Citrus industry hoping for speedy outcome

Shipping line's legal challenge delays privatization of Durban Pier 2

Transnet intends opposing the interdict application launched by unsuccessful bidders for the management contract of Durban Container Terminal's Pier 2.

Maersk has confirmed that APM Terminals, an independent division within A.P. Møller-Maersk, applied for an interdict at the Durban High Court to prevent International Container Terminal Services, Incorporated (ICTSI) from assuming its new role as manager of Durban Container Terminal's pier 2.

The Philippines-based company, billed on its website as the world's largest independent terminal operator, was meant to have commenced its 25-year joint venture with Transnet Port Terminals (TPT) to develop and upgrade the terminal on 1 April 2024.

An attempt to get comment from ICTSI has been unsuccessful.

The Durban Container Terminal (source: Transnet)

"It is correct that the tender award has been challenged. As part of normal practice, we will not go into detail about an ongoing case," says senior media relations manager at Maersk, Adhish Alawani.

Sources close to the matter maintain that MSC had also lodged such an application, but MSC's legal department states: "We confirm that MSC has not applied for an interdict relative to the Transnet Port Terminals Pier 2 tender awarded to ICTSI."

Within the citrus industry, some call the legal challenge "sour grapes" and "testing the waters" to win back the competitive edge in the privatisation project of South Africa's ports, only just getting underway.

"Whatever you see at DCT Pier 2 - once private investments cause things to run properly, Coega [Eastern Cape] is going to want some of that and Cape Town is going to need some of that," says a logistics operator. "The DCT pier 2 contract was always going to go to a terminal operator not aligned to a shipping line to avoid vested interests and mudslinging over perceived bias."

"The unsuccessful bidders fear they have lost the inside track," says a citrus industry source on condition of anonymity. "It is ironic that now when government has done everything we have asked them to, and made the required changes to the regulatory environment to allow outsourced management of state assets, it is stalled by the private sector."

Maersk seeks transparency of tender award

Maersk counters that they wish to ensure that a proper, fair and compliant process has been followed. "We have a long history of doing business in South Africa and have a vested interest to improve port operations. In that regard, we have in the past, and continue in the present, to assist Transnet where we can. It is not our intention to delay the process unnecessarily or to cause any disruption."

They continue: "It bears emphasis that this process commenced in 2022, and we only received final confirmation that Transnet would proceed with ICTSI as the preferred bidder on 1 March 2024. This challenge will not delay the process in any real sense and will rather ensure that the process is lawful."

ICTSI's Matadi Gateway Terminal (https://www.mgt.cd/en), the main port of the Democratic Republic of Congo, had demonstrated to Transnet its ability to do business in Africa.

The Durban Container Terminal is South Africa's biggest container terminal, handling 72% of the port's throughput and 46% of national container volumes.

"The procurement of a private sector partner is set to improve terminal productivity and increase terminal throughput," Transnet noted at the start of March 2024. "The partnership will have a positive impact on Transnet, container supply chains and on the competitiveness of South Africa's economy."

The citrus industry says it is hoping for a speedy outcome to the legal challenge now deferring their hopes of sending citrus through a privately-run container terminal from Durban as export volumes yet again ramp up.

Publication date: Fri 5 Apr 2024

Author: Carolize Jansen

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