

# PORTS COOPERATION: REASONS AND BENEFITS

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# FOREWORD

# Why do we fear cooperation?

## COOPERATING WITH COMPETITORS MAY NOT BE NATURAL

Fear of being copied

Fear of sharing competitive information

Cooperation seen as a time losing

Reluctance at helping the rival

Long history of resentment

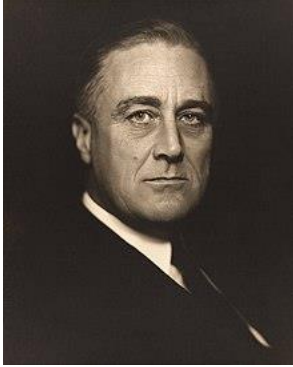


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*And yet...*

# THE LIMITS OF COMPETITION

# The hard competition, a factor of weakening



*“Competition has been shown to be useful up to a certain point and no further, but cooperation, which is the thing we must strive for today, begins where competition leaves off”*

**Franklin D. Roosevelt**

# The hard competition, a factor of weakening

## THE EXAMPLE OF SEATTLE AND TACOMA (*T. YOSHITANI, 2018*)

### Initial competition model:

- ✓ Distance of only 30 miles between the two ports
- ✓ Decades of hard competition
- ✓ Pressure on the operations price for both ports, egged on by the shipping companies
- ✓ Low revenues, weak investment capacities
- ✓ Unsustainable business model

### Cooperation decision

- ✓ Creation of the PNW (Northwest Seaport Alliance) in 2015
- ✓ Marine cargo operating partnership, the first in North America.
- ✓ No merging of the two ports, still distinctive authorities
- ✓ Development of a joint development program



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# The hard competition, a factor of weakening

## RESULTS OF THE PNW ALLIANCE

### Benefits generated by the Alliance

- ✓ Huge savings in development and information gathering realized
- ✓ From slow decline to growth in traffic: In 2014 -0,7% traffic in volume, in 2015 +5.9%, and in 2018 +2,6% despite the trade war
- ✓ Size growth: The Alliance became the 4<sup>th</sup> largest container gateway of North America and the 3<sup>rd</sup> in terms of TEUs.



*More strength when  
dealing with partners*

Port  
of Seattle®

  
THE NORTHWEST  
SEAPORT ALLIANCE

Port of  
Tacoma 

# VARIOUS FORMS OF COOPERATION



# Bilateral Cooperation

## BENEFITS OF BILATERAL COOPERATION

### Minimising the uncertainties of competition

- ✓ Competition without cooperation impedes ports from delighting the full markets potentiality
- ✓ Uncertainties about the future competitiveness of competitors

### Common interests

- ✓ Connexion with other ports via the shipping lines
- ✓ Competitors often share the same interests

### Common synergies

- ✓ Networks sharing
- ✓ Sharing of knowledge and know-how
- ✓ Development of potential shipping lines between the two entities
- ✓ Scale economies

**Cooperating is good for your health!**

# Bilateral Cooperation

## FRESH EXAMPLE, SEPTEMBER 2020

- ✓ Busan Port Authority (BPA) and Barcelona Port Authority (ABP)
- ✓ A cooperative project of a logistics center operation at the Port of Barcelona.
- ✓ The two ports will work together to vitalize the logistics flow and to provide a stable logistics platform to companies doing business between Northeast Asia and Southern Europe.



*“The implementation of this project will vitalize logistics flows between Northeast Asia and Southern Europe through our ports, and help Korean products to be distributed in Europe, and potentially, in North Africa in a very competitive manner.”*

**President of the Port of Barcelona**

# Cluster Formation

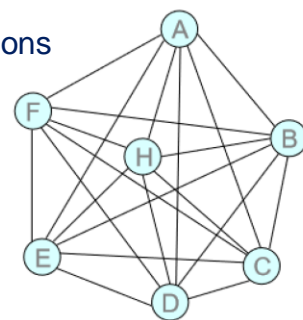
## COOPERATION WITH NEIGHBOURS

### Principles

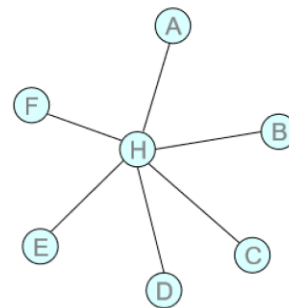
- ✓ Centralization of the region's gross flows into one hub
- ✓ Transboarding of the incoming flows
- ✓ Redistribution of these flows to their respective destinations

### Economies

- ✓ Economies of scale
- ✓ Economies of density
- ✓ Economies of purpose



(a)



(b)

(a) Point to Point Network  
(b) Hub and Spoke Network  
(D. GATTUSO & al., 2020)

# Cluster Formation

## EXAMPLE OF THE PIRAEUS *(GEORGE K. VAGGELAS & AL. 2019)*

### Principles

- ✓ Already a major port of the Mediterranean (3,5 million TEUs in 2012)
- ✓ Concentration of shipping professionals and know-how
- ✓ 20% of the global fleet of Greece
- ✓ Cluster without port-centric model: the hinterland holds 40% of the cluster companies

### Benefits

- ✓ Busiest Mediterranean port
- ✓ 5.65 million TEUs handled in the Piraeus, feeders and transshipment having boosted the activity
- ✓ Formation of a leading maritime capital
- ✓ Significant value added for the whole country economy
- ✓ The concentration of knowledge enhances knowledge production

# Regional Association

## COOPERATION WITH YOUR VERY COMPETITORS

### Benefits

- ✓ Knowledge sharing
- ✓ Gain in visibility
- ✓ Gain of strength in international lobbying/negotiations
- ✓ Worldwide promotion of the shipping in the region as a whole

### Examples

- ✓ European Sea Ports Organization
- ✓ MEDports Association
- ✓ Baltic Ports Organization
- ✓ ASEAN Ports Association
- ✓ Port Management Association of Eastern and Southern Africa
- ✓ Etc.



BALTIC PORTS  
ORGANIZATION



# Regional Association

## EXAMPLE OF THE EUROPEAN SEA PORTS ORGANIZATION

### Roles

- ✓ Making EU policy initiatives understandable
- ✓ Lobbying in the EU governance organs
- ✓ Animation of the dialogue with all EU maritime actors
- ✓ Knowledge network for the port authorities

### Events

- ✓ ESPO Award, 2020 theme:  
“Role of the port in encouraging innovators  
and local start-ups to be part of the port ecosystem”
- ✓ ESPO's Annual Conference
- ✓ Next Conference 2021 in Oslo



The Port of Dover winning the 2019 Award

Photo credit: Espo.be

# Regional Association

## EXAMPLE OF THE MEDPORTS ASSOCIATION

### Brief description

- ✓ Good balance between the two shores
- ✓ Examination of issues related to port activities
- ✓ Information provision in search for common positions
- ✓ International promotion of the Med interests
- ✓ Facilitation of trade links
- ✓ Improvement of the members' world visibility

### Figures

- ✓ 23 Members from both banks of the Mediterranean
- ✓ 70% of the total traffic of the Mediterranean



### Examples of shortly upcoming events

- ✓ Ro-Ro Seminar, 3<sup>rd</sup> December 2020
- ✓ Yearly MEDports Forum
- ✓ African Union Webinar

# Worldwide cooperation

## COOPERATION WITH NON-COMPETITORS ON GLOBAL ISSUES

### Non-competing cooperation

- ✓ Cooperation with long shipping lines partners
- ✓ Non-rival interests

### Benefits

- ✓ Knowledge sharing
- ✓ Defense of the ports global interests
- ✓ Relations with global organization and institutions
- ✓ Enhanced kudos of ports

### Adapted for global issues

- ✓ Environment
- ✓ International security
- ✓ Pandemics
- ✓ Etc.





# Worldwide cooperation

## EXAMPLE OF THE WORLD PORTS CLIMATE ACTION PROGRAM

### Creation

- ✓ 13 September 2018
- ✓ To improve air quality and reduce CO2 emissions

### Ports involved

- ✓ Europe: Antwerp, Barcelona, Gothenburg, Hamburg, Le Havre, Rotterdam
- ✓ North America: Long Beach, Los Angeles, New York & New Jersey, Vancouver
- ✓ Asia: Yokohama

### 5 specific actions

- ✓ Efficiency increase through digital tools
- ✓ Common policy approaches on emissions reductions
- ✓ Acceleration of renewable power-2-ship solutions
- ✓ Development of commercially viable sustainable low-carbon fuels
- ✓ Decarbonization of cargo handling facilities



# CONCLUSION

# New needs for enhanced cooperation

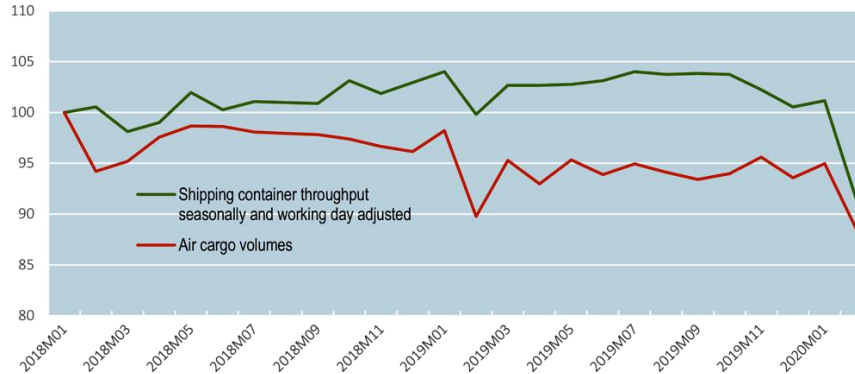
THINKING GLOBAL IS TODAY A NECESSITY...

Digitalization

Climate change

Sanitary issues

Security



Photos credit:  
OECD

... BUT THE HURDLES ARE MANY:

Trade War between China and the US

Nationalist setbacks

Ongoing wars

Economic crisis

**THANK YOU FOR  
YOUR ATTENTION**