

Agbiz submission on draft SA Shipping Company Bill

Agbiz sent in a written submission to the Department of Transport on the proposed Shipping Company Bill on 1 December 2022. The Bill proposes the creation of a state-owned and state-controlled entity to participate in the carriage of exports and imports as the preferred national shipping carrier and to perform certain related services.

In its submission, Agbiz points out that state-owned shipping lines have not enjoyed a great deal of success across the globe. Also, South Africa does not have a good track record in recent years as far as state-owned entities are concerned. Some of the major state-owned entities such as Denel, ESKOM, SAA, the National Ports Authority and the SABC have become dysfunctional and struggle to deliver on their mandates. These state-owned entities cost the taxpayers of South Africa billions of Rands every year. Agbiz further, with reference to the Baltic dry index, makes the point that ships are a long-term, roughly 30-year, investment with low and volatile returns.

Agbiz submits that if the efficiency of the domestic ports can be improved through better management and improvement of infrastructure, as well as opening up private sector participation, South Africa could be on a better path of driving exports rather than the investment in the state-owned shipping industry. The resources that would have been allocated to such a shipping business would have more positive spin-offs if they are allocated towards improving the efficiency of the existing infrastructure and ports functioning. Many of the problems being experienced by exporters and importers relate to the ports rather than to shipping companies. In principle, the establishment and running of a state-owned shipping company is not supported for all the reasons stated above. What is needed is a well-functioning system of ports and logistics.

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