The world as our customer

IT is a fairly common South African pastime to complain about service. But on a recent trip to Spain I realised our service is better than theirs – and that got me thinking about how competitive we really are.

My suspicions were confirmed when I worked out our export trends. Quietly, in defiance of negative perceptions, we are getting better at it.

In 1995 exports accounted for 18.9% of our economy. By the beginning of this year the figure had risen to 28.1% -- a solid improvement, despite the low gold price.

Platinum and, significantly, manufactured goods have more than made up for lower gold revenues. Gold has lost the crown it used to wear in our economy. I am regularly surprised by the prominence it is still getting in our news bulletins – old habits die hard.

Of course, the declining value of the rand has made no mean contribution to our export success. A weaker rand means better overseas prices for our products, an experience SA is sharing with countries like Singapore and France. The French recovery after World War II had a lot to do with the motto "devalue often and devalue deep".

We are living in a time when international competitiveness has become a mantra. But a country's competitiveness has to be seen in context. Aids, crime and emigration – to mention only three of our problems – would damage any country. But, as we've seen, a depreciating currency may counter such constraints.

Seen from the opposite end, in Europe Britain is losing out because of the strong pound.

Obviously, a weak currency also has its drawbacks, mainly inflation. It is not a permanent solution, but it does create opportunities to boost an economy.

And we are using those opportunities in SA – no longer mainly with primary goods taken from the earth and loaded onto ships, but also with the products we manufacture in competition with other factories in the world.

Manufacturing exports have grown by 107% in the seven years since 1994, from R59.6bn to R123.4bn in constant 2000 values. Measured in another way, the proportion of goods exported grew from 15.1% in 1994 to 27.5% in 2000.

More and more, our factories are producing for foreign markets. They can gain further momentum from our free trade agreement with the European Union (EU) and from the Africa Growth and Opportunity Act in the US.

Our exports to the EU grew by 35% in the year to 2000. More than half the total was manufactured goods – meaning we did better with manufactures than with diamonds, gold, platinum and coal combined.

Imports from the EU grew by only 20%, resulting in a huge increase in our trade surplus with them – from R6bn in 1999 to R17bn a year later. In that time, the rand was relatively stable in terms of the euro, showing there is more to our export performance than a weak rand. In many respects, we are competitive.

This is confirmed by another figure: our exports to the EU are growing faster than the EU's share of world trade. SA exporters are gaining market share.

Tariffs on 95% of our EU exports are due to be scrapped in the next 8 to 9 years, creating more opportunities. We don't have to be sidetracked by the disputes about sherry, port and fisheries.

In addition, the Africa Growth and Opportunity Act has established favourable conditions for African exporters to the US. We meet the Americans' conditions and our exporters can make full use of this opportunity.

Add in the 16% growth in our tourism revenue last year (did your increase match that?) and it is obvious that we can take on the competition with growing confidence.

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