



MEDIA STATEMENT

SANRAL clarifies position on award of major tenders

Pretoria, 9 November 2022 – The South African National Roads Agency SOC Limited (SANRAL) wishes to clarify its position on the recent award of tenders adjudicated by the Development Bank of Southern Africa, following the emergence of a negative narrative with regard to Chinese investment into South Africa.

Firstly, it should be noted that South African law does not prohibit any foreign company from doing business in the country.

Secondly, SANRAL does not at its discretion, choose who it awards tenders to. It is compelled by law to award to any entity whose performance in the tender process meets the compliance requirements and is the best in terms of relevant points and price. Ultimately, it is the quality of a bid that wins a tender and not the nationality of the bidder(s). Following a fair, open and competitive process, the contracts for all four tenders were awarded to the tenderers which submitted the highest scoring eligible bids.

Thirdly, both China Communications Construction Company Ltd (CCCC) and China State Construction Engineering Corporation (CSCEC) are registered on the Construction Industry Development Board (CIDB) register and the National Treasury's Central Supplier Database (CSD). Both firms also submitted valid BBEEE certificates and both firms, as part of their respective joint ventures with South African (SA) based partner companies, complied with all applicable procurement regulations. These SA companies are free to form joint ventures with any other company, either locally or internationally.

“Having fought so hard to prioritise economic development opportunities for black subcontractors on these tenders before they were initially cancelled, it stands to reason that we will continue to advance developmental opportunities that will allow black businesses to participate meaningfully in the economy. To this end, as with any SANRAL contract, the winning bidders must comply with the mandatory local content requirement which in this case includes 100% procurement of SA steel and cement, as well as all applicable regulations and legislation particularly environmental, labour and Health and Safety requirements. All contracts have stipulated minimum Contract Participation Goals (CPG) for local labour and Targeted Enterprises (SMMEs),” said Mr Themba Mhambi, SANRAL Board Chairperson.

While infrastructure development is instrumental in South Africa's economic recovery post COVID-19, it goes beyond simply creating jobs. It should be highlighted that both the Mtentu Bridge and EB Cloete Interchange are technically highly complex

and challenging projects requiring applicable mega-bridge construction expertise and experience. The Chinese construction industry is one of the leaders in mega bridge building in the world today.

“We are mindful of South Africans’ concerns about the integrity of the procurement process, given the magnitude of the contract. As such a due diligence process was conducted. In this instance, the probity test has not raised any red flags that would have disqualified the winning bidders,” said Mhambi.

“It should also be noted that SANRAL does not issue BBEEE statuses. We only verify the authenticity of such certificates. BBBEE certificates are issued by verification agencies approved by the South African National Accreditation System.”

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