

IT'S A SMALL WORLD



GLOBAL FREIGHT LOGISTICS  
Established 1963

# NEWSLETTER

## December 2012

And so we near the end of a year which has seen much happening in the South African economy; a weakening rand, a widening trade deficit, a slowing GDP growth rate, pernicious industrial action and some political jockeying in the run up to Manguang.

Although yet to break the psychological barrier of R9 to one dollar, our exchange rate continues its weakening trend, making imports more expensive and exports more competitive. However, this has not translated into a narrowing of the trade deficit as export production has decreased more than the decreasing import volumes, leaving us with a monthly trade gap average of around R10 billion.



The good news is that the South Africa economy is faring better than a lot of more developed countries but that does not mean that local businesses don't need to constantly evaluate their credit terms, exposure to interest rates, exchange rates and higher input costs and to plan accordingly.

For Berry & Donaldson it has been a busy and, at times, difficult year. Well publicised transport and port workers strikes have hindered our ability to deliver timeously to clients as these forces are beyond our control. However, we also look back on a year in which our head office renovations were completed and we continued to invest in our company designed order management system (B&D Visibility) as well as in staff development and in social upliftment in the form of our CSI project, the Walmer Estate Primary School. And we look forward to 2013, the year in which we will be celebrating our 50th anniversary with further roll-outs of our systems and more enhancement of our service delivery.



Many of you will be taking a break and/or closing your business over Christmas and New Year. During this time, B&D will continue processing shipments for our clients and the delivery of cargo will be ongoing, unless you require storage until such time as you are able to receive it. Also, should you require us to continue making disbursements on your behalf, please make suitable arrangements with us and also ensure that all documents are received by us or are with your bank (in which case please provide us with the contact details of the relevant person).

Finally all of us at Berry & Donaldson would like to convey our best wishes to you and your families over the festive season.

## Happy Holidays



The Rand: our infernal currency that is tossed around the markets like a small buoy in a rough sea, subject to the vagaries of international crises, opaque government policies, the indiscreet murmurings of attention seeking politicians, agency downgrades, America "sneezing", Europe fighting and lemming like investors looking for the next angle.

There are, however market analysts who insist that the path of the rand and other currencies can be predicted by utilising pattern analysis, rather like that of predicting incoming weather.



Analyst James Paynter says in the Freight Trade Weekly online: "Just as weather moves in law-abiding patterns of creation, so financial markets move in similar law-abiding patterns... as they reflect the underlying mass sentiment of those active in the market at that time. And these patterns repeat themselves over and over again – in smaller and larger degrees."

This sort of analysis uses the Elliott Wave principle, a model that was developed by Ralph Nelson Elliot (1871–1948), a professional accountant, who discovered the underlying social principles and developed the analytical tools in the 1930s. The model gained prominence in the 1980s when Robert Prechter, a market technician at Merrill Lynch came across Elliot's principles and implemented them in this bull decade. There have since been many proponents of using the Elliott wave model to predetermine market movements

such as Robin Wilkin, of JP Morgan Chase, who says "the Elliott Wave principle ... provides a probability framework as to when to enter a particular market and where to get out, whether for a profit or a loss."

But it is not without its detractors either. Doubters assert that in efficient markets, knowledge of the Elliott Wave Principle among traders would lead to the disappearance of the very patterns they tried to anticipate, rendering the method, and all forms of technical analysis, useless.

And it is hard to qualify how a currency that is as exposed to external and capricious events as the rand is, could be predicted to a responsible degree, based on the theory of pattern, or "wave", analysis.

The South African Revenue Service has introduced a tiered approach to accreditation of which the Preferred Trader is the second level. For businesses wishing to become such a second tier trader, the person employed by the applicant who will be responsible for Customs matters must, before being employed in that capacity, first demonstrate sufficient knowledge of Customs and Excise laws.

Preferred Traders who will need to demonstrate competency to SARS will benefit from improved compliance within the trader segment so that Customs operations at the country's borders should be able to focus on the high-risk consignments, whilst allowing greater ease of movement to accredited clients.



To evaluate compliance by these designated Customs offices, SARS will be conducting competency assessments in the New Year. Berry & Donaldson remains at hand to advise and facilitate the process required for clients who are wishing to institute the measures required of such preferred traders. We shall be conferring with SARS and will communicate with clients as to when we may be able to host such an assessment for them.

## ASSESSMENT

Staying with Customs matters, from 1 January 2013 amendments to the Schedules of the Customs and Excise Act, relating to the EFTA agreement, the reduction of duties on paper and paperboard as well as technical amendments to the Schedules to the Act shall come into effect. Click here for a full explanation.

## Helping to reduce Carbon Footprint!

Berry & Donaldson is honoured to be involved in providing project logistics to the Khi and Kaxu Solar One projects in the Northern Cape. These are the first large PV concentrated solar power projects in sub-Saharan Africa and of the first private sector renewable energy projects in South Africa.

The Khi Solar One project consists of a 200m high tower and more than 4,500 heliostat moving mirrors to reflect light onto the tower. It is located on a 600 hectare site close to Upington. The KaXu Solar One is a 100 MW parabolic trough technology with three hours of storage capacity and will be located close to Pofadder.

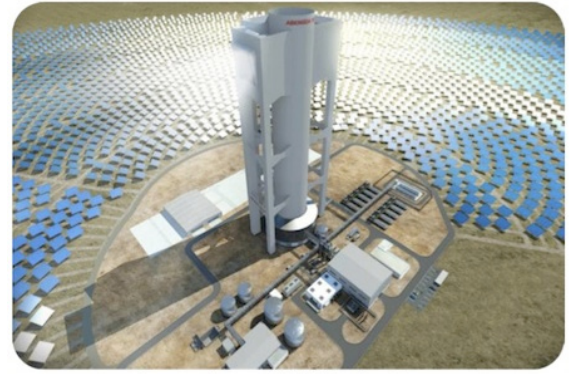


Jointly owned by Abengoa, the Industrial Development Corporation (IDC) and with Black Economic Empowerment (BEE) involvement, these projects will be Abengoa's third commercial solar tower and its first outside of Spain.

These projects involve over 6 thousand containers as well as the transporting and customs clearance of large, out of gauge and cumbersome components utilizing both sea and airfreight.

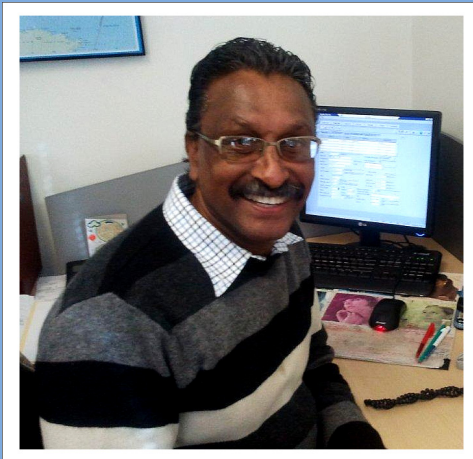
Khi Solar One will use concentrated solar technology that harnesses solar radiation by focusing it onto a small area to produce steam, which drives a turbine and produces electricity. Advanced dry cooling technology will reduce water consumption by two thirds.

The plant, which is generating 600 constructions jobs as well as a further 35 fulltime employment will be able to store thermal energy for two hours and will prevent about 183,000 tonnes of CO2 emissions a year



*Artist renderings of Khi Solar One Project*

## Getting to know us...



Berry & Donaldson has many football mad employees, perhaps no more so than Dodo Pillay, a senior airfreight entry clerk based at our Airfreight office at Cape Town International.

In fact it was soccer that brought Dodo, a talented midfielder who hails from Durban, to Cape Town some forty years ago. Whilst working in the Durban port, he was persuaded to join the Rylands Spurs as a professional amateur. Dodo became a fully professional footballer when he was called up to play for Cape Town United in a rebel league, formed when CTU broke away from Cape Town Spurs and Glenville FC.

Dodo has had a long career on the Clearing and Forwarding industry and he joined B&D following 35 years at a rival agent. Bringing decades of experience to our airfreight branch, he is a popular and industrious member of the airport team.

Dodo, a family man, keeps himself physically fit with road running and time in the gym. However, as a die-hard Liverpool fan watching his beloved team slide depressingly into mediocrity, his emotional state is tested weekly.