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

Lou Thompson
Paris, February 5, 2009
Horizontal and Link Competition with One Port

Note: only two paths are shown, but many paths are possible.
Port and Hinterland Competition

Ocean Lines

Port Alpha

Land Modes

Trucks

Railways

Water

Ocean Lines

Port Beta

Hinterland 1

Rec

Rec

Rec

Rec

Rec

Rec

Rec

Hinterland 2
The Structure of RSA Rail, Ports and Pipelines

Source: Transnet Annual Financial Results, 31 March 2008
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 TEŞKİLât ŞEMASI

Organization Chart

ULASTIRMA BAKANLIĞI
Ministry of Transport

YÖNETİM KURULU / Board of Directors
BASKAN / Chairman

ÖZEL KALEM MÜDÜRÜ
Secretary

BAĞLI ORTAKLIKLER
Affiliated Corporations

TÜLOMSAŞ GENEL MD.
General Direct.

TÜDEMŞAŞ GENEL MD.
General Direct.

TÜVASAŞ GENEL MD.
General Direct.

GENEL MÜDÜR YRD.(5)
Deputy Director General

GENEL MÜDÜR
General Director

MÜŞAVIRLER
Consultants

TEFTIŞ KRL. BŞK.
Board of Inspection

HUKUK MÜŞAVIRLERİ
Legal Consultancy

SAVUNMA
Secretary of Defense

SEKRETERLİĞİ
Public Relations Consultancy

YÖN.KURULU MÜD.
Manager of the Board Office

1. BÖLGE MÜD.
1. Regional Director
HAYDARPAŞA

2. BÖLGE MÜD.
2. Regional Director
ANKARA

3. BÖLGE MÜD.
3. Regional Director
İZMİR

4. BÖLGE MÜD.
4. Regional Director
SİVAS

5. BÖLGE MÜD.
5. Regional Director
MALATYA

6. BÖLGE MÜD.
6. Regional Director
ADANA

7. BÖLGE MÜD.
7. Regional Director
AYVON

HAREKET Dairesi BŞK.
Movement Department

MALZEME Dairesi BŞK.
Purchasing Department

DALIL Dairesi BŞK.
Financial Department

İNSAT Dairesi BŞK.
Construction Department

SAMBİLLIK Dairesi BŞK.
Medical Services Department

DIŞ İLİŞKİLER Dairesi BŞK.
Foreign Affairs Department

PERSONEL ve İDARE Dairesi BŞK.
Personnel & Administration Department

APK Dairesi BŞK.
Research Planning & Control Department

FABRİKALAR Dairesi BŞK.
Factories Department

EGİTİM ve ÖĞRETİM Dairesi BŞK.
Education & Training Department

TEŞİŞLER Dairesi BŞK.
Instilllients Department

Source: TCDD Istatistik 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.