

Port services: A practical example of what's wrong with EU membership

Written by Dan Hannan on 22 October 2015



You want a practical example of what's wrong with our membership of the EU? Consider the ham-fisted Brussels regulation that now threatens the viability of our commercial ports.

British ports are private, profitable and plentiful. They tend to be smaller than their European equivalents, and are dotted more thickly along our coasts. British ports, unusually, don't rely on state aid, instead generating a healthy surplus for the Treasury and sustaining some 100,000 jobs.

The Continental model is very different. Ports on the other side of the Channel tend to be sparser and larger, and are generally either state-owned or dependent on grants. They are less likely than British ports, for reasons of geography, to compete with one another.

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The European Commission has therefore moved a regulation that would require them to introduce a measure of internal competition – in other words, to contract out their mooring, dredging, unloading, bunkering and so on to rival providers. The regulation also provides for the formal establishment of regulatory bodies: this is the EU, after all.

Now there may be a case for more competition within such gigantic ports as Rotterdam and Antwerp. Even if there is, I'm not sure that it needs to come from Brussels, but let's leave that to one side; there is at least an argument to the effect that more diversity might lead to more efficiency and lower costs.

No such argument applies in the United Kingdom, where there is a thriving market, within which ports already compete against each other. Because our ports are relatively small, obligatory internal competition would wreck their economies of scale and deter investment. The companies that win the contracts for port services generally commit to major infrastructure costs: cranes, terminal facilities and the like. There is a widespread concern that the new rule – the Port Services Regulation – will kill such investment.

And here's the thing: no one really denies it. You won't find a single Commission official who thinks that the regulation will benefit Britain. Indeed, one senior Eurocrat privately indicated that the measure was never intended to apply to small ports outside the state sector.

So why not simply amend the legislation so as to exempt privately funded ports? An easy solution all round, you'd think. Except that the regulation has now become a battleground between those MEPs who want to retain generous state aid to their local ports (the MEP in charge of the bill, for example, represents Hamburg, which has had around a billion euros in subsidy since 2009) and those officials who want to reduce such grants. As long as that deadlock continues, no one wants to accept amendments about other things. Britain, in other words, is being held hostage in a wholly unrelated dispute.

Can't British ministers and officials intervene? They seem oddly reluctant to push too hard, and I think I know the reason why. They are focused on the renegotiation of Britain's membership terms – or, at least, on getting something out of the other states that can be presented as having had to be wrung out of them. This makes them reluctant to open new fronts.

In truth, though, the whole story reinforces the anti-EU case: Britain is adversely affected by Brussels rules that are not designed with our needs in mind, and can be outvoted even on matters where it has a vital national interest.

It is precisely our supineness in such cases that is pushing the country out of the EU. Art dealers, cheesemakers, slaughtermen, fund managers, trawlermen, steel workers, cider producers: all have suffered from EU rules designed to suit someone else. Now our ports, too, are set to join their number. No wonder more and more of us are concluding that Britain would be better off making its own laws.

About the author

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