

Plans for stability in SA motor industry

By [Evan Pickworth](#)

21 Oct 2013

A number of initiatives to improve competitiveness and labour stability in a motor industry hammered by seven weeks of strikes were announced last week.



Rob Davies. Image: GCIS

With the ink hardly dry on a three-year, double-digit wage deal between unions and employers, the government sat down with employers and labour to smoke a peace pipe. The result is a plan meant to usher in more enduring stability to a sector that makes up 7.5% of gross domestic product.

The government is banking on a R63m automotive supply chain competitiveness initiative, which has the buy-in of the National Association of Automobile Manufacturers of South Africa (Naamsa) and the National Union of Metalworkers of South Africa (Numsa) to help bring about this stability.

Trade and Industry Minister Rob Davies called on all stakeholders to work together to create the conditions to achieve labour stability in the industry, with the government encouraging plans that entail far more local production.

Buy-in from labour, employers, government

In a hastily arranged compromise, the secretary-general of Numsa, Irvin Jim, was invited to take part in the meeting to establish the competitiveness framework. The union, whose members led the protracted strike action, was initially not invited to the talks.

"This initiative has the buy-in of Naamsa, Numsa and the government and they are committed to work together as a team to address this issue of competitiveness raising," Davies said.

Also at the talks was the National Association of Automotive Component and Allied Manufacturers. Its spokesman Ken Manners said while R63m seemed a drop in the ocean compared with the R20bn that was lost during the strikes, this was the initial amount proposed for getting the ball rolling.

The broader effect of the initiative is more important than the funding for it, half of which would come from the government and the other half from industry stakeholders.

"It's the first time I've seen all the participants taking it so seriously and putting a push into it," he said.

Government-supported initiatives in the sector have not always been a success, with attempts to build electric cars in South Africa collapsing last year.

Improve competitiveness

The new proposal is to develop a three-year business plan to identify ways to improve South Africa's competitiveness. Davies called for a broader manufacturing base for energy-efficient green vehicles, as global trends indicate they are the source of growth in the future, with high rebates on the cards for companies that build such vehicles.

Chief executive of Toyota South Africa and Africa and Naamsa president Johan van Zyl expects the Automotive Production

and Development Programme, which was instituted at the beginning of the year and allows companies to claim up to 30% of investment in productive assets, to result in significant growth. Naamsa director Nico Vermeulen said the aim was 1.2m vehicles by 2020, close to double current production.

"One of the new initiatives involves the Department of Water and Environmental Affairs, which is embarking on a project to build charging stations for electric vehicles to encourage use of the eco-friendly power source," said Davies.

"Progress was also being made on developing a multimodal vehicle manufacturing plant in the East London Industrial Development Zone," he said. "Six companies were short-listed to run the operation, which will assemble vehicles for a number of companies as a collective venture. The decision on the operator will be made before the end of the year," he added.



Congested highways as more people buy cars.
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