

AMEO

AUTOMOBILE MANUFACTURERS EMPLOYERS ORGANISATION

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MEDIA RELEASE BY THE AUTOMOBILE MANUFACTURERS EMPLOYERS ORGANISATION (AMEO) ON THE INDUSTRIAL ACTION IN THE SOUTH AFRICAN NEW VEHICLE MANUFACTURING INDUSTRY: FOR IMMEDIATE RELEASE

Automotive companies, with vehicle manufacturing operations in South Africa, confirmed that the industrial action which commenced on Wednesday 11 August 2010 and now in its eighth day, has been resolved through agreement with the National Union of Metalworkers of South Africa (NUMSA). Following ratification by employees at plant level yesterday, an agreement detailing the terms of the settlement was signed in Port Elizabeth to this effect earlier today.

The three year agreement provides for an across-the-board wage increase of 10% in 2010 and a 9% increase in both 2011 and 2012. Most of the provisions contained within the prior agreement signed in 2007 have been carried over. Two of the notable changes agreed to are:

1. The parties agree that the use of labour brokers will be discontinued with effect from 1 January 2011 in respect of the bargaining unit, with the sole exception of pre-existing labour broker contracts which will be allowed to run their course; and
2. The parties commit to the establishment of a Statutory Bargaining Council.

Both the immediate and longer-term impact of the strike is cause for concern. In the short term, the loss of approximately 17,000 units will be difficult to recover and has undoubtedly had a negative impact on the local manufacturers' ability to meet the needs of both domestic and overseas customers. In the domestic market this loss of locally produced units will in all likelihood create an opportunity for importers to make further inroads in the South African market.

The strike and resultant loss of volume has caused significant reputational damage to the automobile manufacturing industry in South Africa as a stable production location and this could have repercussions in terms of our ability to attract future investments going forward.

As we move into the implementation phase of the new Agreement, the challenge remains to improve our competitiveness against ever increasing global competition.

Inquiries may directed to the Chairman of the Automobile Manufacturers Employers Organisation, Mr Chris Thexton, at 041-4039124 or 082 339 3838

**AMEO OFFICES : PRETORIA
20TH AUGUST, 2010**