

THE COMPETITION BETWEEN PORTS

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Abstract: *The ports main objective is to ensure the interface between land and sea links aiming to be efficient through developing responsive logistics chains able to serve the regions of the hinterland. Ports are essential for the competitiveness of regions and countries but this economic function can not be met unless the ports are competitive. In this order becomes prior to get highest possible efficiency and effectiveness, trying to provide added values and satisfaction to its major customers. This paperwork is meant to underline the main contemporary features for ports activity within a global context, in a framework of a high competition between countries and regions. The authors are trying to present some strategical directions for adapting the present ports' evolution to the new economic framework. Thus, in the future we'll hope to determine those variables destined for getting a harmonized regional and international competitive and efficient multimodal transports.*

Key words: *port, competition, cost, services, hinterland*

1. INTRODUCTION

In the 1970s, almost every port provided the same basic package of services to almost every customer. The late 1980s saw the emergence of major changes. Customers began to ask ports to provide a greater variety of services. Providing value-added services is a powerful way for ports to build a sustainable competitive advantage. Shippers and port customers are becoming increasingly demanding and now they tend to look at value-added logistics services as an integral part of their supply chain. In the recent years, many important international shipping companies have merged into bigger and stronger entities. These newly emerged entities are nowadays very important players on the transportation market and their needs have increased accordingly. As a result, ports must attempt to satisfy these needs by offering differentiated services. This poses a particular challenge for port management.

2. COMPETITIVE PORTS

The degree of competition of a maritime port is exploited on two different levels, as follows:

1. *Between the seaport itself and the others seaports in competition.*

With respect to this first case, usually the seaports in competition try to adequate their superstructure and infrastructure to those of the others rival ports. Following this policy, every port must to keep itself in line with the state-of-the-art of the qualitative improvement of the other competitive ports, if it wants to stay in competition. The shipping companies choose the ports where to make their stopping calls. Therefore, a seaport may be excluded because of the lack in the supply of structures and services in line with the technological requirements of the cargo fleets, such as and adequate deep of the water, modern terminal equipment, efficient inter-modal links, etc. Obviously, a similar exclusion implies enormous losses for the port and regional economy.

2. *Between the seaport itself and the others industrial locations in the hinterland.*

In this second case, the location choice of the industry may be addressed towards the maritime locations far away from the seaport region, but that are for different reasons much more attractive from the economic point of view for the establishment of their industrial complexes. In this case, the incidence of the costs of transport in order to transfer the goods from/towards the inland location is really low. Within the sphere of the seaport competition, the most important location choice is taken by the big line shipping companies when they plain the stopping calls of their fleet, both at a continental and regional level (Kreukels & Wever, 1996).

The competition is held, more and more global and involves marketing strategies that focus more niches and types of customers with special needs, leading to customized products of high quality, produced and distributed at low cost components from multiple sources globally, with reduced life cycles (Chlomoudis et al., 2002), with complex range of variety and reduced delivery times and reliable.

Ports have a role that goes far beyond traditional short-term objectives, operational, simple delivery of basic services to the ship and cargo, as the interface between land and sea, and is now ideal places to locate features that add value the load within the logistics industry, but also in aspects of leisure and tourism (Bichou & Gray, 2004).

If a main port wants to stay in competition with the other main ports of the continent, then it is fundamental to guarantee the availability of free land for the operations related to the handling of the containers, and for the activities of distribution and logistics. This point remarks the importance of the accessibility to the economic resources of the seaport. Competition is key ports and has been advocated by the European Union with its various packages of measures to improve efficiency and transparency of the ports, bringing them closer to the market where possible, particularly in concessions with a view to regularly lead to port scanning each terminal to the market to see if there are other companies doing the same port service with lower costs, lower prices and better quality, so-called competition in the market.

Ports also have to compete more aggressively for their participation in major logistics networks, which compete reaching distant hinterlands and diffuse (Heaver et al., 2001). On the other hand, is now the ports of the same region are increasingly competing with each other, there are clusters of ports with the same type of supply and located within a region, competing with other clusters of ports other regions and there are "ranges" of ports of the same region, in this case, each port with different offers that may or may not be coordinated.

The commercial success of a port could rise from a productivity advantage in traditional cargo-handling service, from value-added services, or from a combination of the two. The most productive ports will be those that are equipped to handle large cargo volumes and/or significantly reduce unit costs through efficient management. Shippers and carriers select individual ports not only based on their cargo handling

service capabilities, but also on the benefits they are capable of "delivering". Unless a port can deliver benefits that are superior to those provided by its competitors in a functional aspect, port customers are likely to select ports based merely on price. This fact raises the question of how a port can achieve value differentiation.

Various studies show that the most successful ports are those that not only have a productivity advantage in cargo-handling services, but that also offer value-added services. Even though, it continues to be a need for ports that provide the basic, traditional cargo-handling function, and that there are still many customers for such services. Perhaps it is for this reason that many ports in developing countries still concentrate on improving their productivity with regard to traditional port functions, instead of building up value-adding logistics services.

However, it is clear that, in the future, there will be fewer ports that prosper only in this area. Rather, we will see the dominance of superior service leaders that possess both a productivity advantage and a value-added service advantage. In between traditional service ports and superior service ports are the leading-edge service ports. These are the ports that are on their way to becoming superior service ports. A number of ports have responded to this trend by focusing on value-added services as a mean of gaining a competitive edge. In this content, value-added service refers to the process of developing relationships with customers through the provision of a customized offer, which may include many aspects of value-added activities.

It is very advantageous for a port to be as well a logistics centre, since the logistics centers can attract cargo that can be shipped through the port. There is a direct positive correlation between cargo flows at the logistics centers and the number of ships calling at the port. In other words, the cargo attracts the ships, and the ships attract the cargo. The port benefits by generating increased revenue and creating additional jobs. The port can profit not only from the logistics centre itself, but also from the increased flow of cargo through the port. Thus, an ideal port should provide a diverse range of services that are highly integrated. As such, there is a need to seriously consider the increasing importance of ports in logistics management.

Several international studies point to the autonomy of the port as a viable factor in improving their performance, and the higher is the aggregation of multiple ports under a single authority, the less appetite for competition and the greater the tendency towards monopoly, for price increases and for "administrative fat" that translate into costs to the economy and regions.

Autonomy implies the port closest to the object manager and managed economy, the port, which leads to greater attention and commitment and increased competitiveness, implying greater efficiency to compete or at least reduced costs for the customer.

Other studies indicate that competition between ports and between terminals as key to port efficiency and price more suitable for customers. Some authors suggest that the importance of duplication of infrastructure in the short term to increase competition and efficiency in order to keep prices down to the final customer.

The competition can lead to increased efficiency but also can lead to excessive investment ability of the port infrastructure, because many ports can invest the same kind of competing infrastructure. However, the excess capacity of ports is essential to ensure competition between ports, improving performance from the perspective of the customer.

Herrera and Pang (2008) state that although it is important to maximize the output over the input, in terms of ports, it appears that when the occupancy rate of infrastructure the port exceeds certain levels, increase the costs of the delays to ships and cargoes.

Already a situation that encourages competition in the event of saturation, the port authorities are obliged to increase the supply in advance to ensure service quality and maintain / increase their market shares, thus limiting the levels of efficiency of resources used, which, although it could be negative for the ports as a whole, from the standpoint of the economy in general is very positive because it reduces the inefficiencies that would result in the transport system and its clients. Public investment in new infrastructure (governments can do during crisis), should take into account the existing expertise at each port and its competitive advantages and disadvantages, and national policy, which can lead to, for example, encourage the transfer of certain charges between ports on grounds of national interest, regional or local.

3. CONCLUSION

Ports should try to have efficiency levels on high when compared with other ports, and minimize costs and maximize the quality of their services and should have the services that the region needs, and that its industries and importers are willing to pay the best price. No ports competitive, the regions are not competitive and not be able to compete with other regions to have higher GDP and higher levels of life. Competition between ports led to specialization of port terminals and sometimes extreme adaptation to the requirements of modern logistics chains (Chlomoudis et al., 2002) and maritime transport, implying strong changes in port operations day-to-day with imposing increasing pace, intensive training, collaboration with customers, focus on quality and introduction of private ports, through the mechanism of concessions for the port terminals and dedicated public service and provide new value-added services in ports.

In conclusion, impacts of port competition are:

- increasing vessel sizes;
- specialization of vessels and use of unit loads;
- vertical integration within intermodal chains;
- hub & spoke; transshipment activities;
- economic and managerial integration of logistics chain, driven by capital flows;
- in-& outsourcing of logistic activities;
- growing public concern about the sustainability of port activities.

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