

Letters to the Editor

Letter of the Month

SIR — I must disagree with you that Jim Harris' letter is "insightful". I would describe it as superficial, and short-sighted. I cannot believe he lives in Honeydew, surely he is in Cloud Cuckooland?

He would have us stop manufacturing goods because we can import cheaper ones with no duty.

He believes government is insane to have any duties on imported food, rather stop growing it, he urges, if it costs us more than the often highly subsidised agricultural products from elsewhere.

I have news for Jim, his country would not last long his way. It's no use having cheap imported cars, clothes and food if unemployment doubles and very few people can afford to buy anything.

He has also made a mistake many make when talking about the Motor Industry Development Programme (MIDP). Tariffs are not the result of the MIDP, tariffs exist



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around the world to provide some protection for local industry and agriculture — particularly in developing countries. We would have duties even if there was no MIDP.

I will bet Jim never knew that the US has import duties of 25% on imported pickups and trucks. This is to protect local production of almost 7-million a year — 12 times our production of total vehicles, which means they can produce at costs far below ours. This is an example of targeted protection used around the world to stop cheap imports destroying an industry. Our duty rate is 34%, not a lot higher than the US.

Here is the point: the MIDP enables importers to offset all or part of this duty through their exports.

Jim says: "I think we should only

export in order to import." Well, Jim, this is exactly what the MIDP does. It is estimated that effective duties are about half the nominal rates due to MIDP rebates, meaning our effective protection is lower than the US has on their pickups.

I think Jim has missed your point in the past two Chronometer columns. I agree with you that other sectors could copy the MIDP principles to their benefit and those of consumers.

The point is the MIDP and your schemes would allow companies, by producing more, to be able to achieve economies of scale and produce their goods at lower costs, and also offset duties on those products they have to import.

Jim, I hope you're not a politician, but if you are, please declare your affiliation so we can avoid voting for a party that would strip SA of its production and jobs.

I prefer the high road, one which steers a careful course between reducing levels of protection and job creation, the very challenge that

faces our government, and one which they are tackling reasonably well if we look at recent economic growth and stability.

Goodbye, Jim, and good luck in China, Utopia, Cuckooland or wherever you end up. Send us a postcard (imported, of course).

Roger Pitot
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Automotive Component and
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