



Railway and Ports Organization in the Republic of South Africa and Turkey: The Integrator's Paradise?

OECD/ITF Round Table on Integration and Competition
Between Transport and Logistics Businesses

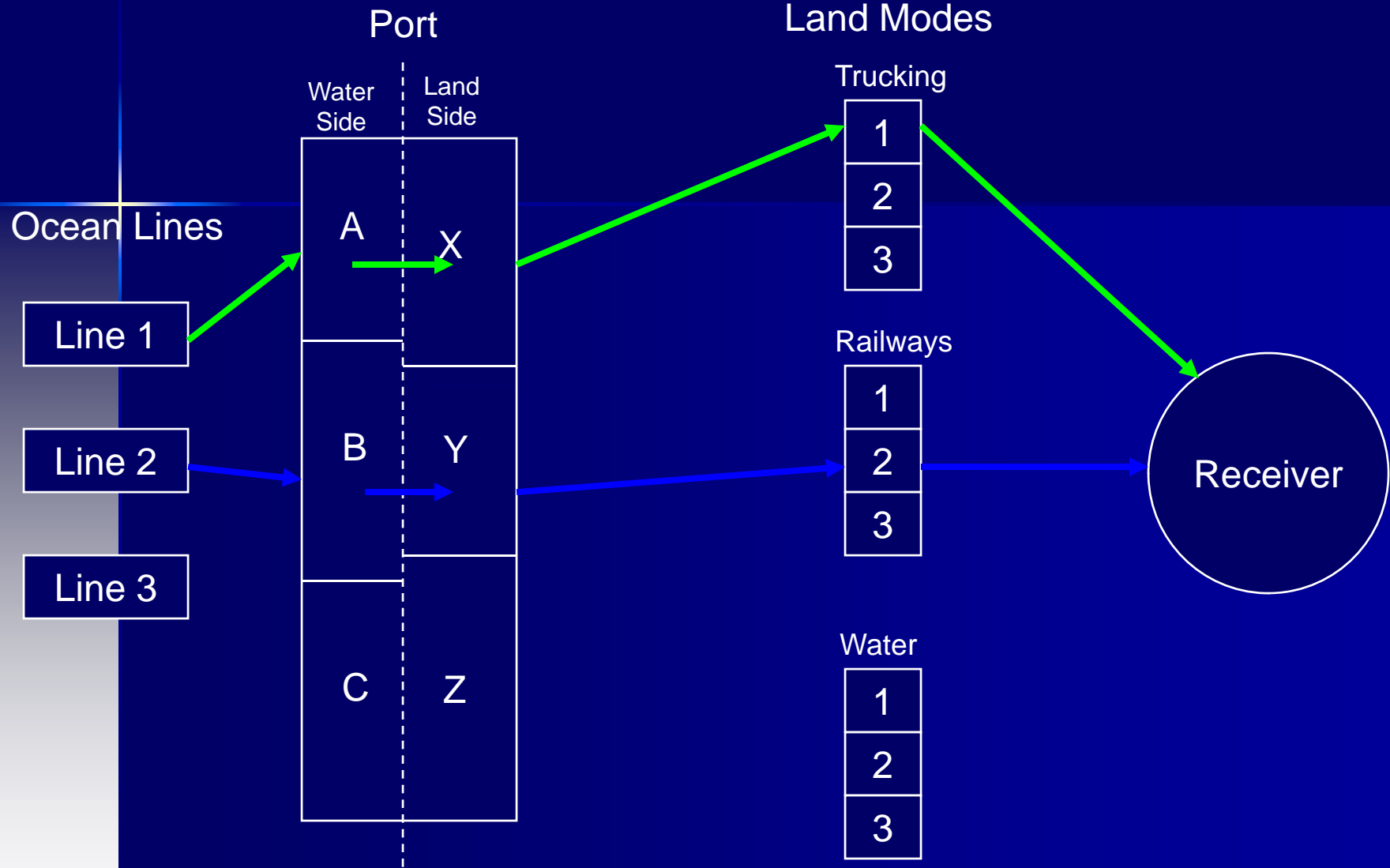
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Paris, February 5, 2009

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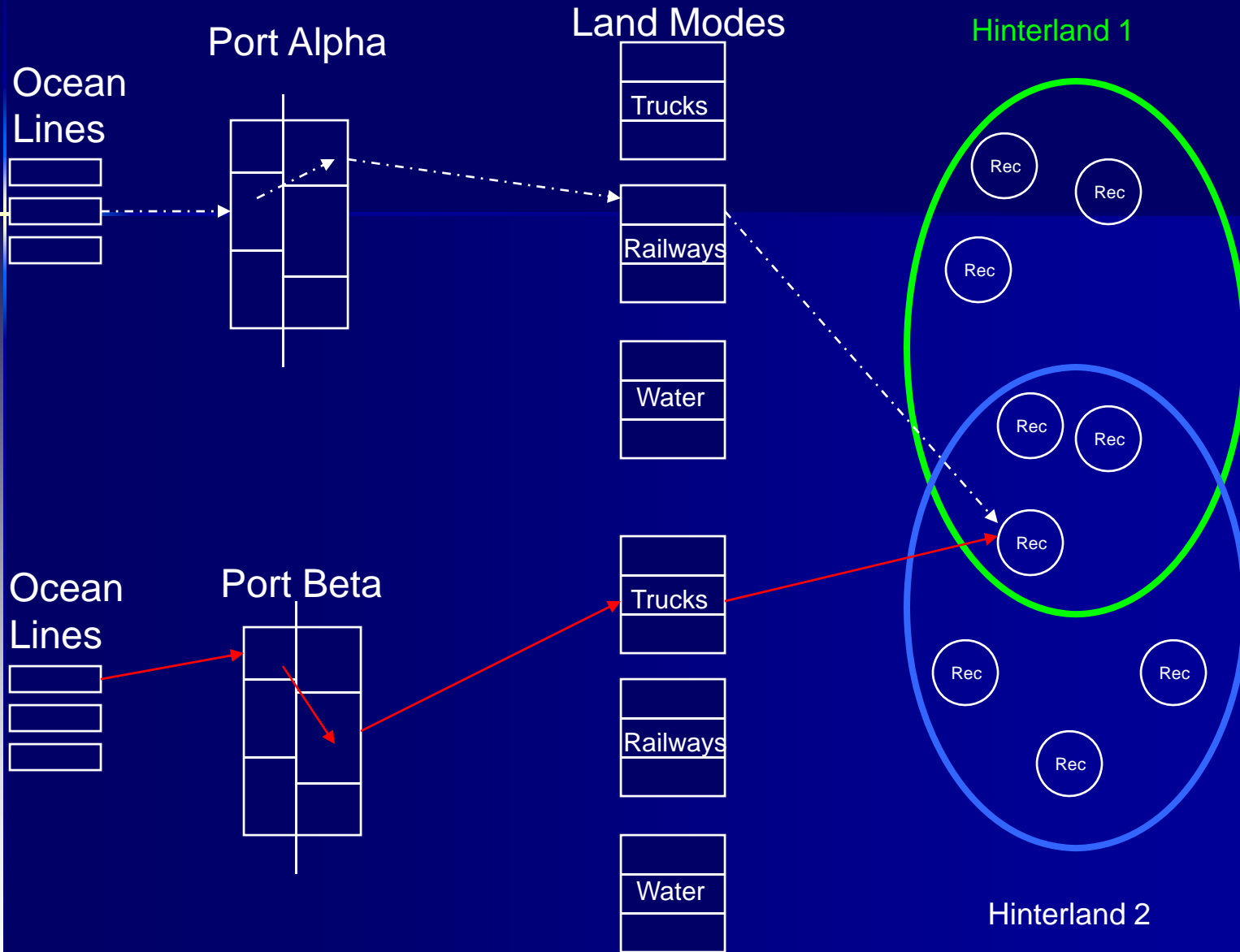
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Horizontal and Link Competition with One Port

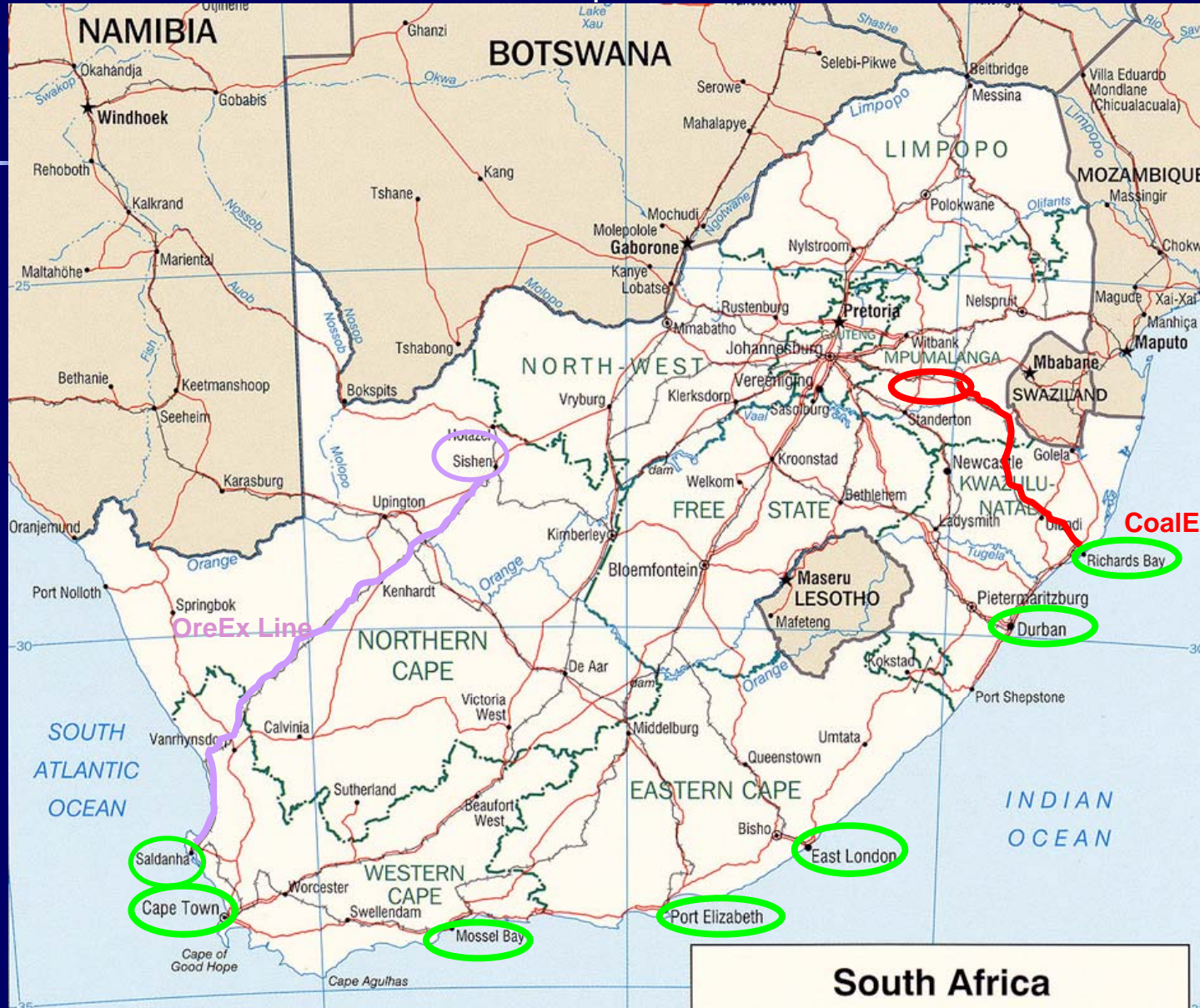


Note: only two paths are shown, but many paths are possible

Port and Hinterland Competition

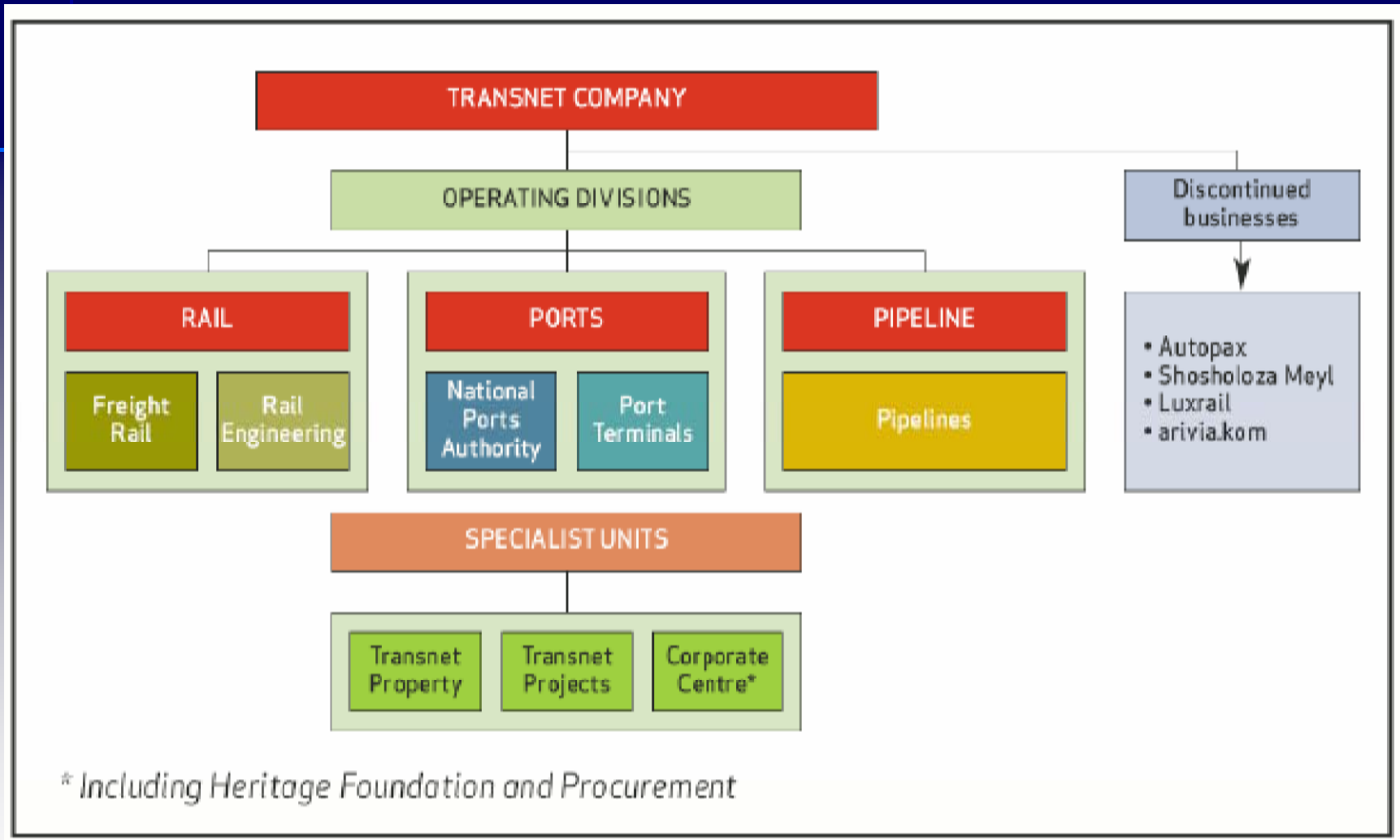


RSA Transport Network



CoalEx Line

The Structure of RSA Rail, Ports and Pipelines



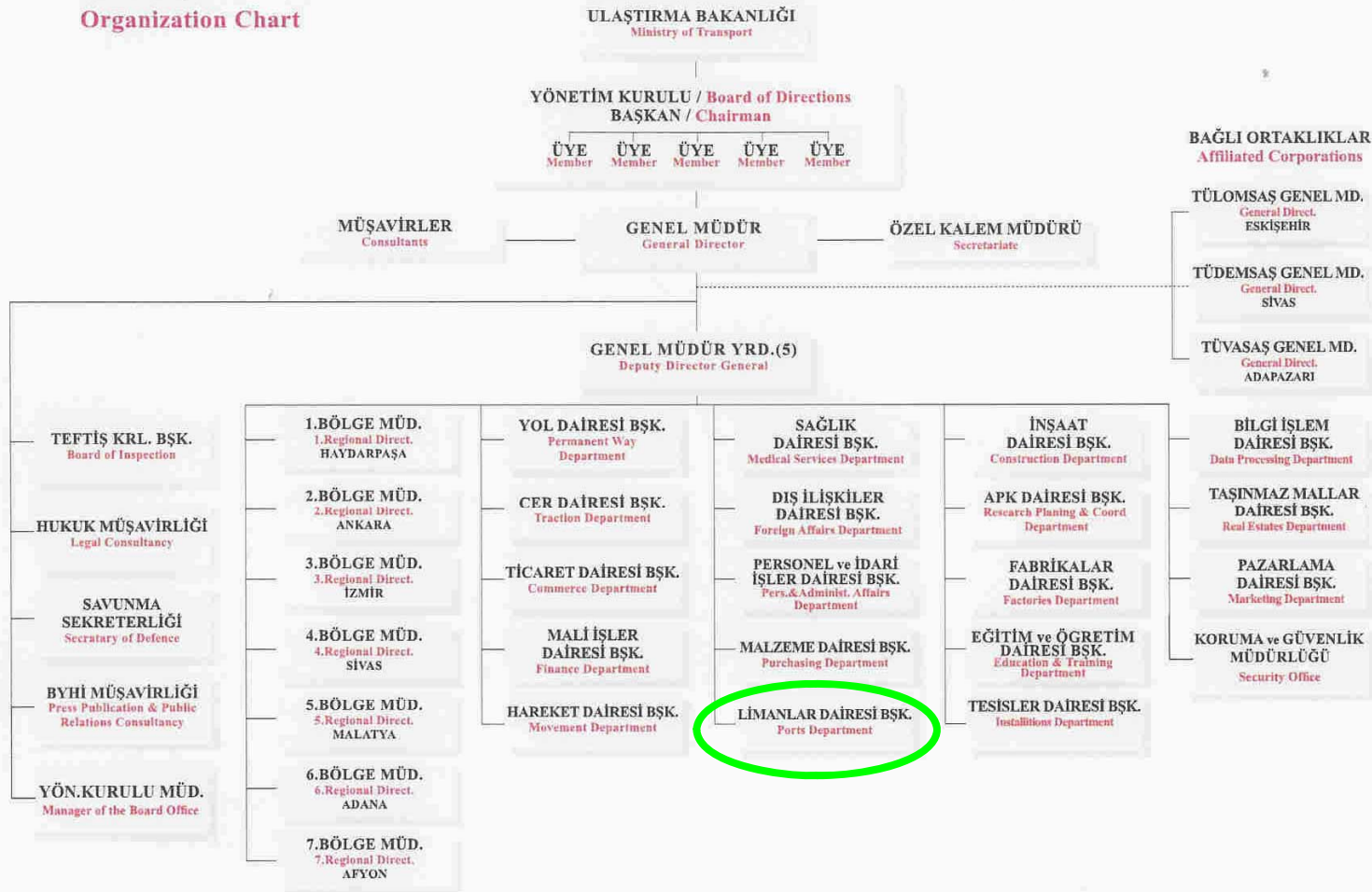
Assessment (From NFLS)

- Monopolistic behavior
- Opaque rents generated and distributed
- Inefficient and poor-quality services at high prices
- Problem well recognized, but reforms frozen by political and bureaucratic resistance



TCDD Organization Chart

1.4. TCDD TEŞKİLAT ŞEMASI Organization Chart



Source: TCDD İstatistik Yilligi 2003-2007

Assessment (MOT and WB)

- Railway and ports inefficient
- Rail losses absorbed all the port surpluses and still threatened solvency of Government
- Rail lost money in all sectors: port prices too high as a result
- Problem long recognized: Government now acting by reforming railway and separating and concessioning ports.

Impressions

- Common ownership of potentially competing ports caused problems
- Link-type integration can (but should not) deny access to others
- Single rail operator for multiple ports can cause sub-optimum flows
- Cross support from monopoly to competitive sectors hurts both
- Lack of transparency and information is critical
- Political/social objectives can distort flows
- The EU paradox: why create competitive alternatives and then watch them be absorbed?
- Both mergers and link integrations should be subject to a burden of proof.