

Thungela agrees to amend rail contract with Transnet

By [Nelson Banya](#)

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Coal exporter Thungela Resources on Thursday said it had agreed to amend a long-term haulage contract with Transnet after the state-owned rail operator declared force majeure in April.



One of the two new rail-mounted stacker reclaimers which scoop up and transfer coal into and out of the yard is seen at Africa's largest coal export facility, the Richards Bay Coal Terminal, Richards Bay harbour, South Africa, June 21, 2018. REUTERS/Tanisha Heiberg/File Photo

Transnet declared force majeure and sought to terminate long-term coal transportation agreements in April, saying large-scale theft of copper cables, insufficient maintenance and a shortage of locomotives impacted its capacity to haul minerals to port.

Thungela and other coal exporters initially rejected Transnet's bid to cancel the long-term haulage agreements, but subsequently entered into discussions with the rail utility for amended contracts.

In July, Transnet announced it had lifted force majeure on nine coal exporters that had agreed to amend transportation contracts, but threatened unspecified action against bigger miners who were yet to sign new agreements.

In a statement, Thungela said it had now agreed to an amended contract that would see Transnet committing to haul at least 60 million tonnes of coal for all coal exporters during its current financial year, which ends in March 2023.

Rail performance

Transnet's deteriorating rail performance resulted in a 12% decline in export coal it hauled to port to 58.1 million tonnes during its last financial year, from 66.3 million tonnes previously.

Transnet's logistical problems have limited South African coal miners' ability to take advantage of high prices and surging demand for thermal coal, especially in Europe where customers are switching from expensive natural gas to coal due to Russia's conflict with Ukraine.

Europe has banned coal imports from Russia, which used to supply 45% of its coal.

On Monday, Thungela said the huge demand had boosted its half-year profit more than 20 times compared to the previous year, as South African coal exports to Europe rose eight-fold during the first six months of 2022.

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