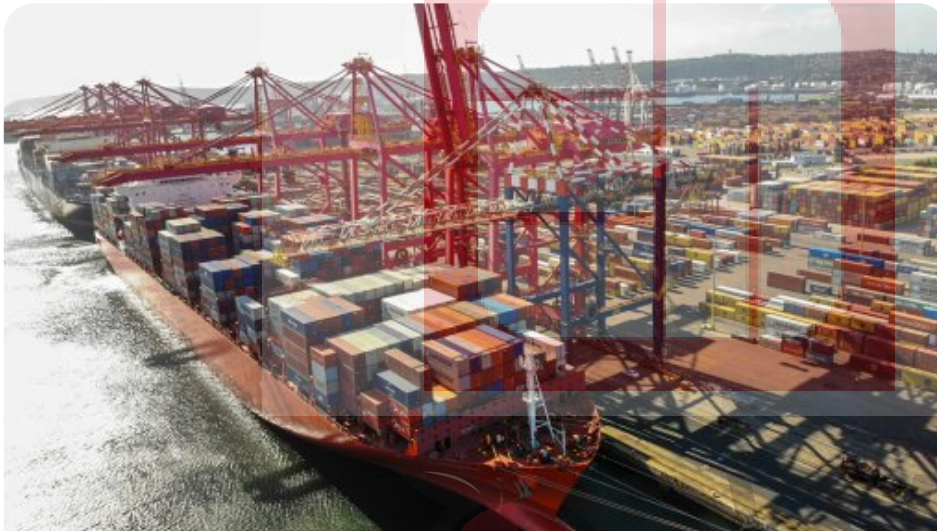




<https://www.engineeringnews.co.za/article/transnet-names-ictsi-as-new-partner-for-flagship-durban-container-terminal-2023-07-17>

Transnet names ICTSI as new partner for flagship Durban Container Terminal

17TH JULY 2023 BY: TERENCE CREAMER - CREAMER MEDIA EDITOR



The Durban Container Terminal

State-owned Transnet has selected International Container Terminal Services Incorporated (ICTSI), of the

Philippines, as the preferred bidder for the 25-year joint venture with Transnet Port Terminals (TPT) to develop and upgrade its flagship Durban Container Terminal (DCT) Pier 2.

DCT Pier 2 is Transnet's biggest container terminal, handling 72% of the Port of Durban's throughput and 46% of South Africa's port traffic.

ICTSI, which beat six other shortlisted Pier 2 bidders, is regarded as the world's largest independent terminal operator, with 34

terminal operations in 20 countries, including four in Africa, across six continents.

Transnet, which initiated a private sector participation process for DCT Pier 2 and the Ngqura Container Terminal (NCT) in 2021 amid ongoing operational difficulties, believes the partnership with ICTSI will help improve the terminal's performance and reposition DCT for growth.

Private sector participation at the two terminals has been identified as a key reform under government's Operation Vulindlela for raising port efficiencies at the terminals, which are both operating well below their nameplate capacities.

DCT Pier 2 has a current container capacity of two-million twenty-foot equivalent units (TEUs) and there is an intention, through the partnership, to increase its capacity to 2.8-million TEUs, including through the berth deepening of the North Quay at Pier 2.

Transnet National Ports Authority (TNPA) has announced that it intends increasing the current container capacity in the Port of Durban from 3.3-million TEUs to an eventual envisaged capacity of 11.4-million TEUs.

Transnet CEO **Portia Derby** described the partnership as a catalyst for repositioning the Port of Durban as a container hub port and for boosting the operational performance of TPT's ports.

“The partnership in Pier 2 is a major step forward for our programme to bring in global expertise to improve efficiencies at our terminals, and bodes well for our ongoing plans to crowd in

the private sector in areas identified for growth,” Derby said in a statement.

The announcement of the transaction follows approvals from government in terms of the Public Finance Management Act and includes a condition that all DCT Pier 2 employees be seconded to the new entity, in which Transnet will hold a majority ownership of 50% plus one share. It will involve a cash payment to Transnet, but the value has not been disclosed.

“There will be no retrenchments, and employees will retain the same terms and conditions before and after the introduction of the private sector partner,” Transnet said in a statement.

The company told *Engineering News* that consultations with unions commenced in August 2021.

"A joint task team was formed including the South African Transport and Allied Workers Union and the United National Transport Union at the level of their general-secretaries and full-time shopstewards. A Transaction Advisor was appointed independently advising labour and all key information was shared throughout the process."

The new company is also required to achieve a minimum Level 4 broad-based black economic empowerment status.

Transnet also confirmed that the 25-year term will be extended to a maximum of 30 years in the event that berth deepening of the North Quay at Pier 2 is delayed, and the terminal operating licence and lease will be subcontracted to the new company.

Non-current assets will be transferred into the new company, together with customer and supplier contracts.

Transnet said it would now proceed to work with ICTSI to implement the transaction, with legal and regulatory matters scheduled to be concluded within three to six months.

A way forward on the NCT process would be outlined in due course, with Transnet reviewing other options to increase it to full utilisation. 🇷🇺

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