

Second strike in motor industry stalls vehicle makers' recovery

By [Alexander Parker](#)

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The motor industry is reeling from rolling mass action by the National Union of Metalworkers of South Africa (Numsa), with the strike in the automotive components industry bringing production lines to a standstill even though the strike at the vehicle manufacturers ended a week ago.



Thousands of cars a day are not being produced by vehicle manufacturers - South Africa's largest exporter of manufactured goods - and the situation is expected to worsen from Monday (16 September), with industry leaders saying that the strike is damaging South Africa's credibility as a reliable supplier.

Just two of the six manufacturers contacted by Business Day - Ford and Volkswagen (VW) - managed to keep their production lines running at full capacity last week, but VW spokesman Matt Gennrich said the situation "could become critical" this week.

The situation for the country's two luxury car marques, BMW and Mercedes-Benz, is even more serious. Mercedes-Benz spokesman Lynette Skriker said that workers had returned to work last Monday (9 September) and had completed the first shift, but work on the line had stopped for the second shift as the component supply ran dry.

"We operate a complex just-in-time system," she added.

Capacity being strangled

Skriker said management had been in discussions with the National Association of Automobile Manufacturers of South Africa (Naamsa) with regard to what to do about the strike. She would not disclose how many cars the company continued to lose but said Numsa's insistence on "back-to-back strikes" was "adding to the intensity of the problem".

BMW South Africa spokesman Guy Kilfoil said the company was operating significantly below its capacity and that the situation was serious. "We're building 85 cars a day, so we're losing 260 cars a day - and the lost production means those cars are gone, never to be seen again," Kilfoil said. Because BMW SA runs a 24-hour operation, there is no capacity to catch up lost production.

BMW's workers went on strike a week before the rest of the industry followed suit, so the company lost four weeks of production before the current component industry strike occurred.

"We lost 7,900 cars in the first strike and we lost 680 cars last week. If this doesn't stop, we'll lose a further 1,600 cars next week," Kilfoil. "We'll be down by 10,000 cars before you know it," he said.

Spokesman Leo Kok said that while Toyota had kept the country's busiest lines running last week, it expected them to be stationary from Monday (16 September).

While Kok was unable to quantify the potential losses this week, the company said that it had lost 729 cars a day during the automotive strike.

Lost production this week could be worse because the company also loses overtime, which it might have used to catch up on previous lost production.

Credibility damaged

Nissan's managing director Mike Whitfield said the company had built up as much inventory as possible during the automotive strike, but its lines would stop after the Wednesday (18 September) shift. He doubted that the strike would be resolved this week.

"In addition to the immediate losses from the strike, it had also made it difficult for South Africa to build credibility as a reliable supplier," Whitfield said. "We're creating a situation that deeply affects our credibility."

Naamsa president and Toyota Africa's chief executive Johan van Zyl said last week that as a result of the counter-productive and unnecessary strike action, South Africa's increasingly politicised and militant trade union movement was undermining official industrial policies of facilitating investment, encouraging growth and creating jobs.

"Before the current wave of automotive industry strikes, total aggregate industry exports and domestic production had been on target to reach record levels of 336,000 and 610,000, respectively. These figures are no longer attainable," Dr van Zyl said.

"Unless the strike in the component industry is settled in the next few days, the damage to the prospects of the automotive industry and on foreign investment sentiment would be immeasurable, and would take years to redress," he added.

Naamsa said the automotive strike meant lost production of 45,000 cars for South Africa worth at least R20bn, excluding the cost of the continuing component manufacturers' strike.

Numsa was unavailable for comment.

Source: Business Day via I-Net Bridge