



A report on the monopolization of parking spaces at the international airports

October 30, 2001

1. The Allegation

On November 30, 1998, Tourmarks Ltd. lodged a complaint with the Fair Trading Commission (FTC) against Jamaica Union of Travellers Association (JUTA). In February 2000 Candy Cab Ltd. also lodged a similar complaint against JUTA.

In its complaint Tourmarks alleged that JUTA has monopolized the designated parking spaces for tour buses at the Norman Manley International Airport (NMIA). Tourmarks also alleged that the desk at the end of the walkway from Customs Hall which is designated "Taxi" is also being monopolized by JUTA.

Tourmarks has indicated that this seemingly exclusive arrangement at the NMIA is not present at the Sangster International Airport (SIA) as, in Montego Bay, there is an area designated for "Tour Buses", regardless of the company the represent.

By way of letter dated January 4, 1999, the Staff of the Commission requested information from the Airport Authority of Jamaica (AAJ) regarding the allocation of parking spaces at the NMIA.

The AAJ, in letter dated April 22, 1999, advised the FTC of the following:

- There is no designated parking for tour buses at NMIA;
- JUTA operates the only taxi concession at the airport as authorized under the provisions of the Airports Authority Act and Regulations cited as the Airports Authority (Norman Manley International Airports) (Taxi Concession) Regulations, 1975;
- Most of the taxis are marked 'JUTA Tours';
- Due to the duty concession granted to buses, buses may have been preferred to cars. Accordingly, most of the taxis are buses and not cars;
- The AAJ is empowered to charge tour operators a fee for using the airport facilities;

- The AAJ is not contracted with any tour operator at the NMIA because of low demand for the service; and AAJ facilitates any operator who request permission for temporary parking in advance of the arrival or departure of their clients.

2. Current Regulations

Provision 3 of the Airports Authority (Norman Manley International Airports)(Taxi Concessions) Regulations 1975 states that:

..[No] person other than the approved concessionaire or any other person authorized in that behalf by the Authority, shall—

- a) transport any passenger by road for hire or reward from the airport to any destination whatsoever; or
- b) stand or ply for hire at the airport; or
- c) operate a service of contract carriage or hackney carriage from the airport.

Provision 2 defines “approved concessionaire” as:

“the Jamaica Union of Travellers Association (Kingston Chapter) or any other persons appointed by the Authority in substitution for that body”.

In letter dated February 21, 200, AAJ informed the FTC that both the Airports Authority (Sangster International Airport)(Taxi Concessions) Regulations and the Airports Authority (Norman Manley International Airports)(Taxi Concessions) Regulations confer an exclusive right to JUTA for the operation of the taxi concession at both international airports.

The FTC learnt that during the time the regulations were put in place, JUTA was the only organized tour/taxi service company.

3. Impact on competition

The main concern is the implication of the exclusive arrangement on competition for the provision of taxi services at the airports (NMIA and SIA).

From the regulations it is evident that only one company (currently JUTA) that can operate a taxi service at each of the two international airports at any one time. Therefore, there will always be a monopoly for the provision of taxi services at the airports which is facilitated through the provisions of the current regulations.

The effect of this type of arrangement is the lack of competition in the market for taxi services at the airports. Consumers are consequently disadvantaged by the lack of choice and high prices. The FTC sees no justification, economic or otherwise, for maintaining the monopoly and imposing these costs to consumers.

4. Recommendation

In light of the above, the FTC recommends that changes be made to the relevant regulations in order to eliminate the exclusive arrangement and introduce competition in

the relevant market, by enabling competing taxi operators to service the airports. There are two ways in which the Airports Authority (Norman Manley International Airports)(Taxi Concessions) Regulations 1975 could be amended to achieve these ends:. Both would be equally satisfactory from the perspective of the FTC:

1. Amend both provisions 2 and 3 to read as follows:

Provision 2 should be amended to read—

“approved concessionaire(s)” means any person(s) appointed by the Authority.

Provision 3 should be amended to read—

..[No] person other than the approved concessionaire(s) or any other person(s) authorized in that behalf by the Authority, shall—

- d) transport any passenger by road for hire or reward from the airport to any destination whatsoever; or
- e) stand or ply for hire at the airport; or
- f) operate a service of contract carriage or hackney carriage from the airport.

2. Alternatively, delete the definition of “approved concessionaire” from Provision 2 and amend Provision 3 to read as:

..[No] person other than the person(s) authorized by the Authority to operate a taxi concession at the airport, shall—

- g) transport any passenger by road for hire or reward from the airport to any destination whatsoever; or
- h) stand or ply for hire at the airport; or
- i) operate a service of contract carriage or hackney carriage from the airport.

Similar amendments should be made to the relevant provisions of the Airports Authority (Sangster International Airport)(Taxi Concessions) Regulations.

5. Conclusion

These amendments should removed the exclusivity arrangement currently in existence and so liberalize the market for the provision of taxi services at both international airports.