



**Asia-Pacific
Economic Cooperation**

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Agenda Item: 4(4)

**Facilitating Competition and Countering
Anticompetitive Practices in Seaports in the APEC
Region**

Purpose: Information
Submitted by: Russia



**Competition Policy and Law Group Meeting
Washington, D.C., United States
7-8 March 2011**



Facilitating competition and countering anticompetitive practices in seaports in the APEC region

**Project Proposal by FAS-Russia
Co-Sponsored by Competition Authorities of
Chile, China and Hong-Kong**

Project objectives

- Reveal typical restrictions to competition in the APEC countries' seaports
- Develop general competition advocacy measures for APEC economies aimed at promoting competition in seaports

Examination of:

- ✚ Regulations regarding seaport activity
- ✚ Typical cases on competition restriction in the seaports affecting both national and foreign companies, e.g.:
 - Refusal to deal with competitor by some companies controlling both port infrastructure and maritime connections (including "constructive" one) ,
 - excessive pricing and other unilateral abuses of dominance,
 - collusive anticompetitive practices.

Project Results

Project Result: Set of policy recommendations on development of competition in APES seaports based on:

- best practices of development of intra-port and inter-port competition in stevedore, pilot ship, tugboat, forwarding, logistic, ship chandler, surveyor, first aid and other port services;
- analysis of experience of preventing violations of competition in ports;
- consideration of typical restrictions of access of new companies to the market of seaport services;
- identification of legislative obstacles for development of competition and finding ways of liberalization and deregulation of port services.

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Benefits/relevance

- Promotion of competition in seaports will improve efficiency of logistics and transportation of goods between APEC economies and facilitate trade in the region, therefore. Thus, the Project approach is to view pro-competitive development in seaports at the national level as a means to facilitate economic integration among the APEC economies in future.
- Development of competition in the seaports will facilitate extension of the relevant commodity markets in the APEC region and their ability to accommodate more competing companies. Thus, it can be viewed as a core infrastructure element for the competition based economic growth in the region meeting the "Sustain Growth" priority, thereby expanding fair trade among producers and traders, and consumer welfare (as it is described in Osaka Action Agenda).
- The Project contributes to implementation of the 6th Transportation Ministerial Meeting guidance to "encourage member economies to review their status with regard to liberalization in the maritime transport sector and endorse the activities undertaken by member economies to remove restrictions applied to specific maritime trade."

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Beneficiaries/stakeholders

- The competition authorities of the APEC member economies will benefit from
 - recommendations on the way to overcome restriction of competition in the seaports,
 - receiving competition advocacy arguments to facilitate promotion of pro-competitive initiatives,
 - secure support for competition policy and enforcement actions in the ports,
 - raising awareness of benefits of competition in the ports for the national economic growth based on broader APEC integration.
- The maritime transportation companies will benefit from less costly and more efficient port services resulting from increased competition in the seaports.
- The national regulators will benefit from increased awareness of possibilities to use competition policy as a means of facilitating international transportation through ports.
- Both female and male population in the cities with ports will benefit from:
 - greater employment possibilities emerging from increased transportation flows,
 - getting access to broader markets,
 - increased competition,
 - resulting economic growth.

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Methodology/Implementation

- ❖ May – June 2011 – consultations with other interested APEC economies on preparation of the Workshop, including its draft agenda, prioritisation of questions for discussion, case studies and other relevant materials.
- ❖ July 2011 – a two day Workshop in Saint-Petersburg, Russia to be focused on the following issues:
 - (1) market entry possibilities, equal access to port infrastructure and seaport services;
 - (2) competition restraints in seaports, including refusal to deal, price discrimination and excessive pricing;
 - (3) regulatory constraints to competition in seaports;
 - (4) best practices in competition law enforcement and developing competition policies in seaports;
 - (5) competition advocacy with major stakeholders in seaports;
 - (6) policy recommendations on enhancing competition in the ports.

The Workshop organizers will seek to achieve highest possible attendance by the APEC economies' representatives of competition agencies, regulatory bodies, port service users, business community and other stakeholders as well as substantial degree of cohesion in their approaches to facilitating competition in the ports in the best interest of trade and economic growth in the APEC region.
- ❖ August - November 2011 – summarizing results of the Workshop, preparation of a Report on the Workshop findings and its discussion by e-mail or teleconference with the Workshop speakers. Publication of the Workshop materials and Report on the APEC official web-site upon consent of the speakers.

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Communication

- The project materials will be communicated to the interested parties by e-mail upon request and published on the APEC official web-site.
- The representatives of mass media will be invited to cover the Workshop and its results.