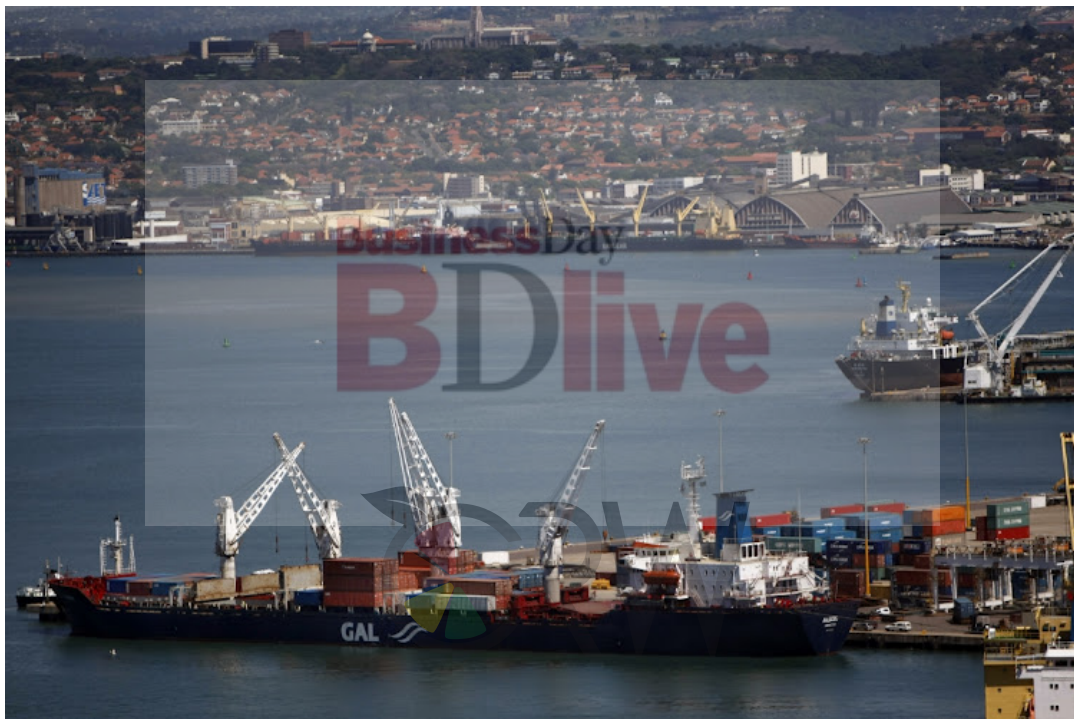


■ OPINION**HANS-OLE MADSEN: SA's ports are the key to unlocking economic growth**

The World Bank says SA firms can export 20% more but that will required the road, rail and ports networks to be able to efficiently handle the increased freight

12 MARCH 2025 - 13:37

by HANS-OLE MADSEN



The Durban Container Terminal 2 is shown in this file photo. Picture: MARIANNE SCHWANKHART

In recent weeks many voices from such diverse sources as the SA government, the private business sector, industry associations and even the World Bank, have said the same thing: unlocking port and logistics efficiencies will be a catalyst for economic growth. A recent report by the World Bank even went as far as to say SA could add several percentage points to its annual GDP through improvements to its logistics sector.

SA's exporters range from mining and manufacturing to retail and agriculture, and these sectors have far more to offer the world. SA companies can export 20% more, according to the World Bank, but

achieving this will need the road, rail and, crucially, the ports networks to be able to efficiently handle the increased freight.

The Durban Container Terminal Pier 2 handles more than 60% of the country's imports and exports and could play a crucial role in unlocking SA's growth potential. Transnet's decision to partner with global port operator International Container Terminal Services (ICTSI) to run this terminal was a proactive and necessary step towards increased productivity – yet legal disputes and an unnecessary court case starting this month have now placed critical investment on hold.

Transnet launched a rigorous, transparent bidding process to secure a private partner for Durban's Container Terminal Pier 2. Global port operator ICTSI won the bid with an offer that was more than 20% higher than the next-best bid of APM Terminals, a subsidiary of Maersk.

The joint venture between ICTSI and Transnet represents a rare opportunity to unlock SA's trade potential, yet the implementation has been stalled due to a disingenuous legal challenge by the losing bidder, Maersk.

Maersk's legal case hinges on a dispute over a single technical metric: the calculation of ICTSI's solvency ratio. While ICTSI used market capitalisation to assess solvency – a widely accepted and legally sound approach – Maersk argues for a narrow interpretation that would disqualify its competitor. No serious financial analyst relies on a single solvency metric to assess a company's financial health.

ICTSI, a publicly traded company with a market capitalisation of \$13.7bn and earnings before tax, interest and depreciation (ebitd) of \$1.32bn in the first nine months of the 2024/25 financial year, is more than capable of funding and managing the terminal. The SA Companies Act allows the same definition of solvency as ITCSI uses. Not only did Transnet's auditors approve the methodology, but it was also reviewed by a third party and accepted. Yet, despite these facts the entire contract is now stalled.

This legal delay is not about transparency or fairness – it is a disingenuous move by a losing bidder to obstruct progress and protect its own interests at the expense of SA's economy. Every day that the partnership is on hold represents lost economic potential,

missed trade opportunities and continued port inefficiencies that hurt businesses and workers alike.

ICTSI's history shows that its involvement can be transformative. Hi-tech solutions, including real-time container tracking, would bring much-needed transparency and efficiency to Durban's terminal – something SA exporters desperately need.

Recently the Citrus Growers' Association highlighted a study by the Bureau for Food and Agricultural Policy that found rail and harbour inefficiencies contribute to R5.27bn in unrealised economic gains per year for the citrus industry. A similar recent study by the SA Association of Freight Forwarders put the total loss to the economy as high as R1bn per day.

Currently, a lack of supply chain visibility forces businesses to rely on multiple intermediaries just to locate their cargo. Exporters cannot provide reliable delivery estimates to international customers, eroding SA's credibility as a trading partner. Retailers waste money on advertising for seasonal stock that never arrives on time. Agriculture exporters suffer losses when perishable goods arrive too late for market. These issues are not abstract – they translate directly into lost jobs, reduced tax revenue and weakened investor confidence.

The broader economic interest must take precedence over spurious legal manoeuvring. The Durban Container Terminal Pier 2 public-private partnership is a vital step towards modernising SA's port infrastructure, improving efficiency and restoring the country's global trade competitiveness. ICTSI's expertise and investment offer a lifeline that cannot be squandered.

It is time to cut through the legal red tape and prioritise SA's economic recovery. Further delays are not an option.

• *Madsen is regional head for Europe, the Middle East & Africa at ICTSI.*

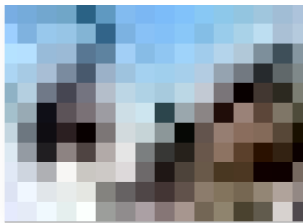
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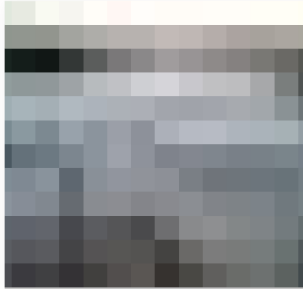
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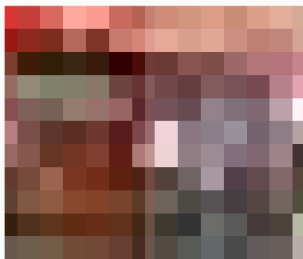
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