

Rail operator: new reality

The global downturn spiral has impacted on state rail operator Transnet. The supplier's market in recent years has been transformed into a buyer's market as a result of a slowdown in the world economy and CEO Maria Ramos says the group will seek to exploit this new reality. She was enthusiastic about what it could mean for the somewhat delayed diesel locomotive procurement from Electro-motive Diesel, of the US.

«The delays have given us breathing space to have a look at a whole new, more commercial approach to the acquisition of traction power as opposed to simply adding locomotives,» CFO Chris Wells said. The analysis took into account the full life-cycle costs and how, through a partnership with the supplier, standards could be incorporated to improve operational flexibility and maintenance regimes. The contract would now probably be signed early in 2009, he said. Ramos also foresaw no material constraint to Transnet raising the R13-billion required to part-fund its R21-billion capital programme for 2008/9. In fact, Wells noted, half of the money had already been secured. He confirmed that the bulk of the funding would come from the domestic capital markets, which, he said, were still «liquid and deep», despite an international market credit squeeze. The Bombela consortium, which is developing the Gautrain project, has created more

than 8 200 local direct jobs, and an estimated 44 300 direct, indirect, and induced jobs. South African materials, plant, and equipment to the value of R1, 03bn have been purchased for use on the R25-bn rapid-link project, compared to an obligation of R770-m, he adds. By the end of July, more than R1,8-bn had been spent on procurement from, and subcontracting to black economic empowerment (BEE) companies, compared to an obligation of R820-m. More than 210 empowered companies have since benefited.

Rail projects recently upgraded include commuting service, Metrorail and the newly-launched Kei Rail in the Eastern Cape. Metrorail has undertaken local upgrading of rolling stock to provide more efficient services like the Business Express now operating out of the cities of Johannesburg and Cape Town. Kei Rail - a locally-driven, reinstated railway operation of 281 km provides community growth and opportunity in South Africa's poorest province. At Kei's launch earlier this year, it was announced that R133-m had been invested in the project, expecting to see as many as 29 000 jobs created. In the meanwhile, the Sandton-OR Tambo Airport high-speed section will be ready in 2009. At the airport itself, a new international arrivals' hall in readiness for 2010's guests, was completed in September this year.

Glenda Daniels and John Batwell

Rainbow GmbH:

Business links with Southern Africa

Rainbow unlimited GmbH, founded in May 2008 and registered in Switzerland, facilitates business links between the Southern African region and Switzerland and bordering European countries, by offering business development services for companies/ individual investors interested in the region, by organizing business trips to selected countries of Southern Africa, and by offering event platforms for Southern African business in Europe.

The company is managed by Thomas Seghezzi and Michael Rheinegger, who had been promoting trade and investment between South Africa and Switzerland for the last 4 years on behalf of the South African Embassy in Switzerland.

The following activities are planned for the first half of 2009:

- Business trip to Mozambique (8-11 March 2009)
- Business trip to Tanzania (15-18 March 2009)
- Business trip to Zimbabwe (22-28 March 2009)
- 2nd Swiss - Sub-Saharan African Trade & Investment Exchange, 21/22 April 2009, Zürich

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Controversial Discussion:

«BEE no solution to poverty»

Wealth redistribution is no solution to poverty, political analyst Moeletsi Mbeki told a conference on the world economy in Johannesburg.

«Redistribution can actually accentuate poverty and create social conflict ...I was one of the first to oppose Black Economy Empowerment BEE, because if they're going to redistribute wealth, who is going

to get what? Where are you going to get that wealth from? ... It benefits the people in power, but what about the poor? BEE is more of a problem than a solution.» The only way to go bridge the gap between rich and poor was to sort out the education system and concentrate more on the development of small and medium businesses...

«BEE stops black people from becoming entrepreneurs... ...Black people are not necessarily against capitalism». Mr Mbeki is however unsure if the ANC could market capitalism to the electorate. «The ANC

leaders are afraid of the unions - groups like Cosatu and the SACP - they think these groups deliver a huge constituency but they don't.» He said that the ANC had been «very good» at establishing a political system and the Constitution, but had not done well in economics. «I never expected them to because they have never run a business.» He said that at least he and his brother, President Thabo Mbeki, had worked in the family's spaza shop as children. «But when my brother gets kicked out as head of government, you won't have anyone there who has actually managed even a spaza shop.» (The Star Online)