



Wednesday, 23 October 2013

For Attention: The Chairman  
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**Comments: The Transnet National Ports Authority (TNPA) tariff application for 2014 / 2015**

## Introduction

The Cape Chamber of Commerce is a non-partisan organisation which has been representing business for more than 200 years. The Cape Chamber represents 3 000 businesses, of which more than 900 members are involved in the import, export and trade industry.

## Submission

THE Cape Chamber of Commerce and Industry regards Transnet's application for a 14.4 percent increase in port tariffs as unjustified and potentially damaging to the economy of the country. Port tariffs and cargo dues, as we have pointed out in previous years, are among the highest in the world and represent a major problem for exporters.

Our views have been confirmed by a detailed study by the Port Regulator who found that our cargo dues for containers were 847 percent higher than the global average and that the total port authority pricing was 4.6 times higher than the global average. When rebates are taken into account, the situation improves marginally but the total package of tariffs which cargo owners have to pay is still about four times higher than the global average for other ports.

In these circumstances we simply cannot understand the justification for the aggressive application for an increase of 14.4 percent in tariffs.

Similar applications for increases in container tariffs, which were all well in excess of the inflation rate, have been rejected by the Port Regulator in recent years. The Chamber believes that tariffs for container shipping should be systematically reduced to bring them into line with the tariffs paid by exporters in other countries which now enjoy an advantage when they compete with us.

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*Founded in 1804 and incorporated by an Act of Parliament - Act 21 of 1891*

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Two years ago the Chamber produced evidence that Transnet regarded its ports monopoly as a “cash cow” and that it was using the income from its ports to subsidise its other operations.

High port tariffs might be understandable if productivity was improving and our ports were developing to meet the challenges of the future, but this is not the case. Instead we see our ports eclipsed by the expanding ports of Walvis Bay and Maputo which are providing well priced services to exporters and to the oil and gas industry. We have no doubt that South Africa’s high port tariffs have contributed significantly to the move to other ports and the loss of economic activity and jobs in our economy. We urge the Port Regulator to once again reject the Transnet application for higher tariffs and to insist on further reductions to port dues and other costs incurred by our cargo owners and exporters.

### **Conclusion**

In conclusion we urge that the Port Regulator consider our submission, in a positive light.

Yours Faithfully



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**Mr Peter Hugo**  
**Chairman: Transport and Transport Infrastructure Portfolio Committee**