SA manufacturers urged to take on African rail projects

By Karl Gernetzky

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The Rail Road Association wants local manufacturers to take advantage of the $93bn that the continent is estimated to need to spend on rail infrastructure, starting here at home where Transnet and the Passenger Agency of SA are spending billions as part of their modernisation drive.

Self via Wikimedia Commons

The rail association represents more than 20 companies, government departments, and public entities. It held its annual general meeting last week where it resolved to address the "fragmentation" among industry bodies, association CEO Bongani Mankewu told Business Day in an interview.

Unity was needed in order to lobby effectively for the development of the supply side of manufacturing in SA, he said. "SA has to come up with an intact rail strategy that will be viewed as competitive elsewhere on the continent, which will be able to provide solutions to three critical areas: technical solution, innovative financing, and harmonisation of regulation."

The Programme for Infrastructure Development in Africa had estimated that the continent would need to invest up to $93bn a year until 2020 for capital investment and maintenance, he said.

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But the association has concerns about how policy on procurement and localisation requirements is being affected. It has pointed to Transnet and Prasa and asked how they would ensure that requirements for local components were adhered to. "There were challenges around verification and that put the supply side of the industry in an awkward position. As an industry association, we are not in a position to know exactly who complies with the local content requirements among the key international manufacturers," Mankewu said.

Transnet has given assurances it will audit local content in the 1,064 locomotives being built by four international manufacturers - Bombardier, General Electric and China North Rail and China South Rail Zhuzhou - to ensure local suppliers also benefit.

Transnet wants close to 60% to 65% in local content for coaches, although some agreements stipulate 40%. But funding verification for local content is expensive and there is ambiguity about who should pay for this - the bidder or the state. In September, Parliament's portfolio committee on trade and industry, following a colloquium on public procurement, instructed the Department of Trade and Industry to work with the Treasury to "resolve the issue of funding the verification process, and ensure that there is an amendment in regulation, if necessary".

Engagements with the Treasury on conflicting regulation were a "work in progress," department spokesman Sidwell Medupe said.

Source: Business Day