SEIFSA NEWS

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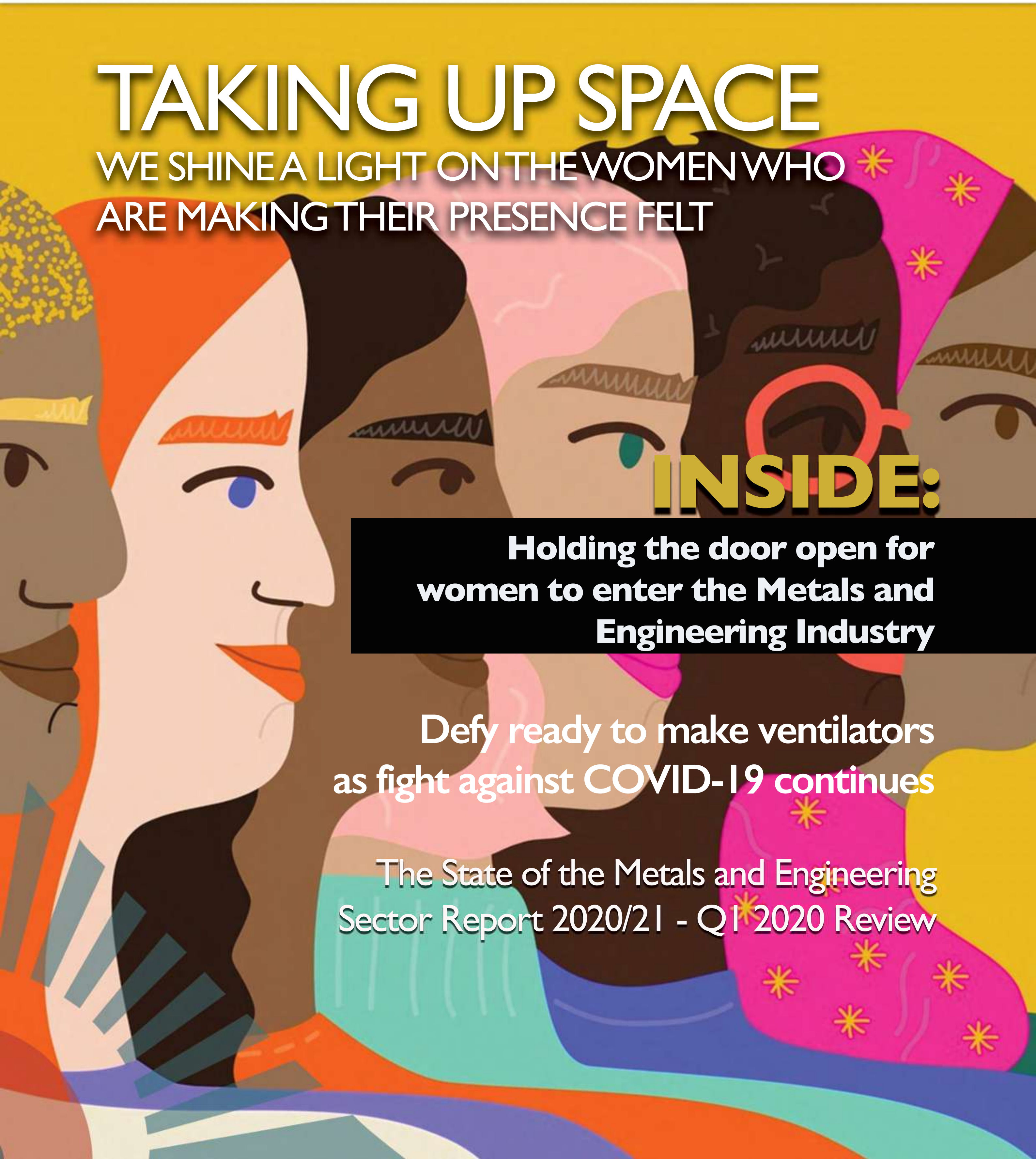

TAKING UP SPACE

WE SHINE A LIGHT ON THE WOMEN WHO ARE MAKING THEIR PRESENCE FELT

INSIDE:

Holding the door open for women to enter the Metals and Engineering Industry

Defy ready to make ventilators as fight against COVID-19 continues

The State of the Metals and Engineering Sector Report 2020/21 - Q1 2020 Review

It is no secret that the Metals and Engineering Sector is still dominated by men. To showcase the success of women who are making their presence felt in the industry is, therefore, something we should be proud of.

July / August 2020

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CHIEF EXECUTIVE OFFICER'S DESK

It's an ill wind, they say, that blows nobody any good. That suggests that from any negative situation, there is always bound to be somebody who will benefit from that adversity.

While there is likely to be some company somewhere that is coining it now as a result of the COVID-19 pandemic, the reality is that the vast majority of companies in different sectors of the economy around the world have been taking a huge strain over the past few months as a result of this pandemic. While manufacturers of sanitisers, ventilators, masks and other medical personal protective equipment may be struggling to meet the unprecedented global demand for their wares as the Coronavirus 2019 wreaks havoc across the world, the rest of the global economy has been near-moribund.

Most countries which have had the most unwelcome visit from COVID-19 have gone – or are still going – through some form of lockdown in an effort to contain the spread of the dreaded virus. Economies have shrunk as factories fell eerily silent and cities' streets were deserted at some stage in the wake of people taking refuge behind the walls of their respective homes. The travel, tourism and hospitality industries probably suffered the most and longest as domestic and international flights were grounded and hotels stood unoccupied, except for the very few used as quarantine facilities.

The metals and engineering (M&E) sector has not been immune to the ravages of COVID-19. Sitting as we do, right at the centre of the M&E sector, we are acutely aware of the travails suffered by many companies, both members and non-members of employer Associations affiliated to SEIFSA. We know that companies have had to restructure their working hours, their employee numbers and even their organisations.

SEIFSA itself has not been immune to these challenges. We have felt – and continue to feel – acutely the pain of our times both directly and indirectly through our members. That is why, in order to meet our clients half way, we have reduced the prices that we normally charge for our various products and services during this period. Our plan remains to be there for and with companies in the M&E sector, whether or not they are members of Associations affiliated to the Federation. As always, however, companies which are members of affiliated Associations enjoy even better discounts when they avail themselves of our products and services, some of which – like the Price and Index Pages and Contract Price Adjustment training sessions – can be accessed exclusively from SEIFSA.

For most – if not all – of us, this situation is totally unprecedented. No amount of clever scenario planning could possibly have prepared anybody or any company for the type of black-swan event of the magnitude of this pandemic and the devastation that it has left in its wake. While some people have been wont to say – glibly – that things will never be the same again, that saying can't possibly have been more apt than it is at the moment.

Across the world, many economies have shed jobs as a result of tough but necessary steps which had to be taken by various governments in an effort to contain the spread of this dreadful virus. South Africa, which has had a serious problem of unemployment in recent years as a result of our long-stuttering economy, is now in an even worse situation. Our unemployment problem is fast approaching crisis levels, if it is not there already.

That may feed into our already high crime levels as desperation drives even more people to crime, and it may exacerbate that scourge that constitutes our other epidemic, misogyny and gender-based violence (GBV), as depression sets in on the part of men who used to be breadwinners. While it is imperative that the police crack down heavily on all forms of crime, with GBV at the top of their priority list and the miscreants behind such acts vigorously prosecuted and sent away from society for years, much more will still need to be done.

addition to creating demand for sectors like construction, M&E and manufacturing and creating jobs, infrastructure investment would also significantly enhance South Africa's competitiveness as an investment destination.

We must hope, therefore, that internecine conflict within the governing party will not continue to stall the tough actions that need to be taken to avoid a situation where we continue to sink deeper into sub-investment-grade levels. We must hope that Finance Minister Tito Mboweni's bold restructuring plans, which have already been embraced by the ANC leadership at a rhetorical level, will finally be vigorously implemented. We must hope, too, that President Cyril Ramaphosa will have the courage to cull those state-owned companies that add very little value to the country and are a burden to the fiscus.

> That is why, in order to meet our clients half way, we have reduced the prices that we normally charge for our various products and services during this period. Our plan remains to be there for and with companies in the M&E sector, whether or not they are members of Associations affiliated to the Federation

The situation calls for the kind of leadership that, regrettably, we do not have in abundance in our beautiful country. It calls for the kind of leadership that would see the Government, business and labour working much more closely together in an effort to stimulate the economy and engender confidence in South Africa as an investment destination. It requires that those who see the world through the eyes of their cherished ideologies and are given to taking refuge in fancy slogans pause to reflect – and commit to any cause of action which would advance the best interests of South Africa Incorporated.

The voices that have called for a massive stimulation of the economy through infrastructure investment are to be welcomed. Even if is financed through loans, expenditure on much-needed infrastructure is a massive investment in the country's future. In

For most of us, South Africa is the only home that we have. The option of "returning home" to another country for which we hold passports is not available to us. We want nothing more than to see this country stabilise economically and then grow. Business leaders with foresight will share that vision, even if it is from a selfish perspective, and they will get off their backsides and join other men and women of goodwill who want to see South Africa succeed.

SEIFSA will be among those organisations and companies at the front of that queue. ■

Kaizer M. Nyatsumba
Chief Executive Officer

TAKING up SPACE

We shine a light on the women who are making their presence felt in the male-dominated Metals & Engineering Industry

This year, Women's Month comes at a time when the world is grappling with the COVID-19 pandemic that has exposed the fault lines that exist at society. From the surge in gender-based violence to uncomfortable conversations about race, South Africa has not been immune to the consequences of the outbreak. One worrying statistic in particular that has emerged is that 3-million people lost their jobs from February to April this year. Of those who lost their jobs, 2-million were women. This is according to the National Income Dynamics Study – Coronavirus Rapid Mobile Survey which polled 7,000 respondents.

This survey highlights a sad reality in South Africa – that women still bear the brunt of economic hardship in this country. But this is not to say that the country is failing to create a more inclusive economy as far as women are concerned, and every success in empowering women should be lauded.

It is no secret that the Metals and Engineering Industry is still dominated by men. To showcase the success of women who making their presence felt in the industry is therefore something we should be proud of.

This year as we commemorate Women's Month in August, we share the stories of just a few of the women who are making their presence felt – who are taking up space – as it were – and channelling the sheer determination of the 20,000 women who marched to the Union Buildings, 1956 to protest against legislation aimed at tightening the apartheid government's control over the movement of black women in urban areas.

These women are not only excelling in this testosterone-driven industry, but are also paving the way for future generations of women to enter the industry at all levels.

> This survey highlights a sad reality in South Africa – that women still bear the brunt of economic hardship in this country

MOTHER OF THE LIFT INDUSTRY: JACKIE GOKAMILWE, BUSINESS OWNER AND CHAIRPERSON OF THE LIFT ENGINEERING ASSOCIATION OF SA

Just being known by that moniker is proof of her standing in the lift industry. For Jackie Gokamilwe, the founder and owner of the Nqoba Training Centre, it is a reputation carefully built over more than 20 years, pushing the limits through sheer perseverence and hard work.

Ms Gokamilwe's journey to being the first woman in South Africa to qualify as a lift technician was not an easy one. Back in 1994, it was unthinkable for a woman to be in the lift industry as a technician. Indeed, when she was accepted as an apprentice at Otis Elevator Company, one of largest elevator manufacturers in the world, the management there had no idea how to handle a woman in that role.

It wasn't only about the mind-shift of a woman training to enter a male-dominated field. There were also logistical

challenges, such as the lack of ablution facilities for women. Her superiors also found themselves not sure which tasks to assign her and where to place her. To make matters worse, trainers were reluctant to work with her for fear of being accused of sexual harassment. “They were not ready to accept women, but I soldiered on,” Ms Gokamilwe says. “I found that I had to be two steps ahead of my male counterparts because I didn’t want to fail and have them say, ‘you see, women can’t do it.”

In 1997, she finally qualified as a lift mechanic. “I was stationed in the Johannesburg CBD and my area of responsibility spread from Diagonal Street to Eloff street and Bree to Marshall Street, so all the Otis lifts in old buildings within those boundaries were maintained by me,” she says.

> Since going independent, she has founded a training academy, Nqoba Training Centre, training future lift technicians and preparing them for their trade tests

In 2002, Otis decided it wanted a woman within their sales division. Ms Gokamilwe was offered the position, moving away from actual maintenance to advising clients on elevator solutions. By 2005, she seemed to have finally proved herself when she was offered a stake in an empowerment transaction that saw the creation of BEE vehicle Sigma. She finally left the business in 2007 to start her own business, Nqoba Business Enterprises.

“I had no capital, but I had the skills and knowledge, so I decided to consult to companies. A company would hire me to check their lifts, tell them what was wrong with them, and advise them on which company they should opt for to fix and maintain that lift,” she says. It was challenging to operate as an independent in the lift industry – but thanks to government opportunities, she was finally able to make inroads, winning contracts to repair and maintain elevators in several hospitals. Ms Gokamilwe has since diversified and now also has a construction business that focuses on renovations. She has also established an academy, Nqoba Training Centre, where she trains future lift technicians and prepares them for their trade tests.

Ms Gokamilwe’s journey may have been made harder because she is a woman, but she reckons that it is also the reason why she has excelled. “As a woman, you tend to go the extra mile,” she says. When I work on my projects, I look beyond the tasks I am given. Maybe its because as women we are nurturers…so we nurture our projects. Men are able to go in and just finish the task at hand, but we women, we go beyond.”

She also believes that it’s that instinct to nurture that has her advocating for small businesses to work together. “It’s all about the bigger picture,” she says. “So, what I encourage people to do is to get the contract and subcontract to other small businesses. Use the skill of the next person by partnering with them,” she says. “We can grow together.”

Linked to that are efforts to ensure that tenders issued by government do not exclude smaller businesses them through terms and conditions and other stipulations that only the bigger players can meet. So vocal has Ms Gokamilwe been that some in government circles have even dubbed her the Mother of the Lift Industry.

She is proud to have paved the way for women in the industry. In her training centre, six women are about write their trade test, a feat she is proud of because transformation in that industry is still a work in progress. But those who make it – they are taking up space. “Women can do anything these days in this industry,” she says. And she should know. After all, she is the chairperson of the Lift Engineering Association of SA.

PROUD TO BE IN THE COMPANY OF EXCELLENCE: - LOWRESSE SPECHT – ACTING INDUSTRIAL RELATIONS AND LEGAL SERVICES EXECUTIVE

Louwresse Specht has never been one to sit back and let life's circumstances hold her back. When she did not have the funds to go to university, she walked into a law firm and did her articles, eventually saving enough money to get her law degree. And even while studying, she found that she had to continue working – doing all that while serving in her residence committee at North West University.

I always say that a woman who knows what she brings to the table, should not be afraid to eat alone

"I did four years of articles because I didn't have a degree," Ms Specht says. "And then I had to do two more years of articles after my degree," she adds.

But the result is that hard work makes her thrive. "I love being busy," she says. "And now that I am here at SEIFSA, I am working as hard as I used to when I was a practising attorney."

Miss Specht joined SEIFSA in January as Industrial Relations and Legal Services Manager. But seven months later, she has found herself as Acting Industrial Relations and Legal Services Executive – a role that she is loving as much as she loves working in the organisation.

"I am amazed to see so much diversity, talent, skill and expertise in one place. What I enjoy most about working at SEIFSA is the willingness of colleagues to support each other, the mentoring between colleagues, and how the culture of the organisation is conducive to promoting diversity," she says.

Most of all, she loves the fact that while in all her previous roles, she was always the only woman in a boardroom full of men – and struggled to be heard as a result, she is now one of several women and their voices are heard. "Women bring a different way of doing things and solving problems," she says of the role women play in the organisations. "So, they are a very important voice that needs to be heard," she says.

Working in the Metals and Engineering Industry is also a challenge she is relishing. "Yes, the industry is male dominated, however this is changing. I love seeing women make inroads in the industry and often they do it with a lot of impact," she says.

But Ms Specht does add that women are needed in this industry and they should support each other. "In a time that there is so much uncertainty in our industry and the economy at large, there is immense value in the diversity that is added by that something different that a woman brings to the table - and the industry should most certainly leverage it. It's a tough industry for women – confidence, good mentoring and networking is key. I always say that a woman who knows what she brings to the table, should not be afraid to eat alone.

GIVING A VOICE TO WOMEN IN THE INDUSTRY: VUYISWA MIYA – INDUSTRIAL RELATIONS AND LEGAL SERVICES MANAGER

Vuyiswa Miya's, SEIFSA's new Industrial Relations and Legal Services Manager as of 1 August, has always wanted to make a difference in people's lives.

And it was through watching legal dramas and investigative shows as a child that she discovered could make that difference through law. So, she pursued law, completing her degree at the University of Johannesburg and becoming an admitted attorney in 2010. After completing her articles at Schreuder Attorneys and being appointed as a professional assistant, her practice consisted of commercial law, labour law.

"I worked as a professional assistant concentrating on commercial law, labour law and family law," Ms Miya says.

In 2014, she then moved to Moss Marsh Attorneys, where she was appointed as an associate, expanding her experience in commercial law and labour law. In 2018, she was appointed an associate by Anton Bakker Attorneys where she largely dealt with labour law.

"I found that I enjoyed practising labour law the most as it was intellectually challenging. Furthermore, I enjoyed assisting people in finding solutions to labour related queries and strategising on labour cases."

Her love for labour law is what eventually led her to SEIFSA.

But being a woman, Ms Miya has had to overcome several challenges in her profession. "My biggest challenge has always been that my opposition assumes that a man is handling the case. I have had instances where people would defer to my male assistants, assuming that they are in charge," she says.

But she has no doubt that perceptions are changing. "I believe that the legal field has become friendlier to women, and less of a 'boys club'," she says.

While Ms Miya may be an old hand at law, she is joining the Metals and Engineering Industry with very limited experience in the sector, she says. But what she does know of the industry has led her to believe that she made the right choice. "In the few matters where I represented clients at the bargaining council, I found that the industry is very regulated and takes care of its people," she says.

And working for SEIFSA has its added advantages. "SEIFSA serves its people with integrity and stays on the forefront of developments in the industry. It is a company known to strive to ensure open and honest relations between employers and employees," Ms Miya says.

She is looking forward to creating new experiences and wants to ensure that one of the contributions she makes to not only SEIFSA but the industry as whole is to ensure that women's voices will be heard. "As a team at SEIFSA, we will ensure that regulations are put in place that protect women's interests and that more young women will join the Metal and Engineering Industry," she says.

PASSION FOR WOMEN MEETS PASSION FOR SKILLS DEVELOPMENT - SUMAYA HOOSEN, HUMAN CAPITAL AND SKILLS DEVELOPMENT EXECUTIVE

While Sumaya Hoosen was appointed Human Capital and Skills Development Executive at SEIFSA on 1 June, she is practically a veteran in the Metals and Engineering Industry, having worked in engineering and manufacturing for most of her career.

In that time, she has used her qualifications in Industrial Psychology and Training Management to create a niche for herself in human capital management. "My passion is organisational and leadership development, organisational culture formation, change and development, with a focus on talent management and creating organisational capacity aligned to strategic direction," Ms Hoosen says.

Put simply, her role is to ensure that organisations have the right people in the right roles at the right time. It sounds easy enough to accomplish, but in a country where finding the right people has to take into account the transformation agenda, it is not also always that simple – particularly in this industry, where women are still in short supply. But Hoosen is encouraged by the progress so far. "I have seen a change in gender demographics in some companies. Although the technical and leadership representation of women still needs a focused effort, women in these areas are making a significant difference in diversification and innovation at a leadership competence level. Women have tremendous value to add to their teams," she says.

As a woman leader herself, Hoosen believes her contribution in the industry is not only about the woman agenda. She wants to add value in different areas, such as narrowing the skills gap in the industry. "Now more than ever before, a combined approach is needed to tackle the skills gap head on. Education systems, the Government and industry have a shared responsibility to join forces and upskill the existing workforce and incentivise more young people to join this fast-paced, dynamic industry that is balancing on the cusp of an Industry 4.0 breakthrough," Ms Hoosen says.

Ms Hoosen remains a firm believer in the role of women in the Metals and Engineering Industry. "Women are the greatest resource any country has," she says. "Providing encouragement and opportunity for women in this industry is one of the most powerful ways of harnessing this resource for the development of the country," she adds.

She says though the gender gap is narrowing, gender stereotypes, low rates of female engineering students and a male-driven culture are factors that contribute to the current situation where men dominate in engineering. "More work needs to be done to raise the profile of women engineers in this industry. Focus needs to be placed on highlighting and addressing problems faced specifically by women in these fields, and we need continue to lobby for the advancement of women," adding that mentoring for young women wishing to enter the Metals and Engineering Industry needs further support. "It is the role of women in the industry to take the lead to address these," Ms Hoosen says.

LEADING CHANGE: NURAAN ALLI, SEIFSA MARKETING, SALES AND COMMUNICATIONS EXECUTIVE

Nuraan Alli, SEIFSA's acting Marketing, Sales and Communications Executive, could be described as a Jane of all trades. Having been at SEIFSA since 2016, she has often found herself filling in multiple shoes along with her official role of Sales Manager. She credits her entrepreneurial mindset for her agility.

"Before this I was a business owner," Ms Alli says. "I think I am an entrepreneur at heart and I approach things with that outlook first and foremost. New ideas and innovation excite me and I have been blessed to implement some new thinking at SEIFSA which makes me quite proud," she adds.

The idea of making a difference and being part of a bigger vision is what attracted her to SEIFSA. "SEIFSA provided an outlet to both of these personal and professional objectives," she says. The journey has been extremely dynamic. Your agility and ability to think on your feet is tested daily – and what is more, is that there is a lot of creative freedom built into the job which has seen a lot of innovation being implemented within the organisations."

Her journey as an entrepreneur as well as her previous roles as a marketing assistant at auditing company PricewaterhouseCoopers and as a deputy-director at the Department of Trade and Industry also helped prepare her for leading SEIFA's digital migration, which will be a big part of her new acting role.

She is excited to be one of the women leaders within the Metals and Engineering Industry, but does not necessarily believe that it is a male-dominated sector. "There are many female trailblazers in the Metals and Engineering sector. One of our exciting roles is to profile these amazing women."

New ideas and innovation excite me and I have been blessed to implement some new thinking at SEIFSA which makes me quite proud

She does, however, believe that women should not sit back and expect to be pushed up by fact that they are women. "Women must stake their claim and not take a step back. I firmly believe that is the individual's drive and behaviour that will make the difference," Alli says.

Still she is excited to be one of those leading the charge for change within the industry. But that does not stop her from embracing her other role – that of being a mother. This, she says, is what grounds her. "My foundation is having a close-knit family and the daily challenges of having a young daughter."

HOLDING THE DOOR OPEN FOR WOMEN TO ENTER THE METALS AND ENGINEERING INDUSTRY

We chat to KONE South Africa HR director Thabi Ntseke about how recruit ensure there are more women in the industry

Achieving gender parity in the workplace remains one of South Africa's biggest challenges, so every woman that gets a seat at the main table is worth celebrating – not only because they have risen up the ranks despite the many obstacles they faced, but because they are proof that it is possible to break through the glass ceiling in an industry dominated by men at all levels.

Thabi Ntseke, HR Director at elevator company KONE South Africa, is one such woman and she says she always aims to use her leadership to create opportunities to hold the door open for other women. "I want to ensure that they are able to work through it," she says, adding that at every opportunity, she mobilises for more progressive policies in the Metals and Engineering Industry.

Ms Ntseke, who began her career back in 2005 as an HR controller at New Age Beverages, joined the Metals and Engineering Industry in 2013 when she was appointed HR director.

"I had worked mostly in the manufacturing industry and I was looking for an opportunity to work in a different industry," says. "The Metals and Engineering Industry is one of the biggest contributors to our economy, hence I embraced the opportunity," she adds.

She is not blind to the challenges women in the industry face. "There are not many women in this industry in strategic and leadership positions, hence there is a need for greater visibility of women," she says,

Thabi Ntseke, KONE SA HR

adding that lack of career advancement opportunities and support for women who are caregivers and have to raise children might be driven them out of the industry.

"Generally, some women might face challenges such as access to opportunities, societal expectations, beliefs about women's abilities to lead, discriminations and pay disparity," Ms Ntseke says. She believes these challenges could be addressed if more women were appointed to senior leadership roles in this industry. "They have a greater degree of appreciation for challenges faced by women and therefore would mobilise and implement progressive policies to support them," she says.

Women need an equal say in the industry, Ms Ntseke says. "Transformation can only happen if both men and women have equal participation in the industry," she says. And the visibility of these woman leaders could inspire those still finding their place in the industry. "When women are exposed to powerful female role models, they are more likely to endorse the notion that women are well suited for leadership roles," she says.

Of course, there are other reasons that it makes sense for businesses to appoint women in leadership roles. "Research shows that diversity at executive level is positively and significantly correlated with financial performance," she says.

The Metals and Engineering Industry needs a feminine shot in the arm, she says. "Employing and developing more women in leadership roles in the industry will contribute to a diverse group of leaders who bring new perspectives."

But how, then, do you ensure there is a steady pipeline of women ready to take on these roles in the industry? Well, it's up to the women themselves to not throw in the towel. She offers women sage advice on how to persevere in the industry.

"Do not allow stereotypes and unconscious biases about women to get to you. When women lead, their traits are often perceived to in a negative way. For instance, when a woman displays passion and empathy, she is seen as weak and emotional. Women should leverage their distinct qualities to be inspirational leaders," she says.

Ms Ntseke also encourages women to seek out women for support and not try to go it alone. "Identify a network of women in the industry who support your career goals. But it is also important to not isolate yourself from your male counterparts, create opportunities to be part of the team."

Importantly, she says, women should not be afraid to fail. "Failure gives you an opportunity to learn, grow and push boundaries that ultimately lead to success."

SEIFSA

BUSINESS UNUSUAL

No one can say they have been untouched by the COVID-19 pandemic. With millions infected worldwide and hundreds of thousands of people dead, the safety of people remain a priority even as we balance lives with livelihoods. SEIFSA is committed as ever to ensuring that we do our part to help in the fight against the pandemic.

Like many other organisations, we have had to rethink the way we do businesses. For us, it's no longer business as usual. For example, our training workshops are now virtual.

Importantly, we have had to revise the dates of our events due to the Coronavirus and the need for social distancing to curb its spread.

While the dates have changed, our intent to continue to host entertaining, informative and relevant events has not changed.

Our Golf Day will remain a fun outing for busy executives looking to engage with each other on the greens, while Our SEIFSA Awards for Excellence will continue to showcase innovation and excellence in the Metals and Engineering Industry. The Southern African Metals and Engineering Indaba will still be a platform to bring together the Government, business, labour and other industry stakeholders to engage on ways to stimulate the economy.

Here the new dates for our events:

- **Golf Day -** 27 November 2020
- **SEIFSA Awards for Excellence -** 25 November 2020
- **Southern African Metals and Engineering Indaba -** 8 March 2021 – 9 Marc 2021

WWW.SEIFSA.CO.ZA

THE IGNORANCE OF 27 YEARS AGO, BY JEAN MEARNS

The Metals and Engineering Industry is fortunate to have, over the years, had exceptional women leading. While they may have once upon a time been few and far between, they have cleared the way for new generations of women working in the industry not only on the shop floor, but in the board room as well.

Jean Mearns is one such woman. Not content with running her own business, W.H. Circuit, she decided to play a bigger role in the Mining and Engineering Industry, becoming a member of the executive committee of SEIFSA Association, the Cape Engineers and Founders Association and serving as chairperson of the regional Metals and Engineering Board (MEIBC) in Cape Town during the 1990s.

Stepping down, she has left both her company and her seat on the executive of CEFA to another very capable woman, Jeanine Pomorio.

Her retirement is a loss to the industry, but we will forever remain grateful for the contribution she made over the years.

The ignorance of 27 years ago, by Jean Mearns

While I was working for the Free Market Foundation, running training courses for both management and shop floor staff, I ignorantly thought that running a manufacturing business could be my next career.

A couple of years later, I found myself, up to my eyebrows in stress, forgetting the lift club collection days for my kids at school and generally had to eat humble pie about my abilities to be a mother, wife and factory owner.

When I bought into W.H. Circuit, my day would start with cleaning all the rat droppings off my desk. We were operating from a derelict building. There was no way I could invite a client to visit our "factory" let alone offer him a cup of coffee!

Those were the days before the Chinese were our competition in the printed circuit board industry. Within two years we managed to buy our own factory, increased our turnover, which impressed our funders, the SBDC, and I was awarded the Western Cape Entrepreneur of the Year award.

This led to an invitation by the Danish Chamber of Industries to spend time in a couple of their factories in Denmark. I was most impressed by the way in which the Danes had the trade unions as part of the decision making which took place at management level. The emphasis was always on ways to keep the work in Denmark. There was no perception of a "them and us" type of situation.

While spending some time as the chairperson of the MEIBC, it was my hope that we would inculcate the same attitude with the trade unions in our industry. Alas, I left feeling that the financial lure of gaining a slice of the political cake was of far greater importance than pursuing the problems of keeping work, and hence employment, in South Africa.

I was fortunate enough to spend many years on the CEFA committee with very interesting characters! Being the only woman on the committee, for most of the time, these "boys" felt obliged to treat me with a certain amount of respect by apologising for their jokes or language! They were all so generous with their time and totally dedicated to furthering the interests of our industry that it was truly an honour to have spend time with each one of them. I shall miss them all but most of all, the many laughs which we had together.

At work I regarded myself merely as a catalyst, having the talent to co-ordinate our team but so too did each one of our staff members have a talent which he or she brought to the team. Once we started employing the second generation of staff members I realised that we had all come a long way together! There were tough times and there were good times but there was always a sense of trust and empathy for one another. Often I would say: "We spend more time at work with each other than we do at home with our families". Hence it was important that we sorted out our relationships with one another so that our work environment was what we enjoyed and that it never should be just a job. I was indeed very privileged to have worked with such a supportive staff, all of whom continue to play a vital role in the running of the business today.

Now, at the age of 70, I shall be handing over to Ryan and Jeanine Pomario. Ryan has been a client of ours for many years and Jeanine is superb in the customer support and marketing spheres. They have both been with us since the beginning of the year, resulting in a seamless handover.

Meanwhile, I will be moving on to spending time with my family, trying to make up for all those times I forgot to pick my kids up from school or cook supper for my dear husband, Norman, who was always there to help me in the business or cook supper at home!

JEAN MEARNS

GOVERNMENT COMES TO THE PARTY ON **SCRAP METALS INDUSTRY**

As COVID-19 continues to ravage South Africa, no sector is being spared from the deleterious effects of the pandemic on the economy. In the Metals and Engineering (M&E) Industry, already under strain over the past few years due to, among other factors, subdued domestic demand and deindustrialisation, the downward pressure has been aggravated by the coronavirus, with metals prices expected to decline by 16 percent in 2020.

However, a small ray of hope for some in the sector has come in the form of a government decision earlier in July to look into measures to support the sector, which is struggling due to increased global demand and steep price hikes in both raw materials and main inputs as a result of the pandemic.

The pandemic has also resulted in a global shortage of affordable, good-quality scrap metal amid a downturn in global manufacturing due to worldwide lockdowns to curb the spread of the virus. It is therefore welcome that Trade, Industry and competition Minister Ebrahim Patel has issued a directive to the International Trade Administration Commission of South Africa to determine amendments to Price Preference System guidelines to address the shortage.

The interventions come at a time when the industry needs all the Government support it can get to survive the COVID-19 pandemic and the resulting economic turmoil.

The decision is also in line with SEIFSA's support for the principle of the non-export of scrap metal and came at the right time. "We are heartened by the Government's decision to support the industry during this difficult time of the pandemic, even as we await a longer-term solution to protect the industry through possible taxes on scrap metal exports," SEIFA Chief Executive Officer Mr Kaizer Nyatsumba said.

"We welcome Minister Patel's intervention in this regard and hope that ITAC will move swiftly to protect local consumers of scrap metal. We hope that the Steel Master Plan, which has been in development for some time now, will also have the effect of stimulating demand for the metals and engineering sector," Mr Nyatsumba said.

DEFY READY TO MAKE VENTILATORS AS FIGHT AGAINST COVID-19 CONTINUES

DEFY has already submitted its project proposal to the Department of Trade, Industry and Competition and is ready to manufacture tens of thousands of ventilators for Southern Africa – without any commercial gain

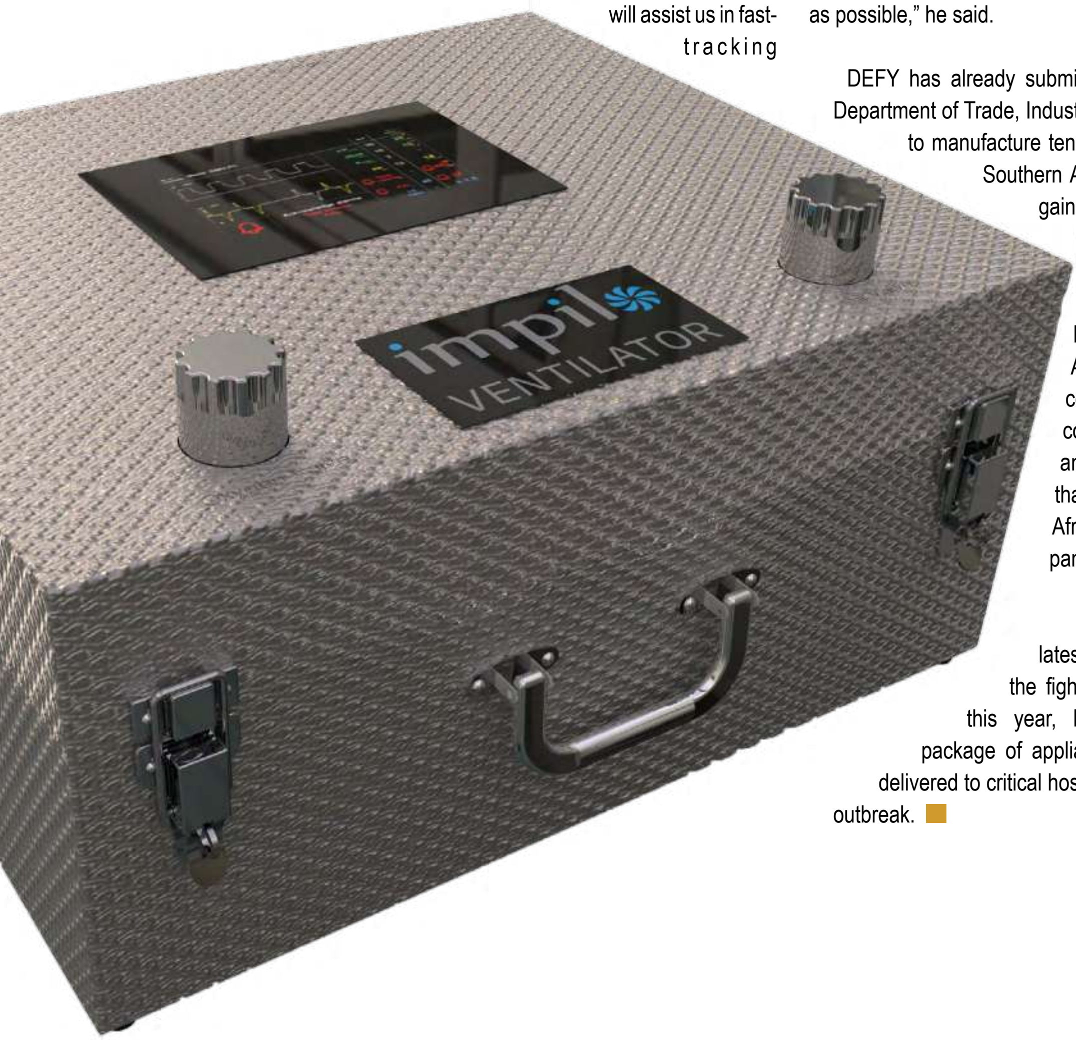
Defy Appliances CEO Evren Albas

As South Africa continues to struggle to curb the spread of Coronavirus, many companies are coming to the aid of the Government by not only supplying personal protective gear, but by also manufacturing much-needed ventilators to assist severely ill patients infected with COVID-19.

DEFY has once again stepped up to help combat COVID-19 in the country by working with several partners to plan, design and manufacture tens of thousands of ventilators. This project is very crucial as there is an ever-increasing demand for medical assistance and effective solutions across Sub Saharan Africa.

"Led by the University of Cambridge in the UK under the Open Ventilation System Initiative (OVSI), our team of scientists and engineers, including South African researchers, have finalised a ventilator design that can be industrialised for mass production. Having the BEKO PLC Research and Development Centre in the University of Cambridge, which is one of the seven global research centres of our parent group ARCELIK AS, is very advantageous in expediting the process. Teams are working around the clock and thanks to them, this project is succeeding," DEFY Appliances CEO Evren Albas, said.

"Furthermore, DEFY's flexible manufacturing capabilities, together with the design and development expertise of the consortium that we are partnering with, will assist us in fast-tracking production of the ventilator and thus distributing them as soon as possible," he said.



DEFY has already submitted its project proposal to the Department of Trade, Industry and Competition and is ready to manufacture tens of thousands of ventilators for Southern Africa – without any commercial gain. "We are open to any and all kinds of co-operation and collaboration, with the aim to expand the project beyond the borders of South Africa. Fortunately the project consortium has influence and contacts in Sub Saharan Africa and therefore, we are hopeful that this ventilator will assist other African countries to fight this global pandemic," Albas says.

The ventilator project is the latest initiative by DEFY to assist in the fight against the pandemic. Earlier this year, DEFY announced a donation package of appliances worth R1.9 million to be delivered to critical hospitals at the frontline of the virus outbreak.

SUKUMA FUND, BLACK BUSINESS COUNCIL PARTNER TO OFFER A LIFE LINE TO SMALL BUSINESSES

The Black Business Council (BBC), in partnership with the Sukuma Fund, is inviting small business owners adversely affected by the Coronavirus lockdowns to apply or financial assistance from the Sukuma Relief Programme.

The Sukuma Relief Fund is a R1bn package set up in April by the Rupert family and Remgro and administered by Business Partners. It was aimed at supporting small businesses, who have been the hardest hit by COVID-19 and the resulting lockdown to curb its spread. It provides soft loans ranging from R250,000 and R1-miilion, repayable over five years with no repayments in the first year. The money can be used to cover payroll, rental, and other monthly operating overheads.

To qualify for the fund, businesses must be formally registered, provide evidence of financial viability prior to the COVID-19 outbreak, and be both tax and regulatory compliant.

Days after the fund was initially opened for applications, it had to close at it was oversubscribed, indicating the level of devastation faced by small businesses. However, at the end of July, the BBC issued a letter to its members, inviting small businesses to apply for the programme and directing them to send them an email with their contact details and BBC reference number, following which they would be sent a link to apply.

According to the Sukuma Fund website, business owners intending to apply need to provide the following documents:

- Signed off annual financial statements for the period ended 28 February 2019.
- Management accounts for the period 01 March 2019 until at least 31 December 2019.
- The latest available EMP201 document submitted to SARS, not older than three months.
- Three months' bank statements of the business for the period 01 December 2019 to 29 February 2020 to assess operations before the lockdown.
- A rental (premises) statement, not older than three months.
- The statements for any other credit agreements such as asset finance or trade finance loan agreements as at 31 January 2020.
- Motivation and supporting documentation clearly illustrating the financial distress suffered by the SME as a result of the COVID-19 outbreak.
- Statement of assets and liabilities for the main business owner.
- Copies of identity documents of all directors, shareholders, members, and trustees as applicable.
- Copy of marriage certificate including ANC contract, divorce certificate, or death certificate where applicable.
- CK documents.
- Founding statement.
- Trust documents if applicable.
- Confirmation of bank account details.

ACCREDITED
TEMPORARY EMPLOYMENT
SERVICE PROVIDERS

CEA (TESD) Accredited Companies as at 27 July 2020

- Adcorp BLU a div of Adcorp Workforce Solutions (Pty) Ltd
- Adcorp Blu a division of Adcorp Staffing Solutions (Pty) Ltd
- Alos Business Solutions (Pty) Ltd
- ALOS Holdings (Pty) Ltd
- AMT Placement Services
- AMT Africa Recruitment
- Bathusi Staffing Services (Pty) Ltd
- CAP Personnel Placements (Pty) Ltd
- Consortium Personnel Consultants cc
- CSS Labour (Pty) Ltd
- Eduardo Construction (Pty) Ltd
- EFS Labour Consultants cc
- ESG Recruitment cc
- Gee 2 Kay (Pty) Ltd
- Global Industrial Consultants 2 cc
- Global Isizwe Placements cc
- Impact Human Resources
- Inqaba Services (Pty) Ltd
- International Task Labour cc
- Ithemba Langemphela
- JLH Group (Pty) Ltd
- LAPACE KEN
- LAPACE LET
- Lavoro Matkri (Pty) Ltd
- Lekang Projects & Security Services cc
- Mabhele and Associates cc
- Madobra (Pty) Ltd
- MECS Growth (Pty) Ltd
- Primeserv ABC Recruitment (Pty) Ltd
- Primeserv Staff Dynamix (Pty) Ltd
- Quyn International Outsourcing (Pty) Ltd
- Scribante Labour Consultants (Pty) Ltd
- Sindawonye Services
- Sizwe Placements (Pty) Ltd
- STAFFATACLICK (PTY) LTD
- Themba Njalo Camden
- Tributum Emawi (Pty) Ltd
- Vusithemba Mpumalang..

INTERNATIONAL WATCH

SPAIN

BBVA and Acerinox close the first sustainable transaction in the steel industry in Spain

Spain's stainless-steel industry has made its debut in sustainable finance. Spanish lender BBVA and stainless-steel manufacturing company Acerinox have signed a deal that makes Acerinox the first Spanish company in the industry to link its finance costs to its sustainable commitment. To this end, Acerinox converted an €80-million bilateral loan it had signed in March for the partial financing of the acquisition of VDM Metals. The purchase of this German-based company, a world leader in the production of special alloys, represents a great growth opportunity for Acerinox in new markets.

> BBVA is committed to sustainability and to a positive social and environmental impact, ensuring that corporate profitability today is sustainable tomorrow

The financing deal qualifies as sustainable because operating margin will be linked to the performance of two established indicators that will be revised annually: the relative intensity of direct and indirect emissions per ton of steel produced and the frequency of industrial accidents. The independent consulting firm, Sustainalytics, issued confirmation that the deal aligns with the 2019 Sustainability Linked Loan Principles, the framework on which these kinds of transactions are based.

This deal demonstrates that the steel industry is taking steps to transition towards becoming more sustainable. Acerinox believes that long-term sustainability is achieved through creating shared and sustained value, for which it is essential to take into account the social and environmental impacts of its business activity. "The strategy to continue advancing with a social and environmental commitment, a strategy driven by the board of directors and management team, is thus plainly evident," says Bernardo Velázquez, Chief Executive Officer of Acerinox.

Jose Ramon Vizmanos, head of Global Client Coverage at BBVA Corporate & Investment Banking, explains: "BBVA is committed to sustainability and to a positive social and environmental impact, ensuring that corporate profitability today is sustainable tomorrow. This is why we stand shoulder-to-shoulder with our clients during the transition to a sustainable future, including those who, due to the nature of their business activity, have to make even greater efforts."

Source: BBVA.COM

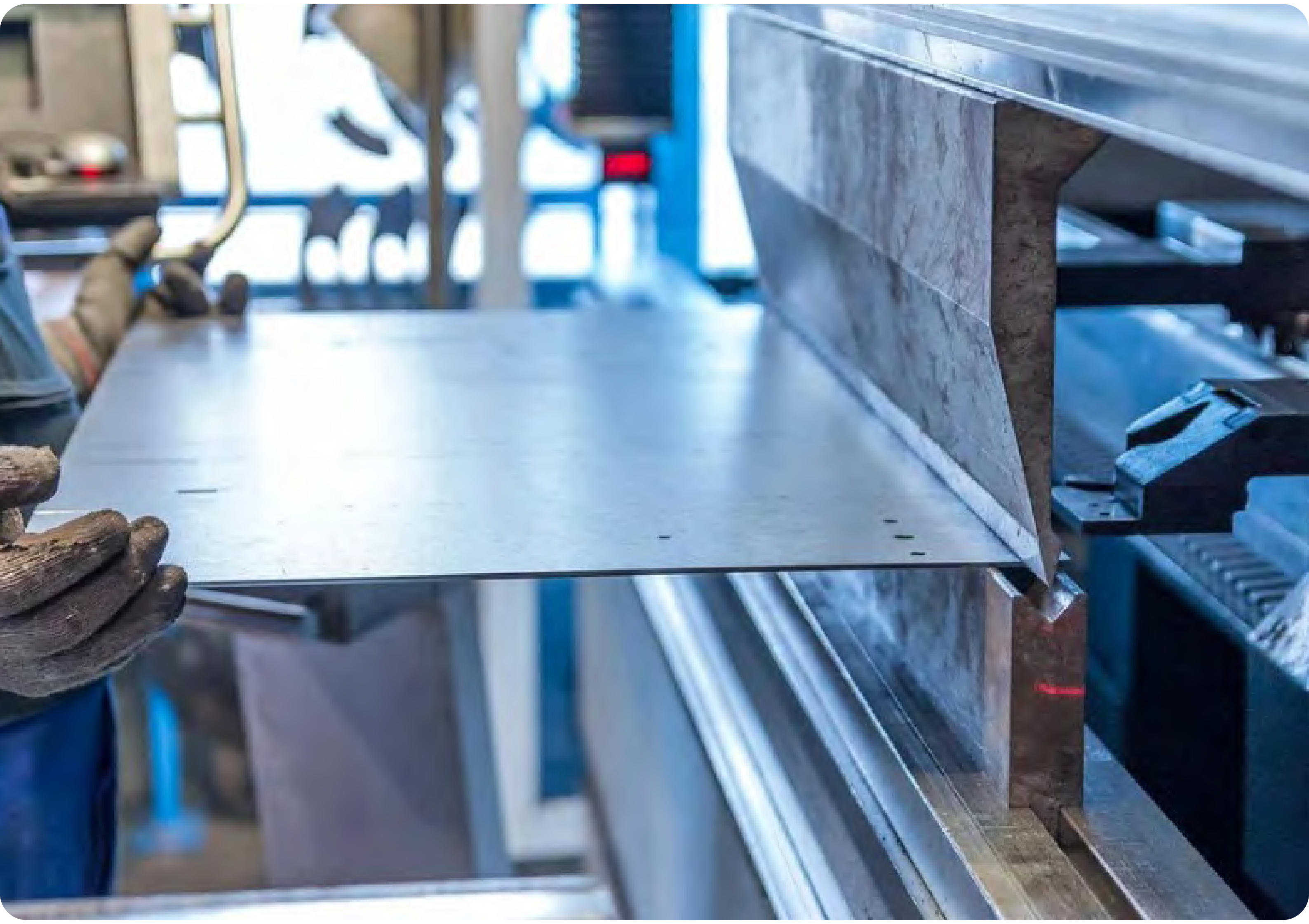
Italian Crude Steel Production shrinks by 19% year on year in first half of 2020

New data released by Federacciai, the Italian steel producers' association, shows that Italian crude steel production fell by 7.9% year on year in June this year to 1.916-million tons. However, crude steel output in June was higher compared to the months of March, April and May this year as a result of the easing of COVID-19 lockdown measures in May. In the first six months of this year, Italian crude steel output amounted to 10.182-million tons, down 18.8% compared to the same period last year.

In June, the production of longs remained higher than that of flat products, amounting to 1.008-million tons, down 10% year on year. The output of flats in June totaled 908,000 tons, decreasing by 20.4% year on year. In the first six months of the current year, the production of longs stood at 5.202-million tons, recording a drop of 20.5% year on year, while production of flats amounted to 4.945-million tons, down 22.1% year on year.

Federacciai represents more than 99% of the national production in Italy.

Source: STRATEGIC RESEARCH INSTITUTE, STEELGURU



GERMANY

German Crude Steel Production in June 2020 Impacted by COVID19

German crude steel production using blast furnaces shrank 35.8% year on year in June to 1.53-million tons, while production using electric arc furnaces fell 7.3% to 941,000 tons.

German association WV Stahl said: "The negative effects of the corona crisis on crude steel production in Germany are clearly visible. In June, crude steel production fell 27% compared to the same month last year after there were already severe declines in April and May. In the second quarter of 2020, production was 26% below the level of the previous year after having dropped by 6% in the first quarter. This means that steel production in the first half of 2020 is around 16% below the same period in the previous year."

Source: STRATEGIC RESEARCH INSTITUTE, STEELGURU

JAPAN

Toyota Motors to Source High Grade Steel from China Baowu

Nikkei recently reported that Toyota Motor will procure some of its electrical steel sheet from China Baowu Steel Group, in a move that could presage an era in which Japanese steel-makers will have to compete on price as well as quality.

Toyota has not only approved the quality of China Baowu's steel sheet for use in hybrid and electric vehicles made in Japan, it is already taking delivery of the product.

China Baowu will supply a limited amount of the steel to Toyota, but a Toyota executive said the Chinese product is as good as its Japanese-made counterparts and we're going to diversify the material's suppliers, as use of electric vehicles is expected to grow."

Steel sheet is a high-performance product and a crucial electric vehicle material, the production of which requires sophisticated technology. Because high quality is critical, Toyota has mainly sourced it from Japan's leading steel-makers.

Electrical steel sheet is magnetised through a special process. Its production requires sophisticated technologies, such as to remove impurities. The product goes into core components of electric vehicles, including motors.

The deal is seen as sign Chinese steel-makers, reliable suppliers of large quantities of general-purpose products, are catching up with Japanese rivals in terms of quality.

Source: STRATEGIC RESEARCH INSTITUTE, STEELGURU

MANAGING ORGANISATIONAL STRUCTURAL **CHANGES IN A NEW REALITY**

Structural change is usually preceded strategic change in business, but this may not always be the case. Strategic change involves making changes to the overall goals, purpose, strategy or mission of an organisation. It can also be a result of a major upheaval in how the organisation conducts business.

An example is fallout of the COVID-19 global pandemic. The external environment of an organisation can, at times, place significant demands on an organisation that it must rethink its fundamental approach to business. Changes to things such as what products or services it offers, the target customer segments or markets it tries to reach, how the company distributes its products or services, its position in the global economy and who it will partner with for operational needs are just some examples of strategic changes. Other types of change drivers are things such as the operational size of the workforce and working hours.

Many of these changes have been unforeseen, and although they have become imposed on organisations, it does not mean that organisations cannot manage the changes to avoid further disruptions.

With the COVID-19 pandemic, most organisations have found themselves evolving overnight into a new reality. Organisations have had to revise strategy and find different ways to stay in business and create means for sustainability. Organisations have had to find new ways of operating, or streamlining their operations, or implementing new safety procedures or all of the above.

Guiding change is the ultimate test of a leader. In the long term, businesses need to reinvent themselves to survive. However, fundamental changes are usually highly resisted by the people it most affects. Thus, leading change is extremely difficult for a leader.

The Company structure defines how tasks are formally divided, the line control of workflow, it determines concentrations of authority, management systems groupings, and co-ordination, Job structures and procedures, and also support components.

It is a formal way of identifying who is to take responsibility for what, who is to exercise authority on whom.

When managing an organisation's structural process approach should be adopted.

The structural changes may be a result of downsizing due to operational requirements, restructuring due to changes in markets, products, processes, or services. The reasons may be varied, but it is important to track this closely to ensure that key competitive advantages of the business are not lost as a consequence of not managing these changes.

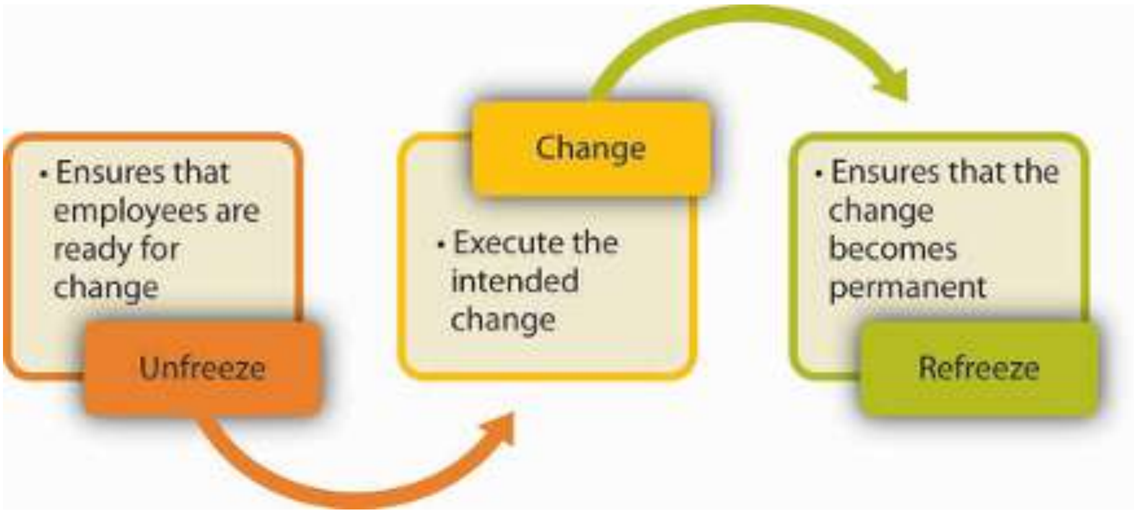
Steps to restructuring

1. Get a good pre-restructure analysis of the current reporting and interfaces in your business as this is important.

2. The effects on the value chain must be closely analysed during decision making during re-structure planning. This should also be noted and used as part of communication processes to motivate reasoning during the re-structure.

3. Once the affected areas are identified, Plan the change, to take your employees along with you.

CHANGE PROCESS MODEL:



Lewin's three-stage process of change emphasises the importance of preparation or unfreezing before the change, and reinforcement of change afterward.

We take this simple model and supper-impose it with John P Kotter's recommendations for a process approach using his "Eight Accelerators".

Thus, when unfreezing before change, we establish a "Sense of Urgency" around a "Big Opportunity".

- Examine what your market and competitive realities for potential crisis look like, and identify untapped opportunities.

Here we emphasing that your current situation needs an urgent response. Then convince that larger majority of your management that it is riskier to remain in the status quo than it is to make the necessary change: "Create/establish a Sense of Urgency"

- Form a powerful guiding coalition. This means assembling a team with enough power to lead the change effort. This maybe your Executive or management teams and other change influencers in the business. Encourage them to work as a team – even if it is outside of the normal structure.
- Create a vision for the change. This could simply be to create a new objective statement of what the business would achieve through this change. Develop the planned strategies to achieve this.
- Communicate the vision. Use existing and new vehicles to communicate the new vision and the planned strategies to achieve this. Use the behaviours of the guiding coalition as an example to teach new behaviours to those in the business.
- Empower others to act on the vision. Remove or alter systems or structures undermining the vision. Encourage non-traditional ideas, activities, and actions. You should have created enough momentum to unfreeze the status quo.
- Plan for and create short-term wins. Define and engineer visible performance improvements. Reward and recognise employees contributing to those improvements.
- Consolidate improvements and produce more changes. Use increased credibility from early wins to change systems, structures, and policies undermining the vision.
- Re-invigorate the process with new projects and change agents.
- Institutionalise the new approaches. Show connections between new behaviours and corporate success.
- Create new social norms and shared values that are consistent with the changes, thus incorporating the changes made and re-freezing in a new state.

THE STATE OF THE METALS AND ENGINEERING SECTOR REPORT 2020/21 - Q1 2020 REVIEW

The COVID-19 outbreak across South Africa and the rest of the world has slashed production and sales forecasts and the overall economic outlook. Shutdown measures implemented by the Government, starting from March 2020, have hugely impacted manufacturing activity in the broader Metals and Engineering (M&E) Industry, including in steel-using industrial sectors. The Q1 2020 Review of the State of the Sector Report indicates that the road to an economic revival for the M&E sector after the COVID-19 economic crisis will be long, and extraordinary idiosyncratic and targeted policies will be needed to walk the tightrope.

GLOBAL ECONOMY OUTLOOK

The Q1 review recognises the devastating effects of the spread of the pandemic, which has essentially halted international travel and disrupted global value chains, also resulting in a sharp contraction of global trade. Global growth is projected to contract significantly – by as much as 5.2 percent – in 2020 and the expectation is for a moderate rebound in output to 4.2 percent in 2021, with the forecast assuming that the pandemic recedes in such a way that domestic mitigation measures can be lifted by mid-year.

Global trade growth (trade volume) in 2020 is expected to contract by roughly 13.4 percent, lower than it fell during the global financial crisis, partly owing to disruptions caused by the COVID-19 pandemic to international travel and global value chains. Empirical evidence shows that trade is typically more volatile than output and tends to fall particularly sharply in times of crisis..

LOCAL ECONOMIC OUTLOOK

Domestically, business activity has fallen precipitously during the first half of this year. Although the domestic economy was already performing poorly in recent times, underpinned by two recent technical recessions in 2018 and 2019, the domestic disruptions at the end of Q1 2020 and large parts of Q2 can mainly be attributed to the COVID-19 pandemic. The real gross domestic product (GDP) growth has generally slowed in 2019 (0.2 percent) compared to 2018 (0.8 percent); the COVID-19 outbreak will cause the economy to contract this year (-7.1 percent), but is projected to rebound in 2021. The 2020 growth forecast was -2.2 percent as of March, with output declining in the first and the second quarters. Given that the forecast predated the Government's decision to lock down the economy, it is probably too optimistic, with more recent work suggesting 2020 growth to be within the range of -2 percent to -4 percent.

In the M&E sector, production volumes systematically deteriorated over the three months in Q1 2020, also significantly impacting on our earlier prognosis. Moreover, the situation is expected to get worse in Q2 2020, spanning the various lockdown Alert levels in April (Alert level 5), May (Alert level 4) and June (Alert level 3), with insignificant or little manufacturing activity, as non-essential goods companies were generally limited to the utilisation of only 50 percent of their staff members in the first two months.

HIGHLIGHTS IN Q1 2020:

- Limiting our assessment to Q1 2020, the mild optimism that we had anticipated at the beginning of the year seemed to have waned as captured by most macroeconomic indicators, and the performance of the M&E cluster of industries has deteriorated, with output dropping in quarter 1 (Q1) of 2020 when compared to quarter 1 (Q1) of 2019.
- The broader Manufacturing Sector (including its M&E cluster) recorded a net decrease in preliminary production value, registering an output of -9.5 percent in Q1 2020 when compared to the revised value of +2.3 percent in Q1 2019.
- Real gross fixed capital expenditure on an annual basis decreased for a second successive year in 2019, affected by persistent low business confidence, sluggish real economic activity and a further decline in the fiscal position.
- Production for all the sub-components that constitute the M&E cluster contracted by 5,0 percent against our forecast of increased growth of 2,0 percent for Q1 2020, with the same number of sub-components (61 percent) still posting negative growth levels.
- Total exports from the M&E cluster to the rest of the world decreased by 11,09 percent quarter on quarter in real terms and by 1,59 percent year on year in real terms, despite a weaker rand.

INTERNATIONAL TRADE (Q1 2020 EXPORT AND IMPORT): PLUS, INSIGHTS TO LEVEL 5 COVID-19 LOCKDOWN EFFECT ON TRADE

M&E REAL EXPORTS AND IMPORTS PER REGION

The total real exports from M&E Sector to the rest of the world contracted by 11.09 percent quarter on quarter between Q4 2019 and Q1 2020, largely due to a poor external trading environment caused by the global COVID-19 economic lockdown, and despite a generally weaker rand. Disconcertingly, exports into Africa (including the Southern African Development Community [SADC]), of which the Southern African Customs Union

[SACU] is a subset) decreased by 0.10 percent year on year and by 18.94 percent between Q4 2019 and Q1 2020. Exports to the SADC regional community decreased by 24.19 percent between Q4 2019 and Q1 2020, but increased by 4.34 percent year on year, while exports to SACU decreased by both 15.01 percent Q-o-Q and by 0.14 percent Y-o-Y. Low export volumes to other African countries (including to the SADC and SACU) and to Asia on a quarterly basis mainly accounts for the dip in exports to the rest of the world (ROW).

The M&E sector's largest annual imports origin (in volume) over the three quarters is still Asia, followed by Europe. An interesting observation in Q1 2020 (relative to Q4 2019) is that import saturation from global imports decreased (-6.70 percent) Q-o-Q, due to a weaker exchange rate in the quarter, also indicative of feeble domestic demand environment and global capacity under-utilisation.

M&E REAL EXPORTS AND IMPORTS PER SUB-INDUSTRY

Machinery products are the highest exported sub-components from the M&E cluster, while Products Iron and Steel are the least exported sub-components. On a Q-o-Q basis, the export performance was dismal across all sub-sectors. Exports from the Machinery sub-cluster of the M&E industry contracted the most (by 14.61 percent), while exports of Vehicles, parts and accessories contracted the least (by 7.81 percent) between Q4 2019 and Q1 2020.

Table 1: M&E Real Exports Per Sub-Sector

M & E Exports Per Sub-Sector-Real	2019Q1	2019Q4	2020Q1	Q-0-Q	Y-0-Y
Plastics & Rubber	66,513,291	71,235,116	65,419,398	-8.16%	-1.64%
Products Iron & Steel	356,715,092	368,615,168	334,668,983	-9,21%	-6.18%
Machinery	237,177,053	290,312,939	247,884,081	-14,61%	-4.51%
Vehicle Parts and Accesories	33,176,063	37,502,715	34,573,645	-7,81%	4.21%
Total	**693,581,500**	**767,665,939**	**682,546,107**	**-11.09%**	**-1.59%**

Source: SEIFSA, 2020

EXPORTED AND IMPORTED SUB-COMPONENTS OF THE M&E CLUSTER

The principal nominal exported sub-components from the M&E sector for Q1 2020 as the products of iron and steel, while the machinery (including electrical and mechanical machinery) is the main nominal imports in Q1 2019. Lower import volumes underpinned by weaker exchange rate encouragingly improved the trade deficit in Q1 of 2020 to roughly R23.0 billion from R26.8 billion recorded in Q4 2019, further narrowing the trade deficit on a year-on-year basis from approximately R30.3 billion recorded in Q1 of 2019.

M&E REGIONAL NOMINAL EXPORTS AND IMPORTS Q1 2020

Africa (including the SADC region) is the largest exports region (38 percent) for the M&E sector in Q1 2020, followed by Asia (25 percent), Europe (23 percent) and the Americas (12 percent). Asia is the largest import region in Q1 2020 (50 percent), followed by Europe (35.0 percent), the Americas (11.0 percent) and Africa, including the SADC (3.0 percent).

ALERT LEVEL 5 COVID-19 LOCKDOWN EFFECTS

Table 2 below (LHS) captures the M&E export performance globally and to other key regions for the months of April 2019 and April 2020. Disconcertingly, the data reflect the start of what will become a worrisome trend for Q2 2020, as global exports significantly declined (-73.58 percent), while exports to all the other regions also dipped considerably when April 2020 is compared to April 2019. The economic lockdown to mitigate the spread of the COVID-19 pandemic also negatively impacted export volumes to the Americas the most (-83.26 percent), followed by Europe (-76.23 percent) and Africa (-75.77 percent).

Table 2: Level 5 COVID-19 Lockdown effects - All M&E (X) & (M) (ZAR)

	M & E Exports Per Region April 2019 - Nominal	M & E Exports Per Region April 2020- Nominal	Y-0-Y
World	24,121,756,571	6,373,719,874	-73.58%
Asia	6,465,075,017	2,289,362,988	-64.59%
Africa	9,186,885,507	2,225,844,645	-75.77%
SADC	4,243,463,427	1,241,872,637	-70.73%
SACU	2,922,373,813	519,836,294	-82.21%
Europe	5,571,020,293	1,324,505,243	-76.23%
Americas	2,520,504,661	421,934,663	-83.26%

	M & E Imports Per Region April 2019 - Nominal	M & E Imports Per Region April 2020- Nominal	Y-0-Y
World	33,770,013,523	27,346,460,425	-19.02%
Asia	17,359,209,777	14,778,021,284	-14.87%
Africa	874,736,476	73,724,150	-91.57%
SADC	361,155,096	26,401,619	-92.69%
SACU	425,171,787	11,100,583	-97.39%
Europe	11,342,368,518	9,212,696,469	-18.78%
Americas	3,685,585,805	3,077,836,425	-16.49%

Source: SEIFSA, 2020

Similarly, Table 2 above (RHS) captures the M&E import performance globally and from other key regions for the months of April 2019 and April 2020. Encouragingly, the data reflect decline in global imports (-19.02 percent), while imports from all the other regions also considerably declined when April 2020 is compared to April 2019.

M&E IRON AND STEEL (I&S) TRADE

Table 3 below drills down to exports and imports by the I&S sub-components for the months of April 2019 and April 2020. The graph on the left generally reflects a deterioration in exports across all regions globally (-76.4 percent) and across all regions with exports to the Americas (-93.32 percent), to Europe (-83.42 percent) and to the rest of Africa (-78.85 percent) dipping the most. Alternatively, the graph on the right equally reflects a general decline in I&S global imports (-24.0 percent) and across all regions with imports from Africa (-96.08 percent), Asia (-21.64 percent) and the Americas (-14.62 percent) declining the most.

Table 3: Level 5 COVID-19 Lockdown effects - Iron and Steel (X) & (M) (Tonnes)

	I & E Exports Per Region April 2019 - (Tonnes)	I & S Exports Per Region April 2020- (Tonnes)	Y-0-Y
World	741,216	174,632	-76.44%
Asia	357,256	107,893	-69.80%
Africa	218,031	46,107	-78.85%
SADC	73,092	14,497	-80.17%
SACU	58,897	3,027	-94.86%
Europe	94,772	15,710	-83.42%
Americas	67,481	4,506	-93.32%

	M & E Imports Per Region April 2019 - I &S Tonnes	M & E Imports Per Region April 2020- I &S Tonnes	Y-0-Y
World	113,663	86,384	-24.00%
Asia	68,958	54,032	-21.64%
Africa	10,160	398	-96.08%
SADC	5,358	284	-94.70%
SACU	4,735	104	-97.80%
Europe	30,510	28,470	- 6.69%
Americas	2,487	2,124	-14.62%

Source: SEIFSA, 2020

Continuous improvement in manufacturing activity and higher inventories turnover are key in supporting business expectations and trade

SEIFSA does not expect a robust rebound in output for the broader manufacturing sector, including its diverse M&E cluster of industries, for the rest of 2020. Although there will be some level of growth, it will be weak due to poor production fundamentals, capacity under-utilisation and high volatility in production data from 2014. Moreover, growth expectations for 2020 are coming from a very low base since 2018.

SUMMARY OF OUR OUTLOOK

1. The global economic outlook continued to deteriorate at the start of 2020, with trade and manufacturing showing signs of marked weakness, which have the potential to further disrupt an otherwise positive GDP prognosis and economic outlook. Falling commodity prices, a dip in oil production and frail global demand also provide a weak basis for the M&E cluster to improve output. Therefore, we revise our global outlook as negative and unfavourable.
2. Internationally, there has also been heightened uncertainty resulting from the COVID-19 pandemic, accompanied by a deceleration in global investments and a decline in investor and business confidence. These dynamics continued to weigh on the local currency, dragging down emerging markets as capital flows from investors move to the safety of the US dollar in expectation of better returns. Undoubtedly, the downside to the production growth in the M&E sector will be tempered by a generally difficult operating environment. Although the expectation is for the comparatively weaker exchange rate to provide some leverage over time and perk up export volumes through relatively lower prices, also impacting on production, the immediate challenges are glaring and disconcerting. Accordingly, we revise our outlook for the exchange rate contribution as moderate but negative.
3. On the balance of risks and the facts reviewed in Q1 2020, we change our assessment of the domestic macroeconomic environment to unfavourable, as the prognosis is less robust, primarily as a result of a poorly improving and volatile supply-side dynamics, underpinned by regressing investor, business and consumer confidence. The decision to downgrade SA's investment rating to sub-investment grade augurs ill for existing and new investments. The outlook, therefore, depends on continuous policy reforms and initiatives aimed at promoting real gross fixed capital formation (GFCF) from the general government, public corporations and private business enterprises. Clearly, the dearth of new investment - with possible job creation - remains SA's major constraint. Consequently, we revise our outlook for the domestic environment, including domestic investments, as unfavourable and negative.
4. After considering key domestic and international factors, including the uninspiring production patterns of key industrial sectors (such as the mining and construction sectors and automotive industry) which are equally important to the M&E sector's survival, and on the balance of reviewed empirical evidence, we summarise our respective revised positions on global growth, SADC growth, commodity prices, exchange rate, GFCP and industrial sectors as all negative and unfavourable contributors to the M&E sector's growth, while the Mining sector's contribution is neutral.
5. Although the expectation is for the M&E sub-components to benefit from the weak exchange rate and boost exports once regional and global economies open up, we are cognisant of the very difficult operating environment posed by the COVID-19 crisis, hence the downwardly revised negative forecast for the sector, during the year 2020.

REVISION TO THE 2020 OUTLOOK

The uncertainty created by the virus has compounded low levels of domestic demand for intermediate and finished products, dampened selling prices and worsened levels of 3 business, investor and consumer confidence. Also, the swift fall in global travel as a result of the pandemic has had a particularly severe impact on South Africa's manufacturing sector's logistics and supply chain capabilities, also affecting tourism spending on locally manufactured or value-added goods.

The table below captures our revised modest outlook for 2020, taking into account the weaker-than-expected Q1 data, the trickle of a negative COVID-19 impact into South Africa and revision to our macroeconomic variable contributions. Disconcertingly, the revised outlook shows the sector contracting by 9.1 percent, down from the initial 0.6 percent.

Table 4: Revised Forecast (based on Q1 actuals)

2020 REVISED FORECAST	ACTUAL	FORECAST	FORECAST	FORECAST	REVIDED FORECAST FULL YEAR 2020	INITIAL FULL YEAR FORECAST
Metals and Engineering (M&E) Sector	Q-1 2020	Q-2 2020	Q-3 2020	Q-4 2020	Revised	Initial
Weighted average adj. for exchange rate votality					-9.1	0.6
	-5.0	0.4	-1.7	0.4		
Rubber Products	0.3	6.0	1.2	2.5	2.5	0.5
Plastic Products	-2.0	-0.1	-3.9	-0.6	-1.6	-4.2
Basic Iron and Steel Products	-3.1	-1.2	-5.8	-1.1	-2.8	7.5
Non-Ferrous Metal Products	-12.1	2.1	-0.9	1.9	-2.2	-0.4
Structural Metal Products	0.8	2.0	-1.8	1.5	0.6	2.6
Other Fabricated Metal Products	-10.6	-3.4	-4.1	-3.0	-5.3	-5.9
General Purpose Machinery	1.8	3.6	5.6	4.1	3.8	1.2
Special Purpose Machinery	- 6.5	-0.2	-5.6	0.1	-3.0	-2.6
Household Appliances	- 6.2	1.5	3.8	0.3	3.1	-0.4
Electrical Machinery	-11.5	6.2	5.6	3.8	1.0	4.6
Bodies - Motor Vehicles, Trailers and Semi	-4.1	-9.4	-12.3	-1.4	-6.8	-6.4
Parts / Accessories(Motor Vehicles)	-9.2	-4.3	-4.2	-0.1	-4.4	-3.0
Other Transport	2.0	7.9	10.6	1.6	5.5	10.6

Source: SEIFSA, 2020

Other factors that may further delay the sector's coming out of the doldrums include low domestic demand, erratic power supply, rising administered prices, exchange rate volatility, generally low productivity levels, capacity under-utilisation, declining net operating surpluses and high import penetration.

However, every bad situation presents a small window of hope and an opportunity now exists for local companies to increase exports to the rest of Africa and mitigate losses from the pandemic. Although the African market is down, it is still a market. Local companies should mobilise resources to immediately increase exports share regionally and the new export development course offered by SEIFSA will provide some leverage to beleaguered businesses during these tough times.

NOW IS THE TIME TO SEIZE THE MOMENT AND IMPLEMENT TIME-SENSITIVE INDUSTRIAL POLICY REFORMS TO REBOOT THE ECONOMY

The Coronavirus pandemic has altered the way we live and move. It is now up to cities globally to decide whether that is an existential threat, or an opportunity to reshape urban mobility. Likewise, now is also the time for South African policy makers to seize the opportunity and rework industrial and trade policy reforms in order to mitigate the negative effects of the pandemic in a struggling economy underpinned by increasing de-industrialisation, galloping unemployment, persistent poverty and high inequality.

If the government is serious about improving tax revenue, stabilising debt and transforming the economy, the moment is now. If policy decision makers consider industrial development, support for struggling businesses, export growth, job creation and import-substitution industrialisation as essential for economic welfare, now is the time for meaningful intervention.

It has now been about seven months since the outbreak of the coronavirus outbreak and the resulting economic crisis, but the contagion is far from over, with reverberating negative effects on economies, production, imports and, disconcertingly, exports.

The pandemic has had a major impact on the whole business value chain, including in the Metals and Engineering (M&E) sector. Disconcertingly, the sector's export performance for April 2020 reflects the start of what will become a worrisome trend for Q2 2020 as global exports significantly declined by 73.58% year on year, while exports to all the other regions also dipped considerably.

Correspondingly, exports by the strategic steel sub-component dipped across all regions globally by 76.4% annually, with the Americas (-93.32%) and Europe (-83.42%) reflecting significant decreases. The World Health Organisation recently warned that "the worst is yet to come from the pandemic", and evidence of that abounds domestically, with reports of infection numbers spiralling beyond initial forecasts. Accordingly, countries are grabbing the opportunity presented by lax monitoring of international trade protocols and are becoming inward-looking, promulgating protectionist policies aimed at ensuring the best for their citizens, to the detriment of globalisation and international trade.

As economies open up, efficient producers are tinkering with industrial policies to complement health policies by intervening and subsidising their indigenous businesses' production costs. The news by the National Bureau of Statistics that China recently churned out more steel in May 2020 than in any month since records began in 1986 is not surprising. The spike in China's output is not by serendipity, but by conscious efforts by that government to support steel businesses as some segments of the economy bounce back from the pandemic. The country produced 92.27-million tons of steel in May, up 4.2% year on year, with daily average output approaching 3-million tons.

For context, South Africa produced roughly 6.3-million tons per annum in 2018/19, while the entire African continent produced about 17-million tons over the same period. The new record set by China is alarming, especially given the potential for some of the output to infiltrate the South African market via trade diversion and deflection. Therefore, steps must be taken to boost demand as well as production and exports, while also reducing imports.

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Reflecting significant decrease

First, in addition to long-term initiatives aimed at boosting domestic demand through the enhanced National Infrastructure Plan 2045, there should be ample support for existing measures to promote the consumption of steel products designated for local procurement. This should be the case, especially given that some of the designated products with local production capacity are still being imported.

The temporary dip in the importation of designated products due to COVID-19 presents an opportunity to reduce their importation significantly. Proposals aimed at ensuring the effectiveness of the preferential procurement policy, including the creation of an enforcement committee or the imposition of import duties, have been discussed ad nauseam in various fora involving government, labour and business.

A key suggestion is to delineate designated imported products and refer them to the International Trade Administration Commission for further investigation into the scope of increasing import duties. If existing import duties are below the World Trade Organisation's threshold, the proposal is to increase them to the allowed threshold, thereby reducing the import of designated products and also allowing for increased production from domestic businesses with the requisite capacity.

Second, given the abnormal market conditions, a need exists now more than ever before for the government to subsidise production costs directly and incentivise production processes in the steel industry, in order to boost output volumes and enhance both price and export competitiveness. This would mean identifying idiosyncratic factors unique to companies and ensuring their sustainability and financing.

An increase in the volume of domestic output can reduce the unit cost of the product locally, thereby alleviating cost pressures faced by local businesses. This is especially the case in highly capital-intensive industries like steel. Moreover, higher productivity by exporting companies will further bring down costs and make the product more competitive not only in the domestic market, but also in regional and overseas markets.

Penultimately, import-replacement or import-substitution industrialisation should be promoted as it is the only way to re-industrialise the economy and create sustainable jobs. Our State of the Metals and Engineering Sector Report 2020/21 shows that the composite imports-domestic demand ratio (or the amount of imports to generally satisfy domestic demand) increased by 50.1% year over year. Correspondingly, import saturation or import penetration from raw materials or products, and import leakage or imports to satisfy tourists' demand increased by 51.1% and 106.6% respectively, since 2014.

Instead of continually paying lip service to the proposition of import replacement, the government should, in collaboration with captains of industry, monitor these drivers of imports, investigate the existing potential to produce locally and incentivise local production. It is important to start with the most feasible and cost-effective option and scale up as initial interventions become successful.

Lastly, given low domestic demand, local businesses' export development aimed at increasing foreign market share and exploring new markets is the best way to ensure sustainability. For example, companies whose products attract tourists visiting South Africa are, in a small way, already in the export business and a study of the products most in demand by these tourists will enable local companies to anticipate which products are likely to attract attention when exported. Also, an analysis of the consumption pattern of overseas tourists will discern which products are most likely to be acceptable in their home countries, enabling country-specific exporting.

Clearly, there is a need for steel industry stakeholders to set aside egocentric norms and rudderless debates and to collectively map a sustainable way forward. If the discussions are feasible, realistic, genuine and generally aimed at creating jobs, then unwavering government support is likely to be forthcoming. ■

Dr Michael Ade is the Chief Economist of the Steel and Engineering Industries Federation of Southern Africa (SEIFSA)

MAIN AGREEMENT IN FOCUS

Exemption from conditions of the Main Agreement, including wages and the leave enhancement pay/bonus

Members of Associations affiliated to the Steel Engineering Industries Federation of Southern Africa (SEIFSA) are able to submit an application for exemption to their Local Regional Bargaining Council, against any conditions of the Main Agreement, including wages and the leave enhancement pay or bonus.

SEIFSA is aware that the current economic environment may pose severe constraints on certain member companies, the exemption provisions assists companies in managing these difficult times.

SEIFSA is currently seeking an agreement with all the trade unions to extend the current agreement until 30 June 2021 and to postpone negotiations as the COVID-19 pandemic continues to put a strain on business activity and mobility. The agreement will cover all the terms and conditions of employment the Main Agreement.

Once this has occurred, the MEIBC will be able to consider exemptions to any conditions of the Main Agreement. The most common exemptions include exemptions concerning wages and the leave enhancement pay of bonus. Others include areas around working hours and overtime.

There are clear exemption guidelines and forms that need to be completed. These can be found in the Main Agreement handbook and can be obtained from SEIFSA. Importantly the exemption process contains a consultation process with your employees, but does not require the employees' agreement in order to be granted the exemption.

It is important to note that the Bargaining Council is obliged to consider all applications for exemption irrespective of the basis on which they are founded. This effectively means that financial reasons are not the only criteria which must be considered. Employers may apply for an exemption on any one or more of the following reasons (but not limited to):

- increased competitive threats;
- inability of employer to pass on cost increases to final customers;
- technological changes threatening business survival;
- inherently high difference between wage rates actually paid and current affordability of market competitive considerations facing an employer;
- market decline, projections, etc.;
- loss or potential loss of business;
- existing/ current unprofitable contracts the consequences of which are only likely to manifest themselves in future/ current (unreported) accounting periods;
- expansion opportunities (including capital investments) where cheaper labour costs could influence investment decisions; and/ or
- new ventures/ operations which justify retention or creation of job opportunities at reduced wage costs.

One, nevertheless, anticipates that an application for exemption will primarily be founded on the grounds of affordability, job retention and/or job creation. SEIFSA affiliated member companies who have any queries or who may need any help in these areas, must not hesitate to contact SEIFSA for more assistance.

Main Agreement Handbook

2020

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Main Agreement 2020-2021 Combo Pack

Main Agreement Handbook and Walllchart

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The 2020/2021 SEIFSA Main Agreement Handbook is an easy-to-read comprehensive summary of the industry's terms and conditions of employment, technical schedules, pro-forma employment contracts and letters on implementing retrenchments, lay-off and short time.

The 2020/2021 Handbook also comes with all the various wage tables effective from 1 July 2020 to 30 June 2021 e.g. the general wage table, apprentices, drivers etc

In addition, by purchasing a copy of the SEIFSA Main Agreement Handbook automatically gives you **twelve months access to the Main Agreement Portal,** located on the SEFSA website.

IN ADDITION, SEIFSA MAIN AGREEMENT WALL CHART

Display the Main Agreement Wall Chart in your company, this provides an easy-to-read summary of the key provisions of the Main Agreement, providing easy access to your staff in an endeavour to prevent disputes and provide clarity on the Main Agreement conditions of employment, which are in many areas different to the BCEA and which has to be displayed by law.

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