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Durban port partner decision 'good news' for economy - CGA

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Justin Chadwick, CEO of the Citrus Growers Association. Source: CGA

The Citrus Growers Association (CGA) has welcomed as good news for labour, business and government Transnet's announcement of International Container Terminal Services Inc (ICTSI) as the selected equity partner for Durban Container Terminal (DCT) Pier 2.

Writing in his weekly newsletter, CGA head Justin Chadwick was upbeat about the selection of the globally experienced equity partner, saying it bodes well for the long-term functioning of the country's busiest port.

"This is good news for labour in the short term as DCT Pier 2 employees will be seconded to the new entity – with no retrenchments and the same terms and conditions as before. This is especially good news for port labour in the long term as the new partner will help reposition and implement best practice performance, ensuring growth in volume throughput," Chadwick said.

ICTSI is the world's eighth-largest independent container terminal operator, headquartered in Manila, Philippines, operating 34 terminals across 20 countries. Transnet will retain majority ownership in the joint venture with 50% plus one share.

Chadwick said the port's increased volume throughput would result in more employment, not only at DCT but also for ancillary goods and services – good news for the Durban economy which relies heavily on a well-functioning port to boost business.

“A well-functioning Durban port is also beneficial for all labour employed in the sectors that utilise the port to export and import cargo – an effective and efficient port is essential for export sectors such as vehicles, mining and agriculture. It is good news for business as the present trajectory of port performance was concerning,” he said.

Chadwick added that the new partnership would result in attention being given to equipment, infrastructure, and management.

“The new partner has a good track record of running efficient ports around the globe.”

The decision is also good news for the government, which desperately needs the logistics sector to function efficiently to absorb labour and boost the economy.

“There have been concerns about cargo moving to ports in Mozambique and Namibia – once cargo is lost it is difficult to attract back. Durban port is poised to continue as the gateway to Africa – the port has so many advantages over other options,” Chadwick said.

The term of the transaction is 25 years, with an option to extend to a maximum of 30 years in the event that the berth deepening of the North Quay at Pier 2 is delayed.

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