

'Solutions sought for high port tariffs'

By [Ntsakisi Maswanganyi](#)

11 Feb 2014

Companies in the shipping industry and port authorities are seeking to resolve the challenges that South Africa's high port tariffs represent and to make it easier to do business in the country, says Maersk South Africa's Fred Jacobs.



South Africa's ports are among the most expensive in the world and now TNPA wants a further tariff increase. Image: [Urban Africa](#)

A recent World Bank report on South Africa suggested that a reduction of charges exporters incurred for using ports, rail and telecommunications was urgently needed. This would improve competitiveness and encourage growth of small and medium-size exporters.

Ports are an important trade channel for South Africa, with up to 80% of trade between South Africa and its partner countries being maritime-based, according to Maersk. But costs could escalate if the Ports Regulator granted Transnet National Port's Authority's (TNPA) application for an 8.5% tariff hike.

TNPA has said it needs the hike to fund its R2.4bn capital expenditure in 2014/15. The proposed tariffs are effective from April, the start of the Transnet's financial year.

Port tariffs remain a challenge

"If we want to have global shipping companies using our ports then we have got to be competitive from a pricing point of view," Jacobs said.

He said challenges with port tariffs were not just a South African issue but a global one. Despite the challenges over tariffs, local port authorities consulting shipping companies about tariffs and other issues.

Analysts said with the global economic conditions starting to improve, South Africa needed to position itself as an investment destination and trade partner.

Coface South Africa's lead analyst Saijil Singh said there were contenders to South Africa's position as the gateway to Africa. Many global companies looking to expand into Africa had based their regional head-offices in South Africa, but this was changing.

"The Western world is now increasingly looking at countries like Nigeria and Angola as options," Singh said. "In terms of proximity, a country like Nigeria is well placed and the US or Europe will find it cheaper to trade with them because they are closer."

Economic growth

Economic growth is also higher in many other African countries than it is in South Africa.

Nigeria's Finance Minister, Ngozi Okonjo-Iweala, recently projected the continent's second-biggest economy would grow by 6.8% this year. In comparison, South Africa is expected to grow just 2.9%.

Economic growth in South Africa has mostly been below potential in the recent past because of economic under-performance among its main trading partners. Further, strikes in key sectors such as manufacturing and mining have taken



SA's transport infrastructure still makes it an attractive option for international companies. Image: [South Africa Guide](#)

their toll on the economic performance as well.

Jacobs said port activity in countries including Mozambique, Angola and Namibia was increasing. But South Africa still had an advantage over other ports on the continent because of transport infrastructure.

The links allowed for goods to be speedily delivered from ports to inland destinations. "South Africa has that advantage in place and that still puts us ahead of other African countries," Jacobs said.

Transnet, the parastatal responsible for ports and rail, was not available for comment.

For more, visit: <https://www.bizcommunity.com>