterised by industrial peace at all Iscor's centres and subsidiaries This may be ascribed mainly to the positive attitude and the level of training of all those involved in correctly handling labour relations and in countering labour problems Communication systems implemented during the past few years are now functioning efficiently

Without the sustained responsible actions of Management, our employees and the trade unions, it would not be possible to overcome the very difficult economic conditions being experienced at present The contribution that has already been made to this end by employees and trade unions bears witness to their reasonable approach

## AT A GLANCE

| (Figures rounded off to nearest thousand) | GROUP 1984/85 | ISCOR 1984/85 |
|---|---|---|
| Liquid steel production | 6 532 000 tons | 6 191 000 tons |
| Steel products sold | 5 288 000 tons | 5 012 000 tons |
| Steel exported | 2 307 000 tons | 2 135 000 tons |
| Iron ore exported | 7 927 000 tons | 7 927 000 tons |
| Total export earnings | R1 169 252 000 | R1 106 443 000 |
| | R000 | R000 |
| Turnover | 3 122 979 | 2 899 204 |
| Trading profit on historical cost basis | 414 310 | 344 053 |
| Current cost adjustment | (327 996) | (311 375) |
| Trading profit on current cost basis | 86 314 | 32 678 |
| Other income | 14 152 | 9 949 |
| Financing charges | (162 805) | (117 839) |
| Financial gearing adjustment | 95 114 | 93 000 |
| Current cost profit | 32 775 | 17 788 |
| Taxation | (9 710) | |
| Profit after taxation | 23 065 | 17 788 |
| Net cash flow from operations | 355 175 | 322 511 |
| Capital expenditure | 229 906 | 193 717 |
| Fixed assets | 2 744 000 | 2 373 581 |
| Shareholders' equity | 2 809 550 | 2 634 756 |
| Long-term loans (Gross) | 1 462 862 | 1 363 972 |

189 FM 8/11/85



## Going mod

**Iscor's hot-strip** steel production at ship Vanderbijlpark works is set to u a major modernisation programme t drastically reducing operating cost i- proving the steelmaker's flat pro t- put Capital cost is slated at r an R300m

"A lot of groundwork still has to be done," says Iscor GM (Planning and Development) Keith Prince "But tenders should be out by mid-1986"

The guts of the plan involves closing Vanderbijlpark's narrow hot-strip (600 mm-1 200 mm) mill and grafting production onto the modern wide mill (up to 1 800 mm), installed in 1974 by Mitsubishi The modernised mill is due to come on stream by the end of 1988

The narrow strip mill has hassled Iscor for years It was installed in the early Fifties and the technology now lags behind similar mills



for flat-rolled products in most industrialised countries

"Running two strips has meant higher operating costs," says Prince "So merging the two operations makes a lot of financial sense"

But the move is more than a cost-cutting exercise Planners see the mill's limited product range putting Iscor at a disadvantage in its future exports, which it is now planning until towards the end of the decade

The project is not listed in Iscor's latest annual review, but clearly dovetails with chairman Floors Kotzee's stated aim of consolidating and upgrading existing facilities, rather than increasing capacity

At one stage Iscor envisaged a two-phase overhaul of the narrow strip mill, which basically involved replacing obsolete equipment

"Provision for future expansion had already been made at the wide mill when it was built," says Prince "There are no plans to increase hot-strip capacity, so the infrastructure can be used to best advantage"

Combined capacity of Iscor's hot-strip production is rated at 320 000 t a month, of which two-thirds goes into wide production

It seems that Iscor (like many other producers) planned for an expansion in steel sheet that never materialised Flat steel is a key item on Iscor's product schedule, but the world market is heavily overtraded, with producers often placing surplus tonnages at heavily discounted prices

The size and health of Iscor's sheet production therefore depends on timely rationalisation and improved quality The result of the new project should be marked improvement in coil quality through better width, gauge and shape control

Likely contenders for the tender is a matter of speculation at the moment, although Mitsubishi is obviously well placed

However, at least two other Japanese firms could bid — Hitachi and Nippon Steel, through Nissho Iwai, which recently got the contract for the 400 000 t a year continuous annealing line at Vanderbijlpark

Bids are also likely to be submitted from West Germany's Schloeman-Siemag and the US's Wean-United ■

**Iscor's Prince . . . making financial sense**

# Metal Box may re-hire workers

By Mckeed Kotlolo, Pretoria Bureau

The more than 500 Metal Box workers at Rosslyn near Pretoria who were dismissed on Thursday for going on strike in protest against what they termed the company's "racist" policies, may be re-employed if they reapply.

This was said by the company's plant manager, Mr A J McLeish, in a Press statement released in Pretoria after the dismissal.

All 500 workers are members of the South African Allied Workers' Union (Saawu). The strike which started on October 22 followed the employment of three whites just after the retrenchment of 22 black workers recently.

Lengthy discussions to resolve the matter failed to break the deadlock and management gave the workers an ultimatum to return to work on Thursday morning or be fired.

## DEMANDS

Mr McLeish said some of the demands by the union were that the striking workers be paid for the 16 days they had been on strike and that the three whites be dismissed.

"We could not accede to their specific demands and the company have on at least three occasions suggested that the matter be referred to court for arbitration and this was rejected as inappropriate by Saawu.

He said "the company regrets having been forced to take this action, but we have undertaken to re-employ them provided they reapply for their jobs by 1pm on November 15."

A spokesman for Saawu, Mr Chipa Chidi, said a meeting was held with management yesterday but the management was still not prepared to rescind its decision on the dismissal.

He said Saawu rejected the ultimatum which was premature because the company's head office had not yet intervened.

# Metal Box may re-hire workers

9/11/83 Star

by
Mckeed Kotlolo,
Pretoria Bureau

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ARGUS 14/11/85 (000) 189, 0235 0224

SHOWPIECE OF APARTHEID PLANNING

# Atlantis — gloom and optimism

**Staff Reporter ADA STUIJT visits Atlantis where hundreds are out of work or on reduced working time**

ATLANTIS, a "central growth point" showpiece in apartheid planning on the West Coast sand dunes has an uncertain future

It's a dismal projection for hundreds of people out of work or on reduced time at sluggish factories, for scores of householders unable to pay rent bills that are piling up, whose water supplies have been cut to a trickle until snowballing arrears are met, and for children being fed by official handouts

Social workers and church and community leaders offer a gloomy outlook for the thousands of coloured families drawn to the town by promises of jobs and homes

But a bright light at the end of a short tunnel is seen by many industrialists who believe optimistically that Atlantis will thrive again — when the economy takes off

A residents' spokesman says the town should be declared a disaster area

Industrialists say it's going through "growing pains" which will pass

More than 100 industries were attracted to Atlantis by the Government's decentralisation lures — discounted transportation, pay-outs to set up shop and bonuses based on the number of employees — but many residents have lost their jobs, face eviction from their homes, have only a trickle of domestic water because of unpaid bills, and cannot adequately feed their families

This week, chairman of the Atlantis Residents Association Mr Noel Williams said the town should be declared "a disaster area" He estimates that 60 percent of the 12 000 wage earners are out of work — although officially only 657 wage-earners that their water supply would be cut off entirely

Council social workers are helping families wherever possible and approach the problems "with sympathy and endeavour to assist wherever possible," Mr Mocke said

He said an indication of council leniency was the fact that the council had in the past year evicted about 80 families — although more than 8 000 final notices were issued

Chairman of the Atlantis Industrialists' Committee Mr George Bernhardt said discrepancies in unemployment numbers may have occurred partly because people in the town were boarding jobless and homeless relatives from other parts of the Peninsula

And he believes there is a brighter aspect to the tarnished Atlantis image

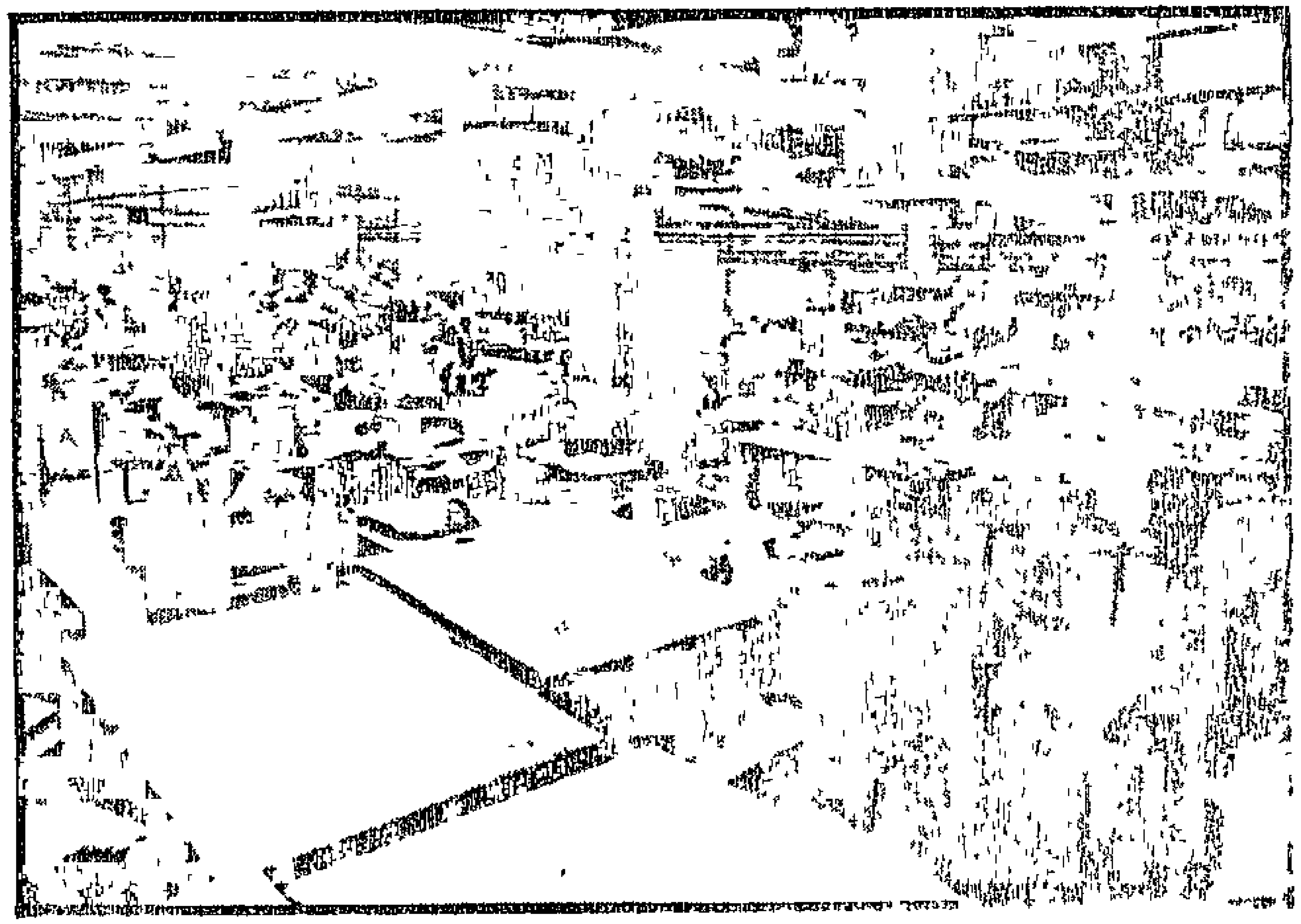
Mr Bernhardt, technical director of Tedelex, the second company to relocate to Atlantis about eight years ago is almost glowingly optimistic about the town's future

Mr E Haller, managing director of Desiree Quilted Products, feels that recent "negative publicity" about Atlantis might discourage some businessmen from relocating even though there is "no real cause for concern"

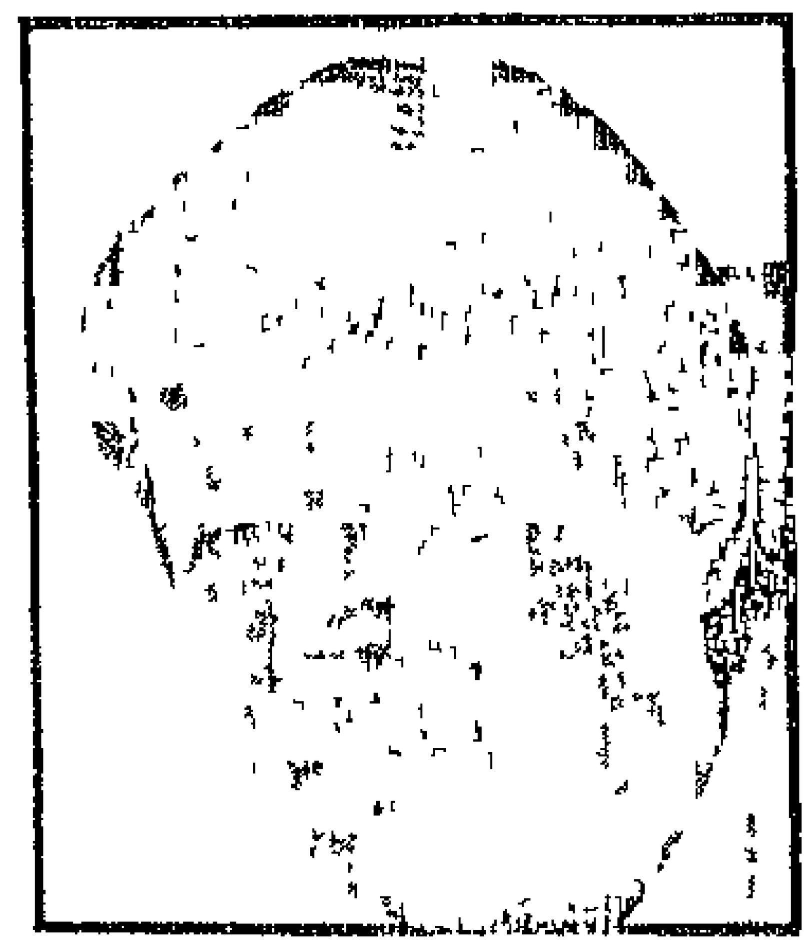
Businessmen interviewed this week all said Atlantis would grow again when the economy improved

Mr Bernhardt said Atlantis was a young town going through "growing pains"

"People are getting a much greater sense of community here, which shows in the fact that they are starting associa-



Employees at work in an Atlantis factory.



Mr E Haller, managing director of Desiree Quilted Products, feels that Atlantis is growing fast and has an excellent future

Four Atlantis workseekers ... wear out their shoes on a ...

Noel Williams said the ... should be declared "a disaster area". He estimates that 60 percent of the 12 000 wage-earners are out of work — although officially only 657 wage-earners registered for unemployment benefits last month

More than 200 households have been put on the "trickle system" — a tiny stream of water for minimum domestic needs — because they cannot afford to pay the Divisional Council of the Cape for the normal supply

## Hungry

Social workers say many Atlantis children go to school hungry, underscored by the Department of Health's food-supplement distribution scheme among hardest-hit residents

This week a minister of the Church of the Province of South Africa in the town, the Rev Alan Lindhorst, said the situation was taking on crisis proportions

"The basic problem in Atlantis is that it was an artificially created growth point and with the downturn in the economy and its resulting retrenchment, residents are left helplessly high and dry 50km from Cape Town to which they can commute only at prohibitively high costs"

Mr C L Mocke, divisional council secretary, said final notices had been sent to 1 638 residents for rent arrears totalling R143 468 and 428 repossession notices to recover about R567 500

But it dod not mean all the affected residents would be evicted from their homes or through "growing pains"

"People are getting a much greater sense of community here, which shows in the fact that they are starting associations and so on I have heard that municipal status is being discussed," he said

Many business leaders still inquired about the advantages of settling in Atlantis, and there were many benefits, he said

"Besides the obvious decentralisation financial benefits for settling here and the fact that it has its own source of water, this is also the only town where industrialists are getting an excellent source of labour right on their doorstep, within walking or cycling distance

"Industrialists find it attractive to settle here, also because of this reasonably stable workforce We have no 'blue Mondays' here, people are keenly interested in retaining their jobs

"And the town still has growing pains After all, only eight years ago, we started it with rural employees who had to be turned into an industrially-oriented workforce

"The industrialists here had to train them and turn them into skilled and semi-skilled artisans, a task in which we have succeeded very well indeed," he said

Residents were "very dependent" on local industries for jobs, but a survey had shown that about 15 to 20 percent of wage-earners commuted from the town to outside jobs — "an unexpected development"

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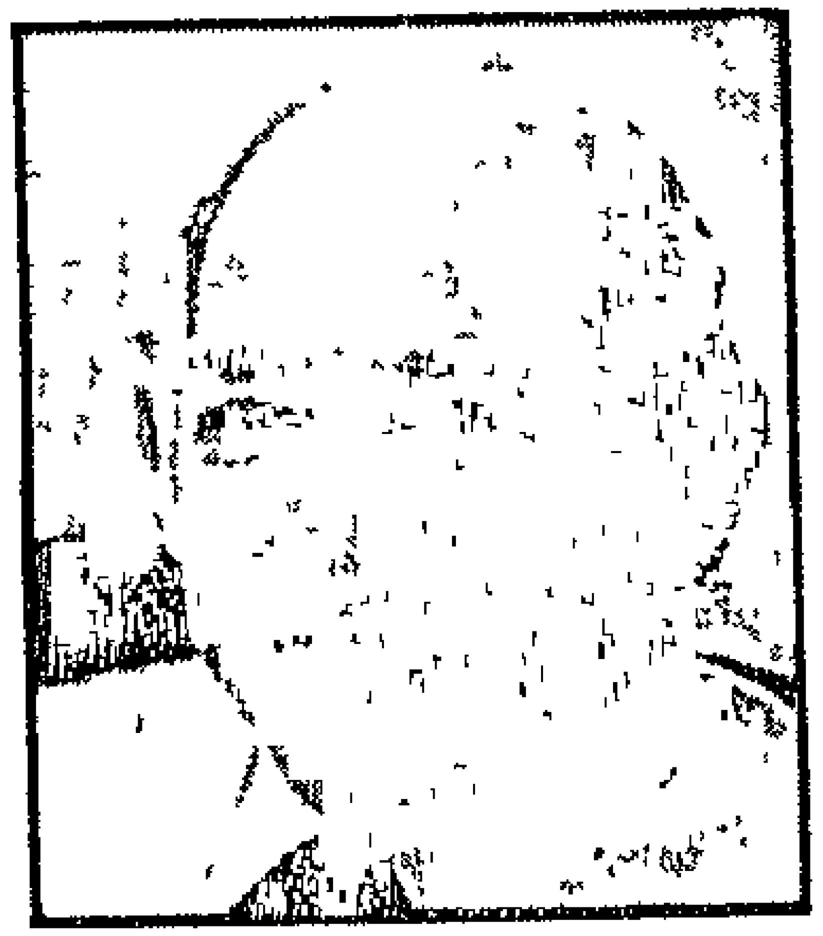
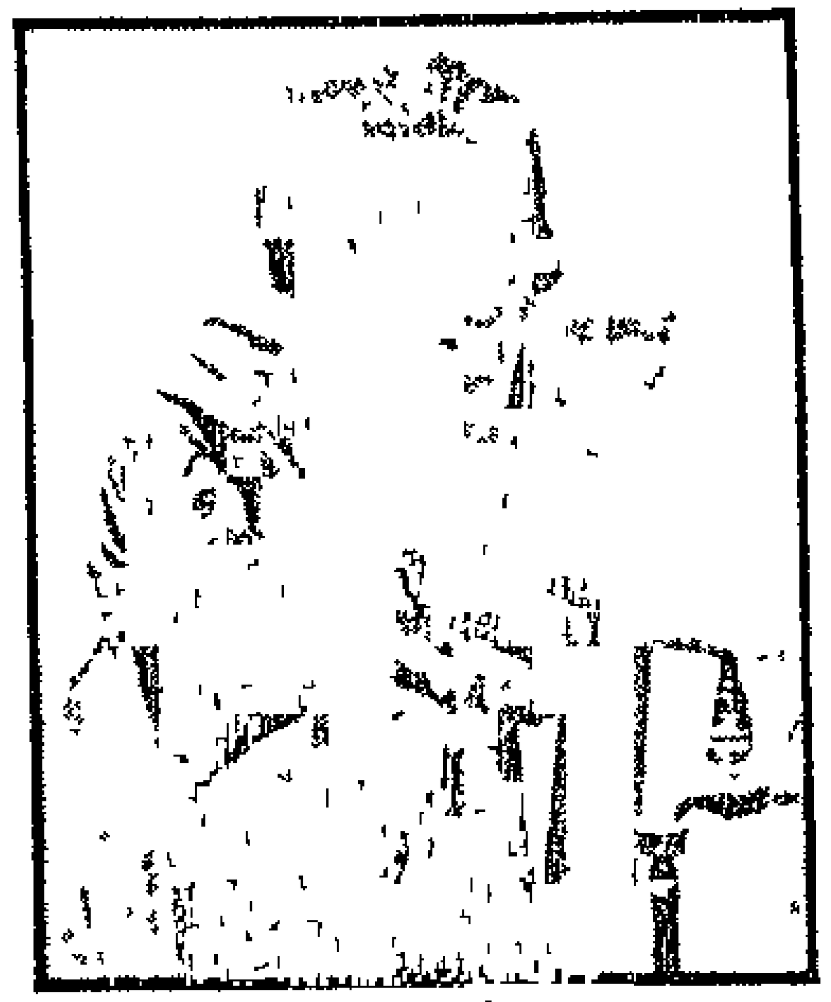


Optimistic Mr George Bernhardt "Atlantis is having growing pains — it has a great future once the economy gets going again"



Mrs Edith Arendse, a member of one of more than 200 families on the water "trickle system"

Four Atlantis worksekers who wear out their shoes on a daily job search, from left, Mr Charles Newman, Mr Charles Norman, Mr Joseph Klinker and Mr Ronald Adams.

Mrs Una Martin, 28, with son John, 3, and Janine, 4, was retrenched this week. She earned R109 weekly and says her company has promised to take her back "once the job orders start coming in again."

Pictures. DANA LE ROUX, The Argus

# ADE extends shutdown

CAPE TIMES 14/11/85

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Staff Reporter

ATLANTIS Diesel Engines has decided to extend its annual plant shutdown by 11 days this year because of the depressed state of the motor industry nationwide

In a statement released yesterday by Mr Andre van der Zwan, public affairs manager for the firm, ADE said "The depressed conditions in the motor, commercial and tractor industries has affected both sales and manufacture

"Consequently, several original equipment manufacturers have introduced extended shutdowns and other actions such as retrenchments"

As a result, the annual shutdown would be extended by 11 days at ADE

The shutdown would include six days "fully approved and paid absence" and the remaining five days would be combined with annual leave arrangements and would have "no detrimental financial effect on employees"

The shutdown would be from November 29 to January 13, 1986, and would affect about 2 000 employees, "from the managing director down", Mr Van der Zwan said

The extended shutdown has increased fears that Atlantis, an artificially created "growth point" established in terms of the government's decentralization policies, could be on the verge of a major social and economic disaster

● Defiant Atlantis vows to "take action", page 8

# Press club ovation for Heard

CAPE TIMES 14/11/85

Chief Reporter

THE Editor of the Cape Times, Mr Anthony Heard, received an ovation from the biggest-ever attendance at a Cape Town Press Club lunch yesterday when he spoke on press freedom, and on the role of journalism in the current crisis in South Africa

Among those who attended yesterday's lunch — at his own request — was the American best-selling author Arthur Hailey

The Editor of the Argus, Mr Andrew Drysdale, thanked Mr Heard "for saying what needs to be said time and again these days

"The attendance here today is ample evidence of the support, concern and interest of your fellow editors and colleagues elsewhere

"You have spoken eloquently and bravely, and we wish you well"

● Full text, page 11

METAL INDUSTRY

## Confrontation looms

**The strike** ballots conducted by the Metal and Allied Workers' Union (Mawu) last week at three Asea group-factories are the first manifestations of its campaign to force metal industry companies to bargain wages and working conditions at plant level They follow the failure of the metal industry industrial council to settle the disputes Mawu has declared with Asea and a large number of companies whom it issued with demands for plant level bargaining in September

According to Mawu, workers at all three Asea plants voted in favour of striking by a big majority They have appealed to workers in related Altech and Powertech companies to support them

Mawu has long been at odds with the metal industry employer federation, the Steel and Engineering Industries Federation of SA (Seifsa), over plant level bargaining Although it joined the metal council three years ago, Mawu has always insisted that it should have the right to supplement industry-wide bargaining there with plant level bargaining as well Seifsa, for its part, has consistently opposed plant level talks on any items covered in the council s main agreement Mawu's campaign follows its defeat in a test case over an issue in the Industrial Court with Natal company Hart Ltd

In late September Mawu announced that it had declared disputes with many of the metal companies which rejected its demands for plant level bargaining Mawu national organiser Bernie Fanaroff says that disputes against some of them have been withdrawn, but that the rest have been taken up He says a number of dispute meetings besides those involving Asea have taken place at the industrial council and that more are scheduled "We don't expect these disputes to be settled as the companies are sticking to Seifsa's line We believe there will be deadlock and when that happens we will move to strike ballots," says Fanaroff

Fanaroff also says Mawu expects to reach deadlock with some US companies, one of which is a subsidiary of American Brands Fanaroff says Mawu is taking steps to con-

Financial Mail November 15 1985

# Unions in on shut-down

Staff Reporter

ATLANTIS Diesel Engines (Pty) Ltd have asked that a paragraph omitted from a report in yesterday's Cape Times on their statement about this year's extended shut-down of the ADE plant in Atlantis be published

The paragraph referring to the fact that ADE would be shutting down for an extra 11 days during which employees would receive full pay reads "Atlantis Diesel Engines in agreement with the party trade unions, decided to extend its annual shut down by 11 working days"

# 'Fighting worse than wearing badge'

ARGUS 4/12/85

Staff Reporter

FIGHTING on the shop floor was a far more serious offence than wearing a badge, a worker, fired from Atlantis Diesel Engines factory for refusing to remove a United Democratic Front badge, told an Industrial Court

Mr Isaac Phooko, 23, was fired on May 3 after two years' service with the company He had been unemployed since then, the court heard yesterday

The dismissal followed his refusal to heed company warnings on "abuse and misuse" of company property, refusing to obey a legitimate instruction and refusing to accept a disciplinary procedure "prohibiting employees to advance and/or promote political organisations within the confines of ADE"

Mr Phooko said he was "disturbed" about a rule introduced "overnight" prohibiting the "promotion of any political cause on the premises" after he was warned by a foreman, Mr P P Wollner, to remove the badge and his refusal to comply

**"USING THE LAW"**

He refused, he said, because he felt the foreman had "used the company law to satisfy himself — he seemed opposed to organisations like the UDF".

Mr Phooko said the rule was "fair to a certain extent"

"If it had been a case of someone wearing a T-shirt with slogans or carrying a banner, I might have accepted the law, but the badge was probably no bigger than my thumb and a person walking past might not even have seen it"

He had seen men fighting on the shop floor and getting away unpunished — yet this was "a far more serious offence than wearing a badge"

The hearing continues today

Mr P E Roux, SC, is presiding Mr L J Bozalek of the Legal Resources Centre, appears for Mr Phooko and Mr F Erasmus, ADE general manager, human resources, appears for the company

(280) (189) (378) BUS DAY 12/12/85

# Ferro-alloys boom for SA

CHRISTOPHER MARCHAND

THE greatest profit boom in the history of SA's ferro-alloys sector still has some way to run.

But John Gomersall, MD of Middelburg Steel's ferro-alloys division, and Dr John Muller, Samancor's GM manganese, both agree that 1986 will mark a fall in export prices and volumes of ferro-chromium and ferro-manganese — by far the major exports of SA's ferro-alloys industry — as growth in the world's steel industry slackens and over-supply develops.

The Chamber of Mines forecasts that the volume of ferro-alloys exports will fall by 6% in 1986, with ferro-chromium and ferro-silicon the worst affected. Export income, it says, will drop 11% on 1985's projected R1,322bn to R1,177bn

The rand's collapse has also made SA the most price-competitive ferro-alloys exporter in the world

Samancor, SA's largest integrated ferro-alloys producer, reported a 295% advance in net profit to R113,2m at its end-August interim. Barlow Rand's unlisted ferro-alloys and steel producer Middelburg Steel notched up an attributable profit rise from R100 000 to R52m in the year to end-September. In 1983, Middelburg posted an R18m loss. Anglovaal's Associated Manganese (which is diversifying into ferro-chrome) lifted interim profit at end-June 256% to R24,4m.

But longer-term storm clouds are gathering. Relentless cost advances, notably in electricity prices, are eroding SA competitiveness.

And while Muller and Gomersall deny that SA ferro-alloys exports have been hit by politically-inspired boycotts, they agree that the future growth of such exports could be impaired.

This of course holds implications for the longer-term growth of the ferro-alloys industry, only about 4% of whose output is consumed in SA.

Since the current boom got under way in 1983, ferro-alloys exports have risen from roughly 3,5% to 5,5% of the total value of SA's mineral exports, and SA's mineral planners, such as Mintek president Dr Aidan Edwards, espouse ambitious plans for continued growth.

Gomersall and Muller see as bullish the prospect that ferro-alloys markets in future may avoid the boom-and-bust cycles which characterised their fortunes in the past 10 years. The world's carbon steel industry, which accounts for 95% of demand for ferro-manganese, is likely to grow at a stable 1% a year in the rest of the 80s.

As SA possesses the world's largest reserves of chrome ore, about 55%, it could be well placed, if it got its political house in order, to supply a growing ferro-chromium market.

Samancor, Muller says, will not extend capacity until the industry has been further restructured.

Soviet and Zimbabwean delegations on possible military assistance to Zimbabwe

To cap it all, the Zimbabwe *Herald*, the country's main newspaper, carried banner headlines on Mugabe's return from Moscow and Vienna, proclaiming "South Africa set to invade " Mugabe claims Pretoria has embarked on a major military build-up along its border with Zimbabwe, and even normally cautious western diplomats were reported saying they would not be surprised if SA did carry out its threat to launch a "hot pursuit" raid into Zimbabwe.

The general raising of the political temperature over the past fortnight suggests that the church leaders have already been overtaken and are unlikely to have a major impact on the course of events within southern Africa. This gloomy, if realistic, conclusion needs to be viewed alongside the possibility that the stance taken by the South African church leaders in Harare last week will generate more heat than light within the Republic itself as conservative churchmen and their supporters enter the fray ■

METAL INDUSTRY FM 13/12/85

# Forging structures

**The annual** wage negotiations at the metal industry industrial council are probably the most important ones in the industrial relations calendar They not only establish working conditions for some 352 000 metal workers, but also influence wage levels throughout the manufacturing sector And because they are literally such big events, venues as large as the Johannesburg City Hall or the Wanderers' Club have to be hired

Ranged on the one side is the Steel and Engineering Industries Federation of SA (Seifsa), representing 45 employer associations. On the other, are 16 trade unions The unions fall into two main camps those under the SA Co-ordinating Council of the International Metalworkers' Federation (SAIMF), and a group affiliated to the Confederation of Metal and Building Unions (CMBU) The all-white Yster- en Staal-unie negotiates independently

The aim is to negotiate the terms of the industrial council's main agreement It is the key agreement of 32 administered by the council. Collective bargaining in a forum comprising so many employer and union delegates, with different interest groups on both sides, is a difficult task

Seifsa members range from gigantic iron foundries to small plastics manufacturers The SAIMF represents mainly unskilled and semi-skilled workers, and the CMBU is primarily an artisan and semi-skilled workers' body Because of the complexities involved, Seifsa and the unions agreed earlier this year to discuss new collective bargaining structures

The SAIMF is looking to maintain industry-wide bargaining at the council, but also wants sectoral bargaining where its unions are strong Secondly, it wants house agreements for major concerns like Iscor and Highveld Steel to be maintained SAIMF's third demand is for the entrenchment of unions' rights to bargain at company level, it believes that a company's ability to pay should be a major factor in collective bargaining Lastly, it wants bargaining at the council to be "more democratic" by instituting proportional union voting rights

SAIMF's Brian Fredericks says the demands are deliberately broad in order to test employer reaction "Then we can develop strategies to negotiate them," he says

Seifsa has yet to formulate its proposals for the new bargaining structure But the Metal and Allied Workers' Union (Mawu), an SAIMF affiliate which has refused to sign the main agreement in the three years it has been a member of the council, says it has a pretty good idea of employer thinking

Mawu's Bernie Fanaroff believes that Seifsa will propose separate bargaining for some sectors Although details are not clear, indications are that they will include the cable manufacturing and electrical engineering sectors, says Fanaroff He reckons that Seifsa will also propose geographical differentiation for rural, coastal and urban areas Fanaroff expects Seifsa to propose that negotiations on issues like notice periods can take place at company level but will not budge on its long-standing opposition to bargaining on other matters covered by the main agreement at this level

Fanaroff says Mawu will oppose all these "proposals " Mawu would be sceptical of employer *bona fides* regarding sectoral bargaining because, it says, cable sector employers reneged on separate bargaining in the past

Further, he says, Mawu will not accept lower wage offers for the rural and coastal than for urban areas should this be proposed Nor will limited concessions on company level bargaining be sufficient Mawu wants to negotiate substantive issues like wages, hours of work, and bonuses with individual companies Indeed, this is what its present dispute with about 50 metal companies is all about Says Fanaroff "Seifsa wants us to put a hold on these disputes until the negotiations on the future collective bargaining system are completed We say they are separate issues "

In addition to the SAIMF demands, Mawu wants Seifsa employers to disclose information about their wage bills in future negotiations And it wants an undertaking that legal strikers will not be dismissed

Seifsa director Sam van Coller refutes Fanaroff's claims "Metal employers have not yet completed their deliberations Therefore, no particular viewpoint has crystallised In any event, Seifsa would not wish to discuss its views in public given its commitment to discuss the issue with all the unions early in the new year," said Van Coller He also takes issue with Mawu's claims about the cable sector, saying the union had once declared a dispute on this issue but did not follow it through

Face-to-face talks on the future collective bargaining system for the metal industry will probably begin in February The unknown factor is what government will do about its proposals for industrial councils It seems likely the Manpower Department will insist on new criteria for determining the representivity of unions and employer associations when deciding whether to extend council agreements In that case, Seifsa and the unions will have to rethink their strategies ■

MIXED MARRIAGES

# A rocky road

**Five months** after the legalisation of mixed marriages, couples who have taken the leap (or the plunge) are still having to battle against the myriad laws that prevent them living a normal married life

Section 12 of the Group Areas Act effectively ostracises whites marrying across the colour line by forcing them into domicile in the "non-white" partner's area

Yet, 192 couples took the step in the period between the scrapping of the laws (the Mixed Marriages Act and Section 16 of the Immorality Act) on June 19, and October 31

One of government's solutions to deal with the problem of related apartheid legislation was to issue a circular shortly after the legislation was repealed It requested marriage officers to advise couples going into such a marriage of the legal implications for them and any children born of the union

These relate to where the married couple can live, the exercise of their parliamentary franchise — especially if one partner chooses to be reclassified, the population groups into which their children may be classified and the schools they will be able to attend The guideline seems to be that the mixed couple takes on the legal status of the darker partner

The euphoria that followed the repeal of the laws meant many mixed couples married without fully considering the legal implications

In July, the month after mixed marriages became legal, 64 mixed couples were married out of an estimated total of 6 000 marriages countrywide The number dropped to 51 in August, 40 in September and 32 in October

Rightwing resistance to mixed marriages has been a problem Mixed couples have had to face daily harassment and even death threats, in addition to problems of legal residence A Sasolburg family, the Van den Bergs, became the target of election propaganda against "integrationist policies " Herstigte Nasionale Party (HNP) candidate and winner of the Sasolburg seat, Louis Stofberg, said the campaign was not a personal attack against the Van den Berg family, "but people see this as symbolic of the immense

Soviet and Zimbabwean delegations on possible military assistance to Zimbabwe

To cap it all the Zimbabwe *Herald* the country's main newspaper, carried banner headlines on Mugabe's return from Moscow and Vienna, proclaiming "South Africa set to invade" Mugabe claims Pretoria has embarked on a major military build-up along its border with Zimbabwe and even normally cautious western diplomats were reported saying they would not be surprised if SA did carry out its threat to launch a "hot pursuit raid into Zimbabwe

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Fanaroff says Mawu will oppose all these "proposals" Mawu would be sceptical of employer *bona fides* regarding sectoral bargaining because, it says, cable sector employers reneged on separate bargaining in the past

Further, he says, Mawu will not accept lower wage offers for the rural and coastal than for urban areas should this be proposed Nor will limited concessions on company level bargaining be sufficient Mawu wants to negotiate substantive issues like wages hours of work and bonuses with individual companies Indeed this is what its present dispute with about 50 metal companies is all about Says Fanaroff "Seifsa wants us to put a hold on these disputes until the negotiations on the future collective bargaining system are completed We say they are separate issues"

In addition to the SAIMF demands Mawu wants Seifsa employers to disclose information about their wage bills in future negotiations And it wants an undertaking that legal strikers will not be dismissed

Seifsa director Sam van Coller refutes Fanaroff's claims "Metal employers have not yet completed their deliberations Therefore, no particular viewpoint has crystallised In any event, Seifsa would not wish to discuss its views in public given its commitment to discuss the issue with all the unions early in the new year," said Van Coller He also takes issue with Mawu's claims about the cable sector, saying the union had once declared a dispute on this issue but did not follow it through

Face-to-face talks on the future collective bargaining system for the metal industry will probably begin in February The unknown factor is what government will do about its proposals for industrial councils It seems likely the Manpower Department will insist on new criteria for determining the representivity of unions and employer associations when deciding whether to extend council agreements In that case, Seifsa and the unions will have to rethink their strategies ■

MIXED MARRIAGES

# A rocky road

**Five months** after the legalisation of mixed marriages, couples who have taken the leap (or the plunge) are still having to battle against the myriad laws that prevent them living a normal married life

Section 12 of the Group Areas Act effectively ostracises whites marrying across the colour line by forcing them into domicile in the "non-white" partner s area

Yet 192 couples took the step in the period between the scrapping of the laws (the Mixed Marriages Act and Section 16 of the Immorality Act) on June 19, and October 31

One of government's solutions to deal with the problem of related apartheid legislation was to issue a circular shortly after the legislation was repealed It requested marriage officers to advise couples going into such a marriage of the legal implications for them and any children born of the union

These relate to where the married couple can live, the exercise of their parliamentary franchise — especially if one partner chooses to be reclassified the population groups into which their children may be classified and the schools they will be able to attend The guideline seems to be that the mixed couple takes on the legal status of the darker partner

The euphoria that followed the repeal of the laws meant many mixed couples married without fully considering the legal implications

In July the month after mixed marriages became legal, 64 mixed couples were married out of an estimated total of 6 000 marriages countrywide The number dropped to 51 in August 40 in September and 32 in October

Rightwing resistance to mixed marriages has been a problem Mixed couples have had to face daily harassment and even death threats in addition to problems of legal residence A Sasolburg family, the Van den Bergs became the target of election propaganda against "integrationist policies" Herstigte Nasionale Party (HNP) candidate and winner of the Sasolburg seat, Louis Stofberg, said the campaign was not a personal attack against the Van den Berg family, "but people see this as symbolic of the immense

# Dismal picture for metal industry

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Industrial Staff

METAL industries employment has fallen more than 20% since 1981

Over 15 000 jobs were lost in the first six months of this year alone, according to the annual report of Seifsa, the Steel and Engineering Industries Federation

Says the report "The estimate of employees in production processes in the metal industries at mid-year 1985 is 355 000, compared with an employment peak of 454 000 at year-end 1981"

Outgoing president Floors Kotzee paints a dismal picture of the year

Cutbacks in government and parastatal expenditure reduced local steel demand by 16% in the first six months of 1985 over the equivalent period in 1984, he says

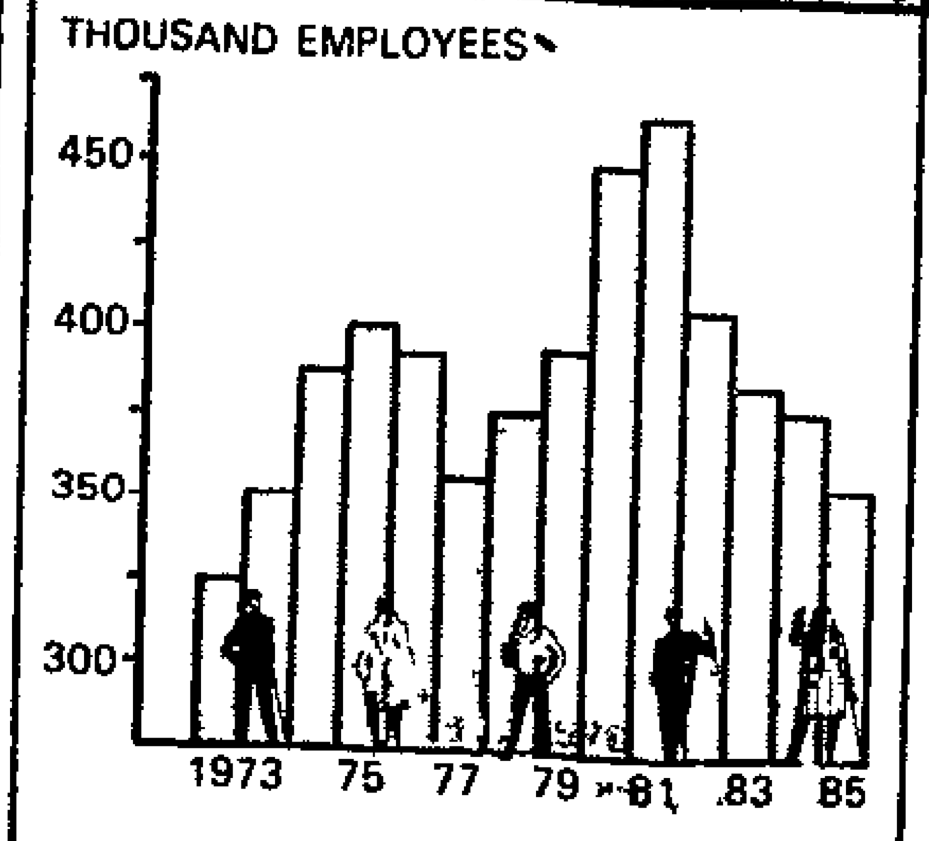
This was offset to some degree by increased exports, aided by the weaker rand and improved overseas economic conditions

"In the case of steel, substantial increases in exports have been achieved to compensate for the decline in domestic demand Because of the depressed world steel markets, however, these increases have been achieved at relatively low price levels"

Kotzee says Seifsa's production indices at mid-1985 showed an overall 8,8% drop on 1984

Biggest drops in output were recorded by the automotive components industry, down 43%, electrical machinery 23%, other machinery, including machine tools and farm machinery, also 23%, and transport equipment 19%

HOURLY-PAID EMPLOYEES PRODUCTION PROCESSES



Source SEIFSA

Major industrial court ruling

Bus DAY 20/12/85

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# Trident workers unfairly sacked

CLAIRE PICKARD-CAMBRIDGE

THE Industrial Court has ruled that 35 former employees at Trident Steel in Johannesburg were unfairly dismissed, after taking part in an overtime ban, and has ordered the company to pay them six months' wages and benefits

The case is significant because it is one of the few major matters to have reached the Industrial Court as an application for permanent re-instatement under Section 46 (9) of the Labour Relations Act

The workforce originally placed a ban on overtime in July last year, when the company refused to grant workers the hourly increase they were demanding Trident argued it dismissed workers because it had been unable to continue operating without regular overtime

The court found that the dismissal in August last year was unfair because Trident's order to resume work under its overtime system was unlawful for two reasons

☐ Overtime called for sometimes exceeded the maximum prescribed in the industrial council agreement The overtime called for "contained a significant unlawful element" and it was unfair to dismiss workers for refusing to comply with this instruction

☐ Secondly, workers were not given the chance to defend themselves before being dismissed

The matter between the Steel, Engineering and Allied Workers' Union of SA and others and Trident Steel is significant because workers lost their case when applying for temporary re-instatement under Section 43 of the Act.

But their partial success when they applied for permanent re-instatement has illustrated that giving full evidence can change a situation considerably

The court did not find the dismissals to be selective or discriminatory

In his judgment Mr D G John, an advocate, said that to order re-instatement 15 months after the rest of the workforce was re-employed would disrupt Trident's business and distress those in positions previously occupied by the 35 workers

To order payment of wages as an alternative without some time limit would also place the 35 workers in an unrealistically favourable position

He said the workers were not blameless They had participated in the overtime ban before negotiations had commenced properly and declined to follow the advice of the union to return to work pending attempts to resolve the overtime issue

Packaging makers incensed by . . .

20/12/85 BUS DAY

# Soaring cost of raw materials

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CHERILYN IRETON

PACKAGING manufacturers, incensed by hefty price increases in raw materials, see the rising costs of these goods as their major hurdle for 1986.

Locally manufactured raw materials have risen by as much as 45% in the last two years, pushing up the end price of packaging by more than 50%

With more increases on the way in January, the main suppliers — paper and steel mills, who together supply more than 56% of SA's packaging material — have been accused of disregarding the state of the economy.

Manufacturers complain that many of the price adjustments have been justified by the exchange rate, even though the materials are of local origin

Nampak Corrugated Container Division MD Adrian Barker slated the paper mills for hiking the price of some products by as much as 43% over two years

"Raw materials make up 65% of the selling price When major primary producers increase price in this manner, there is a ripple effect. This sort of action is not only a disservice to the paper and packaging industry, but to the entire economy"

Barker hit out at suppliers for using the low value of the rand as an excuse to make large exports profitable "Suppliers cannot have the benefit of the low rand without living with some of its drawbacks," he said

Packaging companies have also had to cope with falling volumes as consumer demand has slipped Nampak group MD Don McCartan attributes some of the volume problems to the difficulties linked to delivering goods in the townships

However, towards the end of November demand picked up and packaging manufacturers are eagerly awaiting January to see whether the surge signals the start of a recovery

SA still follows Western countries when it comes to packaging trends and design However, the exchange rate has forced manufacturers to become less reliant on material and design "Up till now our markets have not been big enough for us to set trends However, a lot of companies are now looking to export markets to maintain their volumes," said McCartan

Export activities are set to intensify with high volume markets such as South America and South East Asia

# Mining told to seek market base

24/12/85 BUS DAY 189

ROY BENNETTS

MINING and metallurgical industries should move from the traditional approach of a resource base to a market base, says Henry James, president of the Institute of Mining and Metallurgy

A move away from production orientation to market orientation, with less reliance on exploration and economies of scale, should reap a reward by further advances in process innovation and product development, he says.

His comment comes in the wake of a report claiming that research and development in mineral sciences and technology have been neglected in most countries in favour of mineral exploration

James says that the conservatism of the minerals industry, with its emphasis on proven processes, does not permit process innovations to emerge until the signals of market decline have become clear and indisputable

According to the recently published annual review of the Minerals Bureau, South Africa produced more than 60 different mineral and metal commodities in 1984.

It exported these resources to 87 countries, with the largest demand coming from North America, Europe and the Far East.

SA gold mines alone have produced almost one-third of all the gold mined since the beginning of history.

They lay claim to a cumulative output of about 39 544 tons of gold since mining started in the early 1870s to the end of 1984, says James.

Although annual production peaked in 1970 at 1 000 tons and has since dropped by a third, SA's dependence on gold has steadily increased over the past 25 years

He says this is evident from the fact that gold, as a percentage of SA's total export revenue, increased from less than 30% in 1950 to about 50% last year.

The increase in the price of gold has taken up the slack caused by the drop in production

Much has been said and written about SA's need to reduce its dependence on gold

James suggests that this can be achieved if more attention is paid to the mining, beneficiation and export of the 59 other mineral commodities produced in SA.

A favourable area of development is the further processing of commodities to yield added-value, mineral-based products.

James uses the example of stainless steel.

This, he says, could be exported in place of ferrochromium

Chromium could be processed to chromium chemicals, and titanium oxide could be exported in the form of titanium pigments

What SA urgently needs, he says, is to unlock the latent potential that exists for the conversion of minerals and metals to added-value products before they are exported

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STEEL INDUSTRY

# Moves afoot to protect stainless steel producers

*South Africa's stainless steel industry is more vulnerable than most to the effects of dumping by foreign competitors anxious to move their output at any cost. Moves are afoot to protect the industry from what is described as disruptive competition.*

FRED STIGLINGH

THE Stainless Steel Development Association (Sassda) is taking steps to protect the industry from what it sees as disruptive competition.

Stainless steel mills are running at full capacity worldwide, says Sassda executive director George Malan and stainless steel products are dumped everywhere at margins barely covering variable costs.

The state of affairs has prevailed since 1981 because producers in a depressed market have to keep their mills running at full capacity and "shift their product one way or the other".

## Mill capacity

Once demand in their own countries is satisfied, producers favour Third World countries, including SA.

"The difference is, here you have a local industry you can hurt," says Malan, referring to primary producer Middelburg Steel & Alloys, the only stainless steel mill on the African continent, in operation since 1966.

Middelburg has a mill capacity of 95 000 tons a year. Together with the 150 stainless steel fabricators in SA, it is able to meet the entire demand of the local market, apart from certain special grades and components.

The industry employing 15 000 people, represents total investments of R400m. Sales turnover of fabricated products is R600m.

End-products are used by almost all sectors of the economy. Major outlets are the mining, chemical, food and beverage sectors.

The total market in SA, taking into account raw, semi-finished and finished imports and exports, is about 60 000 tons a year.

"Almost half the stainless steel market is still supplied by imports," says Malan.

"Of the imports, at least 16 000 tons could and should be supplied locally."

Hence the need for protection which, says Malan, would be no more than realistic. "The Board of Trade will see to that."

Applications for tariff protection, says Malan, can normally be submitted only by an industry organisation such as Sassda because the board will only consider applications by the majority of companies in a sector concerned.

It is the host of small fabricators that need protection.

"Middleburg Steel & Alloys can look after itself," says Malan.

"They already have formula duties to prevent stainless sheet being dumped by countries such as Japan."

Sassda has submitted an application for protection against dumped stainless steel holloware (tableware). Three other applications covering heavy- duty fabrications are being prepared.

"This is a continuous exercise and will be occupying us for some time," says Malan.

Getting local fabricators to fill out the daunting Board of Trade questionnaire, often turns out to be a year-long exercise.

The board can subsequently spend a year or more processing an application and make a recommendation to the Department of Industries, "and in the meantime, local fabricators just bleed".

Recommendations for stainless holloware protection were gazetted in April. Malan does not expect an increased protective tariff until next year, while heavy-gauge protection will not be seen before 1987.

Still, says Malan, the future lies in import replacement as well as in an increase in per capita consumption of stainless steel, currently 2kg a year.

Sweden and West Germany consume 7kg to 8kg annually and US about 6kg.

Malan does not see recovery in the stainless market before 1987.

Exports, he says, are dependent on the political climate, although the holloware and kitchenware export programme is gaining momentum.

Sassda is supported by a network of export agents covering North and South America, the European Economic Community, Australasia, the Middle and Far East, and black Africa.

## Incentives

The association assists exporters with administration, the claiming of incentives and the arrangemenmt of finance and shipping.

"Despite promising potential, chances are the stainless steel market could get worse," he says.

The stainless steel industry — together with the mild steel industry — would get a boost only through involvement in massive government projects such as Sasol 4 or an off-shore gas or oil undertaking, says Malan.

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# Union Steel Corp expects further losses

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STEPHEN ROGERS

UNION Steel Corporation (Usco), after recording losses for the first time in the group's history last year, is not offering shareholders much comfort

Chairman F P Kotzee says in the annual report that further losses are expected in the current year

With steel sales declining by 17% last year the local demand for steel sections, hollow drill steel and forgings is not expected to recover in the current year.

The group plans to use the excess capacity of its' melting plant and the continuous casting machines to manufacture billets for export

Last year 63 000 tons of billets were exported, but the tonnage of billets sold locally dropped from 29 000 to 3 000, with export sales revenue insufficient to compensate for the slump in local sales.

The market for non-ferrous products is expected to weaken because of cutbacks in capital projects by Escom, Sats and the Department of Posts and Telecommunications.

The group is also having problems with its new direct reduction plant which will be under-used in its first year of operation.

The castings foundry, a loss-making unit since 1978, again made a loss last year and it has been decided to close this division. The plant ceases production from today.

Last year the gas plant at Klip Works was closed, and a 36% saving in gas costs is expected

Kotzee says: "Further closures of uneconomic activities may be considered"

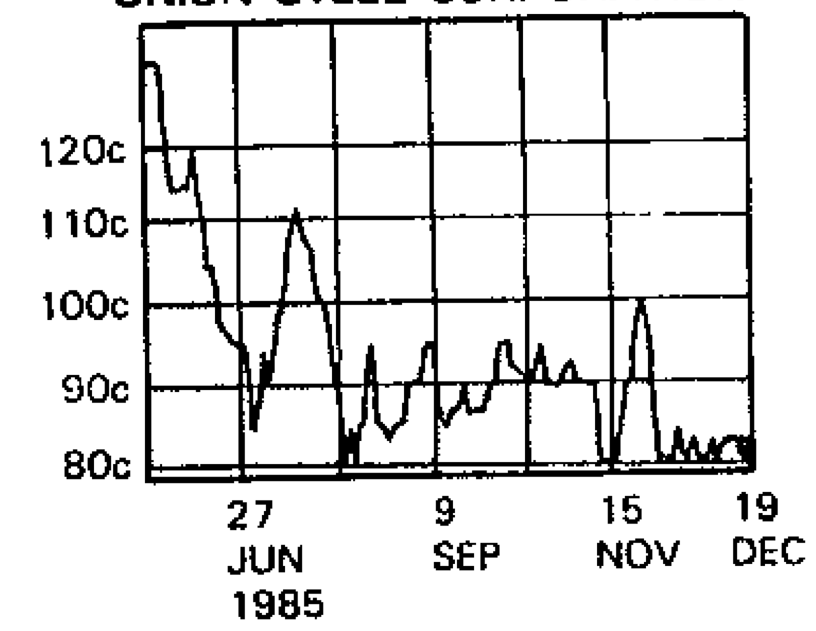
The financing of the direct reduction and pelleting plant — through loans and lease agreements — has weakened the balance sheet, with gearing rising from 68% to 100% and finance charges cover dropping from 3,2 to 0,5 times.

Liquidity is also reduced, with the current ratio down from 1,4:1 to 1:1.

The share has fallen from 130c in May — on the publication of losses at the interim stage — to its current 82c where it stands at a 70% discount to net worth

At present the share might appeal only to long-term investors

UNION STEEL CORPORATION



BUS. DAY 31/12/85

# Engineering outlook complex

189

FRED STIGLINGH

ENGINEERING's future depends on basic things: the gold price, improved performance on the export market and good summer rains.

Of course, it is not all that simple, and those in the know will be quick to point out underlying factors such as education, outdated manufacturing methods, and lack of government incentives.

Difficulties in the metal and engineering industries go back to 1982, when setbacks were suffered as a result of the poor gold price and drought.

## Overvalued rand

The rand was overvalued and the industry encountered intense competition from imported goods. The engineering industry — heavily involved in long-term capital projects — was at a competitive disadvantage.

In 1984 the rand came down and concern that inflation would take off led to severe financial and monetary restraints.

Organisations such as Escom had to tighten up.

Badly hit were general engineering, consumer durables — such as white goods, motor parts — foundry and heavy engineering sectors.

More than 10 000 workers were laid off this year alone.

Contracting sectors, their fortunes determined by the building industry, also became casualties.

Meanwhile, despite what some see as traditional apathy within the engineering fraternity, there has been some activity on the upgrading and export front.

President of the SA Institute of Mechanical Engineers (Saime), Roy Marcus, saw the need for a clear-cut industrial strategy to offer government.

He promptly changed the role of Saime from an institute admitting individuals only to one embracing a company affiliate scheme for working closely with industry. The purpose is to home in on specific areas which need to be rectified in the short term.

The strategy would probably consist of pumping money into one or two selected industries, chosen with the needs of world markets in mind

Thinking is along the line of short-term emergency measures to capitalise on exports and create jobs.

Exporting engineering goods is expensive and difficult and the feeling in the industry is that government should improve exporting incentives on the marketing side.

At the moment the benefit comes through the Income Tax Act and through a double deduction of marketing expenses, but companies would like to see cash reimbursements for proved expenses.

## Exprosa

November this year saw the launch of Exprosa, an umbrella organisation aimed at multiplying exports of capital goods and technical expertise

Exprosa developed from the export subcommittee of the Techno-Economic Society of SA and has won the backing of the Board of Trade and Industries and the Department of Trade and Industries.

Initial effort will go into South American countries and the Far East, and the idea is to become involved as consortium members.

Experience has shown that products developed in SA for local conditions, especially those which require little maintenance, are accepted in developing countries and others like Australia and Canada

On a more concrete level, the announcement that project planning on the Mossel Bay oil scheme is to begin next year has boosted engineering morale to a degree.

The scheme will provide millions of man-hours of work for engineers. It is estimated the fabrication of an offshore production platform alone will provide an estimated 4-million man-hours of work spanning two years

Iscor estimates the total project will consume up to 100 000 tons of steel

Ironically — even though SA industry is in a recession — it will have to import engineering skills to meet the project demands.