

NATIONAL CONTAINER TERMINAL FOR RAIL, RHINE AND ROAD

Competition in combined transport for imports/exports works because road and rail can stand in for each other. Gateway Basel Nord is achieving significant efficiency gains through bundling, benefiting consumers as well as the economy as a whole.

Gateway Basel Nord AG is currently undergoing merger control proceedings (see box) with the Swiss Federal Competition Commission (COMCO). The company will not be able to implement the gateway project until this process has been concluded. The three shareholders HUPAC, Contargo and SBB Cargo see no reason to prohibit the merger. The transport market for import-export consignments is fiercely competitive, even after the completion of Gateway Basel Nord (GBN). COMCO decided to conduct an in-depth review as it is keen to closely examine the competition situation.

In reality, there is competition between rail and road

In order to supply Switzerland with consumer and industrial goods and to ensure export overseas exports, transport chains are constantly being reviewed and realigned by forwarders. Entirely different combinations of rail, boat and road transportation can be used here, as illustrated in Figure 1. By definition, all ISO container can be transported by lorry, inland barge or train alike. If, for example, a transfer is made from rail to lorry, this can take place in the Basel area, as well as much further north or south.



Fig. 1: Alternative transport routes Winterthur–North America
— road - - - - - rail - - - - - boat

Does the competition commission doubt the modal shift policy?

Denying the substitutability of road and rail would not just be out of touch with the market. If the two modes of transport cannot be alternated for the transport of goods, this would make a mockery of the federal government's entire modal shift policy, including the NRLA. The Federal Office of Transport also supports the view of Gateway Basel Nord AG. One reason why GBN is included in the Federal Council's freight transport concept as a major national transport investment is that the functionality of the gateway and the associated efficiency gains enable a greater shift from road to rail.

GBN boosts efficiency and reduces costs for business

Will GBN be in a position to dominate the market and raise prices due to its volumes? On the contrary. Gateway Basel Nord will be in competition with major foreign terminals that are 100% subsidised and whose price level is lower than in Switzerland. GBN is also has very strong customers to contend with – major international forwarding and logistics companies that know how to negotiate good prices. The gateway will therefore always offer transshipment prices in line with the market that all customers can benefit from. This is because GBN is required by law to make prices transparent with no discrimination. Through the efficiency gains in upstream and downstream transport, forwarders and loaders will benefit from cost savings compared to current levels. If COMCO prohibits the merger, it will be preventing the very cost reductions that will be possible by bundling volume in the first place.

The merger control proceedings

Competition authorities take the sovereign task of protecting competition seriously. It should be particularly ensured through functioning competition that customers do not pay excessive prices that can be charged as a result of a provider's market power. If two or more companies are planning a merger, COMCO carries out an ex-ante examination of the project as standard if certain criteria are met. These criteria have been met in the case of GBN. Accordingly, the merger has been reported to COMCO and the usual merger control proceedings are currently in progress. COMCO is examining the impacts of road, rail and boat on competition as part of this process.