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[DEBATE] : Numsa perspectives on the jobs crisis - Irvin Jim's speech at the
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NUMSA NATIONAL JOBS SECURITY CONFERENCE
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NUMSA PERSPECTIVES ON THE GLOBAL CAPITALIST FINANCIAL AND JOBS CRISIS AND
ITS NEGATIVE IMPACT ON JOBS AND JOB CREATION IN SOUTH AFRICA

Final Draft: Embargoed!

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NUMSA General Secretary

"For many a decade past, the history of industry and commerce is but the
history of the revolt of modern productive forces against modern conditions
of production, against the property relations that are the conditions for
the existence of the bourgeois and of its rule."

The Communist Manifesto, 1848.

1. Introduction:

Minister of Department of Trade and Industry, Comrade Mandisi Mphahlwa;
Minister of Labour, Comrade Membathisi Mdladlana;
Leadership of COSATU, represented by our General Secretary Comrade
Zwelinzima Vavi;
Leadership of affiliates COSATU present;
Sactwu represented its General Secretary Comrade Ibrahim Patel;
Satawu represented by its General Secretary Comrade Randal Howard;
Leadership of business including representatives from auto assembly,
engineering, motor and tyre industries;
Representatives of tertiary institutions;
Numsa leadership from all our nine regions,
Shopstewards from all our four sectors present here today
NUMSA internal machinery that organised this very important Job Security
Conference;
All invited guests;
Ladies and gentlemen.
Comrades and friends.

1.1. Allow me to join the President of the National Union of Metalworkers
- NUMSA - Comrade Cedric Gina, in welcoming all of you, to this very
important and first ever Job Security Conference of NUMSA. We appreciate you
making time out of your extremely busy schedules to be with us today.

1.2. The National Union of Metalworkers of South Africa took a conscious
decision to convene this Job Security Conference because we have a crisis.
The sectors in which a union we organise in are bleeding. Everyday jobs
are being lost. Our investigations at NUMSA inform us that from November
2008 to end of January
2009:

. The auto industry has shed 1 660 jobs and 540 workers were facing

retrenchments according to notices that have been served in this sector. Before November, auto assembly workers have been subjected to ongoing retrenchments - 1 400 at General Motors (between Jan 2007 and November 2008), 658 at Ford, 141 at Daimler-Chrysler and 26 at Nissan Diesel.

. Short-time has become a norm in the auto sector. At Volkswagen workers have been working four days every two weeks which is short time instead of their normal five days. The company took workers for a week shutdown from the 23rd to 27th of February 2009, on a no-work no-pay basis. Volkswagen will again be subjecting workers in April 2009 to another two weeks unpaid shut down. Toyota workers will be subjected to short time in April. Ford workers both in the engine plant Port Elizabeth and in Silverton Pretoria assembly plant were subject to a 7-weeks shut down against a their will. Workers at the company were subjected to short time for 13 weeks from June and September 2008. Since January 2009, 400 workers who produce Hummer vehicles at General Motors have been subjected to a four day short time up until the end of February. The whole month of March this very same workers are taken to a shut down for the whole month. After Easter weekend they are likely to be subjected to another shut down for two months without pay.

. In the motor retailing, fuel and automotive components sectors 8 821 jobs have been lost in those three months - as a result of 5 017 retrenchments in November, 3 674 in December and 140 in January 2009. The total retrenchments figure in the motor retailing, fuel and automotive components sectors comes to 36 500 if July to October 2008 numbers are included.

. For the same period (November 2008 to January 2009) 1 722 workers have been retrenched in steel, metals and engineering sector. In this sector alone

35 048 workers were in the same three-month period affected by short time. In January this year, a staggering 13 480 from 255 engineering companies were on reduced working time due to what companies term "a shortage of work and/or materials and any other justifiable contingencies and/or unforeseen circumstances beyond the control of the employer".

1.3. NUMSA is of the view that this is a crisis and a job bloodbath. The burden on poor workers is consistently rising. High interest rates, high food inflation, petrol hikes, mortgage bond loans, personal debts are all combining to produce a mass of poor workers in South Africa today. As workers' incomes and livelihoods are severely affected, we believe as NUMSA that we have an emergency situation. Something has to be done now, not tomorrow! We do not entertain the academic and reactionary view that South Africa has been spared from the global economic crisis of capitalism. Our members who are being Retrenched everyday understand that the global economic crisis is biting us now. Arguments, often repeated by Treasury officials that macro-economic policies such as the Growth, Employment and Redistribution (GEAR) have cushioned South Africa from the economic meltdown do not make sense to us and our members.

1.4. Although revealing, the statistics that we quoted above do not tell

us the full story of the jobs crisis that is facing us. The affected workers who have been

retrenched are not only taking care of their immediate families but extended

families that depend on them for a better life. Secondly, the worst affected are

workers from small companies and panel-beating shops. The wages of workers

who get dragged into short time are still extremely low and they get affected by

reduced working-time. Their families join the sea of poverty and misery. Thirdly,

our research shows that people that are the first on the retrenchment line are

the most vulnerable - contract workers and workers with limited duration

contracts (LDC). Currently Volkswagen wants to retrench approximately 2000 workers under the pretext that they are contract workers something that NUMSA disapproves. BMW has decided to discontinue contracts of a pool of 350 and LDC workers. Daimler-Chrysler has retrenched 89 contract workers.

1.5. The other layer that are vulnerable in the present situation are older workers in lower grades with little skills. With their age and with the fact that they have little portable skills, many of these workers are exiting the industry for life. The chances of them being absorbed again are remote; adding huge number of workers onto the state social security system.

1.6. The uncertainty caused by short-time has led to the monster of voluntary severance packages (VSP) rearing its head. Instead of not knowing how much they will earn in the coming period, our members are opting for VSP's. Employers have shed hundreds of workers through this method - 100 at BMW, 104 at Nissan (SA) and 10 at Nissan Diesel.

1.7. What stares us in the face are prospects of some of our localities and regions becoming ghost towns. Any elected representative in the Nelson Mandela Metro knows fully well what the implications are for local economic development of an auto assembly industry that is in distress. A slowdown in assembly affects the whole of the value chain. It is not surprising that the biggest job losses have been in the auto components industry. We started to engage with Toyota in December 2008 trying to save a supplier of bumpers to the assembler. The bumper company ended up in liquidation and 400 jobs were lost in Durban. A component supplier to VWSA called Shnellecke SA has served the union with section 189A with an intention to retrench about 700 workers. This can only be attributed to changes in production in VWSA. This was the same case when Daimler-Chrysler closed a company called Leoni in East London and about 400 jobs were lost as a result of its decision to relocate production to Botswana.

1.8. NUMSA thinks that we must together with our government take note that what has been defined as "national spatial development approach" to development that takes a nodal approach and focuses mainly on areas with infrastructure will not work in our country. This will only continue to concentrate economic and social opportunities in those areas previously over advantaged, and leave the rest of the country behind.

1.9. Already, we are recording signs that this nodal approach to development has led to the serious marginalization of the bulk of the population in provinces where Bantustans were created such as the rural areas in Kwazulu Natal and the Eastern Cape.

1.10. Further, millions of South African workers are marginalized by being trapped in poor towns that were once economically active but have been

turned into ghost towns by the nodal approach. Their already inferior infrastructure has all but collapsed and poverty is written on the faces of the people of many rural communities.

1.11. We at NUMSA wish to remind all of us that this global capitalist financial and jobs crisis is taking place against a serious backdrop of high levels of unemployment, worsening poverty and deepening inequalities in our country. These social evils have become so glaring and made worse by the cancer of retrenchments which has been eating away jobs in our country for a long time now.

1.12. We have convened this conference to provide a platform for all of us present here to dissect and define from our own individual and collective stand point how we understand the current global and jobs crisis, and to make our contributions on determining the most appropriate way out of this crisis. We have also called this conference to let all and sundry know that as NUMSA we will do everything in power to fight in defence of our jobs and job creation. The slogan for this conference is FIGHT FOR JOBS and this we will do for ourselves, for our members, for our children, our families, our communities, our class and our country.

2. Our diagnosis of the jobs bloodbath: the crisis of development in South Africa:

2.1. Our assessment of the past 15 years has made us to attribute the above challenge of job shedding, and its impact on unemployment, worsening poverty and deepening inequalities to the behavior of both business and government during this period, which we outline below.

2.2. NUMSA wants to register the ugly fact that during the boom period when there was a huge demand for commodities both for domestic and international consumption companies still went for retrenchments purely in order to maximize profits. What was surprising was that even labour courts approved this shocking practice. NUMSA thinks that we lost many jobs as a result of companies adopting lean and new management techniques in order to achieve international competitiveness of firms on continuous bases. In order to be competitive, companies restructured production, displaced workers by technology and new machines.

2.3. Labour brokering, which constitute inferior modern slavery has been the order of the day. Casualisation, short term contracts and all sorts of devices of this nature which undermine the living wage, dilute decent work and destroy the buying power of the working class have been the order of the day.

2.4. NUMSA has been very critical of how OEMS themselves have been abusing, in our view, credit certificates generated from their export volumes per company. The abuse of seeded certificates from components' companies who are exporting leather seats, or by buying those credit certificates direct from catalytic convertors. NUMSA is of the view that this process undermines volumes and undermines manufacturing as in our view some companies despite being beneficiaries of the MIDP use us, South Africa, as a dumping ground for their crisis of over production globally.

2.5. Government consciously supported these industries through the Motor Industry Support Program (MIDP). This was done to create employment of quality decent jobs, but companies, despite this support from government, still did everything to destroy jobs that included some of them shifting contracts of supply for components to countries like Botswana.

2.6. These practices have contributed in destroying jobs. As to why DTI allows them to happen we still do not know as these practices undermine

local content and job creation. What all this means is that during the so called boom period companies generated huge super profits not just out of extracting surplus labour of workers but also from tax payers money in terms of the MIDP.

2.7. NUMSA is not arguing that we are, as a matter of principle, against government support given to the auto sector. We think it is problematic that such support is given to employers without stringent conditions especially prioritization of job retention, job creation, and not just any kind of jobs but quality jobs or decent work paying a decent living wage.

2.8. Today, NUMSA is extremely concerned about the conduct of employers especially in the auto sector. These companies subject workers to severe short time, layoffs which affects workers take home pay; workers who must contend with huge personal debts, high interest rates on bonds, and the burden of taking care of extended families.

2.9. In the middle of that frustration and depression companies then introduce voluntary separation packages. They do this without consultation with the union, and they plead innocence that they are not retrenching. Obviously in such circumstances workers fall for such dubious empty packages and they join the unemployed and get condemned to poverty.

2.10. These companies instead of employing workers on full time bases, they employ a huge number of workers as contract workers so that during difficult times they become easy victims to retrenchments. Auto companies despite being a force behind retrenchments in the component sector as they continue to demand reduction of costs, they are also forcing the introduction of labour brokers. For example, BMW relocated a contract from a company in Durban and gave it over to Lear Corporation; Lear Corporation large part of its production is labour brokers.

2.11. It is employer's action of retrenching workers as articulated above that made NUMSA to object to untransparent discussions between auto employers and government. NUMSA remains extremely concerned with companies that have been consistently retrenching workers almost four years in succession even during the boom period. A good example of such a company is General Motors South Africa. The possibility exists that the strategy adopted by this company is not to manufacture locally but to import production and keep few platforms to qualify for support from the MIDP. We have in the past registered this concern with the Director General of DTI.

2.12. It is because of all these tendencies above that made us to demand that government cannot talk about a bail out in the auto sector without our involvement as NUMSA. Further, there can be no bail out without addressing this crisis conduct of employers that is bent on destroying jobs.

2.13. NUMSA thinks that it is time that our government, through DTI, must accept that the growing of the domestic market has been compromised by the ruthless pursuit of foreign direct investment, a strategy that has turned out not only to be flawed but which has resulted in speculative investments and over financialisation of our economy and society.

2.14. NUMSA strongly holds the view that this country being a developing poor country with huge apartheid economic-social deficits, huge backlogs as a result of the legacy of inferior infrastructure forced onto the majority of our people cannot afford to pursue and champion conservative and neoliberal social and economic policies, as we have done in the past 15 years.

2.15. This calls in our view for a reviewal of the stance that has been prioritizing low deficits and inflation targeting that has lead to high interest rates. Today our position has been vindicated by the conduct of the very same rich countries which we emulate - they have abandoned these

dogmas!

2.16. We think the time has come to act and cut interest rates in a meaningful way if we are to drive an interventionist approach that will indeed stimulate our economy to grow jobs on a massive scale. NUMSA thinks that high interest rate defy our very logic or directly contradicts the policy of driving an export strategy as inputs costs for exporting sectors become very expensive. Also high interest rates despite their contribution in encouraging short term speculative capital inflows, they in fact only constrain growth and development especially now in the face of this global financial crisis.

2.17. We understand the importance of imports and export. However we think liberalization of trade and its negative impact in destroying jobs across various sectors, and the current huge trade deficits begs the question as to what is the role of tariffs in defense of our sectors under these circumstances.

2.18. We think that one of our major challenge centers on our failure to have a comprehensive industrial strategy that would also locate government support to sectors in job security and job creation, and hence be about decent work with a living wage.

2.19. Our current industrial strategy in our view fails to define a clear agenda to diversify our enclave economy; our industrial strategy does not champion beneficiation of our mineral resources, let alone transformation of the financial sector but also to drive industrialization that shall generate a local demand in the economy.

2.20. We think the time has come to rethink the removal of exchange controls where we allowed capital flight to other parts of the globe, particularly on the London Stock Exchange as such a policy stance compromised investment in the domestic market and particularly in productive sectors of the economy.

2.21. We think this has been allowed to happen, unfortunately, not only to satisfy what is defined as flexible labour markets, but in particular, to allow market forces to determine the content and pace of development post 1994, of course against our will.

2.22. The disciples of the now infamous "Washington Consensus" both in government and in business told us in no certain terms that government does not "have business in business". NUMSA boldly has been championing state intervention in the economy as we shall demonstrate with the proposals that shall emerge as the final outcome of this Job Security Conference.

2.23. This has been resisted by captains of industries and their orthodox capitalist recruits in governments serving as politicians both in developing countries and in the developed world, and here in our own country, before, during and after 1994. To our surprise both neo-liberal governments and captains of industries including banks over night, worldwide, have become born agains who are now champions of state interventions not to privatize but to nationalize even banks and save their profits! NUMSA condemns, with contempt, the selective morality of conservative politicians and conservative captains of industries who now seek government interventions to save their profits but are not willing to champion state intervention to save human lives.

2.24. We are angry that the state interventions now demanded by the bosses and capitalist are only relevant and crucial only to save profits and not to save humanity that has been so desperately in need of such interventions. In our country, South Africa, massive state intervention on behalf of millions of struggling workers and poor rural communities has been lacking for a long time. It is now urgently needed, in the face of the global collapse of

neoliberal capitalism.

3. Now is the time for boldness and creativity:

3.1. Amidst the gloom and doom, this conference takes place in a context where the economic orthodoxy and market fundamentalism of the last few years are discredited internationally. The conference also occurs when there are definite signs of a change in the thinking of the ruling party and our ally, the African National Congress (ANC). The third important development that is worth mentioning is the conclusion of the Framework for South Africa's Response to the International Economic Crisis within NEDLAC.

3.2. It is common cause that the main plank of the ANC's electoral campaign is the creation of decent jobs and sustainable livelihoods. In its manifesto the ANC commits itself, among other things, to make the creation of decent work and sustainable livelihoods the primary focus of economic policies. The ANC commits itself to beneficiation, state-led industrial policy that leads to the transformation of the economy and implementation special sector measures that will have as one of the objectives saving and growing jobs. The automobile and components industry is one of the sectors identified in the ANC manifesto as one part of the economy that will have a special sector programme.

3.3. In our campaign as NUMSA for a decisive victory ANC in the coming elections, we have made quite clear that we expect the ANC to deliver on these commitments. Our members are being mobilised to understand that their votes for the ANC are not a blank cheque and that the movement has to deliver in terms of putting in place a beneficiation programme and a sector specific stimulus package for the automotive industry.

3.4. NUMSA welcomes the Framework for South Africa's Response to the International Economic Crisis. The agreement is an attempt to chart an effective collective response to the economic problems that engulf our country at this moment. It is an attempt to utilise our strengths, the fiscal space, the financial regulatory framework, and the resourcefulness of our people and institutions, to develop a response to the crisis. We fully endorse the principles of the agreement on the need for social solidarity between all South Africans as a way of ensuring that crisis does not damage the fabric of our society. We also agree that;

. There is the risk of the crisis increasing inequality/poverty and unfairly placing the burden of the downturn on the poor - the workers, the unemployed and other vulnerable groups

. There is collective responsibility to ensure that the poor are protected as far as possible from the impact of the crisis.

3.5. As NUMSA we are appreciative of the fact that signatories to the framework agreement committed themselves to programmes aimed at:

. Addressing constraints to growth and development through increased public investment in economic infrastructure;

. Improving and streamlining government delivery and regulation;

. Deepened commitment to skills development;

. Ensuring higher levels of private sector investment;

. Urgent introduction of effective industrial or sector strategies;

. Using appropriate sector-level forums to develop concrete speedily industrial or sector strategies;

. Finalising the review of the social plan policy framework adopted early in NEDLAC's existence;

. Urgently establishing a R10-billion National Jobs Initiative which will have as its mandate the coordinated and accelerated financing of industrial, social and special employment measures as aimed at avoiding job losses and at actively increasing the number of employed persons; and

. Pursuance of macroeconomic policies that support decent work and

sustainable growth.

3.6. The framework commits government to a development, together with labour and business, of a rescue package of specific strategies within four weeks aimed at vulnerable sectors and industries in distress. The framework calls for such rescue plans to use a combination of trade, industrial and social policy measures to prevent job losses; and to regain jobs and productive capacity lost in the recent past. Fortunately, some of the industries listed as vulnerable and in distress in the agreement are our sectors - automotive, capital equipment, engineering, electrical and electronics sectors. We hope that government representatives present at this conference will brief delegates present here on the progress in the development of such rescue packages. The four weeks deadline in the framework agreement is next week.

3.7. As a union we are fully aware that the Framework for South Africa's Response to the International Economic Crisis is a framework - with more details to be fleshed out in national task teams and in sector initiatives. By convening this Jobs Security as NUMSA we are kick-starting a sector-level initiative to develop industrial or sector strategies speedily as suggested in the framework agreement.

3.8. NUMSA is ready to energetically contribute to all the outstanding issues identified in the framework agreement and we commit ourselves to participate in the work of the task teams established through the agreement. This conference has a specific commission looking at how to make what is in framework agreement meaningful for our members. Participants in the commission will tackle some of the questions that are identified in the agreement that have to be answered in the immediate future such as:

. Our stance to the call in the agreement for regular review of UIF to ensure that it is providing an effective response to the prevailing conditions;

. Giving a mandate to the task team that must identify mechanisms of supporting the public investment programme including considering ways in which the implementation of public infrastructure projects can be fast tracked;

. Taking forward the proposals made by parties to the agreement on tax relief targeted at low-income workers, the poor and companies in distress.

3.9. While we are committed to the framework agreement, let us hasten to say that we will not be held up in endless task team discussions while our members are losing their jobs. The task teams need clear timeframes and as NUMSA we are of the view that as a demonstration of their commitment to the agreement, employer must be willing to enter into an agreement on a moratorium on retrenchment at least for the time that the task teams are finalising their work. We cannot be sitting in negotiations on how to stop job losses when our members are being mowed down through retrenchments. We need a moratorium on retrenchments now!

4. What must be done?

4.1. We think the country must declare the issue of job losses a national disaster. Like all emergencies the job crisis must be dealt with speed and

urgency. This is what we hope that participants at this conference will display. On our side as NUMSA we are prepared to treat what is happening in our sectors as a national disaster.

4.2. For the benefit of those who are only part of the first day let us inform them of what we will be talking about in the closed commissions. We will have five commissions and the deliberations in them will form a basis of our resolutions on how to tackle the job crisis.

The first commission will deal with what we as NUMSA will consider as rescue plan for our sectors. It will also deal with how to strengthen and take forward the Framework for South Africa's Response to the International Economic Crisis. At a macro-level the commission will have to discuss the policies that we take into the tasks teams as established through the NEDLAC framework. The first commission will also deal with the following:

- o NUMSA's call on government to review the extent we have removed exchange controls where we allowed capital flight to other parts of the globe, particularly on the London Stock Exchange as this has seriously undermined investment in productive sectors of the economy.
- o NUMSA call on government to prevail on the reserve bank to review inflation targeting stance and cut this high interest rate.
- o To drive further industrialization, government should where necessary, nationalize strategic enterprises, NUMSA has been extremely concern about companies like Arcello metal that are charging import parity pricing.

- o Government must Nationalise, where necessary, key branches of industry that are crucial for continued economic development e.g. steel, oil, and other key raw materials.

The second task of this commission will be to sketch out elements of a rescue plan. In this regard it is important that we put our position clear that ours is to defend jobs and not profit. In line with this it will be important to factor proposals on how to keep workers at the point production, employed and protected against the vagaries of short time. Proposals to be considered are:

- . Using government subsidies to employers, all the work on hand must be divided among all existing workers - employed, temporary and unemployed - with no decline in wages already paid.

- . Government in face of companies that have subjected many workers to short time in our respective industries working four days instead of five days week it must subsidize wages for that one day.

- . Where it has become clear that in a particular sector workers have become redundant and the situation is temporary government must make sure that money is made available and take workers to training of hard core skills and they must still be paid in full through a subsidized wages by government.

- . Keep people in their homes by establishing a moratorium on foreclosures, creating new financing mechanisms for mortgages, and increasing opportunities for renting through state and local government construction of rental accommodation.

- . Provide jobs at decent wages for all who need them through public investment, fiscal expansion, employment in government programmes and retraining programmes at full pay (subsidized by government and business).

- . We demand a sliding scale of wages - an automatic rise in wages when prices of consumer goods increase we think that both government and business must agree on this matter.

- . NUMSA thinks that government must promote economic recovery through a massive and well-targeted spending programme, with a particular focus in building proper infrastructure of our rural towns, champion state lead agriculture with a state supplying tractors and seeds and water for food security.

- . Road-building by local government direct works units where government consciously must create employment by employing road workers and pay them leaving wage.

. We think its important that national government must provide additional financing to provincial and local governments so they can maintain employment and continue to provide and expand the basic services central to the well being of families, such as education, police and fire protection, health, water and sanitation and the maintenance of local infrastructure.

. Implement affordable, universal health insurance coverage, community-based and run childcare facilities, community laundries and food programmes to help families prosper.

. Begin immediate rollout of universal ARV programme.

. Ensure a stable financial system that provides for the needs of people, communities and businesses by rigorous regulation of all financial institution.

4.3. The other responsibility of this commission will be to look at how and where companies procure. We need to look at establishing procurement at all NUMSA workplace to ensure that our companies source their supplies locally. Scaw Metals has lost a contract of train wheels from Transnet as a result the jobs of workers are at stake. NUMSA would have to take up with the department of public enterprise as there are serious allegations that Transnet is importing the wheels from other countries.

4.4. The second commission will be on the positions to be tabled by government and employers at this conference. While we will listen carefully to what the representatives of employers and government say, the much publicised request by auto employers for a bailout will form part of the discussions in this commission. We think that one concrete thing that we can do to stimulate demand for the auto sector is introduce urgently new policies to stimulate demand for vehicles, including short and medium-term measures to address company liquidity and solvency, employment and income support, and skills development. These can include:

. Credit guarantees, low-interest loans, emergency bridging loans to companies;

. Funding for R&D and tooling for cleaner vehicles;

. Structural adjustment funds for the auto sector, including suppliers to ensure job security;

. Trade-related measures (market access, reviewed and revised tariffs to protect industry, export finance);

. Ending importation of luxury cars with no local content;

. Ensuring that 70% of all components and inputs to cars produced under the APDP (MIDP) are locally produced;

. Expanded training funds for workers; and

. Renewal of government vehicle fleets including cleaner vehicles.

4.5. We think that government support given to the auto sector through the MIDP (APDP) must be conditional to job security and that employers can't be allowed despite that support to retrench purely for the maximization of profits government must consider regulation on this matter. Government must ensure that auto companies that are enjoying support from government through the MIDP (APDP) must employ workers on permanent bases not as contract workers. They should not do business with suppliers who are using labour brokers; they should do away with casual work in the industry. We think its time that DTI must ensure that the APDP must include a condition that auto employers should be subject to local content requirements which force them to use inputs from first-tier suppliers based in South Africa.

4.6. For a medium-term response we need to think now about how re-orientate our auto manufacturing capacity towards provision of cleaner-energy public transport system. In support of this we think that think that government must review tariffs in the auto sector and tyre sector to protect our industries from imported cars that add no local content. This reviewal should also focus on cars and tyres imported by OEMs and tyre sector itself within companies in SA. The revised APDP must prohibit relocation of component supply to companies in surrounding countries by companies benefiting from the MIDP. They should instead build the component sector and create jobs in the country. DTI should audit the value chain to

identify such cases. 70% of all components and inputs to cars produced under the MIDP should be locally produced. Companies that do not have local plants must be penalized via extra duties for imports. DTI must put together a formula to audit local content and avoid the current practice where employers just dumped finished component and just package them to a car and call that local content without real building the value chain in terms of local content on components.

4.7. The third commission will look at our collective agreements particularly the provisions dealing with job security with the idea of strengthening these and ensuring that they deal with the crisis that confronts us. The mandate of this commission will be also to look at labour laws that need reviewal under the circumstances. As NUMSA we have previously called for the strengthening of the Labour Relations Act particularly section 189 and the provisions dealing with disclosure of information. It is vital that all companies that want to retrench across various sectors should quantify operational challenges related to costs as reasons behind the current short time, layoffs, and retrenchments. Should we not be calling that all companies that are issuing section 189A with a view to retrench workers to disclose their financial situation to a team of accountants, constituted with the involvement of practitioners who have knowledge of the industry from business, government and labour. Such a team must be assembled by government.

4.8. The fourth commission will deal with how we engage employers at sub-national levels (provincial and local levels). Although we will engage at a sectoral level, our industries are anchored at local and regional levels. What happens to our sectors affect local and provincial levels differently. Experience has also taught us that there is sometimes a different dynamic at these levels than what we find at a national level. The commission will have to develop a framework on how we engage at provincial, regional and local levels. It will also have to look at how what happens at this conference is cascaded to NUMSA regions and locals.

4.9. The fifth commission will deal with structures that we think are most appropriate for engagement on sectoral policy issues. At the moment the union sits within the tripartite Motor Industry Development Council (MIDC). In previous rounds of negotiations we have won our demand for Industry Policy Forums both in engineering and motor. We need to talk about how we become effective in these.

Conclusion:

NUMSA thinks it is time for government to break new ground and consciously take a decision that once more it is going to champion manufacturing through a vibrant industrial strategy that will have clear objectives such as:

- o An industrial strategy that will be about transforming and changing the colonial and Apartheid structure of the South African economy in the interest of the majority.
- o Put measures in place that must stimulate national and local demand in the market, by investing massive resources in people and social and economic infrastructure, generate political will to diversify, to beneficiate our minerals, and ensure that new industries are created.
- o The South African government must ensure that in all the WTO negotiations, including the current round, we retain economic policy sovereignty in order to ensure that we have policy space to develop our country.
- o The resolute stance of our government in the economy must be to build the domestic economy, ensure that millions of workers are put to work, are employed, and are paid a leaving wage; thus stimulating the

essential demand for goods and services which is necessary for the survival of any economy, and society.

o There is no substitute to a mass redistributive industrial strategy that will return the wealth and productive capacity of South Africa to ALL the people of this country, and end the current over concentration and monopolization of wealth and productive capacity.

I thank you.

Irvin Jim
NUMSA General Secretary
March 2009.

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