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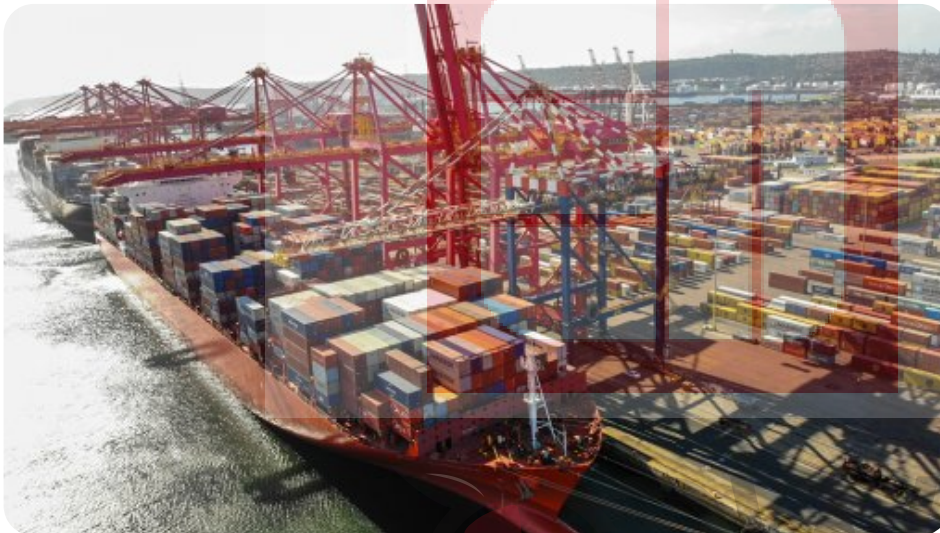


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Transnet aims to defend its decision to partner with ICTSI at the DCT

29TH APRIL 2024 BY: [DARREN PARKER](#) - CREAMER MEDIA CONTRIBUTING EDITOR ONLINE



State-owned Transnet has defended its decision to select Philippines-based International Container

Terminal Services Inc (ICTSI) as the preferred bidder for the establishment of a partnership to manage the upgrade and development of Pier 2 at the Durban Container Terminal (DCT).

Following the selection of the preferred bidder, Transnet has entered into contract negotiations with ICTSI.

Transnet's decision has been challenged by rival bidders who have demanded to know the rationale behind it. If Transnet proceeds as planned, ICTSI will have the right to buy almost half

of the main container terminal in Durban and operate it for 25 years.

“We have noted the legal challenge to the selection of ICTSI. The process of selecting ICTSI was rigorous, competitive and fair and complied with our governance standards. Transnet will defend its procurement process and is currently waiting on the allocation of a hearing date,” Transnet chairperson **Andile Sangqu** said at a media briefing at the Transnet Freight Rail headquarters, in Johannesburg, on April 26.

He explained that the introduction of a private sector partner at Pier 2 was a long-standing priority of national government and Transnet, and that the recovery of the Port of Durban and the expansion and modernisation of the container capacity at Pier 2 was, therefore, an imperative.

“Transnet’s commitment to attract private sector participation across the business is going to continue, as part of our corporate strategy and in accordance with government policy,” Sangqu said.

International comparisons strongly suggest that South African ports are failing to achieve competitive outcomes. In the World Bank’s Container Port Performance Index 2020, which was published in 2021, all of South Africa’s commercial ports cluster at the bottom of the 351 ports evaluated according to objective data from shipping lines, and underperform against all other African ports included in the survey, such as the Port of Mogadishu, in Somalia, the Port of Maputo, in Mozambique and the Port of Luanda, in Angola.

“The efficiency of the South African ports system affects the country’s trade with the rest of the world. Congestion, delay and

increased cost of moving goods into and out of the country have created serious challenges for the economy,” Sangqu noted.

He said the infrastructure and design of the DCT had remained unchanged since 1963, despite the fact that it manages about 65% of South Africa’s container cargo in highly constrained conditions.

Sangqu said the terminal was currently operating at critical levels, far beyond the original design specifications, which had resulted in congestion and backlogs for the past 20 years.

Organised labour in January levelled a challenge against Transnet regarding the partnership with ICTSI, insisting that all Transnet jobs needed to be retained for the duration of the 25-year contract.

Transnet CEO **Michelle Phillips** assuaged those concerns.

“There is, in effect, no impact on our labour. We've agreed with our organised labour that all employees will remain Transnet employees. Those employees are expected to be seconded into this special purpose vehicle that we will now seek to create with the successful tenderer,” she said.

She added that any talk of privatisation would always result in organised labour getting anxious.

“We don't like the word ‘privatise’, because that's where labour walks out of the room. Whenever we talk about privatisation, organised labour have a challenge with that, and we are very mindful of that. What we talk about is crowding in the private sector to assist us, whether it be funding, whether it be

improving our operations and our efficiencies, or forming public-private partnerships,” Phillips said. 🇿🇦

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