



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 WESBANK TRANSPORT

MARCH 2012

FIRM OVERVIEW

Name	Wesbank Transport
Nationality	Namibian (100%)
Sector	Transport & Logistics
SADC countries where doing business	Namibia, Botswana, South Africa, Zambia

BACKGROUND

Wesbank Transport, founded in 1968, is a Namibian transport group with its head offices in Walvis Bay. The group specializes in long-haul, short haul, chemical logistics and material handling (cranes, abnormal loads etc.). For the purpose of this study we focus mainly on the long-haul operations. The company has a depot in Gauteng from which it operates, while also supplying Botswana. Occasional deliveries are made to Zambia and on demand to other countries. Wesbank Transport has a fleet of about 464 units and 363 staff and is market leader in the logistics industry in Namibia. The company handles 70 percent of container transport in Namibia, often within Walvis Bay. It transports about 2700 containers a month. In Walvis Bay it transports a lot for the fishing industry. From Cape Town and Gauteng it supplies the mining industry in the Erongo region using flatbeds. Furniture and parcel transports are also common.

BARRIERS ENCOUNTERED

Different road permit systems are the biggest concern. All countries recover the cost for their road network in different ways. Amounts differ and the systems to calculate the amounts differ. Botswana only standardised the calculation for mass 3 years back so it is on par with Namibia. Still there are differences. i.e. Namibia requires one escort vehicle back and front for abnormal loads, Botswana two, the practice is thus that you drive the whole route with four escort vehicles because of different legislation in the transit country Botswana. In Zambia there are different insurance policies. Sometimes a country requests a permit for each unit rather than the whole load. South Africa taxes through fuel levy and through toll roads, this amounts to double taxation.

A major barrier is insurance coverage. It is impossible to insure trucks and loads comprehensively throughout SADC. "If a truck breaks down outside our borders it is stuck. This is also a major reason not to venture into countries with unclear procedures. If a truck breaks down we have to bring it to our border before the insurance company can take over." As a result Wesbank Transport only has third party insurance and has had to invest in a fleet of recovery vehicles and its own workshop in order to retrieve and repair vehicles in Walvis Bay.

Customs and border challenges are a major concern. Wesbank regards initiatives to harmonise border procedures (i.e. one-stop border post between Namibia and Botswana pilot project) as of little consequence so far. Sometimes it is necessary to give drivers a large sum of money to pay for border procedures. In other cases the paperwork is cleared by agents, which take a load off the transport company. Still, at customs all duties have to be worked out based on load, weight and the amount of days the truck is in the country. Standardisation of customs documents in SACU has made things easier and a truck can be cleared in several hours. In comparison in Zambia one or two days is the norm. This gets progressively longer when heading further north in SADC. "Some border posts are not up to scratch, there is congestion."

BARRIERS ENCOUNTERED

Wesbank trucks use the Fuelmaster system in Namibia and South Africa to refuel. This works fine but the system doesn't exist in other countries, which makes transport difficult. You simply cannot send a driver with the cash for fuel. There is also a serious shortage of overnight stop facilities in the region. The company operates between 6am and 11 pm and drivers have to stay overnight. The old practice of stopping at police stations/roadblocks is not regarded as safe anymore. There is a need for more safe and secure truck ports along the major corridors.

Getting good and reliable drivers and personal for middle management is an issue. Foreign drivers need a visa before they can operate in Namibia. This visa, however, doesn't allow them to work in the country as such, for that they need a permit. So a South African driver on his way back from Walvis Bay to Gauteng is not supposed to stop in Windhoek to deliver a load.

Namibia has a relatively high corporate tax rate (34 %). Since Wesbank is only registered here it pays this premium.

IMPACT OF BARRIERS

As a result of the barriers to cross-border transport, lucrative and growing markets are shunned by the company. Wesbank noted that, because of the growing road network and traffic in the region, countries struggle to maintain roads and look for sources of revenue. “We now get less kilometers out of a truck and therefore less revenue.”

FIRM RESPONSE TO BARRIERS, INCLUDING INTERACTION WITH POLICYMAKERS

Wesbank tends to focus on predictable routes and volumes in the region and does not open up new routes that could support greater levels of trade among countries. Higher investment in vehicles and staff are required to maintain business.

As result of the reaction by the firm to the challenges faced, there has been no market penetration in certain countries, loss of revenue, and a streamlining of business to focus on routes with predictable volumes and/or procedures.

Wesbank participates in fora to engage policymakers through regional transport associations and corridor groups (such as the Walvis Bay Corridor Group – WBCG). Such groups do book some progress in getting procedures harmonized.

ADDITIONAL COMMENTS AND SUGGESTIONS

1. Improve safety for driver and load along the route.
2. Serious attention needed to road conditions (truck stops, road conditions, road assistance and animal control, the latter mainly in Botswana).
3. Establish true one-stop border posts, where the driver only needs to get out once.
4. Standardize procedures across the region.