

South African Implats Workers Demand 10 Percent Raise

MICHELLE FAUL, Associated Press



JOHANNESBURG (AP) — Monday is D-Day for the London-registered Lonmin PLC platinum mine. It hopes workers will report for duty in the fourth week of a violent strike for higher wages that has killed 44 people and has exposed the yawning gap between the elite of high-flying millionaire mine owners and workers who live in tin shacks without electricity or water.

If workers do not return Monday, Lonmin must start shutting down shafts, Peter Major, head of mining and resources for Cadiz Corporate Solutions, was quoted as saying in South Africa's Independent Online news site.

"Financially it looks really bad, and it is really bad," Cadiz said.

Lonmin, whose shares have lost nearly a quarter of their value during the strike, has said it is negotiating with its banks to reschedule debts that fall due at the end of September.

Wildcat strikes and protests spread to two gold mines last week, where they were quickly resolved, but predictions South Africa is in for more labor unrest have shaken investor confidence.

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On Sunday, Implats platinum mine spokesman Johan Theron reported its 15,000-plus workers are demanding another 10 percent pay rise.

Theron told The Associated Press that the company already has paid a 10 percent salary increase in April, two months earlier than agreed.

"We've just received another request from the interim workers' committee, now asking again for 10 percent," he said.

Strikers closed Implats for six weeks earlier this year in a violent and illegal strike that saw one worker shot and injured. The unrest spread to a neighboring community where protesters looted and destroyed the shops and stalls run by foreigners.

Implats fired all its 17,200 workers and then selectively rehired some. It said the strike cost it R2.8 billion (\$3.5 million).

South Africa holds 80 percent of global platinum reserves and produces nearly 75 percent of world needs. Platinum is used in jewelry and catalytic converters that lower vehicle carbon emissions.

Lonmin says it hopes miners will return to work Monday as agreed under a peace accord brokered by South Africa's government and signed by the three main trade unions. But those prospects are gloomy since the deal has been rejected by the militant upstart union and some 3,000 rock drill operators who shut down operations with the strike that began Aug. 10.

Lonmin strikers say they are holding out for a 12,500-rand (\$1,560) monthly take-home pay that would double their salaries. Militants among them are threatening to kill miners and managers who go to work at the world's third-largest platinum producer.

Joseph Mathunjwa, head of the Association of Mineworkers and Construction Union, said Sunday he has received an invitation to wage negotiations starting Monday, but was waiting to see if his breakaway union has only observer status before deciding whether to participate.

This year's strikes at Lonmin and Implats both are rooted in rivalry between the monolithic and politically connected National Union of Mineworkers and Mathunjwa's militant AMCU.

AMCU has taken thousands of members from the NUM, which is accused of cozying up to management and putting business and politics before the needs of ordinary mineworkers.

The NUM denies that has any shares in mines, but has bought shares in many other companies. Recent reports show that the NUM's leader earns a salary that puts him in the ranks of South Africa's business executives. NUM secretary general Frans

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Baleni increased his salary by 40 percent last year and earns a total package of 105,000 rand a month (\$13,125) and an additional 33,300 rand (\$4,170) a month for serving on the board of the Development Bank of South Africa and its development fund. The union is investigating the leak which provided the Mail and Guardian newspaper with the salary information.

The Mail and Guardian Sunday quoted author and analyst William Gumede saying the NUM's Mineworkers Investment Company now is valued at 2.8 billion rand (\$3.5 million). "The NUM leadership is now in top management. Its leaders occupy senior leadership positions in both the (governing African National Congress), business and government ... its members sit on the boards of blue-chip companies," Gumede said.

Strikers also point to Cyril Ramaphosa, a former NUM leader, who now sits on the Lonmin board. Many miners think that such close ties make the NUM leadership less effective in pressing for higher wages.

It's unclear how many of Lonmin's 28,000 miners are striking. Thousands have been staying away because of intimidation and violence that killed 10 people including two police officers before police opened fire on strikers Aug. 16, killing 34 and wounding 78.

The company warned last week that the prolonged stoppage has put 40,000 jobs in danger.

Strikers have stuck to their resolve even as they suffer from the no-work, no-pay strike that has money lenders reporting they are turning people away in Marikana, the once-sleepy farming town that now hosts the platinum mine.

The strike comes as the platinum industry suffers depressed international prices, increased costs in South Africa for transport and electricity, and lower demand from European car makers.

Aquarius Platinum Limited suspended operations at two South African mines this year, citing low prices.

Lonmin strikers say they don't care if strike forces Lonmin to shut down.

"Give us R12,500 or shut your mine!" announced a placard carried by several among some 2,000 strikers who marched on the mine last week.

The strikers have been singing songs blaming South Africa's President Jacob Zuma for the police killings of their colleagues.

So they are unlikely to be moved by Zuma's call Saturday for all those involved to commit themselves to end the violence and to peaceful negotiations.

"We cannot tolerate a situation where workers openly threaten people with murder if they exercise different choices from theirs, as it has reportedly happened in

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Marikana this week," Zuma said.

He has denied that violent strikes are affecting investor confidence.

But Gold One International CEO Neal Froneman said last week his company's Chinese investors are "anxious about the state of labor relations in South Africa ... They are very concerned about making future commitments to the country."

A Chinese consortium spent \$330 million to acquire new assets in the past year and had planned on further expansion to raise Gold One production from just over 100,000 ounces in 2011 to 1 million ounces, Froneman said.

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