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Is competition the missing piece in South Africa's port reform puzzle?

Ryan Hawthorne, *Acacia Economics*

In his 2026 budget speech, Finance Minister Enoch Godongwana highlighted the need to remove bottlenecks in South Africa's ports. This follows the statements by President Cyril Ramaphosa in his 2026 State of the Nation address. The President said South Africa had begun to fix its ports. He pointed out that last month Transnet had signed a deal with an international port operator to manage the country's biggest container terminal in Durban's Pier 2, bringing in investment and getting the terminal back to "world class standards". Last year the Transnet National Ports Authority signed a 25-year deal with FFS Tank Terminals to operate and maintain a Liquid Bulk Terminal in the Port of Cape Town, bringing in more than R195-million in investment and doubling the terminal's storage capacity. This means there are now 10 licensed terminal operators in Cape Town's port, including bulk, fresh produce and passenger terminals, eight of them privately owned.

President Ramaphosa promised that later this year, further public-private partnerships would be initiated, through a concession model "that preserves public ownership while mobilising private investment and expertise".

But more must be done to bring competition into the harbours, argues economist Ryan Hawthorne. Durban, he says, should have four container terminal operators, and Cape Town two. To do this, he says, the Ports Authority needs to be separated from Transnet, in line with the National Ports act, and the Act itself may need to be amended.

Every delay at South Africa's ports ripples across the economy, from exporters missing shipment deadlines to higher prices for everyday goods. The [World Bank](#) estimates a country in the 75th percentile of efficiency will boost trade by 25% if it improves to being in 25th percentile.

However, South Africa's ports are among the least efficient in the world. Durban, for example, has recently been ranked last for efficiency among 403 ports analysed by the World Bank. In [a recent paper](#), we argue for reforms to promote rivalry at South African ports to put them on a path towards facilitating economic development.

Since the 1996 national transport policy white paper, various reforms have aimed to make the ports sector more competitive and shift the state's role from operator to regulator and policymaker. In 2002, the white paper on national commercial ports policy called for private sector participation in harbour terminals. Flowing from these policy initiatives, albeit belatedly, the sector is undergoing significant reforms.

Port concessions and joint ventures are taking place at a number of ports. The department of transport recently established a dedicated [private sector participation](#) (PSP) unit to enhance state capacity and support the procurement of potential PSP projects. This followed the 2023 cabinet-approved PSP framework, envisioned in the white paper on the national rail policy, to guide private sector involvement across the logistics sector value chain.

However, there is a question as to whether South Africa's port reform will be in the best long-term

interests of port customers and consumers, since the ports are largely being concessioned to only one joint venture partner by Transnet Ports Authority (TNPA), often involving another Transnet entity, rather than to competing firms at each port.

This approach by Transnet is linked to the fact that a critical feature of the Ports Act — the separation of the national ports authority from Transnet — has not yet occurred. There is [a long history](#) of monopoly state-owned enterprises being involved in abuse-of-dominance disputes before the competition authorities and in the courts. This is because monopolies typically charge higher prices, provide lower quality services and innovate less. This is a missed opportunity for South Africa, given that international experience shows that TNPA could easily accommodate more than one terminal operator at several ports.

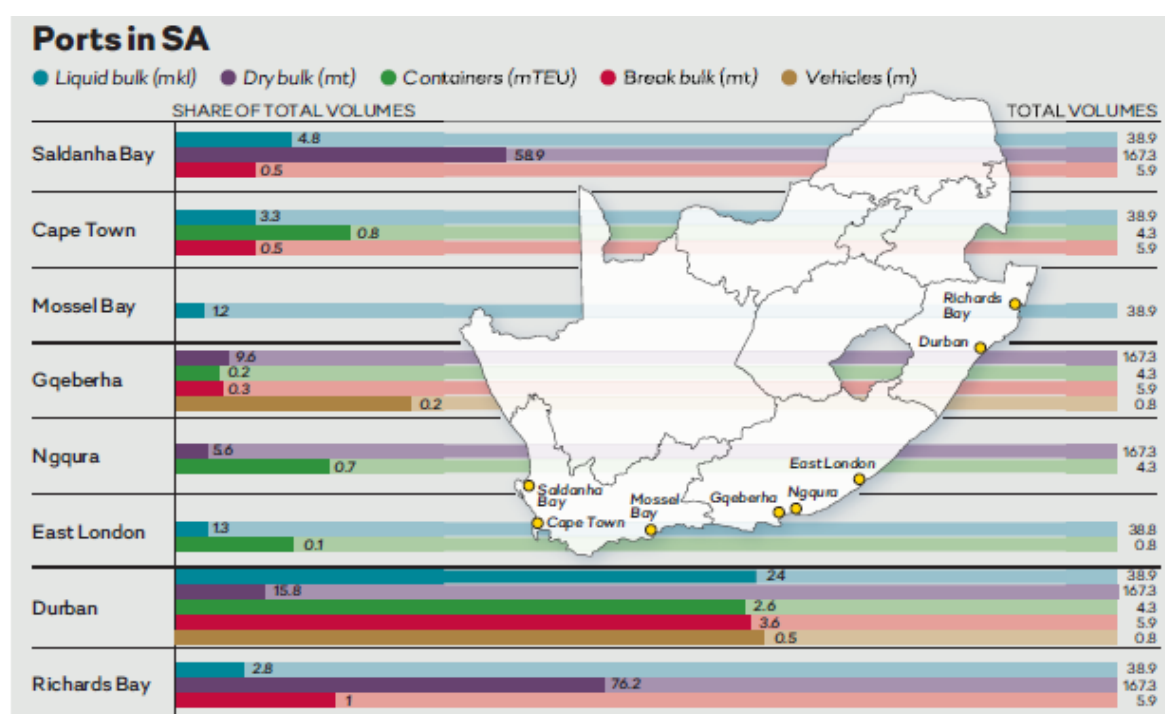
For example, Durban handles about 2.5-million 20-foot equivalent container units (TEUs), and Transnet has prepared a concession for only one private sector participant. By [way of comparison](#), Buenos Aires in Argentina, which handled fewer than 1.5-million TEU in total in 2017, had four terminal operators.

The number of operators [has since declined to three](#), as of 2021. The ports of [Gwangyang and Incheon in Korea served 2.2-million](#) and 1.2-million TEU respectively in 2013, and each port was served by three terminal operators. At the port of Cartagena in Colombia, which processed about 3-million TEU in 2017, there are three container terminal operators.

Barcelona, [handling about 3-million TEU, also has two container terminal operators](#). Our calculations show that two container terminal operators may be possible at both Cape Town and Ngqura, and four container terminal operators should be possible at Durban now, with more coming in when the port expands.

A range of interventions is possible to achieve greater rivalry at South African ports. First, the TNPA needs to be structurally separated from Transnet, a requirement in the Ports Act. Second, the minister of transport, the PSP unit or the newly established transport economic regulator (TER), which incorporates the ports regulator, could review any such monopoly concession arrangements and ensure that the NPA promotes competition at ports.

In the absence of this, the minister or the PSP unit might ask the minister of trade, industry & competition, or the Competition Commission, to initiate a market inquiry in terms of the Competition Act, which can result in the structural separation of terminal operators at individual ports.



Source: Transnet National Ports Authority, 2025 * Note: Transnet 2023/2024 share of total volumes handled by cargo type for each port.

In the longer term, it may be appropriate to amend the Ports Act to permit the devolution of the ports to individual port authorities, under the regulatory supervision of the TER. This will promote inter-port rivalry, similar to the situation prior to 1910, when South African Railways & Harbours was established.

This form of devolution has taken place in a [number of countries](#), including Argentina (where some ports devolved to provinces were further devolved to local authorities), Australia (five port authorities in Queensland), Brazil (Santos Port near São Paulo is a separate port authority), Canada (17 port authorities), [Colombia](#) (four port authorities), [Malaysia](#) (Klang port is a separate entity) and Portugal (at least Lisbon port is a separate entity).

The combination of intra- and inter-port competition can have substantial benefits for consumers. For instance, after this approach was introduced in Colombia, container moves per hour increased from 16 to 25, and prices fell 75%. South Africa could thus benefit substantially from introducing greater rivalry within and between its ports.

This article draws on insights from the Southern Africa – Towards Inclusive Economic Development case study "[Reforming ports for rivalry in South Africa](#)", published under the programme's Operation Vulindlela case study series.

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