

# CSR denies Transnet contract hampered by supplier shortage

By [Linda Ensor](#)

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China South Rail (CSR) has denied a report that claims the company has been unable to find local suppliers for its locomotive contract with Transnet, to meet its contractual obligations.



China South Rail has denied that it is battling to find local partners to supply components for the new locomotives it is building for Transnet. Image: Wikipedia

Transnet has also insisted that whatever difficulties the original equipment manufacturers (OEMs) experienced in securing local suppliers, local procurement was a condition of the contracts they would be required to fulfil in the manufacturing process.

Transnet has ordered 1,059 locomotives at a cost of R40bn.

News24 carried a report last week that CSR, which in March won a R14.6bn bid to manufacture 359 of the locomotives, still did not know which local suppliers it would buy components from. It was contractually bound to locally procure 60% of the

content of the electric locomotives and 55% of the diesel locomotives.

According to the report, the inability to find local suppliers meant the domestic economy would not benefit from the injection of billions of rand as a result of local procurement.

It quoted an internal memorandum between the CSR and its local empowerment partner, the Matsede Basadi consortium, which said only 22 of the possible 300 locomotive parts and components would be available from local suppliers.

## Confusion over suppliers

"The document indicates 19 possible suppliers that would provide or would be able to provide the components, but only two of them have been asked to tender; two of the 19 businesses do not exist; (and) four of the businesses do not manufacture the parts for which they are listed as suppliers.

Furthermore, JA Plant of Kempton Park would, according to the document, provide safety interlocking parts but the business is in concrete products, and does not manufacture or supply safety interlocking parts. Possible suppliers listed for engine room lamps, Wagies Akllie of MSA, say they also do not manufacture safety, interlocking parts.

The company Interid, reportedly listed to supply closed-circuit television systems, said it knew nothing about the contract, and another, Boltfast, told News24 it had not tendered for any Transnet work with CSR.

The CSR representative in SA, Andy She Yongjun, said it had experienced no difficulty in finding qualified local suppliers for the required components.

"CSR has investigated and identified more than 100 South African suppliers, and has selected (some) of them to supply components," he said.

He denied that CSR had submitted the names of or even heard of the companies mentioned in the story published by News24.

Transnet spokesman Mboniso Sigonyela said the contract specified that components be sourced locally.

"It is not in our preserve to decide on the specific suppliers that OEMs use for components," he said. "It is only when they start manufacturing that Transnet will monitor compliance," Sigonyela said.

Source: Business Day via I-Net Bridge

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