



10 May 2023
By email only

Deputy Moz Scott
Scrutiny Office
Morier House
St Helier
Jersey
JE1 1DD

Dear Deputy Scott

Supply chain resilience

Thank you for your letter of 3 May. Supply chain resilience is a key issue for Jersey and as you note in your letter, of increasing significance due to weather related disruptions and also broader global supply chain issues.

Supply-chain resilience was a key consideration in the context of our recent Freight Logistics market study.¹ The terms of reference set out that the study would identify *“any actions that could promote competition at different levels and across different market segments, ensure efficiency and **supply resilience** in the Freight Logistics market and constructively and sustainably reduce any barriers to entry found.”* For the purposes of the study, supply-chain resilience was defined as the market’s ability to manage unexpected events, and to respond and recover quickly to any disruption.

The final market study report (section 4)² sets out the key findings with respect to market resilience:

- Jersey is heavily dependent on one Roll on Roll off (**RoRo**) operator / one large freight logistics provider / trade with UK. This could present a potential risk to resilience.
- Lift on Lift off (**LoLo**) traffic in Jersey remains high relative to other comparable locations and, for some goods, offers an alternative to RoRo.
- Proximity to France creates an opportunity to diversify and increase supply-chain resilience

Competition was the main thread of the study and our view is there are options that would help improve competitive outcomes and benefit consumers. The final market study report (section 3) sets out the key findings with respect to competition:

- Lack of space in the port limits new entrants, constrains growth and introduces potential inefficiencies in operations.
- Warehousing capacity at the port is a specific constraint, in particular, in the context of temperature-controlled products and goods.

¹ All case documents referred to here can be found at: <https://www.jcra.je/cases/2021/m-002-freight-logistics-market-study/>

² See: <https://www.jcra.je/media/598597/fisher-associates-freight-logistics-market-study-final-report.pdf>

- Competition in freight logistics is also affected by wider policy matters, for example, road accessibility and vehicle restrictions, which reduce the scope for handling freight outside the port. Further, the Condor Operating Agreement makes it difficult to set up new RoRo freight services.

In light of these findings the study set out recommendations which are designed to make competition more effective and help improve the price, quality and range/resilience of freight logistics services available to Jersey businesses.

Consistent with our open approach to market studies there was significant engagement with stakeholders on the market study. This included both interviews while carrying out the work, information requests, and through public consultation, an opportunity for stakeholders to comment on a Draft Report. Further detail on this process is available in the final report and the Authority's Findings and Recommendations paper issued alongside it.³

With respect to Ports of Jersey (**PoJ**), we understand that Port capacity, and related supply-chain logistics, is a consideration for PoJ in the development of the Harbour Master Plan.⁴ Our review of the economic regulation of Ports will also have some bearing on this issue, albeit indirectly. The economic regulation of PoJ and Port operations will set the broad regulatory framework within which PoJ operates and manages its facilities and business.

In summary, we view competition as a potential means of securing supply-chain resilience; in those sectors and markets where competition is feasible and can be promoted.

Yours sincerely



Tim Ringsdore
Chief Executive Officer

³ The list of participants to the study is included in section 1.3 of the final report and the responses to the draft report were published alongside the final report. The Authority's Findings and Recommendations paper (Annex A) provides high level commentary on these responses.

⁴ See: <https://www.ports.je/about-us/projects/>