# Transnet key to unlocking SA growth: Stanlib

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State-owned transport and logistics company Transnet has the potential to unlock the country's growth potential, Kevin Lings, Stanlib chief economist says.

Presenting an economic update on Tuesday, Lings said that the R300bn announced in the budget for Transnet for the next three years could benefit the economy if private companies bought into it.

"I think Brian Molefe has the most important job in SA. He has the capacity to unlock growth," Lings said.

Lings said what was needed was infrastructure that benefited business and encouraged business to invest. Transnet would encourage businesses to invest if it focused in particular on rail and port projects, Lings added.

Corporate deposits moved sideways during the recession, according to Lings, and now that the economy was recovering, companies were "sitting on a lot of money".

"If you want the economy to grow you need to leverage the corporate balance sheet," Lings said.

## Transnet plans

Transnet's plans included the expansion of the iron ore export and coal railway lines, a container terminal at Coega, the deepening of the Durban container port terminal, and the purchase of 100 locomotives.

Lings said he was hopeful that Transnet would follow through with the implementation of the projects, for the sake of the general economy.

Lings said the economy could no longer afford to rely on a consumer-led recovery as the SA consumer was facing several challenges. These were identified as high water, electricity, fuel and food costs, among others.

"It's difficult for the consumer to avoid these costs," he said.

On the global economy, Lings said that a double dip recession for US was no longer "a likely outcome".

Stanlib forecast the US to grow by about 2.2% in 2012.

## Job creation's vital role

Key for the US economy however, Lings said, was for that country to keep on adding jobs as this was a strong indicator of the health of the economy.

The US lost over eight million jobs during the recession and had so far only recovered about three million of those.

"The US recovery is sustainable as long as they keep creating jobs," said Lings.

The US government would have to curtail their expenditure to address debt, said Lings.

In Asia, Lings said China was likely to exceed its growth target of 7.5%. Recent comments by Chinese Premier Wen Jiabao, that the world's largest economy was targeting a lower growth rate of 7.5% sent stock markets around the world tumbling.

"The anxiety by markets is overdone," Lings said.

Presenting a global market update, Paul Hansen, Stanlib fund manager said a number of developments were possible.

Hansen said interest rates were declining in Brazil, Russia and other countries in 2012, Chinese and Brazilian shares were cheap, and emerging market currencies were recouping losses from 2011.