



Record of Decision

**Port Tariff Incentive Programme
Application for the Tariff Years 2026/27**

1. Introduction and Background

The Port Tariff Incentive Programme was developed in 2017 as a tool for introducing incentives into the port tariff structure in the form of cross-subsidisation. The Tariff Strategy for the South African Port System published in July 2015 provides a set of guiding principles for ports pricing strategy. One of the principles is *“the avoidance of discrimination save where discrimination is in the public interest.”* PTIP is a mechanism to design a limited set of price discrimination exceptions, where doing so is judged to be in the public interest.

The Programme is open to all port users, organisations, industry bodies and industry representatives. The PTIP affords users an opportunity to apply for a discounted tariff as per the official Tariff Book of the National Ports Authority (‘the Authority’). The discount will not however be afforded to a single organisation / industry player, rather the discount will be afforded to the entire industry in the form of an amendment to a line item within the Tariff Book.

One application was received, by the Ports Regulator (‘the Regulator’) in January 2025 for consideration for the 2026/27 tariff period. The Application was received from CEMZA Pty Ltd and was submitted to the Ports Regulator on 29 November 2024. The Application was forwarded to the Department of Trade, Industry and Competition (‘the dtic’) as it falls within their mandate. The Application was submitted to the National Ports Authority as well for their analysis and consideration and was subsequently included in the Tariff Application for 2026/27 for the consideration of port users.

As PTIP is a deviation from a cost-based infrastructure charge based on use of the provided capacity within the South African port system, it does introduce a number of complexities that require careful consideration when a decision is made to incentivise the trade in a specific commodity or subsidy of one service above another. The contents of this report contain a background to the cement industry as well as the logistics involved in the manufacturing of cement. This Report covers various considerations, including terms of trade concerns, import and export information, volume and traffic data, the possible impact on the revenue of the National Ports Authority, as well as intended and unintended consequences that may arise from the approval or rejection of the application.

This analysis and all consultations associated with the process fall within the scope and mandate of the Port Tariff Incentive programme and should be read in context of the Port Tariff Strategy as published in March 2015 by the Ports Regulator of South Africa. Further, the Regulator considered the submissions contained in the Application and all subsequent submissions, written and oral comments received during the consultation process including the responses thereto, as well as the Regulator’s own information and research. It must be noted that the information at the disposal of the Regulator postdates the Application and as such some differences in calculation are due to the updating of data and forecasts.

2. Compliance with the Directives, Regulations and National Ports Act

In considering the Applicant's proposed tariffs, the Regulator was guided by the National Ports Act, 12 of 2005, the Regulations issued in terms of Section 80(1) of the Act, together with the Directives¹ and Tariff Strategy (hereinafter jointly referred to as the 'Regulatory Framework')².

Directive 23(1) sets out the manner in which cross-subsidies may be utilised, as follows:

"In considering the proposed tariffs in terms of directive 22, the Regulator must have regard to whether the proposed tariffs reflect and balance the following considerations:-

- (a) A systematic tariff methodology that is applicable on a consistent and comparable basis;
- (b) Fairness.
- (c) The avoidance of discrimination, save where discrimination is in the public interest;
- (d) Simplicity and transparency;
- (e) Predictability and stability;
- (f) the avoidance of cross subsidisations save where cross subsidisation is in the public interest; and
- (g) The promotion of access to ports and efficient and effective management and operations in ports."

The Tariff Strategy sets the path for a move towards a user-pay structure within the ports system. The Regulator takes cognisance of the fact that cross-subsidies may not be avoided altogether to satisfy policy objectives or for the greater good of the country therefore, the Port Tariff Incentive Programme was developed as tool to introduce cross-subsidies into the tariff structure, that are both fair and in the public interest.

The analysis and industry consultation carried out by the Regulator aims to quantify whether the discount will be in the public interest or for the greater good of the South African economy.

3. Application Overview

- 3.1. One application was received for consideration for the 2026/27 tariff period.
- 3.2. The Application was received from CEMZA (Pty) Ltd ('the Applicant') (via email) on 29 November 2024. Receipt was duly acknowledged (via email) by the Ports Regulator ('the Regulator').

¹ The Directives were issued in terms of Section 30(3) of the Act in Government Notice 826 , *Government Gazette* No. 32480 dated 6 August 2009,. The Directives Amendment Notice was published in Government Notice 37, *Government Gazette* No. 32898 on 29 January 2010.

² Other policies and legislative instruments that were taken into consideration included the NDP, IPAP, the TPSF and others.

- 3.3. The Application was forwarded to the dtic and the Authority as per the requirements of the PTIP process. Both parties were requested to conduct an analysis as well as provide a recommendation (to the Regulator) regarding their endorsement of the Application (in line with various trade policies and State objectives in the case of the dtic, and in terms of financial and practical feasibility for the Authority).
- 3.4. The Applicant is a cement manufacturing facility located in the Coega Industrial Development Zone, in the Eastern Cape region.
- 3.5. The application requests the decrease of NPA tariffs on Clinker and Gypsum imports to R6.00 per ton for a period of 99 years, in accordance with their lease with the COEGA IDZ. In addition, a request for a separate classification for limestone imports at a tariff of R1,50 per ton is made for a period of ninety-nine years.
- 3.6. A summary of the application can be found on the website of the Ports Regulator.

4. The Department of Trade and Industry and Competition Analysis

- 4.1. As required by the PTIP guidelines, the Regulator is required to consult with either the Department of Trade, Industry and Competition or the Department of Transport on the application for endorsement.
- 4.2. In response to the PTIP submission, the dtic did not support the reduction in cargo dues for the importation of raw materials used in the production of cement, and stated that granting cargo dues relief on these imported input materials would have unintended negative consequences, including weakening market opportunities for local suppliers and introducing distortions that could undermine the sustainability of the sector.

5. The National Ports Authority

- 5.1. The Authority has duly submitted all requested information to the Regulator in relation to the PTIP process.

6. Consultation

- 6.1. The Application was presented to port users at the Tariff Application Roadshows and industry was urged to submit written comments. The Tariff Application Roadshows were held respective to the various regions over August and September 2025, with some being held virtually, and others as in person events.
 - 6.1.1. One comment was received with reference to the PTIP Application citing no clear justification for the cross-subsidisation for the aforesaid products.

7. PTIP Tariff Application

- 7.1. Located within the COEGA IDZ, and an investor in same, the Applicant imports raw materials and manufactures cement at their grinding facility.
- 7.2. The Application is premised on the limitation of availability of ‘quality raw materials’ in South Africa.
- 7.3. The Application is for beneficiation of the dry bulk tariff lines, ‘cement & clinker’, ‘gypsum & products thereof’, as well as for ‘limestone’ currently classified under dry bulk commodities. The application is for a discount period of ninety-nine years.
- 7.4. As a motivation for the Application, the applicant cited that the cross-subsidy would increase local production of cement and exports thus creating employment opportunities in the Eastern Cape.
- 7.5. The Table below reflects the specifics of the Application with reference to the Tariff Book.

Table 1: Applied for Tariff (expressed in Rands per ton)

Tariff	24/25 Import Rate	25/26 Import Rate	Proposed Rate	2026/27 Base Rate
Clinker	18,49	19,23	6,00	8,27
Gypsum	18,49	19,23	6,00	8,27
Limestone	New tariff	7,11	1,50	8,27

8. Tariff Strategy

- 8.1. The Tariff Strategy, as published in 2015, sets the intention of the move towards cost reflective rates within the port tariff structure.
- 8.2. The principles of the Strategy are based on the cost of utilising the infrastructure and not on the value of the commodity being handled. This ad-valorem basis was previously utilised in the ports system, and the Strategy aims to correct this tariff approach.
- 8.3. Base rates are published annually through the Tariff Record of Decision reflecting the target tariff to be achieved upon full implementation of the Tariff Strategy.
- 8.4. Tariffs lower or higher than the base rate reflect subsidisation within the system, which in the long-run is to be eliminated unless proven fair, and in the public interest.

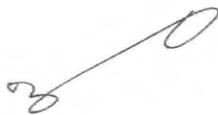
9. Conclusion

- 9.1. The Port Tariff Incentive Programme is a beneficiation programme which serves as a mechanism to introduce cross-subsidies into the port tariff structure, which are fair and in the public interest.
- 9.2. The application from CEMZA (Pty) Ltd, and the supporting comments received, highlights the positive impacts that would be experienced by the Eastern Cape through the lower manufacturing costs, and the Ports Regulator takes cognisance of this.
- 9.3. However, it would be irresponsible of the Ports Regulator to ignore the unintended consequences on the domestic cement industry and the objectives of the industrial policy action plan which promotes localisation.
- 9.4. In addition, the Regulator is cognisant of the progress made in the implementation of the Tariff Strategy which strives for cost reflective tariffs unless it's in the interest of government strategic objectives.

10. Decision

After due consideration and research, the Ports Regulator has arrived at the following decision:

- 10.1. The tariffs as applied for in the Application by CEMZA (Pty) Ltd are not endorsed by the Regulator for the following reasons:
 - The Regulator undertakes to implement the principles as contained within the Tariff Strategy, which aims for tariffs to converge to their base rates.
 - The approval of the application is not in the public interest or aligned to government strategic objectives.



Mr. Aubrey Ngcobo
Chairperson: Ports Regulator of South Africa
01 December 2025