

# South Africa is squandering its export opportunities

By [Bertie Jacobs](#), issued by [North-West University \(NWU\)](#)

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- It is peak export season for the fruit industry and there is still a backlog of exports.
- The impact of the logistics crises caused by Transnet and the ports are having far-reaching negative consequences.
- Export industries are pleading for a chance to help, but government is unwilling to get out of the way.



Bertie Jacobs

Administrative chaos and shipping queues that last for days. These are just some of the hallmarks of South Africa's major ports – from Cape Town through the Eastern Cape to Durban – all of which are experiencing backlogs and congestion that have seen tens of thousands of containers not reaching their destinations on time.

The Port of Durban is not only one of the busiest ports in Africa, but one of the busiest ports in the world. And it isn't coping with the workload. This has led to cargo being diverted to Maputo, Luanda and Walvis Bay, depriving South Africa of invaluable trade.

Although recent reports and comments by President Cyril Ramaphosa suggest that Transnet is on the mend, the irrefutable fact is that the state-owned enterprise, which is responsible for rail transport, port management and fuel pipelines, has experienced an operational implosion due to a litany of factors, including mismanagement and the Covid-19 pandemic.

According to economist Prof Waldo Krugell of the North-West University's Faculty of Economic and Management Sciences, the scenario has escalated to the point where South Africa is currently squandering its export opportunities.

"The impact of the logistics crises caused by Transnet and the ports is having far-reaching negative consequences. The rand is also undervalued and this, coupled with the Transnet dilemma, is having a compounding effect on the fortunes of the country. The undervaluation of the rand is mainly related to the trading of financial assets and investor sentiment towards emerging markets and South Africa in particular, but it has implications for the import and export of goods and services. According to the Big Mac Index, the rand should trade at around R11,30 to the dollar. More complex models reckon it should be around R15 to the dollar," says Krugell.

"In rand terms, we are therefore paying more than we should for imported products. This is particularly detrimental when you consider that most of our fuel is imported, as are many other industrial inputs. But fortunately it also cuts the other way. Our exporters are R3 per dollar more viable than they would be at the fair value rate. That is an opportunity that we are wasting because of the logistics crisis caused by Transnet and the ports. During the course of January, the situation at Cape Town's container terminal improved slightly. Waiting times for ships have been reduced from 9 days to 7.5 days, but the target is only one day. It is peak export season for the fruit industry and there is still a backlog of exports. The port of Durban handles 60% of South Africa's container shipping and the problems there were reflected in December's trade statistics. Imports were down 9% month-on-month and exports down 11,5%. As a result of these problems, the IMF recently downgraded South Africa's growth outlook to 1% for 2024. The worst part is that the export industries are pleading for a chance to help address the problems of poor management and inadequate maintenance, but the government is unwilling to just get out of the way."

It is an untenable situation the government has placed itself in, and a detrimental one to the health of a country that is still

recovering from its Covid sickbed.

## ABOUT THE AUTHOR

Bertie Jacobs is an award-winning journalist who has been published extensively in a variety of national media publications. He is an alumnus of the North-West University where he completed his honours degree in journalism. He enjoys writing about current affairs, everything sociological, human-interest stories and sport. Bertie is a history and popular culture fanatic and spends most of his free time indulging in one of these pursuits...or traveling. Contact Bertie: [[Bertie.Jacobs@nwu.ac.za]]

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