FEEDBACK TUTORIAL LETTER

2ND SEMESTER 2019

Assignment 2

Forwarding and Shipping Management
FSM621S
FEEDBACK

General observation,

Overall job well done, I have gotten some good reports from you. It’s nice to see that some students really get out of their ways to learn and have not limited their learnings to a study guide. Well done.

However, most of student had the theory but could not apply it. If Namibia and SA are part of SACU, the exempted from customs duties when trading with each other hence only import tax applies to the South African Transaction.

Additionally, when answering question please put in context of the given case. For example most of you said, drawbacks for SACU will be child labour exploitation and cheap labour from developing country, in context for SADC is this relevant?

I found two assignments that are exactly the same, word by word, belonging to two different students. This grades you zero, it is unacceptable.

Again please us APA referencing style.

QUESTION 1 [30 MARKS]

1.1 A customer buying clothes from China worth USD 6000, her Namibian account was debited with N$ 89 700 as in accordance with SARS exchange rate, the transaction used the CIF incoterm. According to the classification system, this transaction attracts 45% customs duties and 15% in import taxes.

a) Calculate the customs and taxes duties payable on this transaction? [5 marks]

Customs; N$ 89 700 x 45% = N$ 40 365
Taxes        N$ 89 700 x 15% = N$ 13 455
Total        N$ 53 820 + N$ 89 700 = N$ 143 520 total payment for this transaction
b) If the customer changes and decided to buy from a South African supplier at an increased invoice value of ZAR 92,560 incoterm CIF. Calculate the savings or extra cost this buyer will pay.

[5 marks]

Taxes N$ 92,560 x 15% = N$ 13,884 + N$ 92,560 = N$ 106,444 payable for the SA transactions

N$ 143,520 - N$ 106,444 = N$ 37,076 total savings

Because of SACU, there are no customs payment

c) Recommend which supplier the buyer should consider using based on the information supplied

[4 marks]

Based on the information provided, it will be way cheaper to buy from South Africa as the company will make a savings of N$ 37,076. This savings comes from the fact that they don’t have to pay Customs.

1.2 Analyse the benefits and drawbacks for Namibia being part of SACU

[16 marks]

Namibia as a member of SACU can benefit in different ways:

✓ Market access – Namibian local business have extensive access to the different market for importation and exporting their products. The market access is not only through SACU membership (South Africa, Lesotho, Swaziland, and Botswana), but through the Preferential Trade Agreements and Free Trade Agreements, SACU has concluded.

✓ Revenue Share – SACU Member States share the revenue collected through the SACU common customs area in terms of 1969 SACU Agreements. Revenue sharing bring extra money in the government coffer, and this money can be used to upgrade the country infrastructures.

✓ Significant increase in investment opportunities in the free trade area;

✓ Advocate the adequate and effective protection of intellectual property rights;

✓ Provide a structure for the further development of their trade and economic relations with a view to expanding and increasing the benefits of this Agreement; and

✓ Contribute in the way to the harmonious development and expansion of world trade by the removal of barriers to trade.
QUESTION 2 [20 MARKS]

2.1 Evaluate the role of the Walvis Bay Port in SADC regional development? [10 marks]

a) **Fuels economic development** – connectivity to and from hinterland for exports and imports. Foreign transactions lead lads to industrialization and consumer choice and provision of goods at competitive rates.

b) **Development of cities** – most developed cities are port cities as ports serve as an incentive towards modernization, Merk (2010). Ports spur the economic activities around them like banking, finance, insurance, logistic etc. This lead to development of cities around ports. For example – Mumbai and Kolkata.

c) **Employment creations**- Ports attract various operations, thus increasing and empowering job markets. Direct employment in port related activities and indirect employment from the port communities such as freight forwarder, brokers, banking and insurance.

d) **Relatively Environment friendly** – marine transportation has a much lower carbon foot print when compared to other modes of transportation. Railway system uses twice the energy consumption while road requires about 10 times more than marine transportation, hence marine transportation is more environmental friendly.

e) **Supports manufacturing and mining sector**- due to the heavy nature of this industry commodities combined with the distances they get transported marine transport is ideal, it brings the intended markets closer and facilitated trading in this industry which have huge impact on the economy of a country.

f) **Development of Infrastructure** – the increase in port services required development of adequate infrastructure which has spillover effect and in return provides world class infrastructure to citizens.

2.2 What key performance indicators will you use to measure whether the Port of Walvis Bay is performing or not? [10 marks]

Students were expected to discuss around the figure below;
TOTAL MARKS FOR ASSIGNMENT 2: 50 MARKS

END OF ASSIGNMENT 2