

Jersey Competition Regulatory Authority
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Jersey
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31st March 2022

Dear JCRA,

Ref: Review of the **Freight Logistics Market Study** – Case M-002

Thank you for the opportunity to pass comment on the Freight Logistics Market Study.

The primary areas covered in the Market Study are outlined below in bold, along with our views.

Terms of Reference

We do believe it was a missed opportunity to not have included,

- **Air Freight** – In part due to Amazon’s inbound air freight deliveries that would appear to have grown exponentially over recent years and out bound that remains extremely low. Will air freight volumes continue to increase? Is there an opportunity to bring in more high value / low volume freight that takes some pressure off sea freight volumes? and could we make more use the empty air freight space for north bound traffic?
- **Rate Card** – We have one very dominant freight company who have negotiated preferential rates with Condor (RoRo operator). However, if we are to encourage new entrants there should be a published Jersey Rate Card with tiers that would show what levels of trade are required to move from one tier to another. Anecdotally we believe current preferential (RoRo) rates are just so good any new entrant would find it near impossible to get established. Its not unreasonable for a large volume freight operator (Ferryspeed) to have the best rates however it is unreasonable to medium and small volume operators when the gap is so big.

THEME 1: BARRIERS TO COMPETITION

Option A. Facilities planning and leasing strategy

The Port Masterplan should improve the working environment. It is also important to have a holistic plan focused on freight logistics to overcome space constraints and ensure flexible use of infrastructure which is responsive to the changing needs of the sector. This includes a review of all leases in the port estate.

The key issue today is that Ports of Jersey have allowed the largest operator to take the majority of valuable operational space within the Ports boundaries. The warehousing at La Collette is being used in some cases for retail or storage use when it should have been kept for Logistics operators such as Ferryspeed & Woodside. If we had enough Light Industry space on Jersey, the space at La Collette could be used in the future for existing or new logistics operators.

UK road freight combined with a sea freight voyage to Jersey is expensive and is likely to stay that way, however, on Island we could be more pragmatic and consider taking 40ft containers directly from the harbour to as many sites as practical. This would mean that less labour would be required for decanting 40ft containers and then filling smaller local trucks. This would also have a positive impact on road journeys & emissions meaning one return trip for a 40ft container rather than three return trips for a truck and take cost out of the process.

The Port Masterplan has been a long time in the making and when published / agreed, will take time to be implemented. Can we wait?

Option B. Multi-user facilities

Ensuring access to warehousing for all, with facilities managed by a third-party logistics provider as opposed to individual freight firms. This could increase efficiency and capacity and provide the flexibility required to meet the needs of the sector.

This sounds like a promising idea however two possible issues, one, a third-party provider will need to have a margin to get a return (adding cost to the customer) and two, there is a risk that the largest freight operator will disproportionately influence the third-party operators work streams.

THEME 2: LACK OF DIVERSIFICATION

Option C. Support lift-on, lift-off (LoLo) services

Address any infrastructure requirements to support LoLo e.g., for refrigerated cargo, and thereby strengthen resilience by offering alternative to Condor roll-on, rolloff services.

Co-Op, Waitrose, and Sandpiper inc. M&S dominate retail sales for cold chain food and its unlikely they or new entrants would want to consider LoLo for delivery to Jersey from Portsmouth for products that are broadly fresh and have short sell by dates. The same also applies to food for the Food Service Sector.

Option D. Support the development of French routes

Welcome and encourage initiatives to develop French trading links, for example providing Government stimulus support as appropriate. This could also include the development of customs skills and dissemination of market information

This is a very good idea and should be supported.

For this route to deliver a creditable alternative, be profitable and sustainable, its customer will require more than a once-a-week service and indeed may need up to three sailings per week.

THEME 3: UNDERSTANDING AND DRIVING IMPROVEMENT

Option E. Data reporting

Improvements both measuring and sharing information should be made. This will improve efficiency and enable a better understanding of how the sector works and whether Jersey is being served well.

This is a promising idea and should be supported. Must always be careful not to produce data for data's sake

Option F. User Forum

This would be a safe space to encourage the sharing of ideas; greater communication and collaboration between all players in the supply chain; and to drive improvements and innovation.

This is a good idea but should include input from other people well placed to make a contribution in particular on innovation in other markets.

Option G. Encouraging innovation

There are a broad range of options that could stimulate enterprise and encourage greater innovation and research and development, for example best practice awards, pilot funding schemes.

Innovation including digitalisation is vital and should be linked to productivity and where it can be part of a solution to lower operating costs and improving productivity.

The study should have included a section and indicative timeline for the introduction of hydrogen / electric ships on the routes and the use of hydrogen / electric delivery vehicles on Jersey.

Additional Comments

Who will be accountable for the delivery of the recommendations and timelines from this Study?

When will the next Freight Logistics Market Study take place so momentum is maintained?

The population of Jersey is likely to increase over the next decade due to our aging population, has this been factored in regarding future freight and logistics requirements?

COVID has driven online sales to record highs and growth is highly likely to continue for general merchandise and its possible that online food sales will grow strongly from a low base. Have you

considered how this change in consumer spend will have on the current freight market now and looking forward over the next 3 to 5 years?

Has the Study considered the needs for labour on Jersey, and in particular do we have enough HGV drivers now and for future demand as trade grows or drivers retire?

Please do not hesitate to make contact if any clarification is required.

Yours sincerely

Nick Steel

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