

***“What we call progress, is the exchange of one nuisance for another nuisance.” Havelock Ellis***

### **UNPACKING THE JUDGEMENT PREVENTING ICTSI RESUMING AT DURBAN PIER 2 CONTAINER TERMINAL**

This week Judge Mossop issued an order interdicting Transnet from engaging and advancing further with International Container Terminal Services Inc (ICTSI), who is the approved partner to operate Durban Pier 2 container terminal (<https://www.saflii.org/za/cases/ZAKZDHC/2024/69.html>). The legal process must play out and all parties are entitled to exercise their rights. This week's order will have a serious impact and delay private sector involvement in the port's container terminals. Part B of the application brought by APM Terminals BV is still yet to be brought before the courts. Part B is the application against the awarding of the partnership to ICTSI and Part A is the interdict handed down this week. Since it took 6 months for the courts to hear the application of part A, it could be safe to assume Part B would presumably only be set down for the New Year. So in essence, we suspect that ICTSI would take/assume operational control of Pier 2 for some time yet. What does this mean for the citrus industry and specifically for the northern regions corridor? Maybe I should start by explaining what would have happened should a private partner have been active by this time, or what would happen should one become active. As the CGA we estimate that there would be some positive impact on streamlining operations in the short term, however it would take anything from 6 months to 12 months for any meaningful change in productivity merely due to the major challenge with equipment and the need to procure a full complimentary and functioning equipment portfolio. One thing to note is the important aspect about the competition that will exist between any private operator and Transnet Port Terminals and specifically Pier 1, Point and Maydon Wharf terminals. If any private partner were to increase productivity by 100% from say 12 gross crane moves per hour to say 25 gross crane moves per hour and above, it summarily increases berthing capacity by 100% or so. This means ships and containers will move faster and turnaround time will be very attractive for shipping lines to work ships at Pier 2, as opposed to other terminals. This could even make Pier 2 an attractive proposition for ships that aligned to Ngqura Container Terminal in the Eastern Cape, warranting a shift to Pier 2, becoming a major hub for the region. I believe there would also be meaningful and substantial back of port terminals and inland rail terminals developed to greatly enhance the throughput of containers by utilizing rail transport in conjunction with road transport. One should ask: what happens should the application of Part B go against the joint venture? The agreements between Transnet and ICTSI would then be null and void. We have already heard that should this be the case, a new Request for Proposals and renewed application process will be urgently set in motion. Therefore, Transnet will still pursue private partnership for Pier 2. Pier 2 would then continue in its current form until the time an approved partner resumes control. The CGA has said before that the most workable way to increase port efficiency in South Africa is to urgently pursue Public Private Partnerships. Transnet made the strategic decision to proceed to procure equipment for Durban Pier 2 in the interim. Much needed Ship to Shore cranes, Straddle Carriers and Haulers are on their way and arriving in due course, critically arriving ahead of the 2025 citrus season. Based on this, we can assume that a fair degree of positive operational performance will follow. There are a few critical developments (or impediments) that we need to consider as we head into the 2025 citrus season. 1) Major arterial road upgrades will continue in Ethekwini, specifically those on the N2 and N3, 2) Bayhead Road leading to Pier 1 and Pier 2 will undergo rehabilitation and road widening, and 3) Pier 2 north quay berth deepening project will continue. These and other developments will present some interesting dynamics in an already constrained environment. We will keep abreast of these projects and advise the timelines and impact once there is clarity. The CGA has coordinated an End of Season Review gathering in Durban on 18 October. We have invited many critical stakeholders in the form of Transnet, Cold Stores, Transporters, Shipping Lines, Exporters, PPECB and DALRRD to attend the gathering. Initiatives that are identified by this group will be taken forward and moved toward implementation by the 2025 season. Back of port rail linkages to the terminals have already been identified as a critical component aimed at increasing efficiency.

### **PACKED AND SHIPPED**

| End of Week 40<br>Million 15 kg Cartons | Packed         | Packed         | Packed         | Shipped        | Shipped        | Original<br>Estimate | Latest<br>Prediction | Final<br>Packed | Vision<br>260  |
|-----------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------|-----------------|----------------|
| <b>SOURCE: PPECB/AGRIHUB</b>            | 2022           | 2023           | 2024           | 2023           | 2024           | 2024                 | 2024                 | 2023            | 2024           |
| Grapefruit                              | 17.8 m         | 14.7 m         | 14.4 m         | 13.9 m         | 14.1 m         | 16.8 m               | 14.4 m               | 14.7 m          | 16.2 m         |
| Mandarins                               | 34.1 m         | 38 m           | 41.6 m         | 37.5 m         | 41.2 m         | 43 m                 | 41.7 m               | 38.0 m          | 39.6 m         |
| Lemons                                  | 37.5 m         | 35.6 m         | 34.7 m         | 35.5 m         | 34.5 m         | 37.9 m               | 34.8 m               | 35.6 m          | 39 m           |
| Navels                                  | 30.1 m         | 24.8 m         | 25.1 m         | 24.6 m         | 24.7 m         | 25.7 m               | 25.1 m               | 24.8 m          | 22.3 m         |
| Valencia                                | 56.5 m         | 51.8 m         | 48.5 m         | 49 m           | 48 m           | 58.3 m               | 48.8 m               | 52.0 m          | 55.4 m         |
| <b>Total</b>                            | <b>176.0 m</b> | <b>164.9 m</b> | <b>164.3 m</b> | <b>160.5 m</b> | <b>162.5 m</b> | <b>181.7m</b>        | <b>164.8 m</b>       | <b>165.1 m</b>  | <b>172.5 m</b> |