

Presentation on logistics indicates SA's weaknesses

Findings from the 7th Annual State of Logistics were disclosed by Abrie de Swardt, Imperial Logistics marketing director yesterday, 3 May 2011, to the members of Business Unity South Africa (BUSA). These included that inefficiencies in South Africa's logistics system, together with a consistently high total cost of logistics negatively impact the country's global competitiveness, particularly where neighbouring countries such as Namibia and Mozambique offer more efficient, cost-effective alternatives.

Business must align its focus to support public infrastructure investment and collectively tackle issues such as skills development. He stated, "Business is an important contributor to a more effective logistics system. Policy and public investment can only take us so far. It is people who operate logistics and supply chain systems and ensure that processes run smoothly."

The survey found that South Africa's high total cost of logistics decreased by just 1.2% between 2008 and 2009, from 14.7% to 13.5% of Gross Domestic Product (GDP). This percentage should have been in the region of 12.5% in light of a severe decrease in the interest rate over this period, as well as the sharp drop in the price of diesel. "This figure is indicative of an underperforming logistics sector," he added.

"Business can fast track infrastructure development through partnering with the public sector on developmental projects, financially and through providing intellectual capital. As infrastructure is invested in, so our people need to be invested in to deliver heightened capacity on all fronts."

A broader, highly skilled expertise base is critical. "Companies must align business strategy to embrace developmental priorities and policies, whilst meeting their own skills and talent development needs.

South Africa could lose continent's business

"Our country must maintain its reputation as being Africa's strategic business destination through consistent delivery of logistics-related benefits. If not addressed more effectively by business, the lack of South Africa's skills base is a time bomb. We need to get more involved with the SETAS, industry bodies and academia."

Ruan Jordaan, BUSA trade and economic policy coordinator noted that as the country continues to see higher demand for commodities such as base and precious metals, business must leverage the appropriate transportation mode, such as rail for coal and iron-ore. "Logistics and supply chain management are critical for our competitiveness, as bottlenecks and backlogs hamper economic growth and raise costs," he said.

De Swardt pointed to the fact that new transport corridors have emerged, especially between Asia and Africa, Asia and South America as well as intra-Asian corridors. "South Africa risks losing volumes north of the Limpopo. Countries such as Zambia are switching cargo because our own internal system is not up to speed."

He concluded, "Skilled people, coupled with excellent infrastructure and use of the appropriate technology can ensure sustainability within our logistics offering. When it comes to upskilling people, South Africa needs a triple strategy that closes the gap between school and tertiary level education, as well as business."

The 7th Annual State of Logistics e-book is produced by the CSIR, Stellenbosch University and Imperial Logistics, covering 'green' logistics, 'extra distance' measurement, deteriorating road quality and benefit-cost analysis, supply chain risk management, the skills issue and rural logistics. It can be downloaded at www.imperiallogistics.co.za/csirebook/.

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