



CAPE CHAMBER

OF COMMERCE & INDUSTRY

Wednesday, 14 October 2015

For Attention: The Chairman, Ports Regulator
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Comments: The National Ports Authority Tariff Application 2016/2017

Introduction

The Cape Town Regional Chamber of Commerce and Industry represents small and corporate businesses, across various sectors in the Western Cape.

On behalf of our membership and business in South Africa the Chamber wishes to comment on the National Ports Authority Tariff Application for the period 2016/2017.

Submission

The Cape Chamber of Commerce and Industry has in previous years expressed great concern at the high utilisation costs of South African ports. We believe that these costs have undermined the competitiveness for our local exporters, in the global market. Our views were confirmed by research done by the previous Port Regulator who found that at one stage our port costs for containers were 850% more than comparator ports around the world. The situation has since improved, partly as a result of tariff reductions and shifting exchange values and the difference is now at a staggering 500%.

Tariffs for bulk exports of coal and iron ore compare favourably with tariffs in other countries and therefore the Chamber's main concern is the cost of shipping containers.

Goods shipped in containers are predominantly agricultural products, the value-added products and manufactured goods which are vital to the country's economy and employment. What matters to exporters and importers are the total costs of the ports' usage. Transnet Port Terminal (TPT) charges may be reasonable when viewed in isolation, but the problem is Transnet National Ports Authority's (TNPA) cargo dues which make our total package of port charges so much more expensive than other international comparable ports.

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In these circumstances, we believe that Transnet should be looking for ways to reduce total port costs for containers, rather than apply for any further increases. We realise that this may be difficult but unless the problem is tackled our exporters will continue to be disadvantaged and this will ultimately have a knock-on impact on our economy. The fact that our ports have no competitors', means that the onus is on Transnet to ensure that the total package of costs for containers is - and remains - reasonable, justifiable and in line with international tariffs. We have seen from the previous Port Regulator, Mr Riad Khan's research that this is not the case.

In 2011, the Chamber provided evidence (from a Wikileaks cable reporting on a discussion on port security between Transnet and the US Embassy officials) that Transnet used the ports as a "cash cow" in order to cross subsidise other Transnet loss-making operations.

The Chamber reiterates its view that it is unfair, unjust and damaging to the country's economy to maintain and even increase the total package of port charges for containers of exports and urges Transnet to find ways to cut costs just as any company in the private sector would have to do.

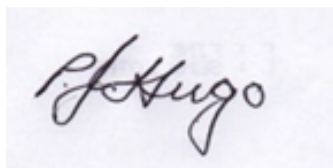
Conclusion

We would like to reiterate that to the Ports Regulator that the National Ports Act 12 of 2005, states that the purpose of the Act is ***"to promote the development of an effective and productive South African ports industry that is capable of contributing to the economic growth and development of the country."***

We believe that the primary concern of Transnet and its Ports companies should be, in line with the legislation quoted above, ***"the development of effective and productive South African Ports"***.

We therefore urge that the Ports Regulator consider our submission, in a positive light, in order to simplify and streamline business processes and thereby cut through the bureaucracy and red tape that hinders the development of our local and national economy.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'P. Hugo', is written on a light-colored rectangular background.

Mr Peter Hugo
Chairman of the Transport and Transport Infrastructure Portfolio Committee