

Auto sector welcomes port tariff cuts

The automotive sector has welcomed the reduction of the port tariffs and possible review of Eskom's tariff structure.

Speaking to *I-Net Bridge/BusinessLIVE* on Friday, National Association of Automotive Manufacturers president David Powels described the government's decision as "a step in the right direction."

"Although we don't know the details of how this is going to be implemented, we do acknowledge these developments.

"The government is making progress on some of the key points we raised sometime in September last year," Powels said.

President Jacob Zuma said during the state-of-the nation speech last week that port tariffs were to be reduced by about R1bn.

In its draft report response to Transnet's National Ports Authority's proposed 18.06% tariff increases, Business Unity SA said in October that without anything to show in terms of world-class efficiency standards, system-wide low costs and integration into the global maritime supply chains, the authority has year upon year requested well above inflation tariff increases that left the SA economy as one of the least competitive globally.

Aim to boost production

Transnet said the authority's application - in the 2012-13 financial year - was based on the need to recover its investment and costs of managing SA's port system.

The president met the automotive industry leaders on September 28 during the visit aimed at promoting job creation and Vision 2020 for the industry.

The vision aims to boost the sector to produce 1.2 million vehicles per annum, from the current average output of more than 500 000.

Powels said the government also needed to address logistical costs related to the distances to key automotive markets. These include three critical corridors: Port Elizabeth-Gauteng; East London-Gauteng and East London and Port Elizabeth.

With regards to energy costs, Zuma said on Thursday: "I have asked Eskom to seek options on how the price increase requirement may be reduced over the next few years, in support of economic growth and job creation and give me proposals for consideration."

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