Coimisiún um Iomaíocht agus Cosaint Tomhaltóirí

Competition and Consumer Protection Commission

Competition Concerns in the Irish Ports Sector

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Key findings

- Limited competition ‘between’ ports (i.e. inter-port);
- Ensuring competition ‘within’ a port (i.e. intra-port) is increasingly important;
- Leasing and licensing arrangements in Dublin Port may have the effect of restricting competition (i.e. for containers and general stevedore services);
- Lack of data and performance measures.

Background

- Why ports?
- July 2012 - Stakeholder meetings, consultation and RFI;
- Nov 2013 – Study complete, recommendations published;
- Aug 2014 - Government response to recommendations;
- Important reports: **(a)** *"National Ports Policy"* and **(b)** *"DPC Franchise Review"*.

Evaluating competition

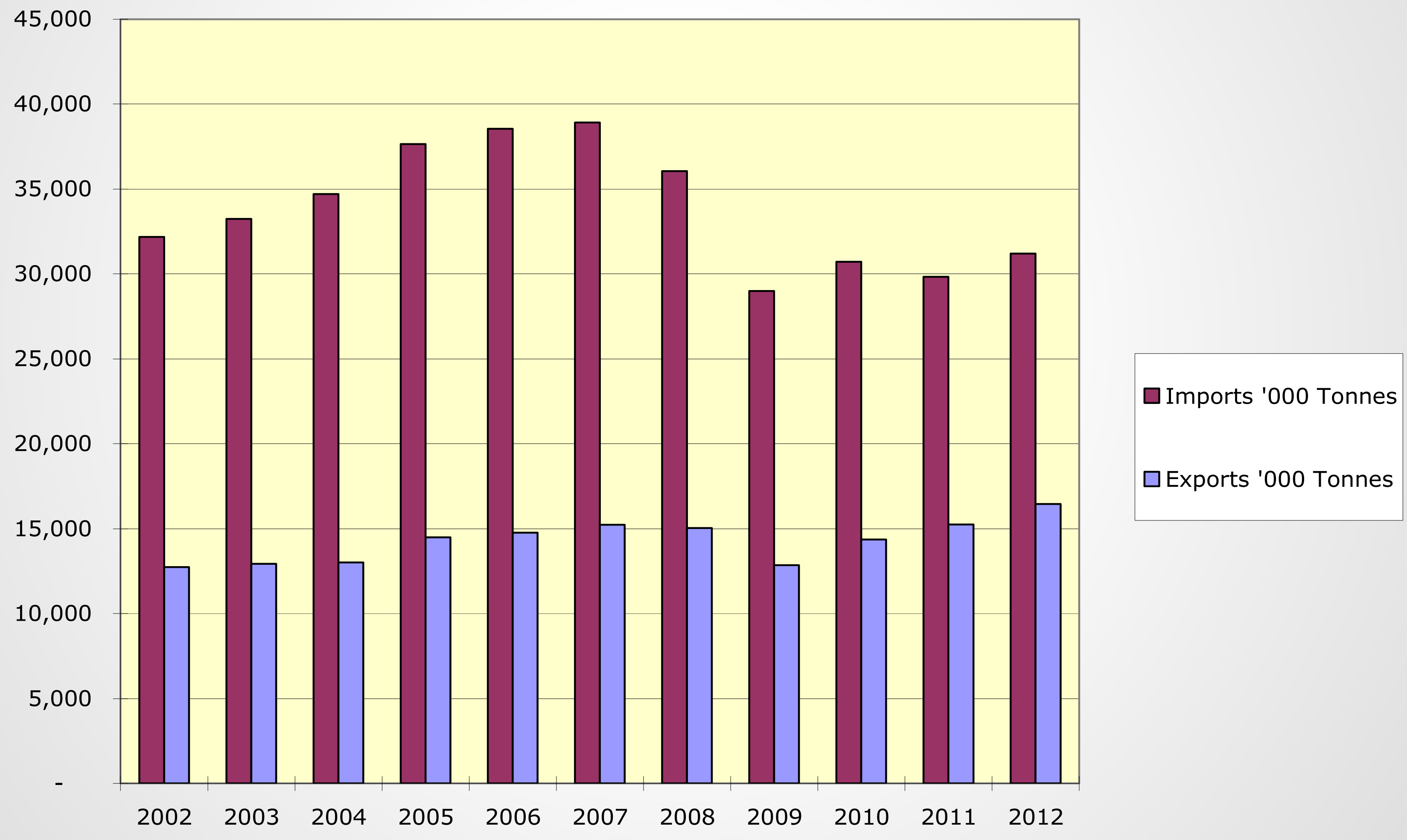
1st step: Port environment

- Traffic trends and capacity
- Port management models
- Road/rail infrastructure
- Cargo specialisation
- Service frequency
- Vessel size
- Supply chain networks

2nd step: Inter and intra-port competition

3rd step: Recommendations

Port environment: *Traffic trends*



Port environment: *Major ports*

Dublin: 29% *(57% containers)*

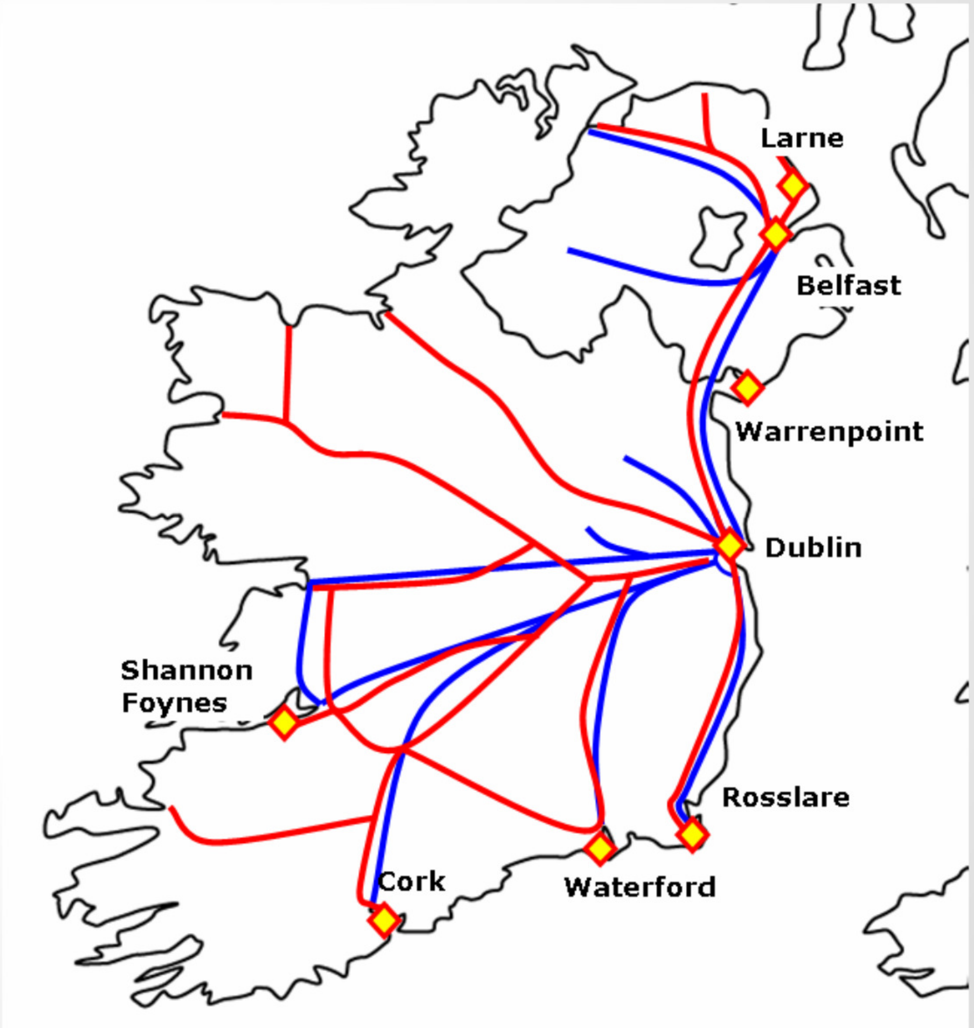
Belfast (UK): 22% *(28% Ro-Ro)*

Shannon: 15% *(42% dry)*

Cork: 13% *(33% liquid)*

Rosslare: 3%

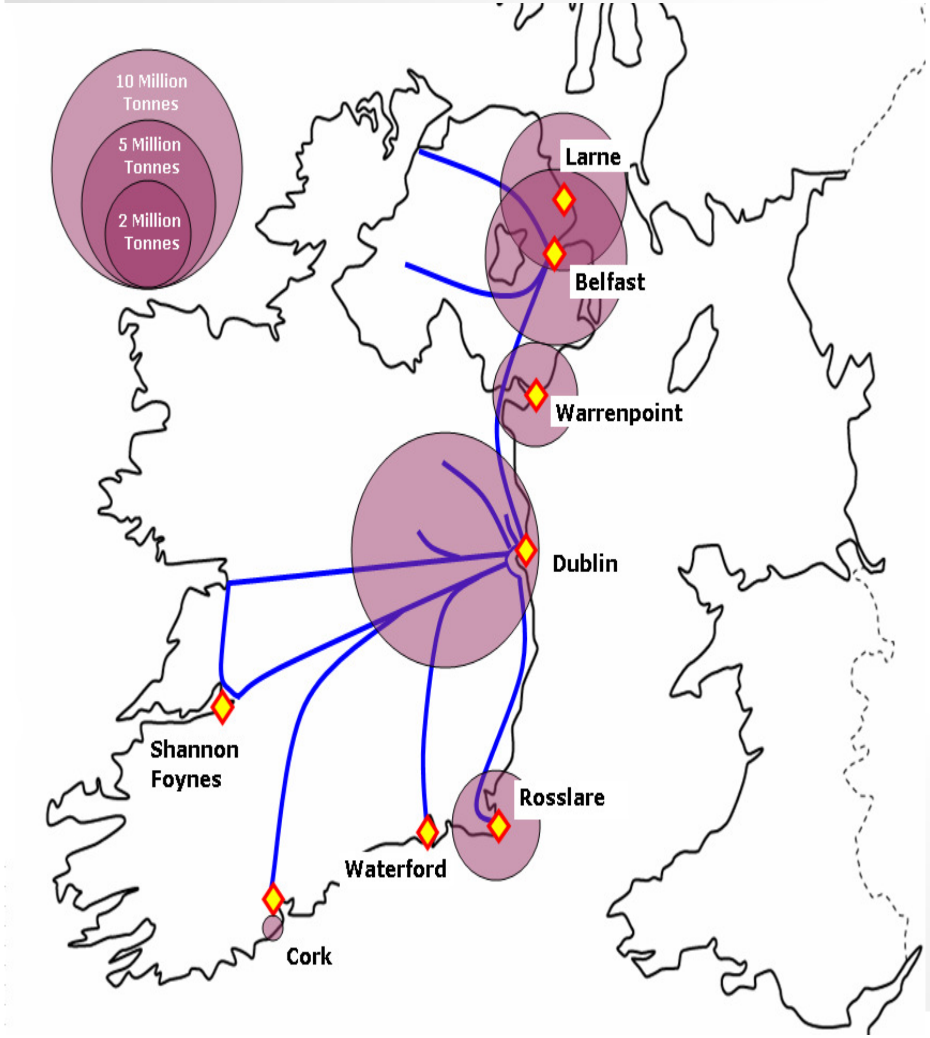
Waterford: 2%



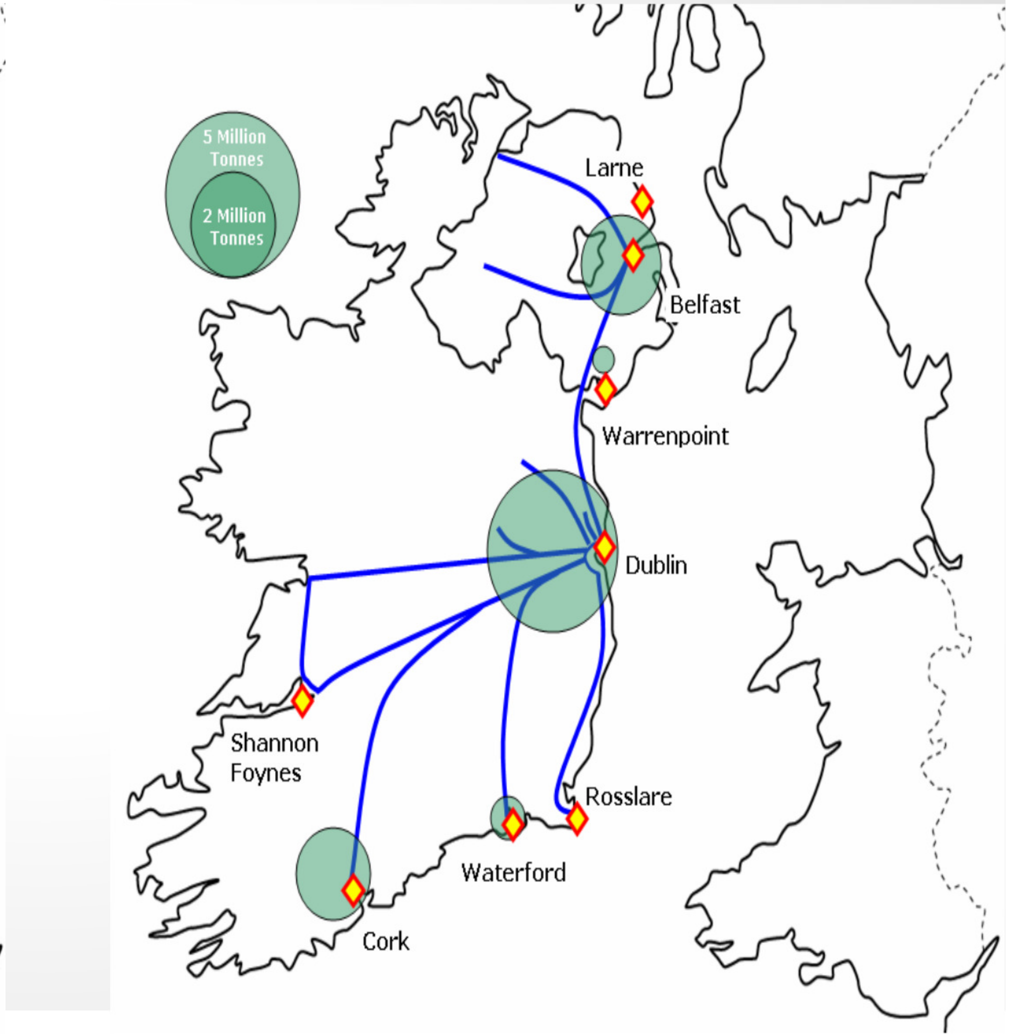
Port environment: *Connectivity, frequency, JIT*

Port environment: *Specialisation*

Roll-on Roll-off (Ro-Ro)

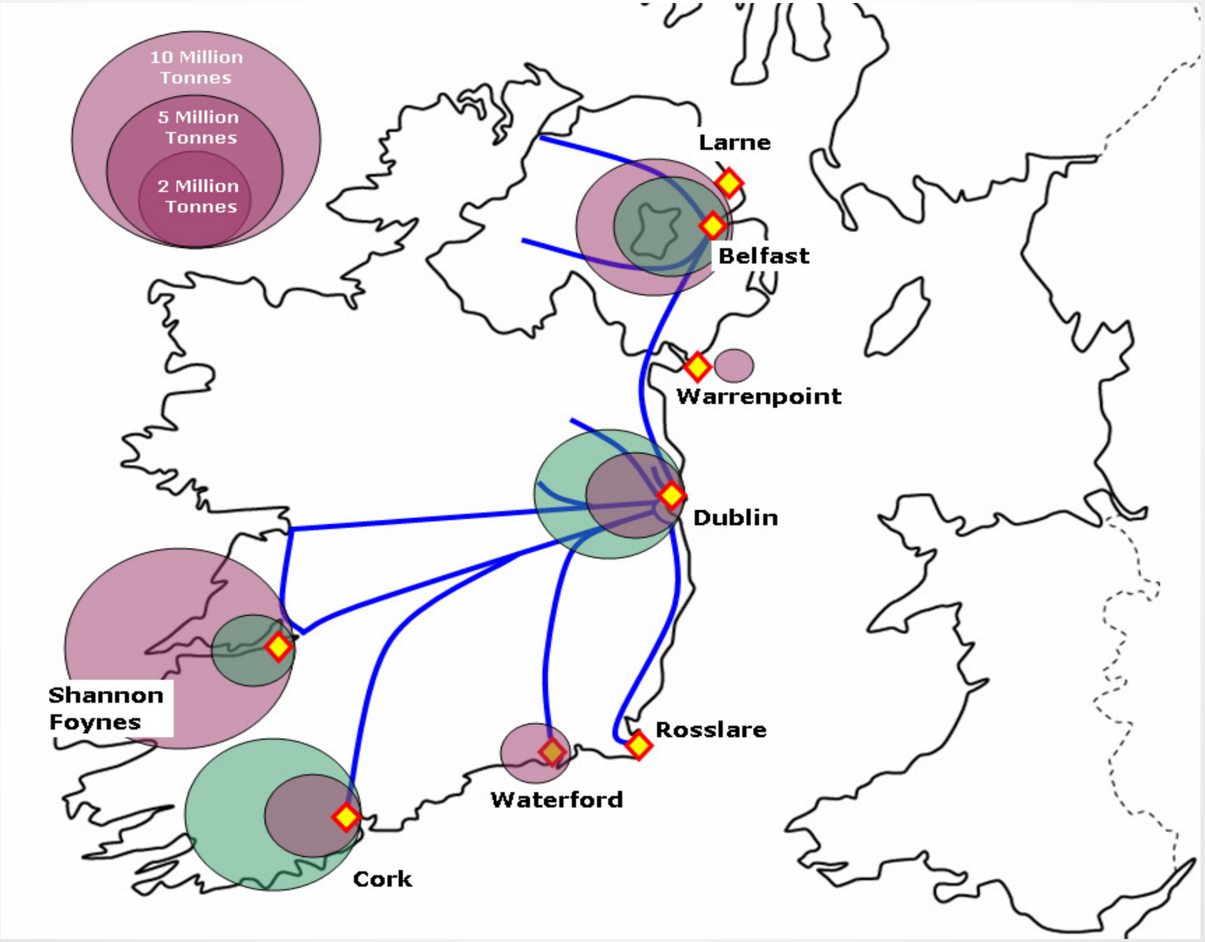


Containers (Lo-Lo)

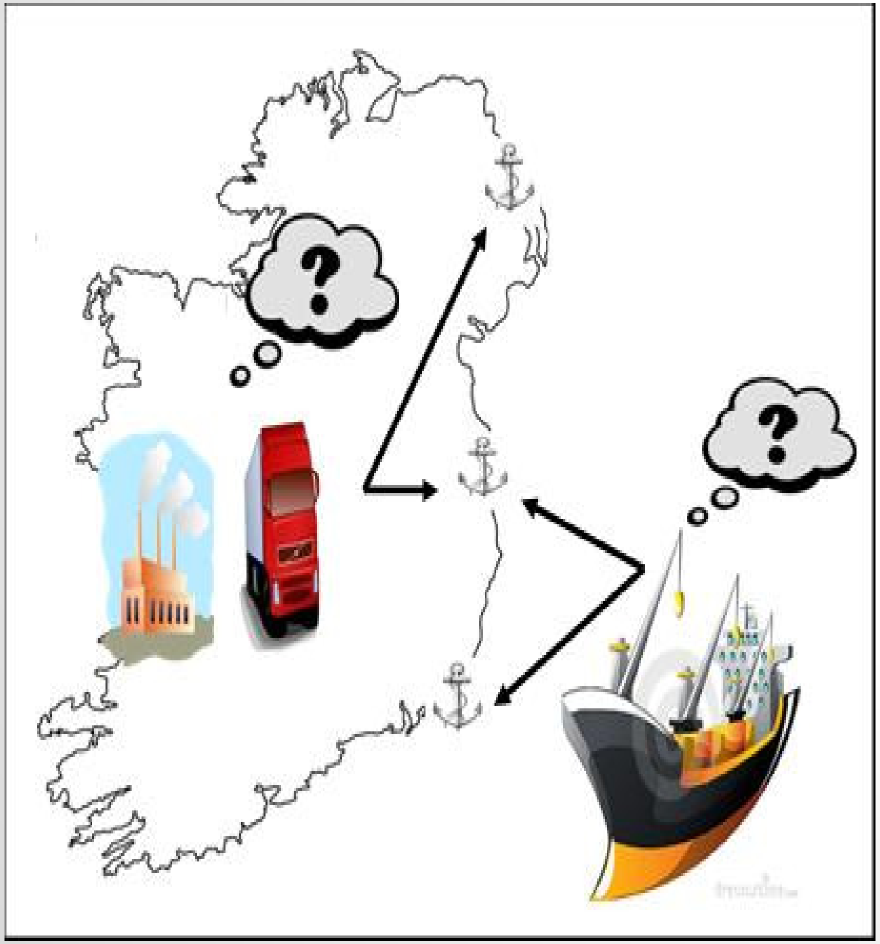


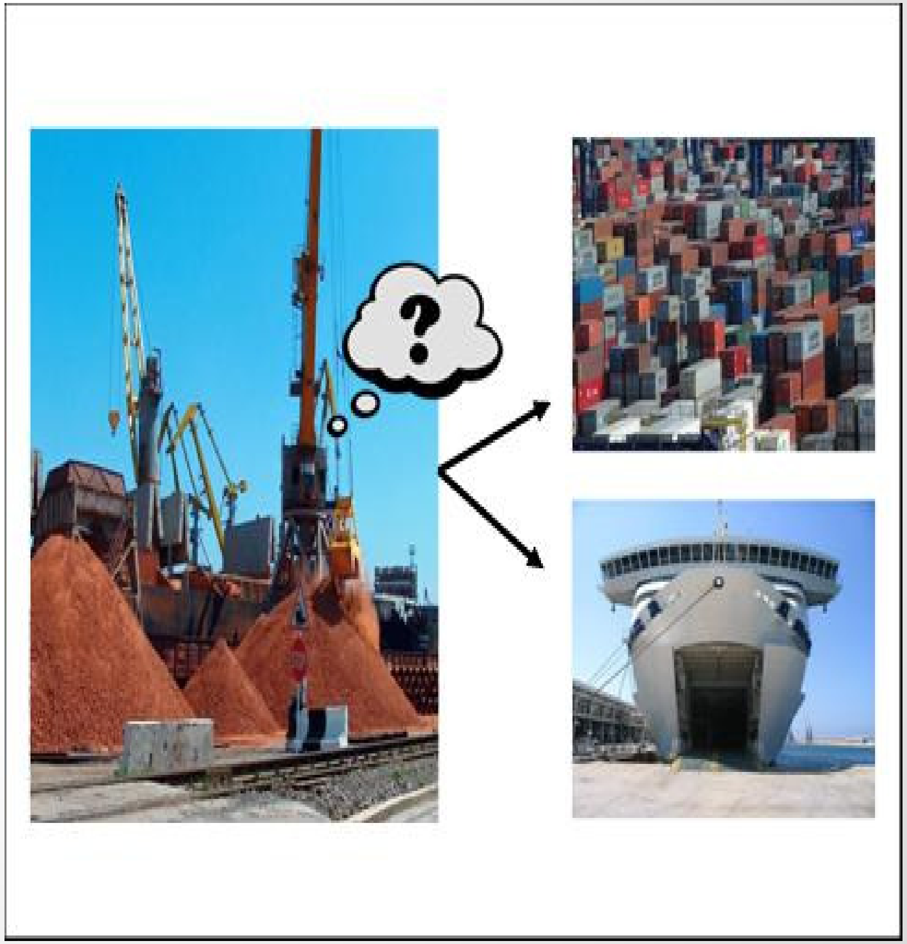
Port environment: *Specialisation*

Bulk



Inter-port competition: *Demand and supply-side substitution*





Inter-port competition appears limited

Ro-Ro:

- Concentration on East coast where users demand scale and frequency;

Containers:

- Users attracted by large ports that facilitate greater frequency and connectivity to transhipment hubs;

Bulk:

- Competition limited due to influence of nearby industries and haulage costs;

Dublin Port:

- Continues to grow.

What can be done? *Improve intra-port competition.*

Dublin Port Focus

- Improve competition between container terminals.
- Improve competition for general stevedore services.

Intra-port competition concerns: *Dublin Port*

Container terminals

- Three private lease/licence holders for container services;
- Two leases between 85 and 110 years. The third licence is repeatedly renewed;
- Lack of quay space and poor performance measures;
- Vertical integration.

Intra-port competition concerns: *Dublin Port*

General stevedore licensing

- Two private licenced operators;
- Licences renewed repeatedly;
- Few self-handling licences;
- Both operate as effective monopolies.

Key recommendations

1: Container terminal leases/licences

- The leases are exceptionally long and may have the effect of restricting competition;
- DPC should consider reducing the duration of the leases;
- Future leases should be awarded for shorter periods.

2: Stevedore licensing

- Two new general stevedore licences should be issued
- Licences should issued on a FRAND basis.
- More self-handling licences.

3: Data collection and performance measures

Response to study: *Department of Transport*

- Welcomed the study – consistent with the findings of the *"National Ports Policy";*
- Acknowledged the importance of data performance and other recommendations;
- Issues relating to the leasing/licensing of lands are outside the remit of the Department.
- Developments at a EU level may resolve leasing/licensing concerns.

Response to study: *DPC "Franchise Review"*

- Desire for change and greater competition in order to use quay space more efficiently – largely positive.
- Container terminals;
- General stevedores;

Solutions?

Renegotiation and/or restructuring

- Renegotiation of existing leasing/licensing arrangements;

- Ports do not appear willing to invest in/take ownership of cargo-handling infrastructure;

EU developments

- New EU Directives and port regulations may have some influence;

Competition law?

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Thank You!

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Email: ca@tca.ie with any comments/questions.