

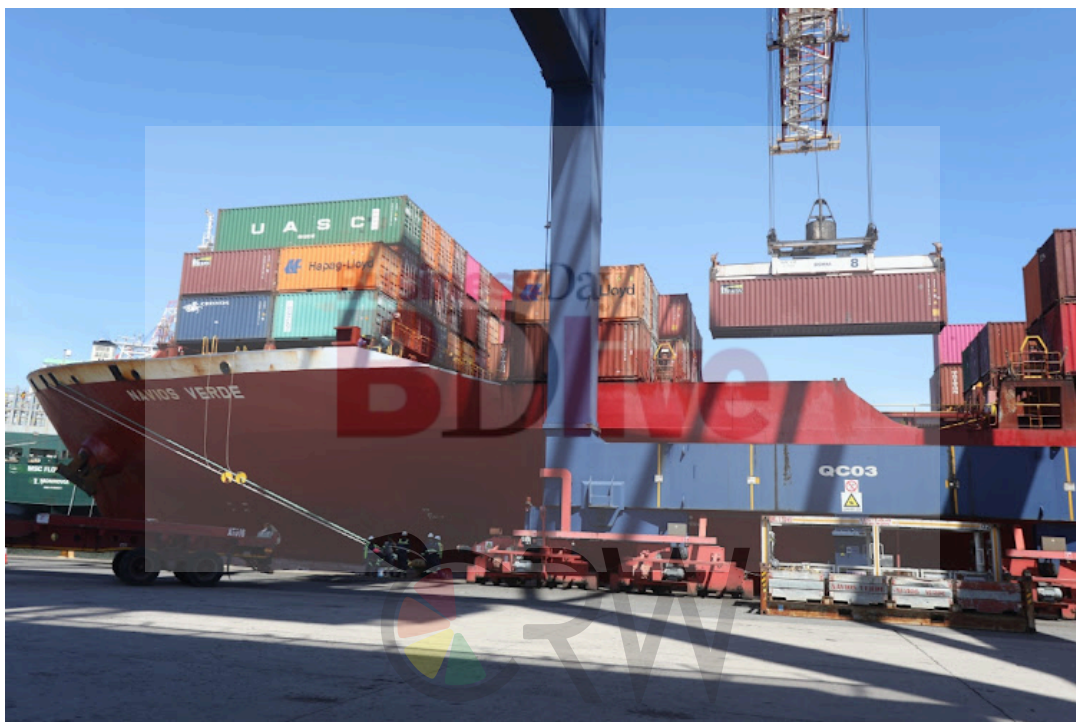
■ ECONOMY

Exporters choose SA's neighbours amid delayed port privatisation

Centre for Risk Analysis says increasing competition underscores urgent need for Transnet's recovery plan

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by NOXOLO MAJAVU



Picture: SANDILE NDLOVU

The delay in privatising local ports threatens the country's global export market share. Despite recent government of national unity reforms, exporters are bypassing local ports for more competitive regional alternatives.

These issues are highlighted in the SA Transport and Logistics 2024 research report, which maintains that SA risks losing market share on a more global scale as well. Despite SA having world-competitive exports, they are not exempt from competition and substitution from other destinations.

Coal, for example, is increasingly being shipped through Maputo, while local citrus exporters and Botswana diamond exports are being

diverted to Walvis Bay.

The report highlighted that SA stood a good chance to gain from a surge in marine traffic around the Cape of Good Hope, especially from mega vessels of more than 18,000 twenty foot equivalent units (TEUs).

However, local harbour operations have been plagued by the same issues that affect land-based rail infrastructure, such as frequent equipment failures and persistent congestion.

The Centre for Risk Analysis (CRA) echoed this concern in a risk statement on Monday, highlighting that increasing competition from neighbouring ports underscores the urgent need for Transnet's recovery plan.

Countries in the region are boosting investment, private sector involvement and the appeal of their ports to attract Sub-Saharan African exporters and international importers.

"Despite a delay, private sector involvement in the Port of Walvis Bay in Namibia will commence on October 1. State-owned entity Namport and Terminal Investment Limited, a subsidiary of the Mediterranean Shipping Company, have come to an agreement on the establishment of Terminal Investment Namibia," said CRA executive director Chris Hattingh.

"It is unlikely that Namibian or Mozambican ports will match the sheer volumes that an SA port such as Durban is capable of handling, at least in the short term. But over the longer term, the signals sent by those countries regarding investment and modernisation, and their seriousness regarding the upgrading of their trade infrastructure capacities, are decidedly positive. Transnet should pay heed," Hattingh said.

The SA Transport and Logistics report maintains that the air cargo freight sector is well positioned to benefit from the disruptions in ports and rail. Though air freight was previously considered too costly, the problems with other export methods now make it the only practical option, particularly for high-value and time-sensitive shipments.

“At King Shaka airport in Durban alone, Q4 of 2023 saw a 57% quarter-on-quarter rise in traffic, driven by sectors like automotive and perishables seeing marked rises throughout the same period.

“Furthermore, recent investment decisions by operators throughout the region reinforce the growing significance of air cargo, with local industry players considering these positive changes to hold true for the long term,” reads the report.

This poses a solution for importers who face lengthy port delays and bear the burden of increased storage levies and demurrage surcharges.

“In Namibia, the national airports company is in the process of expanding its terminal facilities as it is expecting a rise in throughput amid booms in the export of oil, gas and green hydrogen. Meanwhile, in Angola, TAAG Airlines has begun offering regular international cargo flights out of Luanda,” it said.

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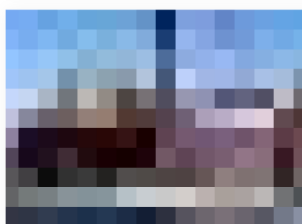
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