



Competition in the Irish Ports Sector Submission to the Competition Authority

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Introduction

Chambers Ireland is the largest business organisation in the State, with 55 affiliated chambers in every major market representing business locally, regionally and nationally.

We are dedicated to promoting competitiveness within the business community. In turn, this competitiveness leads to economic growth, stability and job creation and retention.

Due to the structure of the Chamber Network we are in a unique position to draw from the experience and expertise of business organisations throughout Ireland to reach policy positions that represent the interests of the entire business community.

We are pleased to take part in this consultation on Competition in the Irish Ports Sector. Our submission is the result of our own consultation with a number of Chambers of Commerce, who are able to provide insights into the specific needs of the business community in their area.

The Consultation Document

- We share many of the points raised and conclusions reached in the consultation document.
- It is accepted that Ireland remains dependent on ports for trade and that future growth is dependent on this trade.
- We agree that competition in the ports sector is essential to guarantee efficiencies, drive success and ensure the best conditions for business in Ireland.
- Furthermore, the assertion that there are natural barriers to the competition within the Irish ports sector is, to a degree, accepted. Issues such as geographical location, the presence of deep water facilities and proximity to bulk importing industries will result in certain ports being favoured by certain business sectors.
- However, areas for increased competition are identified. For example, see the sections relating to Limerick, Cork and Waterford Chambers, all of who identify factors that result in the current structure being less than competitive and identify potential solutions to these problems.
- Finally, we believe the consultation is excessively focused on inter-port and intra-port competition. **For many businesses in Ireland the main area of concern is neither competition between ports nor competition within ports. Instead their key concern is the manner in which the existing ports network and the surrounding rail and road networks meet their needs.**

Necessary improvements to the Ports Sector from a Business Perspective

A range of issues remain critical to the business community in Ireland:¹

1. The importance of the ports network: The overall objective for the ports sector is as a support and facilitator for businesses in Ireland. In this context the competition authority should prioritise international connectivity, access to ports handling, varying cargo types and internationally competitive prices. The importance of ports needs to be established and placed in the Government's national strategy on Ports in order to establish their context for An Bord Pleanála in the National Spatial Strategy when they are considering applications for an increase in port capacity.
2. Improving Internal Access: This is essential for all enterprises, especially importers and exporters: to sustain the strong Foreign Direct Investment sector; strengthen the domestic economy; and stimulate imports. A number of bottlenecks and capacity issues remain in the existing road network. This runs counter to the idea of businesses competing on a level playing field. Specific upgrades deemed necessary include an upgrade of the N28 from Cork to Ringaskiddy and the N11 from Dublin to Rosslare and the N69 from Limerick to Foynes.
3. Improving the use of ICT: While the quality of service offered by the ports service in Ireland is good, there are opportunities to enhance the use of ICT. This would

¹ For example, see: Forfás, 2009, *Assessment of Port Services issues for Enterprise*. Accessed at http://www.forfas.ie/media/forfas090130_port_services.pdf

increase the reliability and efficiency of import and export procedures and ensure that Irish importers and exporters continue to be on a par with those in other countries.

4. Provision of Deeper Water Services: Due to the cost of fuel and changing international shipping trends there is a trend towards the use of larger vessels. If ports throughout Ireland are not upgraded to accommodate such vessels there is a real danger that ports may no longer have the ability to continue to offer the requisite range and frequency of services.
5. A national strategy: A national strategy for growth in the ports sector should facilitate demand based competition and growth.
6. Long term objective: The long term objective of reform should be a commercially viable port sector which is delivering for businesses in Ireland the highest level of connectivity, cargo handling options and price competitiveness.
7. Ports and tourism: The provision of cruise facilities by ports is key in attracting tourists to Ireland. Cruise tourist spend is significant and is a major contribution to Ireland's economic wellbeing. We emphasise that any strategic approach to ensure the competitiveness of Irish ports – and their usage to invigorate regional and local economies - requires consideration of the infrastructure and operational requirements that may arise for this aspect of port activity in the future. Ports play an important role in attracting tourists to Ireland by providing cruise facilities. Cruise tourist spend is significant and is a major contribution to a region's economic wellbeing

Views from the Chamber Network

Limerick Chamber

Limerick Chamber has suggested that the hierarchical road network as determined by the National Roads Authority results in prioritisation between ports.

This is particularly evident in the Midwest and the Limerick City Region in the context of the Port of Foynes and the Shannon Estuary as a strategic Port with multiple facilities port operations.

- The Port of Foynes and many of its facilities are served by National Secondary Routes (primarily the N69) in contrast with Dublin Port and the Port of Cork which are accessed by numerous National Primary and motorway routes. If NRA and local authority road funding is allocated on the basis of road hierarchy, then Ports that are not served by National Roads and Motorway routes (The Port of Foynes and the Shannon Estuary) are at a clear disadvantage to those that are (Dublin and Cork).
- For a more balanced level of competition between Ports, NRA road funding should also be allocated to roads based upon the nature of Port or other infrastructure that it serves - and where a road network is supporting a strategic and regional economic

driver (in this case the Shannon Estuary Port facilities - the significance of which has been outlined in the draft Shannon Foynes Port Company Vision 2041 Masterplan document) then the road hierarchy serving it should either be allocated 'National Road' status or otherwise allocated the same or comparable level of funding that national roads have.

- The Shannon Estuary, in a national port context, is in a pre-eminent position to offer deep water berthage for the increasing shipping trend toward panamax and post-panamax vessels with access to the national road network.

In addition, a rail line exists at Foynes port. However use of the 26-mile track was discontinued in 2000. Of the three major ports in Ireland, the Port of Foynes has the most potential to realistically implement a viable rail freight connection allowing access to the National Rail network.

Waterford Chamber

The Waterford Chamber put forward the most robust case that increased competition between ports in Ireland would be beneficial for the entire business community.

They suggest that it is not sustainable to rely on intra-port competition in order to promote an efficient market in the Irish port sector: It is also necessary to exploit other ports' capability to compete with each other.

They point out that the importance of ports as catalysts for development requires a reasonable geographic spread of such facilities in order to promote the sort of balanced regional development necessary to facilitate a sustainable economic recovery that does not re-create the infrastructural bottlenecks that degraded Ireland's competitiveness at the height of the boom. In this regard, it is argued that the availability of development land close to ports in the South East, coupled with the Region's unacceptably high levels of unemployment, consistently well above the national average, make the South East region ripe for industrial development adjacent to its existing excellent port facilities.

It is suggested that the region could be more competitive if there was targeted investment in the infrastructure connecting ports to their key catchment areas in the South, South West and Mid West of Ireland, for example, the N25 New Ross bypass.

Waterford Chamber also emphasised the potential to enhance national export competitiveness by realising the potential of Ireland's rail network and the unrivalled connectivity for rail freight direct to quayside at Belview Port and immediately adjacent to Rosslare Harbour.

Cork Chamber

The Port of Cork is currently progressing a Strategic Development Plan to address certain deficiencies in its facilities, including the replacement facilities at Ringaskiddy for its container business at Tivoli. It is essential that government support is provided to support the Port's proposal if it is to remain globally competitive.

Furthermore, the failure to complete the N28 could create potential access difficulties and has arguably distorted when considered in the context of the 'free' provision of the Port

Access Tunnel to Dublin Port. Good quality access for *all* of the major ports is integral to any agenda that is focused on enabling and ensuring ports' competitiveness.

Finally, the development of the deepwater facility at Ringaskiddy in Cork Harbour is vital to allow cargo be shipped through these facilities and to Irish exporters and customers. Without such investment, the national competitiveness of our ports will suffer.

Conclusion

The experience of chambers of commerce and the knowledge of they have of business interests in all regions of Ireland cannot be underestimated when examining the future of Ireland's ports network.

There is a concern that the consultation process fails to consider how regional ports can be more competitive with Dublin Port.

Furthermore, there is a concern that not enough consideration has been given to the efficiency with which traders can get product to and from market by examining the total infrastructure needs of the business community.