

AMEO and NUMSA conclude wage agreement

The automotive manufacturing sector and the National Union of Metalworkers of SA (NUMSA) have successfully concluded their negotiations for a new three-year wage agreement in Port Elizabeth, with no disruption to vehicle production experienced.



Mike Whitfield, CEO of Nissan South Africa and Naamsa president.

The agreement will be in force until 2019. It holds the promise of a longer term and stable investment planning horizon for South Africa's seven vehicle manufacturers and offers a further enhanced and competitive wage structure and benefits for the automotive industry's hourly paid workers. Among the highlights of the agreement is the creation of a plant-based housing solution that will seek to provide access to more housing for employees at the various manufacturing plants.

According to the media release issued, the signing of this three-year wage agreement is a significant achievement as it marks the first time since 2007 and only the fifth time in the history of the sector's collective bargaining process that it has been successfully negotiated without any disruption or work stoppages. The negotiations are held between the Automotive Manufacturers Employers' Organisation (AMEO) and NUMSA.

"The signing of our new agreement is testament to the value of proactive negotiations between AMEO and NUMSA," says Mike Whitfield, CEO of Nissan South Africa and president of the National Association of Automobile Manufacturers of South Africa (Naamsa).

"Formal negotiations were preceded by several consultative industry indabas and a fact finding mission to the Australian automotive industry by Naamsa, NUMSA, the Department of Trade and Industry, the Department of Labour and others. The preparations also started earlier this year, giving both parties ample time to prepare and consult their constituents," says Whitfield.

Trying times for industry

The negotiations were held amidst very trying times for the local automotive industry. New vehicle sales in South Africa have declined significantly over the past year and global export contracts remain exposed to a highly volatile local currency and increasing competition from other manufacturing hubs across Europe, the USA, Asia and Africa.

Increased global competition and the possible impact of an unstable planning environment were the main themes of the fact finding mission to Australia. Once a large vehicle manufacturer and exporter, Australia has seen all of its vehicle manufacturers close their manufacturing plants or prepare for closure in recent years.

Says Nico Vermeulen, executive director of Naamsa: "The importance of the automotive manufacturing sector in South Africa cannot be overstated. Apart from being the largest manufacturing sector in the country, the broader industry also contributes over 7,5% of the country's gross domestic product (GDP) and an estimated 3.4% of the national wage bill. The automotive manufacturing sector is recognised as one of the best paying formal employers in South Africa and it remains an important driver in the development of the South African economy."

"The new wage agreement gives us a platform on which we can plan further investment in the sector and it sends a clear signal to our international parent companies of our serious intent to nurture and grow the automotive manufacturing industry in South Africa," says Whitfield.

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