



SADC BUSINESS CASE STUDIES

Various surveys and indices have identified major business constraints in SADC. These include independent assessments of the regional business climate plus studies that specifically reflect the views of the private sector. These assessments have been undertaken over a number of years but there has been little follow up by policy makers or attempts to address the identified constraints. To assist in this regard, the SADC Secretariat in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has initiated a research and dialogue project that aims at identifying the most important business constraints for the SADC region and making them more tangible by conducting firm level case studies on the identified constraints. This is one of the collection of case studies.



A CASE STUDY ON LOBATSE CLAY WORKS

MARCH 2012

FIRM OVERVIEW

Name	Lobatse Clay Works
Nationality	Botswana
Sector	Manufacturing
SADC countries where doing business	Botswana, South Africa, Namibia, Angola, Zambia

BACKGROUND

Lobatse Clay Works produces bricks, which are used locally and exported into Southern Africa.

BARRIERS ENCOUNTERED

The top three barriers identified, where the inconsistencies in weighbridge readings, the inconsistency in vehicle permit and insurance cost, which now also includes a carbon tax, and finally the inconsistencies in various policies and regulations across the region.

IMPACT OF BARRIERS

Weighbridge readings are very problematic as readings taken upon loading in Botswana can differ dramatically from readings taken closer to the Namibian border. When there is an increased reading, the trucker is expected to pay immediately. If he has no cash on him, he has to leave his truck at the

weighbridge point and make his own way to a nearest cash point, which could be well over 200km away. The truck is left in an insecure environment. This touches on banking difficulties in Botswana and Namibia, where cash is not easily available. With roadblocks, a truck can be stopped near twenty times before it reaches its destination, which can all involve a cost.

Carbon tax is a new addition to costs that exporters face and the tax does not seem to be implemented consistently.

On a policy level there seems to be inconsistencies between the Southern African countries that impact negatively on the firm. The different ways in which VAT are calculated is one such example.

The tariff structure of the Southern African Customs Union (SAUC) reflects South Africa's strengths and weaknesses and does not adequately make provision for Botswana interests. There is a perception that South Africa wants to export but not import.

FIRM RESPONSE TO BARRIERS, INCLUDING INTERACTION WITH POLICYMAKERS

The firm has accepted that this is the way in which business is done in Southern Africa and works its way around the barriers.

The firm participates extensively in all relevant forums and workshops hosted by SADC but see little value for their participation. Annoyance at yet another study looking at well-known barriers to trade was also expressed coming in the wake of recent World Bank and WTO studies. There was a sense that the region has been talking about the same issues for over 15 years with no progress.

There have been no outcomes as a result of the firm's engagement with policymakers, including at the regional level.

ADDITIONAL COMMENTS AND SUGGESTIONS

It was suggested that SADC should pay attention to past studies and follow recommendations that were made by companies who participate in research in the past.