

Staff and production cuts expected at GMSA

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General Motors SA (GMSA) has begun discussions with its workforce to reduce employment at its Struandale vehicle assembly plant in Port Elizabeth, in the face of shrinking local and export demand for its products.



The US-owned company confirmed yesterday that "a significant decline" in demand had forced it to cut back on planned production. To minimise the effect on the company's business and 1,800 employees, the company said it was working with stakeholders to consider all alternatives, with voluntary separations and early retirement preferred options.

Spokeswoman Denise van Huyssteen said GMSA had informed staff of its situation and asked the Commission for Conciliation, Mediation and Arbitration to facilitate talks with staff and unions. The talks would not have come at a more awkward time as the company's main union, the National Union of Metalworkers of SA, is already engaged in difficult discussions on a new three-year industry agreement on wages and conditions.

GMSA is not alone in struggling with new vehicle sales in SA. The local market is expected to shrink up to 12% in 2016, the third successive year of decline. But where most other companies are more than compensating with booming exports, GMSA is almost wholly reliant on SA. Out of 333,802 new vehicles exported from SA in 2015, GMSA contributed just less than 5,000.

All those vehicles went to sub-Saharan Africa, where low oil prices and other economic constraints have put a brake on new vehicle sales for all brands. Most local manufacturers, however, have outlets beyond Africa, so while GMSA expects a reduction in exports in 2016, the industry as a whole is forecasting an all-time record of about 370,000.

The end result is that Struandale, which has annual production capacity of 100,000 vehicles, will produce less than half that number in 2016. Having built fewer than 45,000 in 2015, Van Huyssteen said the figure would fall this year. She declined to say by how much but market shares so far suggest the number could get close to 40,000. Struandale builds the Isuzu KB one ton bakkie, Chevrolet Utility small bakkie and Chevrolet Spark car.

Source: Business Day

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