

Roundtable discussion: “The end of the landlord model? Economic pressure to privatise ports”

Introduction

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Privatisation

Privatisation is the transfer of ownership of state assets from the public to the private sector or the transfer of provision of services from public bodies to private enterprises.

Methods:

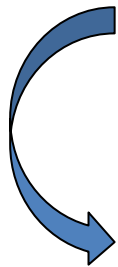
- public offering of shares
- private sale of shares
- new private investment in State Owned Enterprise (SOE)
- sale of government or SOE assets
- management/employee buy-out
- private sector financing of new activities (e.g. BOT)
- etc

What to privatise?

Discussion differs based on existing port model

	Functions		
Port models	Regulator	Landowner	Operator
PUBLIC	public	public	public
PUBLIC/private LANDLORD	public	public	private
PRIVATE/public	public	private	private
PRIVATE	private	private	private

**Theme
of this
session**



Source: based on Baird (1995;1997)

Revising the landlord model

Many “privatisation” schemes are focused on terminal operations and concessioning/terminal award systems and renewals.

	Functions		
Port models	Regulator	Landowner	Operator
PUBLIC	public	public	public
PUBLIC/private LANDLORD -> commercialisation -> corporatisation	public	public	Private -> concessions/ terminal award systems
PRIVATE/public	public	private	private
PRIVATE	private	private	private

Many so-called PA-related “privatisation” schemes have more in common with a **shift towards a more professional, technocratic and commercial management style** (with autonomy, accountability and control) than with the transfer of public assets.

Often cited reasons to privatise ports (and port authority functions)?

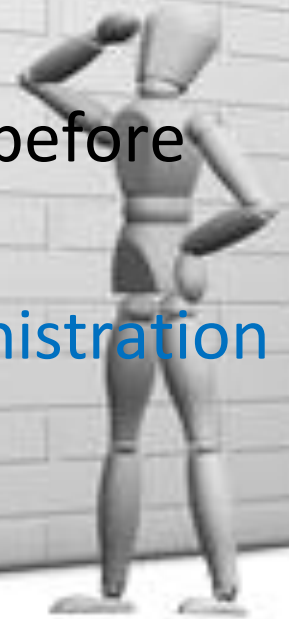
- Improved efficiency and performance (?)
- To find new financial resources for development and maintenance (?)
- To strengthen entrepreneurial and managerial capacity (?)
- To relieve government's financial and administrative burden (?)
- To eliminate and/or minimize bureaucratic and political influence over port management and operation (?)
- Reducing the power of public sector unions (?)

Often cited reasons **NOT** to privatise ports (and port authority functions)?

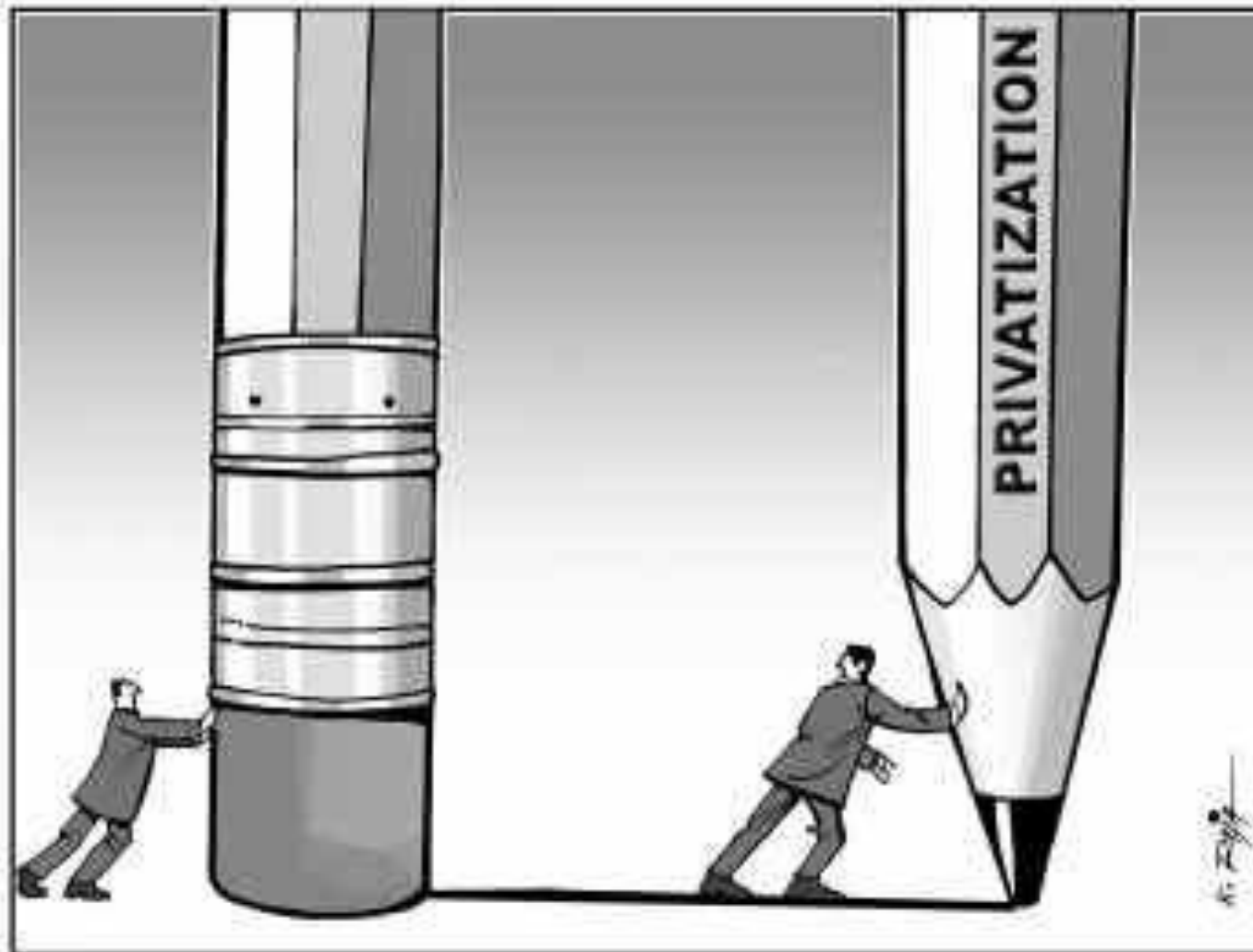
- Loss of 'public service' functions (?)
- Public monopoly turned into a private one (?)
- Poorer coordination of investments and operations (?)
- Discriminatory treatment of a port's clientele (?)
- Loss of public intervention needed when there is 'market failure' (cf. in case of existence of increasing returns to scale, externalities or public goods) (?)
- Property rights are a public task (?)

Often cited obstacles hampering/preventing a full port privatisation scheme

- Substantial financial commitments of past public port organisations
- Deal with the issue of port labour
- Need for improvement of port installations before privatisation
- Deal with opposition within their own administration



Is port privatisation reversible or irreversible? .. and do/should we care?



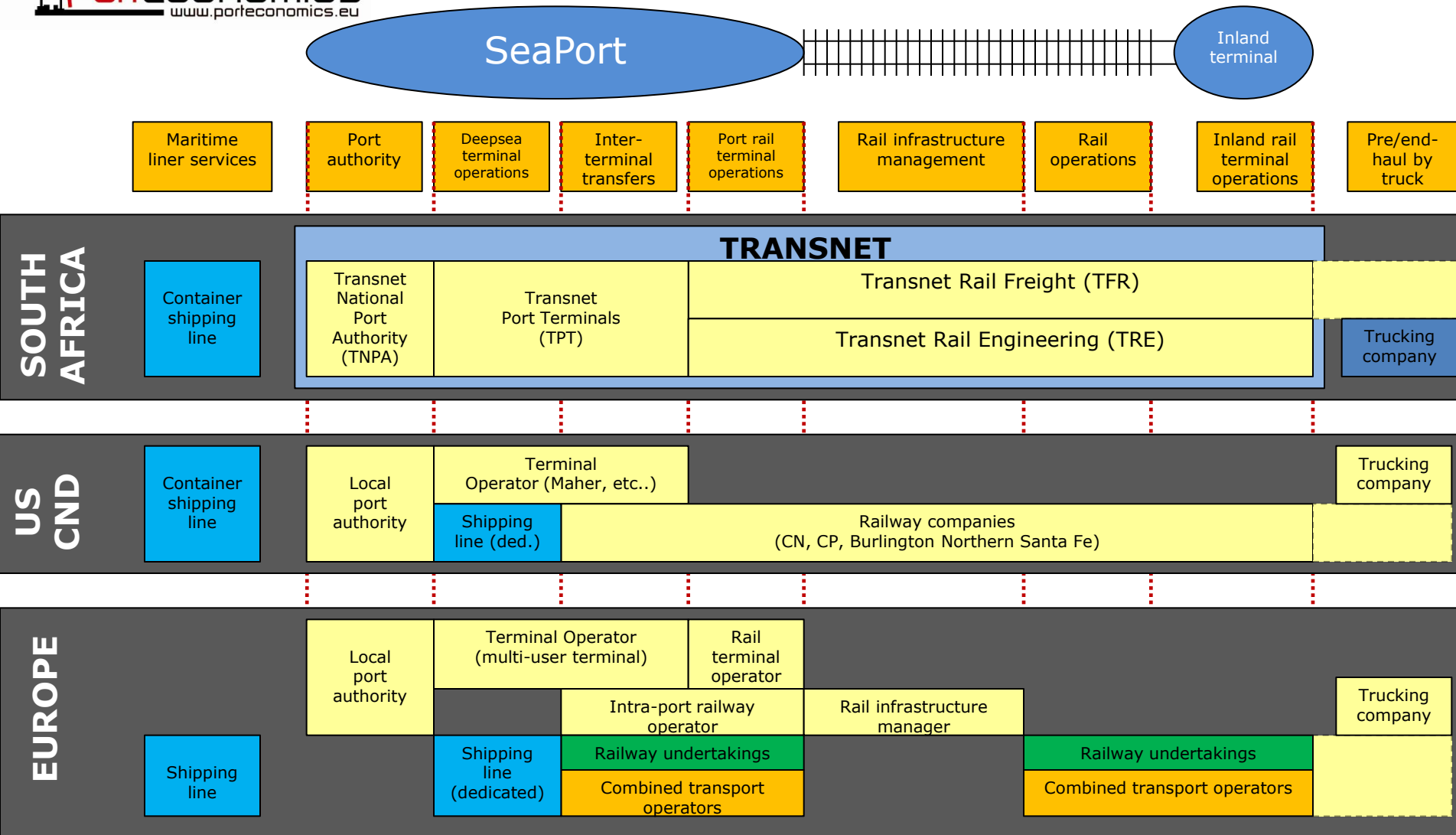
Does port privatisation always involve purely private firms?

- Companies backed by publicly owned investment funds / sovereign wealth funds.
- Foreign private companies with foreign State influence.

=> Change the local for the global?



Port reform schemes should be part of a broader 'chain' or integrated approach



- **Theme 1. The efficiency of private vs. public ports**
- **Theme 2. The relation between privatized ports, stakeholders and government**
- **Theme 3. Private participation and the attraction of (private) capital to invest in ports**
- **Theme 4. Implications for personnel**

Thank you for your attention !

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