

PROGRESS ON SONA 2024 AND SAAFF'S WISHLIST FOR SONA 2025

FOR IMMEDIATE RELEASE

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A Critical Moment for South Africa's Logistics Future

Johannesburg, 6 February 2025—After a year of hard work and numerous developments in trade, transport, and logistics, we arrive at a crucial junction—an opportunity to evaluate the progress made in the last 12 months and chart the course forward.

With the 2025 State of the Nation Address (SONA) approaching, the Southern African Association of Freight Forwarders (SAAFF) and the broader private sector have critically assessed whether the commitments made in SONA 2024 have translated into meaningful action.

The work of the National Logistics Crisis Committee (NLCC) has been commendable, and there has been some movement in addressing inefficiencies, particularly in port congestion and rail logistics. However, the pace of reform remains desperately slow, and the structural issues that have crippled South Africa's trade infrastructure continue to erode our global competitiveness.

In this statement, we will:

1. Examine exactly what the President said in SONA 2024,
2. Provide a progress update based on the collective interpretation of developments and
3. Outline urgent priorities for SONA 2025 to unlock South Africa's full potential.

1. Freight Logistics Roadmap Implementation: A Plan Without Speed

In his 2024 SONA speech, the President said, *"We have set out a clear roadmap to stabilise the performance of Transnet and reform our logistics system."*

Progress:

- The Freight Logistics Roadmap has been developed, and the NLCC has created several task teams within the eight workstreams to tackle reform in five key trade corridors.

Challenges:

- Implementation remains far too slow—the roadmap lacks clear performance milestones and binding deadlines.
- Freight rail bottlenecks continue to force cargo onto already congested roads.



SAAFF Wishlist for SONA 2025:

- A public, transparent roadmap with quarterly progress reports to hold all stakeholders accountable.
- More decisive leadership to fast-track implementation—less talk, more action.

2. Port Efficiency: Improvement, But Still Far from Global Standards

In his 2024 SONA speech, the President said: *“The number of ships waiting to berth at the Port of Durban – which has experienced severe congestion in recent months – has reduced from more than 60 ships in mid-November to just 12 ships at the end of January..”*

Progress:

- Durban's congestion has improved, and vessel turnaround times have improved, which has helped reduce backlogs.
- Some new port equipment has been procured, albeit at a slow pace.

Challenges:

- South Africa remains far behind global best practices in port efficiency, and crane hourly moves are still too low, leading to slow cargo handling (despite the unidimensional view of the World Bank and S&P's *“Container Port Performance Index”*, this has been highlighted by their findings).
- Despite reduced congestion, the UNCTAD *Port Liner Shipping Connectivity Index* for South Africa dropped to 99,27 in Q4 2024, underlining the urgency for productivity and efficiency gains.
- South Africa's Durban port significantly reduced congestion; however, connectivity and capacity losses have remained challenging in recent years.
- Truck congestion remains a challenge, particularly in Cape Town and Durban.

SAAFF Wishlist for SONA 2025:

- Set global benchmark targets for vessel turnaround times and crane moves per hour.
- Implement port performance tracking with monthly published data for transparency.
- Accelerate automation and digitalisation in ports to streamline cargo flow (whilst taking Labour along the journey as up-skilling is key – not job shedding).

3. Private Sector Participation (PSP) in Ports and Rail: Structural Reform is Too Slow

In his 2024 SONA speech, the President said: *“Transnet has appointed an international terminal operator to help expand and improve its largest terminal at the Port of Durban.”*

Progress:

- The decision to award Durban Container Terminal (DCT) Pier 2 to a Philippines private terminal operator (ICTSI) is a positive step towards private sector participation.
- Transnet proceeded with procurement despite the Maersk interdict, which signals a shift towards urgency.

Challenges:

- The ICTSI deal is still not finalised, and uncertainty remains over how it will be structured.



- A broader structural shift is needed to align to national imperatives for economic growth and development —all commercial ports, not just isolated PSP deals, need to adopt a port landlord model.
- Rail reforms are progressing too slowly, and private rail operators still face access issues.

SAAFF Wishlist for SONA 2025:

- Re-think and re-analyse the DCT Pier 2 deal as it is a 25-year concession – but roll out PSPs across all commercial terminals – with full transparency and accompanying accountabilities from bidding partners.
- Implement a full landlord model for South African ports, allowing private sector CAPEX, innovation, and efficiency.
- Create a structured PSP model for rail through the Department of Transport’s PSP Unit.
- We must look at successful models worldwide. Governments work alongside private players in Rotterdam, Singapore, and Morocco (major transshipment hubs, which we used to be, as our transshipments went from 23% of our total in 2016 to 13% in 2024) to create efficient, competitive logistics hubs.

4. Infrastructure & Equipment: Investment Remains Woefully Short

In his 2024 SONA speech, the President said: *“To deal with severe inefficiencies in our freight logistics system, we are taking action to improve our ports and rail network and restore them to world-class standards.”*

Progress:

- Transnet has procured some equipment, including cranes and straddle carriers (notably from some clients).

Challenges:

- Investment in infrastructure remains critically low, especially for rail and border posts.
- Equipment procurement is far too slow—30-year-old equipment still operates in key terminals.
- Funding models for infrastructure remain unclear, with private sector investment not being utilised effectively.

SAAFF Wishlist for SONA 2025:

- A clear CAPEX investment roadmap for ports, rail, and border posts. However, the type of investment must also be clear and transparent (number of cranes, etc). Moreover, the handling fees (for ports) and access fees (for rail) must be independently determined.
- Faster procurement cycles with transparent reporting on timelines and suppliers.
- More PSP involvement in infrastructure upgrades to reduce reliance on state funding.

5. AfCFTA: No Real Trade Gains Due to Logistics Failures

In his 2024 SONA speech, the President said: *“We will use the opportunities provided by the African Continental Free Trade Area to increase our trade and expand our industries.”*

Progress:

- South Africa has ratified AfCFTA agreements, and pilot shipments have begun.



Challenges:

- No tangible increase in intra-African trade, in large part due to logistics inefficiencies. Furthermore, the regional integration agenda (or lack thereof) has come to the fore with the Mozambique/N4 crisis.
- Border delays, non-tariff barriers (NTBs), and corruption remain significant obstacles.
- The majority of goods still move by road, increasing costs and risks.

SAAFF Wishlist for SONA 2025:

- A logistics roadmap for AfCFTA implementation to facilitate smoother trade flows.
- More intermodal investments (rail-road-border integration) to reduce border congestion.
- Clear measures to eliminate corruption at border posts – and a call to digitalise border operations and get the Other Government Agencies (OGAs) onto the Customs Electronic Data Interchange (EDI) platforms. Furthermore, we must align the South African transport schedule – which will be filed under the AfCFTA – to strengthen regional integration across all modalities.

Final Call to Action: Logistics Reform Cannot Wait

While there have been pockets of progress, the core structural issues in logistics remain unaddressed. South Africa is at a tipping point—without decisive reform, we risk losing market share in global trade.

PSPs do not mean handing over our ports, railways, or trade corridors to foreign companies. It means bringing in capital, expertise, and innovation while the state remains involved as regulator and partner. Furthermore, South Africa has a mature private sector with deep expertise and a vested interest in the country's success.

The way in which our state assets are currently handled provides us, as South Africa, with a standalone opportunity to stand again on our own two feet.

SAAFF urges the President and key government departments involved in trade, transport and logistics to move beyond discussion and deliver action in 2025:

1. Faster execution of the Freight Logistics Roadmap
2. Expansion of PSP to all ports and rail corridors
3. Aggressive investment in infrastructure and equipment
4. Serious action to fix border inefficiencies for AfCFTA

The logistics sector is ready to partner with the government, but decisive leadership is needed. The time for delays is over.

ENDS

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