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Reichmans Capital
We see trade and asset finance differently
We’ve eventually managed to nail down the long awaited feature on Algeria, following the recent African Business and Investment Forum held in the historical city of Algiers.

It has taken some doing, but we have, with the help of the Algerian Embassy in South Africa, managed to compile six pages of information on some of the massive opportunities available for South African companies in the largest country in Africa, as they work tirelessly to diversify their economy and free themselves from the stranglehold of hydrocarbons.

While Algeria is still one of the largest and most important producers and exporters of oil and gas in the world, they’ve learned an expensive lesson with the steady drop in oil prices since 2002, costing them billions every year.

The largely state controlled economy of Algeria has now been opened to the private sector in Algeria and new laws have been introduced to allow for foreign investment and partnerships in nearly every sector in the country, creating massive opportunities not only for the local private sector, but also for South Africa, as a preferred business partner, to expand their reach into Algeria, and into the rest of North Africa and even Europe, via Algeria’s well developed transport system and strategic partnerships with a host of North African and European countries.

With a pristine Mediterranean coastline of over 1 300 km in the North, to sites of massive historical, cultural, and religious significance, a large swath of the Sahara desert, large national parks and even snow capped mountains, the country ripe for investment in the tourism sector.

The near perfect seasonal inversion with South Africa creates massive opportunities for the agricultural sector, especially since Algeria produces most of the same produce as South Africa, with a few additions. Although a significant amount of South African produce is already exported to Algeria, there is not yet much in the way of agricultural imports to South Africa.

Opportunities exist in nearly every sector including mining, renewable energy, infrastructure, the automotive sector, the pharmaceutical sector and the financial sector.

Look out for upcoming articles in which we will monitor this process of diversification and the progress that local business is making in terms of exploiting the opportunities available in Algeria.
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Given its strategic geographic location, its stability, the size of its domestic market, its immense natural resources, and a qualified, young and competitive labour force, Algeria today represents one of the most attractive countries in the world for investments.

Situated at the centre of North Africa and the Mediterranean region, Algeria aims to be a connection hub between Africa, Europe and the Middle East. It is the only country that connects the Mediterranean area to the heart of Africa through the Trans-Sahara highway, and offers access to seven border markets in neighbouring countries as well as to the European market.

With a population of 40 million inhabitants, Algeria remains a big market with a growing interest in products and services, spending more than USD 50 billion annually on imports. The country has a large and young labour force, and enjoys high levels of human development.

The country also boasts with a very functional and modern infrastructure, including highways, ports, airports and highly developed telecommunications.

Over the past decade, Algeria has been defined by greater political and economic stability and numerous plans for economic liberalisation and diversification.

The active push to open the economy in recent years has resulted in the development of a truly market-oriented economy.

Algeria’s development model, supported by significant oil and gas revenues and driven by huge public investments programmes, have enabled the country to record robust economic performance and improve its development indicators.

With a GDP of USD 168 billion in 2016, Algeria is one of the most important economies on the African continent.

The economy enjoys a solid financial position with a balanced budget and foreign currency reserves that allow them to cover three years of imports. The inflation rate is kept as low as possible and external debt has been kept to a minimum.

Their continued growth and positive performance has put Algeria on the right path, but the need to diversify the economy was identified as a priority to maintain a sustainable level of economic growth.

To this end, the Algerian government has put in place an ambitious strategy designed to diversify and to boost the economy. Under the leadership of His Excellency President Abdelaziz Bouteflika, Algeria, in 2001 launched a vast scheme of national renewal and undertook structural and institutional reforms aimed at laying the foundation of a new economic system.

In agriculture, government plans have revitalised and diversified the sector through an expansion of cultivated land, resulting in strong momentum and the development of new agricultural areas and the revival of rural regions.

The sector was identified as one of the top areas of potential cooperation and trade with South Africa, due in part to the fact that the two countries produce many of the same agricultural produce, and in part to the perfect seasonal inversion between South Africa and Algeria.

In the sector of industry, encouragement of investment has fostered a resurgence of the mining sector, the steel industry, mechanical engineering, the agro-industry and the renewable energy sector, which contributed to the creation of a numner of small and medium enterprises (SMEs).

With regard to the service sector, Algeria launched ambitious programmes to develop tourism, logistics and transport, ICT, financial and banking services.

At institutional level, a system has been established with entities responsible for investment development, SME promotion and access to land. In addition to these measures, a guarantee fund has been established to facilitate SME access to financing and an investment fund has also been established for young entrepreneurs and SMEs.

In its effort to attract foreign investors, Algeria has set up a decentralised ‘one-stop shop’ which aims to facilitate and simplify the legal procedures for incorporation of companies and implementation of investment projects.

The global decrease in the price of oil has emphasised the need to boost industrial development, further improve the business climate, and accelerate the economic reform process in order to diversify the economy. The legal framework has been reviewed and adapted in order to liberalise the economy and promote a good climate for investment and business.

The government has set up new investment policies, focused on facilitating procedures for the establishment of firms, business conduct and investment projects.

These policies have gone a long way toward simplifying procedures and reducing administrative costs, making it so much more attractive for foreign companies to invest in the country.
Large projects already underway include infrastructure projects such as highways, airports and ports, refineries, cement plants, steel factories, hospitals, shopping malls, hotels, housing, as well as water and renewable energy projects.

The government’s resolve to address the challenge of structural transformation of the economy was confirmed by the adoption, in July 2016, of the ‘New Economic Growth Model’.

The model aims to boost growth and investment by attracting both foreign investment and Public Private Partnerships (PPP).

The main objective is to diversify the economy by attracting foreign investment outside the energy sector. Priority areas identified for this economic revival include agriculture, industry, energy efficiency, tourism and ICT.

The amended legislation therefore provides all necessary measures to encourage investment without distinction between local and foreign capitals. The ‘New Investment Law’, adopted in August 2016, as well as the 2017 Finance Law, will create more opportunities for foreign investment in Algeria.

Reasons to invest in Algeria

Economic stability
- Gross domestic product (GDP): 181.71 millions USD (2016 estimated)
- GDP per capita: 4 129 USD (2016 estimated)
- Budget deficit: 12 % of GDP (Budget for 2016);
- Growth rate: 3.9% (estimated for 2016);
- Exchange reserves: 121 billion dollars (2016);
- External debt: 3.66 billion dollars (2014);
- Inflation: 4.8% (2015);
- Unemployment (31/12/2016): 9.9%.

Attractive investment opportunities:
- 51.5 billion dollars of imports in 2015 (during the first 9 months of the year);
- 262 billion of public investment for the period 2015-2019;
- Promising sectors with matured projects.

Ambitious policies of development and sectoral strategies
- The new industrial revival policy highlighting 12 strategic sectors, namely the steel and metal working, hydraulic binders, electrical and household appliances, industrial chemistry, mechanics and automotive, pharmaceutical production, aerospace, construction and ship repair, advanced technology, food processing, textiles and clothing, leather and timber products, wood and furniture industry as well as outsourcing;
- The Master Plan for Tourism Development
- Agricultural and Rural Renewal Programme;
- A Renewable Energy Program (solar, thermal and wind) for the production of 22 000Mw by 2030;
- Development Plan of the Fishing and Aquaculture Activities by 2025.

Access to regional markets:
- Geostrategic position allowing proximity to the European, African and Arab markets;
- 7 border markets (Tunisia - Libya - Niger - Mali - Morocco - Western Sahara - Mauritania);
- Membership in the agreement of the Arab Free Trade Area;
- Gateway to Europe (The Association Agreement with the European Union);
- Gateway to the Sahel and other African regions by the Trans-Saharan road.

Functional and modern infrastructure in conformity with international standards:
- Roads: 112039 km of roads and highways (40th network World, 3rd in Africa) including 29 573 km of national roads;
- Airports: 36 airports, including 16 international;
- Railways: 3973 km of km of railways. In 2016/2017 horizon, the length of the rail network will be 6000 km;
- Ports: 45 maritime infrastructure including 11 commercial ports, two oil ports, 31 fishing ports, one (01) marina and 2,200 maritime traffic lights;
- Transportation:
  - One (01) Metro in Algiers with a length of 9.5 km with three extensions with a total length of 9.4 Km in progress;
  - 3 tramways (Algeris, Oran and Constantine), and 04 underway of realization (Ouargla, Sidi Bel Abbes, Sétif).

A qualified, young and competitive labour force
- 5.5% of GDP for education;
- 6.24% of the state operating budget for higher education;
- 86% literacy rate;
- 96% of school enrolment;
- 1.5 million Students, including 35,000 registered in doctoral training and 90000 in technical areas.

Competitive production factors costs
- Energy
  - Natural gas: 0.21 to 0.40 Euros / therm;
  - Electricity: 1 to 4 euro cents / kWh on average;
  - Gasoline super 0.26 Euros / Gas Oil 0.16 Euros / L.
  - Salary: the minimum wage is set at 0.16 Euros / L.

Incentives for investment
Important tax incentives up to 10 years of exemption, depending on the location and size of the project.

And other additional benefits
- Partial or total reimbursement of expenses related to infrastructure works within the framework of derogatory scheme;
- Reduction in employers’ contribution to social security for the recruitment of young job seekers;
- The concession of land by mutual
agreement, over periods of 33 years renewable and giving rise to the same property rights arising from sales;

• Discounts on the price of the rental fee on the land and property acquired within the framework of the realization of the investment;

• Tax exemptions throughout the life of the project for exporting projects;

• Temporary Exemption for 5 years, of companies benefits tax (IBS), Global Income tax(IRG) and Tax on the turnover and 3%bonus of the interest rate on bank loans granted to investments in certain activities within the steel and metal industrial sectors, the hydraulic binders and Electrical Appliances, Industrial chemistry, mechanics and automotive Pharmaceuticals, aerospace, shipbuilding and repair, advanced technology, food processing, textiles and clothing, leather and derivatives, wood and furniture industry;

• Exemption from VAT, customs duties, taxes having equivalent effect or any other charge for the equipment needed for investment by industrial companies in the field of research and development;

• Reduction by 50% of companies benefits tax (IBS) or Global Income tax (IRG) for individuals and legal entities, activating and fiscally domiciled in the wilayas of Illizi, Tindouf, Tamanrasset and Adrar, and this for a period of 05 years from the January 1, 2015;

• Support by the Public Treasury Administration to bank interest for investments made by industrial companies for the acquisition of technology and mastery to enhance the industrial integration rate of their products and competitiveness;

• Extension until 31 December 2019, of the application of reduced rate of customs duty on acquisitions of equipment and furnishings not produced locally by hotel standards and within the scope of modernization and upgrading under the “Quality Plan Tourism Algeria” -The list of equipment and furnishings concerned is determined by the inter-ministerial order of March 2, 2014;

• Reduction of charges of contribution to social security (recruitment of young jobseekers);

• North: 56%to 80% ;

• Highlands and South: 72% to 90.

• Investment projects may benefit from fiscal exemption and reduction according to the location and the impact of the projects on the economic and social development.

An intensified protection and international arbitration agreements

• Adherence to international conventions for the protection of investors, relating to the guarantees and international arbitration;

• Signature of 48 agreements and bilateral agreements on the promotion and reciprocal protection of investments.

New measures adopted to improve the business climate

• Finance acts of 2016 and 2017;

• Adoption of the new Investment Code (August 2016);

• Adoption of the Orientation Bill on SME development by the Cabinet Meeting;

• Repeal of the obligation for a minimum registered capital for the creation of a limited liability company (LLC);

• Establishment of a Risk Pool by the Bank of Algeria to better assess the quality of credit risk;

• Modernization of the functioning of courts by creating the judicial file;

• Establishment of a common procedure for connection to water and telecommunications with the issue of a building permit;

• Enactment of a Government Decree setting.


The key announced objectives are:

• 262 USD billion of investment budget;

• Economy diversification in order to reach 7% GDP growth rate;

• Business Environment Reforms (reduction of the procedures, delays and costs for doing business);

• Legal system reform and anti-corruption enforcement;

• Tourism development strategy;

• Government spending efficiency monitoring and review of the subsidies;

• Local and Foreign Investment promotion; a review of the investment rules is currently under review (in order to enhance attractiveness);

• Financial system reforms;

• Infrastructure investment should continue with a higher focus on efficiency and PPP could be considered for some sectors;

• SMEs development and local subcontracting policy for key industrial sectors as automotive parts, health & construction;

• Promotion of developing local supplying for energy, water and agri-food industries;

• Mining resources development and related industries (Fertilizers and Steel). New development for Zinc, Gold…

• Agriculture and Fisheries development.

Business and investment opportunities in Algeria

Agriculture

Agriculture is intended to become an important contributor to Algeria’s socio-economic development. Self-sufficiency with regard to fruit, vegetables and meat has been achieved while cereal and milk production, as well as fishing have been expanded.

Algeria is also transitioning gradually from a net importer of agricultural goods into an exporting economy by focusing on the promotion of those particular goods that have a comparative advantage, such as dates, olives, potatoes, pepper, figs, and strawberries.

Given its sizeable agricultural land potential and current development programmes, Algeria is ideally poised to be a big exporting country for agricultural products. Algeria has already started exporting to many European, Arab and African countries.
The agricultural sector has set about aligning production standards with international standards and a new framework for exports is in the process of being established.

The southern part of Algeria has become a destination for very large scale investments in agriculture thanks to the quality of soil, the sunshine and availability of water. These agricultural projects have allowed the country to start exporting produce, but this only scratches the surface, as there is still a lot of potential in terms of exports.

Historically and since the period of colonisation, Algeria was known as a producer of a high quality of wines. This sector needs to be further developed and modernised.

Investment opportunities

Needs have been identified, particularly in terms of investments upstream and downstream of the production process, in packaging, development and processing of fruits, vegetables, meat, fisheries and aquaculture products and in the field of agricultural and aquaculture production.

Investment in upstream production

Services (studies, consulting); Agricultural inputs; genetic material; veterinary medicinal products; phytosanitary products; mechanisation and farm equipment; development of irrigation; development of forage crops; launch of multi chapels greenhouses programs; development of fertilisation; upgrading of the agricultural soil; development of integrated farms.

Investment in downstream production

Beef exportation: creation of a network of slaughterhouses with sanitary standards; cellars renovation and densification; installation of dairy units; installation of crushing units; development of distribution networks; products commercialisation; construction and enhancement of cold and dry storage infrastructure; development of refrigerated freight; realisation of storage silos.

Investment in packaging value

Processing of fruits, vegetables, meat, fishery and aquaculture products: Enhancement of red and white meat products; promotion of regional and local products; promotion of early agricultural products for export; promotion and enhancement of organic agricultural products; installation of potato processing facilities; installation of poultry products processing units; material and equipment.

Investment in production process

Cereals and dried vegetables/pulses; Oliseeds; Milk; Red and white meats; Fruits, vegetables and early products; Date palm; Log yards; Achievement of marine and freshwater aquaculture farms.

Mining

Non-hydrocarbon mineral deposits, remain largely unexplored, but studies do point to major potential opportunities in the mining sector.

The Algerian government is keen to develop the industry, not only in order to boost mineral output, but also to provide raw materials for a range of emerging industries as part of wider efforts to diversify the economy. To this end, a new law regulating the industry that was passed in 2014 provides a number of new incentives for miners operating in the country.

Algeria has intensified investment in developing its infrastructure to diversify its economy and in turn drive economic growth. As a result, new transportation projects, public housing, schools and hospitals are improving the socio-economic infrastructure of Algeria.

The government’s five-year plan (2015–2019) also focuses on developing Algeria’s infrastructure (ports, airports, roads, rail etc) as well as housing, energy and water infrastructure to meet the growing demands.

In addition to the recent recent launch of the port of Djen Djen, Algeria will, in 2017, launch the construction of one of the most important ports in the Southern coast of the Mediterranean Sea, named “El Hamdania port” that
will serve as hub between Africa, Europe and the Middle East.

Industry Sector
The Algerian industrial sector (excluding oil) is made up of steel, cement, chemicals and petrochemicals, as well as mechanical (vehicles, trucks, agricultural machinery), electronics and home appliances, food industry and textiles. The industrial sector has several opportunities for foreign investors.

Petrochemicals & Fertilizers
Given its important hydrocarbons reserves and resources of other minerals such as phosphates, Algeria is well placed to develop downstream commodity-processing activities.

In 2014, the state-owned oil and gas company “Sonatrach” announced plans for the construction of six domestic petrochemicals complexes by the end 2020. Algeria intends to use the exploitation of its natural resources for fertiliser production. The Lubricant industry is also among the identified sectors.

Metallurgical industry
Metallurgy includes a wide range of opportunities in different fields including extraction and first conversion (mineralogy); recycling of metals; Foundry (blast furnaces and refining); manufacturing of raw products by rolling mill; transformation of raw products into semi-finished products: sheet metals, thin sheets, tubes, moulded parts etc, and manufacturing of material and finished products for the industry, building and transport.

Algeria has two major steel facilities. The first is the long-standing El Hadjar steel mill in Annaba, which is run by state-owned firm Imetal. The second is Bettioua complex with a capacity of 1.2m-tonnes-per-annum (tpa). Both are undergoing expansion works: the former will open a 1m-tpa rebar mill in 2017, while the latter aims to raise its capacity to 2.3m tpa.

One of the new big investments in this sector during the last years is related to Bellara steel complex in the Jijel province. The construction began in early 2015 on a delayed $2bn capacity. The facility, which will have an initial production capacity of 2m tpa when it will be inaugurated in 2017, aims to reach a capacity of 4.2m tpa in 2019.

The project is a joint venture between the Algerian government and ArcelorMittal, with a 51% stake in the project, and Qatar Steel with the remaining 49%. This complex will be linked to the deepwater port of Djendjen via rail.

Thanks to these, and other projects, Algeria aims to be a major exporter for steel products by 2019.

Cement
Algeria intends to become fully self-sufficient in terms of cement within the next few years. Local production of cement stood at 21 million tonnes in 2014, still well below national consumption levels. However, a range of projects under way will allow to Algeria to become an exporter of this material.

Automotive Industry
The automotive industry is today one of the prospect sectors in Algeria. Spurred by a combination of supportive measures from the government and investment by international automotive majors, the sector is now developing rapidly, as underscored by the inauguration of a Renault assembly plant in Oran in 2014. The facility, built by a joint venture between the French manufacturer, the state-run National Investment Fund and “SNVI”, can build up to 25 000 vehicles a year, expandable to 75 000.

Renault trucks also launched its heavy truck assembly plat in Blida in January 2017. The plant is expected to be operational by the end of 2017.

More international producers are set to follow Renault. In late November 2016, Volkswagen and local group “SOVAC” signed an agreement for the assembly of vehicles at a factory in Relizane (100 000 cars/year), with production due to begin in mid-2017.

Also in November 2016, Hyundai and its local partner Takhout Group launched a plant in Tiaret. The project aims to reach a capacity of 100 000 cars per year by 2020.

Furthermore, “Elsecom” has submitted an approval file for an assembly plant for Daewoo industrial vehicles. Algeria also produces Mercedes vehicles for both military and civil needs. Many other manufacturers have expressed interest such as Toyota, Peugeot, KIA and Suzuki. Negotiations are in progress.

This industry has created many opportunities for subcontracting activities (spare parts and all the vehicle components) as Algeria is looking to increase the integration rate.

Agro-industry
The food industry is one of the largest industrial sectors in Algeria by production value, and it continues to grow. It is second in terms of value only to the oil industry. However, the country still continues to import the bulk of its agro-industrial products consumed.

There are large opportunities that need to be seized as the demand for agri-business products is strong (Food makes up 45% of Algerian households’ expenditure). Algeria ranks third worldwide for milk and dairy product imports. The sector is 95% private.

Electronic and home appliances industry
Algeria is emerging as a significant regional producer of electronic and household goods. The Algerian region Bordj-Bou-Arreridj, is the biggest electronic pole in Africa, local companies cover 83% of the country’s needs and are able to achieve significant exports.
Algeria started producing 100% homemade electronic products including Smart phones, tablets, TV, TV decoders, air conditioning products etc. At least 16 big companies are active in the field.

The sector is one of the major emerging success stories of Algerian industry, having already become a significant exporter and achieving high integration rates.

**Pharmaceutical**
The pharmaceutical sector is also one of the growing sectors in Algeria. The industry produces 45% of drugs consumed domestically, a figure authorities aim to raise to 70% in the coming years. This objective creates an array of new opportunities.

The several projects under way in Algeria provide strong evidence that the industry sector development is set to take off, supported by state efforts to replace imports with local production and new incentives for investment. Plans to increase output of locally produced raw materials will also develop better-integrated local production chains.

**Renewable energies**
The integration of renewable energies into the national energy mix constitutes a major challenge in the preservation of fossil resources, the diversification of electricity production methods and the contribution to sustainable development.

The renewable consistency of the program to realise for national market needs over the period 2015-2030 is 22 000 MW, among which more than 4500 MW will be realized before 2020.

A national and international invitation to tender for the production of 4 000 megawatts (MW) of electricity from renewable energy sources will be launched soon, as part of the implementation of the National Renewable Energy Development Programme.

**Hospitality & Tourism**
Algeria is a vast country and has a variety of landforms and climates which makes it an ideal tourist destination throughout the year. Furthermore, Algeria’s natural and historical heritage offers exceptional assets that may constitute a significant contribution to the national economy.

With its varied and rich natural landscapes, ocean, mountains with snow, deserts, some of the most beautiful oasis in the world, historical ruins, and places of religious significance, Algeria’s tourism sector has massive potential, however, the tourism sector remains relatively undeveloped and offer many opportunities for investment, especially in hospitality and leisure infrastructure.

The Algerian government has displayed a growing interest in tourism in recent years, to the extent that tourism is now considered a new driving force for sustainable development, growth support and a key driver of the diversification of the economy.

The country’s tourism development scheme has identified seven important tourist zones for development: Central North zone, Northeast zone I, Northeast zone II, West zone, High plateau zone, South zone, and Great South zone.

**Information and Communications Technology (ICT)**
Algerians are increasingly interested in technology and skills transfer in the Information and Communications Technology (ICT) sector. Algeria has deployed and is expanding 3G services and has recently started a move to 4G. Algeria is also seriously considering the deployment of a country-wide optic fiber network to provide high quality, reliable, fast and cost effective telephony and Internet services.

Several key government ministries have started the process of modernising and digitising their records, including the tax authority. These are large undertakings, requiring various consultative and solutions-based services.

**The Algerian market has significant needs in terms of**
- Computer equipment, servers and peripherals;
- Microelectronics and components;
- Telecommunications and computer networks;
- Multimedia;
- Computer services and software;
- Electronic commerce and electronic media.

**Healthcare**
The healthcare sector continues to be an attractive market. Demand for medical equipment and disposables is considerable and depends largely on imports. The population’s standard of living is improving and looking for the best services. Many private clinics are opening around the country.

Planned new construction throughout Algeria over the next decade of 172 public hospitals, 377 private clinics, 45 specialised health units and 70 centres focusing on people with disabilities will increase demand for medical equipment and supplies, as well as medical construction services.

Algerians increasingly turn to private clinics for outpatient care. Opportunities will increase for the design and management of such facilities and for sales of cutting-edge diagnostics and treatment equipment. Cosmetic surgery is not yet common, but consumer interest is rising.

**Financial Sector**
The finance sector presents enormous opportunities for foreign investors. In its reform policy, the Government has committed itself to modernise the financial sector and one of the measures taken in this respect is the privatisation of some state banks. Great development opportunities are offered in Banking services, Electronic banking and Mobile banking.
Recent political highlights

- The political agenda and liquidity constraints continue to weigh down Zimbabwe’s macroeconomic performance, with global economic conditions and severe drought brought on by the El Niño effect further dampening growth prospects. President Robert Mugabe retains his consolidated grip on power and succession remains open-ended for the 2018 presidential election.
- IHS states that on 10 December 2014 the country’s President Robert Mugabe, appointed Emmerson Mnangagwa as national first vice-president and his deputy after an extraordinary purge that targeted then vice-president Joyce Mujuru and her close allies. Although Mnangagwa subsequently emerged as the potential front-runner to succeed Mugabe, the succession path remains uncertain amid ongoing factional infighting. President Mugabe’s wife Grace has also entered the political fray and raised her profile since her appointment as leader of the ZANU-PF Women’s League in 2014. Her emergence as a potential candidate is expected to address underlying problems in the party.
- Zimbabwe abandoned its own currency eight years ago and adopted the dollar, initially halting hyperinflation. Now, with a floundering economy and a strong dollar stoking imports and curtailting exports, banknotes have virtually disappeared, prompting the central bank to order private lenders to cap customer cash withdrawals at $150 a week. While the Reserve Bank estimates about $4 billion is circulating in the economy, Confederation of Zimbabwe Industries President Busisa Moyo says the amount may be as little as $100 million, about a quarter of what he believes is needed. A number of retailers and other businesses are offering big discounts to cash-paying customers and limit the amounts they can charge on credit cards or refuse to accept them altogether.
- The gross domestic product (GDP) in Zimbabwe expanded 1.5% in 2015 from the previous year.
- The inflation rate in Zimbabwe was recorded at 0.9% in December of 2016.
- Dun & Bradstreet (D&B) risk rating stands at DB7 with the highest risk flagging that returns are almost impossible to predict with any accuracy. Business infrastructure has, in effect, broken down.
- Zimbabwe’s trade and commercial environment indicates that deflation was more rapid than expected in 2016, as consumer prices fell by 1.6% (rather than by 1.5%), to mark a third consecutive year of decline. The trend reflects weak domestic demand and Zimbabwe’s reliance on the USD, which strengthened against most currencies during the period, especially the ZAR, in which the majority of imports are priced. D&B expects inflation to resume in 2017, at the relatively modest rate of 1.0%, as shortages of goods worsen and because of higher world oil prices. A slightly stronger ZAR in 2017 to date is also inflationary, although a fresh bout of ZAR depreciation seems probable as US interest rates rise. A return to near-normal rainfall in 2017 may put downward pressure on food prices from Q2 onwards, although pest damage to cereal crops poses a risk.
- The economic outlook for 2017 has deteriorated amidst a deepening liquidity and foreign exchange (FX) crunch, characterised by an increase in late payments owed by local firms to overseas suppliers and the consequent suspension of some credit lines. Numerous manufacturing and mining firms are unable to finance an adequate supply of imported raw materials, leaving some at risk of closure. A downturn in production, especially of minerals, could exacerbate the situation by denting export earnings. Controversial bond notes have had a minor improvement.
in domestic liquidity, but the pseudo-currency is worthless for international transactions.

- The economy will benefit from a return to near-normal rainfall in 2017 after two years of drought, as agriculture recovers and supplies of hydro-electricity improve. However, some areas have suffered flood damage, while a major pest outbreak (of armyworm) threatens to devastate cereal crops in affected districts. Alongside a shortage of funds for fertiliser and pesticides, this will impede agriculture’s rebound from drought. More positively, prospects for tobacco, the main non-mineral export, are relatively favourable: the start of the marketing season in March may see an improvement in FX reserves. With agriculture, manufacturing and mining all facing challenges, an inevitable revising down of real GDP growth forecast for 2017 to 1.9% (from 2.7%), heralding a third consecutive year of declining per capita income.

- Despite large external payment arrears, exacerbated by a prevailing large external-account deficit—relations with multilateral lenders seem to be improving; depending on the outcome of the International Monetary Fund (IMF) Staff-Monitored Program (SMP), the IMF will consider a three-year credible reform program to address underlying problems in the economy.

- Domestic prices could drop further as high unemployment leads to weaker domestic demand and the US dollar strengthens against the currencies of Zimbabwe’s biggest trading partners.

- Major exports: platinum, cotton, tobacco, gold, ferroalloys, textiles/clothing

- Major imports: machinery and transport equipment, other manufactures, chemicals, fuels, food products

- Main trading partners: China, South Africa, DRC, India, Botswana and Zambia.


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Recent political highlights
• According to the IHS report, the policies articulated by President Donald Trump during his campaign are a substantial departure from those of the Obama administration. Trump will seek to undo a number of Obama legacies, such as executive actions (including on immigration, gun control, the environment and Cuba) as well as his flagship health care policy, the Affordable Care Act.
• The report further states a Republican-controlled Congress likely to work with Trump to significantly lower corporate income taxes, decrease federal regulations, and replace the Obamacare health statute. Trump has proposed a reduction of corporate income taxes from 35% to 15%, a repeal of the estate tax, and a substantial reduction in personal income taxes. He has indicated that he plans to target investment in the infrastructure, commodities, finance, and energy sectors. Trump also remains committed to replacing the Affordable Care Act (ACA) quickly, as seen in an executive order signed the day of his inauguration that directs executive agencies to mitigate the programme’s financial costs to citizens, companies, and state governments.
• Washington state’s attorney general has promised to uncover “what truly motivated” President Donald Trump’s executive order on immigration, an approach that could prompt a rare public examination of how a U.S. president makes national security decisions.
• Also, spiraling in the news is Trump’s national security adviser, Michael Flynn, struggling to get past a controversy over his contacts with Russian officials before Trump took office, conversations that officials said have raised concerns within the White House. Top White House officials have been reviewing Flynn’s contacts with the Russians and whether he discussed the possibility of lifting U.S. sanctions on Russia once Trump took office, which could potentially be in violation of a law banning private citizens from engaging in foreign policy.
• With Republicans retaining a majority in both the House of Representatives and the Senate, President Donald Trump will have greater latitude for policy flexibility than the previous administration.

Recent economic highlights
• The U.S. economy is predominantly market oriented. The U.S. currently has the most powerful, diverse and technologically advanced economy in the world, but its position as the best place to carry out business could be threatened by protectionist pressures within the country. The country runs large current account and fiscal deficits, and relies on foreign financing to maintain the value of the dollar. However, its natural resources are vast and export potential remains good.
• Imported oil accounts for nearly 55% of US consumption and oil has a major impact on the overall health of the economy. Because the US economy is energy-intensive, falling oil prices since 2013 have alleviated many of the problems the earlier increases had created.
• The domestic economy’s strong fundamentals are underpinned by consumer spending. The housing sector is gradually picking up pace and residential investment has been strong in recent quarters. Heightened uncertainty will weigh on business and consumer confidence while the transition to the new regime takes place.
• Stronger near-term growth and inflation are expected, driven by solid fundamentals and by the new administration’s stimulative fiscal policy.
• The gross domestic product (GDP) in the United States expanded 1.9% in the fourth quarter of 2016 over the same quarter of the previous year.
• Consumer prices in the United States increased 2.1% year-on-year (y/y) in December 2016, following a 1.7% rise in November and matching market expectations.
• According to the D&B’s short term outlook; the U.S. country risk rating is at DB2a, among the top ten rated countries in their 132-country universe, due to its solid fundamentals, steady growth and modestly upbeat near-term outlook. Growth in the Q4 2016 came out to 1.6%, exactly in line with its forecast and the predictions from its proprietary leading indicators. It reported that growth was a full percentage point slower than the 2.6% seen in 2015, and the second-slowest since the recession of 2008-09.
• Consumer spending moderated from 3% in Q3 to 2.5% in Q4 but remained the most important driver of overall growth.
• According to IHS, consumer spending growth should pick up in 2017 and 2018, supported by gains in consumer confidence, employment, real disposable income, and household net worth.
• The Dun & Bradstreet (D&B) group continues to recommend SD terms for most transactions with U.S. customers, while usual terms are between 30 and 60 days. Local delays
Country rating key - political risks: 1 = low, 2 = medium, 3 = high

<table>
<thead>
<tr>
<th>Country rating</th>
<th>S/T business cycle indicator</th>
<th>S/T political indicator</th>
<th>Debt recovery</th>
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<td>1A</td>
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<td>Suggested use of a collection agent</td>
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Country rating S/T business cycle

Country rating S/T political indicator

Country rating S/T business cycle

1A

FEBRUARY

Latest trade developments

<table>
<thead>
<tr>
<th>SA EXPORTS TO USA (TOP 5)</th>
<th>2014</th>
<th>2015</th>
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<tbody>
<tr>
<td>Precious metals</td>
<td>R20 2576 549 926</td>
<td>Precious Metals</td>
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<td>Vehicles aircraft and vessels</td>
<td>R 17 147 464 934</td>
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<td>Products Iron and Steel</td>
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<tr>
<td>Chemicals</td>
<td>R7 548 772 371</td>
<td>Chemicals</td>
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Economic Indicators

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>GDP</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.5</td>
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<tr>
<td>Inflation</td>
<td>1.6</td>
<td>0.1</td>
<td>0.8</td>
<td>1.5</td>
<td>2.4</td>
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<tr>
<td>Volume of imports of goods and services</td>
<td>3.8</td>
<td>4.9</td>
<td>3.5</td>
<td>5.2</td>
<td>5.2</td>
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<tr>
<td>Volume of exports of goods and services</td>
<td>3.4</td>
<td>1.1</td>
<td>0.3</td>
<td>2.7</td>
<td>3.9</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>6.2</td>
<td>5.3</td>
<td>4.8</td>
<td>4.8</td>
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<tr>
<td>General government revenue (% of GDP)</td>
<td>31.4</td>
<td>31.9</td>
<td>31.9</td>
<td>31.9</td>
<td>31.9</td>
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<tr>
<td>General government total expenditure (% of GDP)</td>
<td>35.6</td>
<td>35.7</td>
<td>35.8</td>
<td>35.6</td>
<td>35.4</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>-2.2</td>
<td>-2.7</td>
<td>-2.9</td>
<td>-3.3</td>
<td>-3.5</td>
</tr>
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</table>

Latest trade developments

Source: IMF DataMapper

- The FX risk is an upward pressure on inflation, near-term FX risk will remain significant due to the strength of the U.S. dollar. The strong dollar was largely responsible for net exports subtracting 1.7 percentage points from top line GDP in Q4, as exports dropped while imports rose. According to the group’s review, proposed tariffs on imports from all countries with which the U.S. has a trade deficit could result in higher domestic prices for U.S. consumers if companies decide to pass on the higher cost of importing final goods and raw materials. On balance, there are expectations inflation will be stronger than previously forecast.

- IHS states that in the wake of the recent US presidential election, there has been a noticeable unleashing of “animal spirits”—consumer and business optimism and stock market indexes have surged. IHS Markit forecasts that there will be pickup in the pace of U.S. growth, from 1.6% in 2016 to 2.3% in 2017—not so much because of animal spirits, but because of an easing in both the recent inventory correction and a rebound in energy-sector investment. The trade in goods deficit widened sharply in October and November. This will result in net exports likely deducting an expected 1.33 percentage points off fourth-quarter GDP growth.

- IHS expects that the CPI grew 1.3% in 2016, and continue to expect 2.5% growth in 2017, with core CPI advancing 2.2% in both years. The PPI likely contracted 1.1% in 2016, and should rebound 2.8% in 2017. Meanwhile, the Fed’s targeted measure of inflation, will remain around 1.6% in 2017.

- Major exports: agricultural products (soybeans, fruit, corn), industrial supplies (organic chemicals), capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment), consumer goods (automobiles, medicines)

- Major imports: agricultural products, industrial supplies (crude oil), capital goods (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods (automobiles, clothing, medicines)

- Main trading partners: Canada, China, Mexico, Japan and Germany.

- SA exports to USA totalled R59.7bn in 2011, R64.4bn in 2012, R67.1bn in 2013, R70.5bn in 2014, R78.6bn in 2015 and R80.6bn in 2016.

- SA imports from USA totalled R57.5bn in 2011, R61.1bn in 2012, R63.1bn in 2013, R71.5bn 2014, R76.5bn in 2015 and R72.9 in 2016.

Researched and compiled by Cindy Motloung, economic services – Credit Guarantee Insurance
Governments around the world are always looking for new ways to raze taxes and the Indian government has now introduced a special tax taking effect from 2017, for freight not paid into their country.

That means the Indian international traders must be in control of the shipping on both export or import trade, or the foreign company must pay taxes if they are in control of the shipping.

India must sell in the C or D incoterms and must buy in the E or F terms.

The Indian government is just interfering with international trade for their own benefit.

If every country did the same thing, then we would always be paying some tax on international trade, if India is not in control of the shipping, then a tax is charged.

If that was the case that every country followed India’s example, you would have a choice in which country you paid your freight, and then the other country would charge you the tax for not paying them the freight.

So what are the Indian government demands?

If the Indians sell FOB or below (EXW, FCA, FAS or FOB), then the buyer is going to pay a special service tax, before the shipping company releases the Bill of Lading at the country of export and pay that money over to the Indian government.

If the Indians buy CFR/CPT or above (CIF/CIP, DAP, DAT or DDP), then the seller is going to pay a special service tax, before the shipping company is allowed to release the cargo, and the shipping company is going to collect those taxes at the port of entry in India and pay that money over to the Indian government.

Unfair no doubt, but governments are free to make rules that are not sufficiently opposed in their parliaments.

For governments, this Indian rule looks good, an extra way to make some tax.

There are two things that travel fast in this world, one is good and the other is bad: bad news and good ideas.

So this special service tax, is a good way to make more money for governments.

It may push good governments to do the same thing so as not to lose out on the potential additional income from such a tax.
What can we do about it? Nothing really, as business is business. As long as you are making money, if the government wants a bigger piece of the pie, they will take it even if that could be detrimental to their own country.

The world is like one big shopping mall for the international trader, and if things get too expensive in one place (shop) we then just go buy from another place (shop).

If it cost too much to sell to one place (shop), then we just sell more to another place (shop).

In the end it is always the consumer that either benefits or loses out. A quote by J Cubby says “Games is a serious business and business is a serious game, one is measured in points and the other in profits.”

International traders need to make more profit when taking risks than had they left their money in some place with no risk and some interest.

I understand when governments put down taxes on importing cargo as we have a thing called economic cancer.

This is when one country is buying from another country with a lower standard of living than their own.

The poverty of that country hides inside that exported product and reduces the importing country’s standard of living to the same level as the exporting country, thus the term “Economic Cancer”, as the product will kill your manufacturers in the import country. The consumer will always go for the cheaper product that has the same quality.

However when governments start interfering with taxes on what happens between the country of export and the country of import, then they are setting an unfair advantage for themselves and will get other governments into the tax game so as not to lose out on the taxes taken from an activity outside their own country.

This is not a fair tax system and governments should only be allowed to focus on what happens inside their own countries.

We may just see another type of “The Boston tea party of 1773”, with Donald Trump in the seat. He may just come up with some idea that will get India to regret the meddling in taxes outside of their own country.

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May you live in interesting times, is a phrase that may at first sound like a compliment but a moment’s reflection reveals a more sinister side. While the origins of the phrase may be disputed it cannot be disputed that South Africa’s logistics industry, perhaps even the transport and freighting industries too, currently find themselves in interesting times.

Stock theft, hijackings, and accidents are not new facets of the industry. But they’re old problems experienced and being dealt with in new ways. So too is the fact that profits are under pressure and our industry, like so many others, fights to remain relevant during turbulent economic times, growing government involvement, labour, and other issues.

Yet, thrown into this melting pot, technology is helping the industry evolve, progress, and innovate, particularly in South Africa where we already owe the incumbents a major debt of gratitude for their pioneering safety and responsibility measures singularly responsible for a robust track record.

We don’t encounter a lot of theft off flatbeds in our sector of the industry because we don’t move a lot of white goods but accidents are a concern across sectors. The biggest impact is on human life, even as the financial cost to replace horses and tankers, for which you may even have to wait three months regardless of cost, is still very high.

Hard experience, however, has taught us that the best way to curb accident rates is by addressing driver behaviour. We, and I include not just my own company but many responsible logistics solutions providers, put a lot of effort into promoting good driver behaviour and we use technology to help us train drivers and enforce policies. Tracking and built-in vehicle systems monitor aspects of vehicles in motion from sudden swerves to harsh braking and similar while we also have cameras that check a variety of conditions in cabs, including how far ahead drivers scan the road, if they skip stop streets and so on.

We must remember too that truck drivers are exposed to the same road user culture as the rest of us on a daily basis. That includes any manner of professional and non-professional drivers, many with flexible interpretations of good and safe conduct.

It’s because of this that we have to programme good behaviour into our people and that means doing it across the board not just focusing on drivers. For example, using a cellphone while driving is a dismissible offence. Not just for our truck drivers but for everyone in the company. If anyone in our business is seen driving into our premises, for example, while texting or using a cellphone they can be immediately dismissed. You have to make behaviour part of the company DNA or it just doesn’t work. We have to promote other

Only the industry’s proven maturity can save it from lean times

By Arend du Preez, MD of Crossroads Distribution
healthy behaviours too, such as regular breaks to avoid fatigue. Part of that culture of responsible behaviour means we facilitate regular medical check-ups where a variety of important health aspects are tested, much like what pilots undergo in their physicals. There are other measures too, such as regular drug tests, alcohol tests (before every departure), and checks even when drivers overnight en route.

We also offer positive reinforcement for good behaviour. For example, quarterly scoreboards record which drivers exhibit the best behaviour based on the results of telematics and in-cab cameras and we have an annual award with a large reward for the top scorers. Another reward is the highly prized first refusal to top performers of the new vehicles and the best routes.

All of this is self-regulation and all the top companies apply the same or similar, rigid regulations. The challenge we face is when inexperienced operators set up shop and they haven’t learned the hard lessons as to why it’s so important to self-regulate, why the expense is necessary, and how it ultimately helps long term revenues better than short term profits. These checks, balances and safety procedures, training, and systems are obviously extremely costly and that’s before you even get to the fuel industry where the regulations and stipulations are even more onerous. That’s a different game altogether.

Fuel theft, on the other hand, is a major problem for our industry. Fuel was recently being stolen from a tanker in a neighbouring country where a resultant fire reportedly caused the deaths of over 70 people. That’s the real cost of fuel theft, the human tragedy. The incident involved petrol which is far more flammable than diesel and people were apparently carting it away in open containers so there was a mass of exposed fuel and vapours trailing some distance from the vehicle.

We’re working with a supplier to pilot a sensor on the valves of fuel tankers that will alert our control room immediately if a valve is opened. That’s not a failsafe solution, I’m not sure you can ever arrive at that point, but it’s a major step in the right direction.

One of the primary benefits for safety in the transportation of fuel to date has been the stringent requirements by the major petroleum brands in the country. Those companies have done exceptional work promoting safety and they need to be acknowledged. For example, they demand route planning for every trip by every vehicle, which requires any rest stops be predetermined and the locations pre-scouted. By itself that’s a tall order since drivers are mandated to stop for 15 minutes every two hours. They also demand KPIs, medicals, verified service records, wheel change records, calibrations, valve tests, pre-journey checks – and much, much more.

That’s all been the work of the major fuel businesses in the country without any involvement from government. It’s been a private initiative and it’s worked tremendously well for everyone, including the general public and other road users.

And that work has also resulted in a great deal of efficiency in the industry where profits are once again under pressure due to general economic conditions. No industry can remain stagnant and that’s particularly true for ours. It’s all about continually striving for efficiencies to work smarter, particularly when margins are under pressure, just as we did in 2009. We learned then that it doesn’t last forever, the market will correct itself, but you have to survive in the meantime. A crucial aspect will be maintaining liquidity.

I expect we’ll see the markets turn in around 18 to 24 months because we’re a mining economy governed by commodity markets that require logistics solutions between two of the busiest ports, Richards Bay and Durban, and the mines they serve.

Added to the positive nature of this outlook is the fact that South Africa’s logistics industry is among the foremost in the world for the application of technology in the supply chain. The technology is there to drive margins and the only way we can do that is to use the technology to help us sell solutions, not transport. Transport is a cost and nobody will buy a cost from you.

In fact, logistics solutions go beyond freighting and simple transport, and are a major facet of economic growth throughout Africa. These solutions include everything from the ports, roads, vehicles, drivers and driver training, telematics, all the IT systems from the sensors to the fleet management, regulation records and even routing systems – everything from A to Z.

The technology, the guidelines, regulations, requirements, oversight, everything we can attribute to what we call a mature industry, stimulates and fosters economic growth. And, once again, much of the innovation is due to the major players in the industry. These majors are almost solely responsible for the progressive nature of the industry typically unseen by the general public. We can focus on the positive outcomes of their initiatives, replicate those, and spread them throughout the various sectors of the industry, to ensure our continued relevancy, evolution, and progress during interesting times.
What will 2017 bring to Supply Chains?

By Mungo Park, President of SAPICS

At the beginning of every new year, it is customary to give an opinion of the trends that are emerging or that are likely to develop further during the course of that year. Supply chain management is no different, as the discipline is constantly evolving in the quest for ever improving service levels through increased efficiency and effectiveness.

Some of the current technology trends attracting a lot of international interest, such as increased automation and robotics, self-driving vehicles and drone deliveries, as well as 3D printing certainly remain long term trends, but not necessarily for 2017.

Supply chain trends will continue to be driven by the need to support business in meeting customer expectations while continuing to better manage and control costs. As a result, priorities for supply chain executives this year will include:

Supply chain analytics
The use of supply chain analytics and business intelligence will increase as organisations work to improve control and visibility of the extended supply chain. Awareness of the supply chain as a strategic business lever will also continue to grow, while supply chain event management and measurement will provide the fulcrum.

Furthermore, accurate reporting and the ability to analyse reports will enable business to identify poor performing partners, highlight inefficiencies and weak links in the chain, identify opportunities for efficiency improvement, increase collaboration, as well as better supply chain cost management.

Ongoing eCommerce challenges
The rate of growth of online retail versus bricks and mortar retail is set to continue. This will put pressure on businesses to meet the ever increasing expectation of online shoppers for prompt, on-time delivery of purchases.

Couriers and distribution service providers will be expected to be more efficient while under pressure to be cost competitive. As the eCommerce side of a business grows, more sophisticated warehousing solutions will be required to meet the accuracy and timelines demanded by an online business.

This could lead to the outsourcing of eCommerce warehousing to specialist service providers. Supplier/partner integration will be a key success factor, as will accurate tracking and delivery status communication to the customer.

Technology and automation
While significant advances are being made in the use of technology to facilitate supply chain efficiency, in South Africa there is the additional challenge of balancing the level of automation with labour. Augmented reality, can provide improvements in accuracy and efficiency in picking and load planning, as well as packing, but can also be a useful tool to support and train less skilled logistics staff. It will be important to invest wisely in technology to ensure a good return.

Skills and resources
An independent report found that 45% of South African supply chain managers believe they do not have the skills to do their job properly. Further research also suggests that those who do possess strong quantitative abilities often lack equally important interpersonal and leadership skills. Finding and retaining skilled supply chain staff as well as managers will continue to be challenging. Organisations will need to invest in training at all levels to develop the skills necessary to ensure the sustainability of their supply chains.

Increased SCM risk and disruption
As supply chains extend and reliance on global suppliers and partners increases, supply chain risk and disruption can be expected to continue. Rationalisation of suppliers and improved collaboration with preferred suppliers can help mitigate risk, but it is important to identify alternative sources of supply for products, critical components and materials.

Therefore, contingency plans should be put in place to enable quick response to unanticipated disruption and ensure business continuity.

It is further important to build resilience and predictability into a supply chain to avoid being the cause of your own disruption. Supply chain planning, visibility and measurement continue to be key disciplines critical to minimise unnecessary disruption, while collaborative partnerships with reputable, well established logistics service providers will also make your supply chains more resilient.

It’s good to look forward to an exciting year that won’t be without it’s challenges, but that will also be full of opportunity. I believe that the supply chain is one of the primary keys to the success of an organisation and that if it is robust it will continue to provide a platform for strategic competitive advantage.
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TPT puts ‘SpotLight’ on tech innovation for transport and maritime industry

The development of the SpotLight App by Transnet Port Terminals (TPT) is a recent innovation that has already received interest and positive feedback from key maritime and transport stakeholders such as the South African Association of Ship Operators and agents (SAASOA) and members of the Harbour Carriers Association.

An in-depth demonstration and interactive workshop about TPT’s SpotLight App was hosted on 16 January 2017 at TPT’s Durban Container Terminal to educate the supply chain about how to quickly and easily track and trace vessels, containers and trucks within TPT’s respective container terminal operations through the download and use of the app.

Transnet Port Terminals (TPT) is a critical link in the logistics chain facilitating cargo between South Africa and the rest of the world. With escalating pressures on global supply chain logistics, container terminals around the world need to operate at peak performance to stay competitive and maintain profitability. TPT has identified that technology is an area where they can evolve and adopt digital innovations that will add real value to TPT’s customers and stakeholders.

“In 2017 we are looking to promote the use of our SpotLight App to all customers and stakeholders because we really believe the convenience of this portal will not only add value to the customer, but it will also assist us in improving relations with our customers and clients. Transnet prides itself on a culture of innovation,” says Thula Dlamini, TPT KZN Regional Manager: Business Planning and Performance Monitoring. “The SpotLight Application is proof that Transnet aims to consistently improve our customer experience and excel in the customer value creation.”

The SpotLight App, which is available for free on the Google Playstore for Android phones and Apple iTunes for iPhones, was developed internally by TPT over a period of three years and as a result has a number of useful tools for the industry to tap into. The mobile app allows for better planning and awareness of weather conditions that may affect TPT terminals by providing updates on the weather and wind speeds in all major cities.

Push notifications have been built into the app to also further assist users with any relevant announcements – such as congestion or delays that are loaded and received instantly via the application. Additionally, a feature called ‘Register Me’, is the first step to enable users to receive personalized messages that are set to enhance the customer experience.

According to the GM of ICT at TPT, Deirdre Ackermann, this app is an exciting first step to realising the desired goal of Intelligent Ports in Durban and other major port cities. “Transnet still has some way to go before our major Ports in South Africa are regarded as Intelligent Ports but our SpotLight App is an important and exciting part of this journey.

“There are many benefits for stakeholders dealing in containers to enjoy when using this app that includes tracking, planning and the overall streamlining of operations - plus the peace of mind that there is no risk of containers being stolen. The information provided through the application is the information that transporters have access to now which is real-time,” explains Ackermann.

Ackermann added that the SpotLight App is a further advancement of the TPT IT Strategy that includes the successful Navis upgrade and the rollout of the GCOS system within the Bulk, Break Bulk and Automotive Terminals. Future development of the SpotLight App will include Track and Trace information from GCOS. All of these projects and innovations are part of TPT’s digitisation strategy, which forms part of Transnet’s Market Demand Strategy (MDS). Other interactive workshops and demonstrations for the SpotLight App will be rolled out by TPT to stakeholders in the coming months around the country, with Cape Town currently being in its testing stage for their Terminal’s Pier 1 and 2.
SA delegation discovers central African port development opportunities

Research and consulting specialists Africa House led a high-level business delegation to central African port cities this month, to explore business opportunities in new port developments in Cameroon and neighbouring Republic of Congo.

The visit followed a fact finding mission by Paul Runge, Director of Projects and Development Finance at Africa House, to Douala and Kribi in Cameroon as well as Pointe Noire in the Republic of the Congo, where new and upcoming port development promise opportunities for a range of businesses in the support infrastructure and ancillary supply fields.

The investigation was undertaken in close collaboration with Bolloré and Necotrans, who are the holders of various concessions at the ports, and who have partnered Africa House in facilitating site visits.

According to Runge, a considerable number of opportunities exist across a range of sectors at the Greenfields Kribi deepwater port. “Given the limitations of Douala port, Kribi has been identified as a future hub for development of petrochemicals production as well as general cargo use,” says Runge.

“Port improvements include the extension of the quay by 700 metres, establishment of a new container terminal and the construction of additional warehouses. A major port industrial zone is planned. An LNG plant and a cocoa processing plant are also being prepared. Rail links to the inland iron ore mines are important components of the programme.”

At Douala port, which is an important gateway for supply to the land-locked Chad and Central African Republic markets, a number of port expansion initiatives are planned. The nearby Limbe Deepwater Port development will enhance capacity and a fertilizer plant is also planned for Limbe.

Pointe Noire port, also a gateway to the interior markets is set to be expanded by 31 berths over an area of nine square kilometres. Related projects are rail linkages to the inland iron ore mines, the rehabilitation of the CORAF oil refinery, the development of the Dolisie dry port and planned corridor roads. A major dedicated minerals port is also planned.

To further explore the opportunities in these regions and initiate talks on business opportunities, Africa House led South African-based business development managers and senior strategic executives on a visit to Cameroon and Republic of Congo in October.

The six-day mission included site visits and sector briefings, as well as meetings with South African High Commission representatives, the Cameroon Investment Promotion Agency, SDV Bolloré Africa Logistics, South African companies in Cameroon, the Cameroon National Ports Authority and Port Authority of Douala, SDV Manutention, the Congo Investment Promotion Agency, Pointe Noire Port Authority, individual clients and local mining companies.

The visit follows Africa House’s successful formula for introducing South African-based businesses to opportunities across the continent. Africa House hosts three to four successful business missions per year to key development regions across Africa.

“The group mission format takes care of complicated logistical arrangements for delegates, as well as allowing delegates to be taken more seriously because they are part of a formal mission,” says Lunge. “The programme also supports networking and business collaboration among the members of the mission themselves.”
Cipla BioTec and Dube TradePort will be building Africa’s first fully integrated biopharmaceutical plant to make biopharmaceuticals within Dube TradePort Special Economic Zone in KwaZulu-Natal.

The facility will be South Africa’s first biotech manufacturing facility for the production of biosimilars. The state of the art facility is set to produce a range of affordable treatments for cancer and other autoimmune diseases for the African and global market.

The Memorandum of Understanding was signed at a meeting held at Cipla Biotec’s offices in Goa, India. This landmark event was attended by South Africa’s Minister of Trade and Industry, Dr Rob Davies; KwaZulu-Natal MEC for Economic Development, Tourism and Environmental Affairs, Mr Sihle Zikalala; Dube TradePort Corporation’s Chairperson of the Board, Dr Bridgette Gasa, and CEO, Mr Hamish Erskine; Global Chief Business Officer and CEO of Cipla Biotec South Africa, Mr Divian Govender.

MEC Zikalala hailed the deal by saying, “As the KwaZulu-Natal Provincial Government, we welcome this investment with open arms, as the technological level of this investment has the potential to have an impact on a number of economic and social facets of our society, well beyond the sizable investment in the new manufacturing facility and the estimated 180 permanent jobs that it will generate.

“The investment represents the introduction of an entirely new technology into the South African economy, which will have a wide reaching impact especially the elevation of the research and development done in our tertiary education institutions.

“The nature of this investment is also socially important as it will provide lifesaving treatments for autoimmune diseases such as cancer, which are currently too prohibitive for the majority of South African citizens to afford.

“In our country, private medical aid schemes only fund health care services to about 16% of the population, where spending through those medical schemes is said to be at least six times higher than in Organisation for Economic Co-operation and Development (OECD) countries.”

Mr Zikalala also noted: “The provision of affordable lifesaving medications to the majority of our economically active population will undoubtedly ease the burden on our society, ensuring that we have a healthier and highly productive population.”

Cipla BioTec aspires to transform the biosimilars market worldwide, by significantly increasing access with its strategy of one global product standard at affordable pricing. Cipla BioTec’s unique manufacturing strategy is leveraged from its in-house proprietary manufacturing software and single use technology.”

Africa’s first fully integrated biopharmaceutical plant

South Africa lands Africa’s first fully integrated biopharmaceutical plant at Dube TradePort

Cipla BioTec and Dube TradePort
The biosimilars that will be produced at the new facility is to be used by the state and private health care centers. In addition to local consumption, the life saving medication will also be exported to markets in Africa, the US, the European Union and Asia. These exports are expected to contribute towards South Africa's economic growth.

Dube TradePort Corporation’s Chairperson, Dr Bridgette Gasa, explained, “Cipla’s investment is further affirmation that we have created a world-class investment destination, which is conducive to doing business in South Africa. Dube TradePort Special Economic Zone (SEZ), together with the Province of KwaZulu-Natal, boasts reliable infrastructure, services and tax incentives to attract both Local and Foreign Direct Investments.”

Dr Gasa added, “Cipla BioTec’s facility within Dube TradePort SEZ will allow them to fulfill both the local need and that within the rest of the African market. The unique position of the new facility will enable seamless pharmaceutical export through the adjacent Dube Cargo Terminal as well as the multitude of connecting flights throughout the continent.”

Dube TradePort Special Economic Zone is firmly on its way towards establishing itself as a key strategic location in South Africa for the production and distribution of medical and pharmaceuticals on the African continent.

Dube TradePort Corporation CEO, Mr Hamish Erskine noted, “Our infrastructure and roll-out program, together with our integrated approach towards attracting and retaining our investments, continues to bear fruit as witnessed by the steady stream of investments secured over the last three years.

“He Cipla’s new BioTec facility at the forefront, Dube TradePort Special Economic Zone is positioning itself as a major host for medical and pharmaceutical orientated manufacturing investments, positioned to cater to the African and global markets. “As part of this sector strategy, Dube TradePort will construct a specialised utility zone to service multiple pharmaceutical plants within a defined cluster”.

The construction of the new facility is scheduled to start in early 2017, with full operations expected to commence in the third quarter of 2018, where it is expected to generate at full capacity, some 300 jobs, with 180 of them being in the engineering and biological science fields, while a further 120 indirect jobs will be created.
Acquisition boosts leisure market for Nautic Group

Focused on the objective of growing their capability in the marine sector, Nautic Africa, a Paramount Group company has acquired the Durban-based boat builder, Austral Marine, with the aim of expanding its competence in composite manufacturing and leveraging its group resources.

According to James Fisher, CEO of the Nautic Group, the aim is to enhance existing Austral business as well as to diversify its product and sector offerings.

“Nautic has deep respect for Austral Marine, who has nurtured the best and oldest South African leisure boat building brands such as Angler boats, Panache and Odyssey. We will continue to not only support the dealer network in South Africa, but also grow the market internationally,” he says.

Currently producing six boats a week, Fisher estimates that Austral’s capacity could easily be doubled within existing overhead infrastructures, and adds that Nautic’s broad base of contacts could help expose the vessels to new export markets.

In addition, access to Nautic’s resources will provide Austral with greater buying power as well as financial and personnel management, providing the impetus for stability and future growth.

With a continued focus on high quality products that are able to compete favourably against imported boats and an increased output, Austral will be able to contribute towards employment growth in the region.

Austral Marine, was founded in 1986 by brothers Donald and Tony Jarratt, who jointly built up an excellent reputation alongside their skilled team to successfully navigate and grow the business over the last 40 years.

“We have concentrated on building a skilled team of people who are diversified enough in their talents to tackle most challenges,” says Austral founder, Donald Jarrat, who adds that the cohesive team is excited about the renewed prospects for the company and brand.

Nautic hopes to increase revenue by 50 percent by maintaining the current management structure while focusing on growing the market into Africa.

“Austral’s strong dealer network and their impressive, predominantly in-house, manufacturing process is an integral part of their long time success and the reasons why we were interested in pursuing this acquisition,” says Fisher.
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