

LOGISTICS

Historic day for SA as port partners seal deal

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Transnet TPT chief executive, Jabu Mdaki, the logistics utility's CEO, Michelle Phillips, and ICTSI senior vice president, Hans-Ole Madsen, at the signing ceremony on Wednesday. Source: Supplied

Transnet and International Container Terminal Services Inc (ICTSI) signed a 25-year partnership agreement on Wednesday to operate and upgrade Durban Container Terminal (DCT) Pier 2.

It marks South Africa's first major private-sector involvement in container terminal operations.

The deal, effective from January 1, establishes a new special-purpose vehicle (Newco) where Transnet Port Terminals (TPT) holds a 51% majority shareholding, while ICTSI takes 49% and assumes operational responsibility.

ICTSI will inject approximately R11 billion into the venture, funding new equipment and technology to boost capacity from two million to 2.8 million TEUs annually.

Transnet and ICTSI executives signed the deal at a special ceremony at Pier 2, with local and national port stakeholders, business and trade union leaders and shipping line executives in attendance.

Transnet selected ICTSI as the preferred bidder in July 2023 following a lengthy procurement process. The agreement aims to improve gross crane moves per hour from 18 to 28 and ship working hours from 60 to 120, reducing logistics costs and enhancing service quality.

It marks a pivotal moment in government's economic reforms agenda and the logistics utility's strategy to crowd the private sector into selective and strategically identified areas of the business.

Transnet group CEO Michelle Phillips, speaking at the signing ceremony, said the performance of DCT Pier 2 was already on an upward trajectory due to the company's "deliberate and expansive investment" in new equipment across all its terminals.

"This investment is already yielding tangible results, which is affirmed by the recently concluded citrus season, where DCT Pier 2 recorded an impressive year-on-year increase of 28.8%.

"We expect that our partnership with ICTSI will further propel this crucial terminal to its full potential. Private-sector participation transactions are an important element of our strategy to modernise, expand and improve our key assets."

ICTSI senior vice president Hans-Ole Madsen described the partnership as transformative.

"Today, we mark the beginning of a 25-year partnership between ICTSI and Transnet to modernise and operate Pier 2 at the Durban Container Terminal. This is not a short-term engagement but a long-term investment in South Africa's economic future," said Madsen.

Phillips said the terminal was the largest and busiest container facility in southern Africa, handling 72% of the Port of Durban's throughput and 46% of South Africa's containerised volumes.

Madsen highlighted ICTSI's global credentials in port operations.

"ICTSI comes to this partnership with 37 years of proven global experience operating 34 container facilities across 19 countries on six continents. From the Philippines to Australia, from Brazil to Mexico, from Poland to Madagascar, we have consistently demonstrated our ability to transform port facilities into world-class operations that drive economic growth and enhance trade competitiveness.

"Our R11 billion investment in this partnership is a testament to our confidence in South Africa's potential and our determination to deploy the

capital, technology and expertise needed to make this partnership a standard for port partnerships around the world,” he said.

The signing follows a protracted legal battle, where APM Terminals – a subsidiary of shipping giant Maersk – challenged Transnet’s tender award to ICTSI in the High Court, alleging irregularities in the procurement process. The case was dismissed on October 10, clearing the path for the deal.

Madsen said that DCT Pier 2 handled about 65% of South Africa’s containerised trade, making it vital to national economic vitality.

“President Ramaphosa has called for ‘a new era for South Africa’s ports’, revitalising them as engines of economic growth. Our partnership with Transnet is a direct response to that vision – combining public-sector strategic direction with private-sector capital and operational expertise to achieve results that neither could accomplish alone.”

Philips said the partnership was committed to broad-based black economic empowerment, with a plan to be submitted within four months.

It is expected to create jobs, support regional trade with countries like Zimbabwe and Zambia, and reduce logistics costs by 15-30%, according to studies cited by Madsen.

ICTSI, the largest publicly listed company on the Philippine Stock Exchange, reported \$2.74 billion in revenues and handled 13.07 million TEUs in 2024.

Transnet board chairperson, Andile Sangqu, and TPT managing executive, Earle Peters, emphasised the company’s collaboration with labour unions.

“We look forward to working together with our recognised trade unions, the South African Transport and Allied Workers Union and the United National Transport Union as we continue on this journey,” said Sangqu.

“This partnership marks a shared commitment to revitalising South Africa’s maritime infrastructure and unlocking new opportunities for growth for South Africa and the entire region,” said Madsen.