

Export freight: a can of worms

Luyton Driman

Watching the spikes and the dips of the ZAR and the fuel price over the last few months, an old favourite topic of mine came back to haunt me in a flash. While not a new issue for me, as I deal with it extensively in my book (and on a daily basis), I cannot avoid opening up this can of worms, which we call: export freight!

A contentious issue to say the least, but a subject I hope will evoke some response from readers.

Basically, if South Africa deems itself as being the "business hub" and/or "business powerhouse" of Africa, the Government needs to make a greater effort to promote and support every company from SMME status to blue chip status as far as export freight subsidies is concerned.

We have natural geographical access to sub-Saharan Africa by road, rail, air and sea, yet the freight rates out of this country are of the highest in the world. I cannot understand why we cannot introduce subsidies as in Brazil and China. It is tough enough to remain competitive, to source the right components and to nurture your labour force to build/create/develop and

manufacture products for export – we just need the right vehicle (pun intended), to assist one and all.

In my opinion the various workshops and numerous presentations available up and down the country by the likes of the DTI, ITB, Geda, Seda and the various chambers of commerce should draft a "white paper" proposal to government in order to alleviate this problem.

In real terms, if export freight rates were subsidised, volumes would increase, and the whole labour and trade cycle would be in a naturally advantageous position for growth. The buoyancy of the gold price and selective other minerals will probably keep the ZAR exchange rate pretty strong into the near future; so in my opinion, we need to do something NOW.

However, all is not lost! On our doorsteps we have a neighbour to the immediate north of us eager for business and very focused on growing its own economy: Botswana.

Consider this: Botswana has a very stable currency in the pula with a population of around 1,5 million people. To their advantage they also have mega-tons of minerals being mined (and waiting to be mined). The reason for my overture is that Botswana has an organisation called Botswana Export Development &



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Investment Authority (BEDIA), which offers great concessions to set up business and trading options out of its country. Taking the freight issue into consideration here, BEDIA promotes direct foreign investment and emphasises opportunities in the service sector and in export-orientated manufacturing.

Some of the advantages are as follows:

- No exchange control
- Duty-free and quota-free access to the EU market
- Preferential access to 14 southern African markets

For more information, go to www.bedia.co.bw or e-mail bedia@bedia.bw

Until the next time, keep searching for those niche market opportunities – there are customers out there waiting for your products! ■



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