Round Table 5-6 February 2009

Integration and Competition between Transport + Logistics Businesses

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Goal

• Identify if there are circumstances where integration causes welfare loses, should governments intervene, how?

Approach

• Discussion among participants, initiated by background papers and outline paper.

Chatham House rule

• Comments and opinions are not attributed in write-up.
Integration trends, ports, shipping, logistics

- Antoine Fremont
- Eddy van de Voorde

Rail freight integration welfare impacts

- Marc Ivaldi

Extreme integration, SA ports and railways

- Lou Thompson

Competition policy remedies

- Simon Pilsbury
Integration in ports, shipping and logistics

- Is there evidence for exercise of market power and abuse of market power?
- Is this a feature of horizontal rather than vertical integration?
- What are the competitive implications of alliances that are not full mergers?
- Role of competition authorities?
  - Are national authorities inclined to protect national interests?
  - Is there consistent and transparent transnational policy, e.g. at the level of the EU?
Game theory and market power

• How does strategic behaviour play out in the sector?

• Has integration eliminated competitors in either vertical or horizontal mergers and acquisitions in ports and shipping, or in railways?
Freight rail services

• Is there consensus US integration has not reduced consumer welfare?

• Does intermodal competition in Europe make market power abuse unlikely?

• Does combined horizontal and vertical integration pose particular problems?
Total rail and port integration

• Is vertical or horizontal divestiture the priority?
• Would a fully integrated private company provide better services at lower cost than a state owned monopoly?
• Can we predict how ports will compete?
Case for government intervention?

• Does global reach of logistic groups raise new regulatory issues?
• Do national regulators have the right incentives to ensure competition?
• Do regulatory authorities have sufficient competence and authority?
• Is the best remedy for concerns with vertical integration simply preventing abuse from horizontal integration?