

Transnet, China's CRRC agree to resolve legal disputes

By [Nelson Banya](#)

1 Sep 2022

Transnet on Wednesday, 31 August, said that it had agreed to resolve its legal disputes over procurement contracts with the local unit of China's CRRC Corp, clearing the way for the supply of critical spare parts for its rolling stock.



A Transnet Freight Rail train is seen next to tons of coal mined from the nearby Khanye Colliery mine, at the Bronkhorstspuit station, in Bronkhorstspuit, around 90 kilometres north-east of Johannesburg, South Africa, April 26, 2022. REUTERS/Siphwe Sibeko/File Photo

The two parties have been engaged in legal battles after state-owned Transnet halted the supply of 1,064 locomotives from four original equipment suppliers, including CRRC, saying that 2014 contracts worth R54.4bn (\$3.20bn) had been unlawfully awarded by the previous board and management.

"Transnet and CRRC E-Loco reached an in-principle agreement towards the resolution of all current legal disputes between the two companies, to enable support to enhance Transnet Freight Rail's ability to serve customer demand on an urgent basis," Transnet said in a statement.

It gave no details of the agreement but said the two parties would now work on a "definitive settlement agreement" to complete the resolution of the disputes.

CRRC was not immediately available to comment.

Rail capacity

Transnet said the Chinese rail equipment manufacturer, from which it took delivery of 195 locomotives between 2012 and 2014, had been withholding spare parts and maintenance for the fleet, affecting the rail utility's capacity to provide freight services.

On 17 August, Transnet said it had lodged a court application to compel CRRC to supply spare parts.

In February, a South African judicial inquiry into corruption in state-owned enterprises found that contracts for the supply of the 1,064 locomotives to Transnet by the four suppliers had been inflated and irregularly awarded.

Transnet's freight network has been hit by a shortage of locomotives and spare parts, as well as cable theft and vandalism of rail infrastructure, costing mineral exporters billions of dollars in potential revenue.

ABOUT THE AUTHOR

Reporting by Nelson Banya in Harare; Editing by Edmund Klamann.

For more, visit: <https://www.bizcommunity.com>