

Giving Development a Face

[Cross-border Shopping]



Cross-border African shopping and trading activity is a significant social and economic phenomenon. It is important that the substantial contribution that this sector is making to the economy is understood, and that steps are taken to create an enabling environment for the continued growth in cross-border shopping and trade in South Africa.



- * ComMark is funded by the UK's Department for International Development (DFID)
- * This project is implemented by the Johannesburg Cross-Border Shopping Association



CROSS-BORDER SHOPPING >>

definition...

Cross-border shoppers are foreigners who come to South Africa for short periods of time, with shopping as their main purpose of travel. They are conventionally recognised as a sub-sector of the tourism sector. Their activities range from the purchase of low-end consumer goods for use by friends and family in their home countries to entrepreneurial buying of crafted and manufactured goods for resale in their home countries and South Africa.

why jo'burg shoppers?

RESEARCH AROUND REGULATORY BARRIERS to economic growth, investment and job creation is one of ComMark's key focus areas.

In 2005, Commark published a ground-breaking study of compliance costs across the South African economy, revealing that these costs facing the tourism industry were considerably higher than average.

The tourism sector's importance for the South African economy and its potential for pro-poor growth created the impetus for a much more detailed, sector-specific study. It was during this study that the African cross-border retail sector emerged as an important part of the tourism economy. According to SA Tourism's *Annual Tourism Report*, visitors from African countries made up the largest proportion of total foreign direct spend in 2005, contributing R12.1-billion.

This sector is of particular interest to ComMark because it also has several pro-poor features:

- ✿ African cross-border shoppers are particularly likely to rent accommodation from poorer South Africans;
- ✿ Their activities support dependants throughout Africa';
- ✿ The majority of shoppers and traders are women, creating empowerment opportunities for women; and
- ✿ The sector develops entrepreneurial and small business activity.



'Crime and security are major problems and we feel vulnerable staying in low-cost establishments. At the right price, these establishments would be full, but they may also become overrun and crime ridden.'

Trader, Zimbabwe

sleeping in the taxi...

Many shoppers do not stay overnight in Johannesburg because of the lack of cheap, adequate accommodation, fear for personal security and convenience. Shoppers from certain neighbouring countries such as Zimbabwe often spend only one day in Jo'burg or sleep in makeshift accommodation such as Park Station or in the bus or taxi. This from Ruthie Ndhlovu, a small trader from Nketa near Bulawayo, who comes to Jo'burg four times a year to buy goods to sell back home, including clothing, blankets, linen and kitchen accessories: "Transport is too expensive so I can only afford up to R10 per night for accommodation, otherwise it is better to sleep in the taxi."

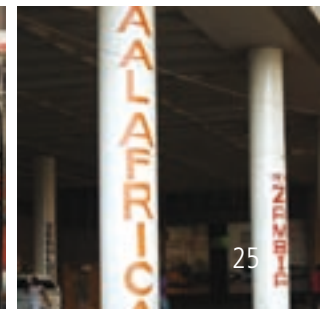


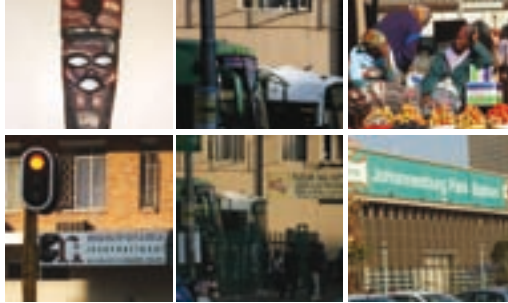
what did we do?

ComMark's research and advocacy work in this sector has sought to identify and remove obstacles to cross-border shopping and trading between Johannesburg and South Africa's neighbours. ComMark's first research report focused on providing a broad and reliable picture of the accommodation market which serves the cross-border shopping sector in Johannesburg in order to assess the extent to which the availability, standard and cost of accommodation represent a major constraint to the growth of the sector. The report also looked at the employment generated within the accommodation market and explored the extent to which problems relating to the storage of goods bought in Johannesburg by cross-border shoppers might inhibit the growth of the sector. In a second survey, 120 cross-border African shoppers and traders were interviewed in the Johannesburg CBD and surrounds. This survey gathered information about the profile and activities of cross-border shoppers and traders, and probed challenges to the expansion of the sector, and in particular, the regulatory barriers to the expansion of cross-border shopping and trading activities.



Nine accommodation establishments were identified in the Braamfontein area. Of these, two are hostels, offering dormitory-style living for between R60 and R150 a night. Munorurama bus service station offers dormitory-style accommodation and the room price is included in the bus fare. These are amongst the most popular choices for cross-border shoppers.



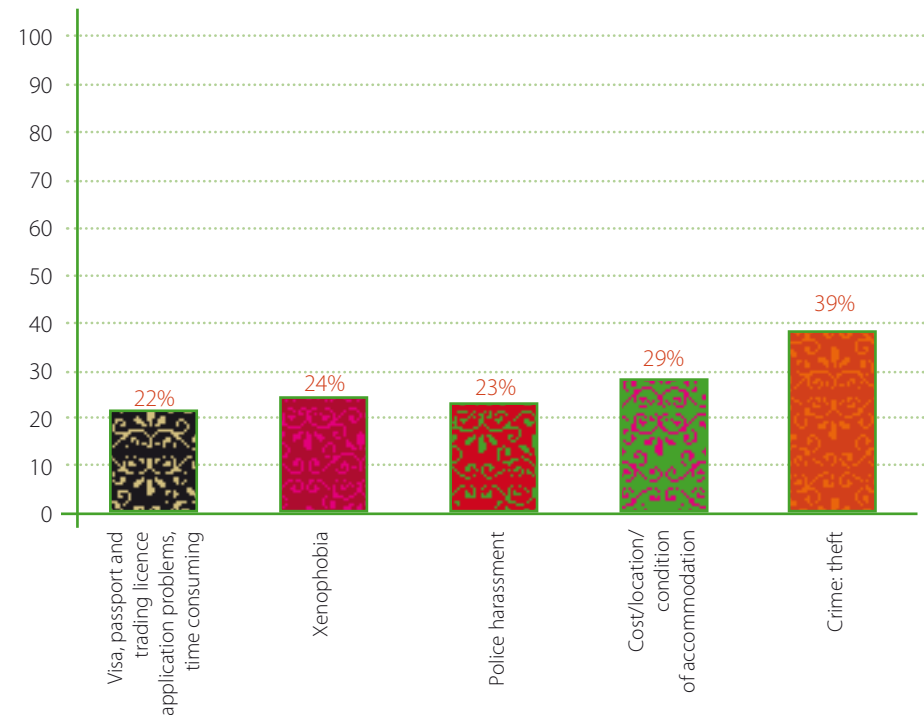


what did we find?

- ❖ The informal nature of much of this trade belies the collective spending power of these cross-border shoppers and traders, as well as the large amounts of goods crossing South Africa's borders every day. Each shopper spends close to R52,000 per year in South Africa.
- ❖ Contrary to the perception that foreigners are a drain on the state, the research revealed that the shoppers and traders represent a net gain for the South Africa economy, and stimulate trade and enterprise development throughout Southern Africa. Almost 90% of shoppers indicated that their activities in Johannesburg constitute their key source of employment.
- ❖ Respondents consistently referred to the following difficulties in shopping and trading in Johannesburg: lack of storage facilities, lack of affordable accommodation, fear for safety and security and experiences of crime (especially theft), xenophobia, police harassment and regulatory issues regarding visas, passports, trading licences, tax refunds and customs control.
- ❖ Overland cross-border shoppers who shop in the CBD come to Johannesburg regularly. The majority come twice a month. However, most only spend a maximum of three nights in Johannesburg per trip. Although accommodation was not rated as the primary concern, it is clear that the accommodation market does not adequately meet the needs of these shoppers.
- ❖ Regulatory issues account for a significant proportion of the problems faced by cross-border African shoppers and traders in Johannesburg, with visa problems featuring heavily. The time spent waiting to declare goods at the border was mentioned as the most troublesome consequence of regulation by most shoppers and traders.



Problems faced by shoppers and traders in Jo'burg



what's next?

ComMark is investigating possibilities around expanding its involvement in the development and growth of cross-border shopping activities as they relate to the 'making markets work for the poor' methodology.