

Italy, China, energy corridors, ports and new routes: geomaps of a changing Mediterranean

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Bruxelles, 8th November 2018

The European leadership in the maritime sector

The growing role of China in the Mediterranean

A glance at Italy's Euro-mediterranean position



A new observatory: a permanent analysis on ports and shipping

News

SRM partner of the 2018 Dialogue of Continents Forum | Paris 3-5 September

SRM is partner of the 2018 Dialogue of Continents Forum. The event is organised by the Reinventing Bretton Woods

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Geo-strategic scenarios of Italian ports in the Mediterranean | Assoporti | Rome, 19 July

On Thursday 19th July the Association of the Italian Ports presented a study on Geo-strategic scenarios of Italian ports in the Mediterranean

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Italian Excellence: The Ro-Ro sector | Article in "Porti campani in RETE" magazine

Italian Excellence: The Ro-Ro sector. This is the title of the analysis written by Alessandro Panaro, Head of "Maritime & Mediterranean Economy"

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Network and Infrastructure | Confartigianato Conference | Bari, 13th July

On 13th July SRM will be speaker at one of the conference organized by Confartigianato in anticipation of the 2018 Mezzogiorno Convention

Italian Maritime Economy. China, energy corridors, ports and new routes: geomaps of a changing Mediterranean

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The Growth in maritime trade

WORLD SEABORNE TRADE IN 2017



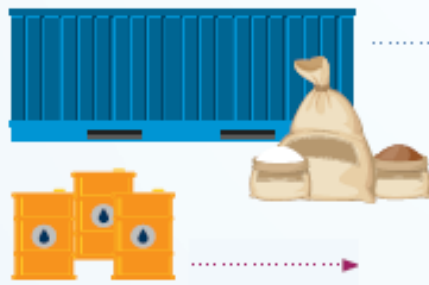
Global volumes gathered
momentum and reached
10.7 billion tons.

4% annual growth:
fastest growth in five years

WORLD SEABORNE TRADE GROWTH FORECAST: 2018–2023

Volume projected to grow

+3.8%



- Containerized trade volumes: **+6%**
- Five major bulks: **+4.9%**
- Crude oil: **+1.7%** & Refined petroleum products and gas: **+2.6%**

Trade of goods is mainly by containers

5



Source: SRM on Unctad & Alphaliner

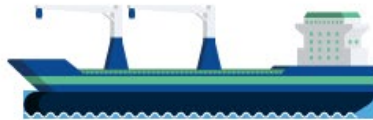
- The 110 busiest container ports in the world handled a combined throughput of **600 Mteu in 2017 (+6.1%)**.
- **Asia** accounted for **64%**.
- **China** accounted for **35%** of world container port volumes.
- **60%** of Chinese traffic is carried out by sea.

The European leadership in the maritime sector

European shipowners control **40%**
of the world merchant fleet



60% of world's
container ships



52% of world's Multi-
purpose vessels



43% of world's
oil tankers



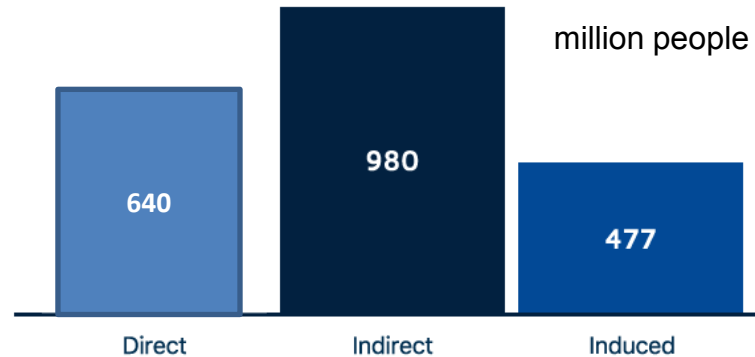
37% of world's
offshore vessels

V.A. billion euro



The direct, indirect and induced Economic value of the European shipping industry is €140 bn

million people

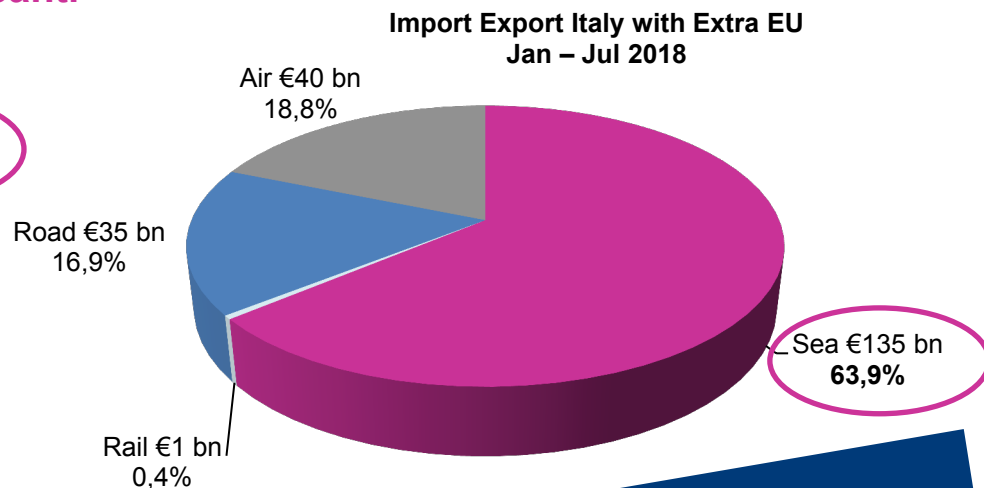
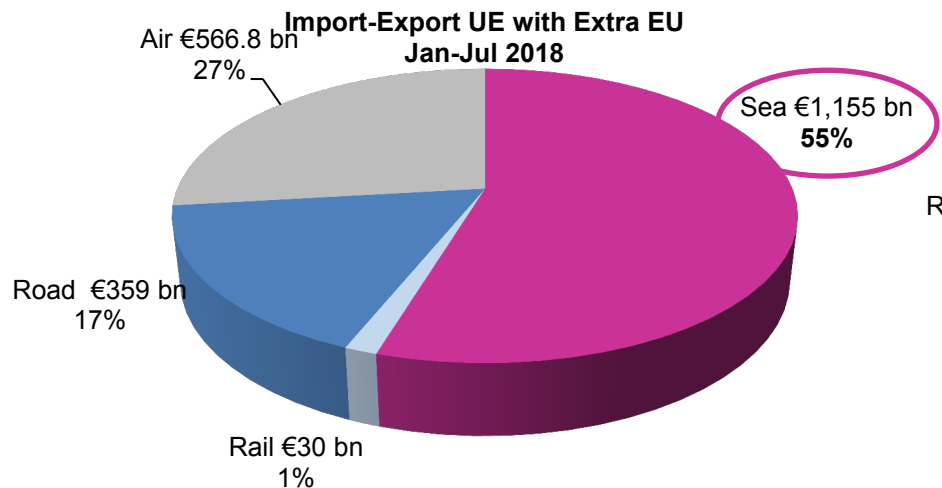


The direct, indirect and induced Economic employees are 2.1 million people

Maritime commercial trade EU with Extra EU

7

- In 2017, China is the 2nd EU trade partner (€573 bn, or 15.3%). 63% of traffic with China travelled by sea.
- In the period Jan-Jul 2018, trade relations by sea between EU and extra EU were € 1,155 bn. **most of the total traffic with extra UE was maritime traffic (55%).**
- In Italy trade by sea with extra EU reached 64% of total traffic equal to €135 bn. **(70% with China).**
- **Maritime transport is clearly the most significant.**

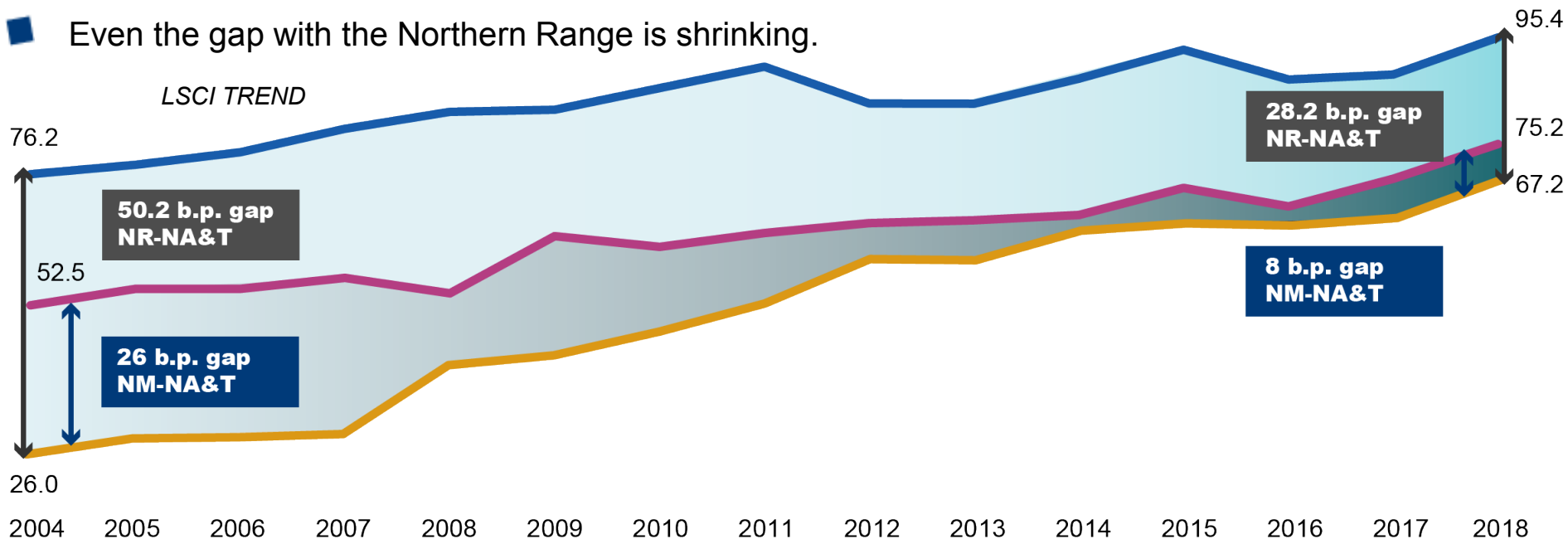


Southern Med ports are increasing their competitiveness

8

The gap between the ports of the South and the North of the Mediterranean has greatly reduced between 2004 and 2018.

Even the gap with the Northern Range is shrinking.



Source: SRM on Unctad

Average NR

Northern Range (Germany, Netherlands, Belgium)

Average NM

North Mediterranean (Spain, France, Italy, Greece)

Average NA & T.

North Africa & Turkey (Morocco, Egypt, Turkey)

The most important data on the shipping sector in the Med

25%
WORLD'S
CONTAINER
LINER
SERVICES

20%
GLOBAL
SHIPPING
TRAFFIC

83%
SHARE OF
TRADE BETWEEN
ITALY AND MED
BY SEA

19 PORTS
THROUGHPUT
>1 MLN TEUs

**909 mln
tonnes**
SUEZ CARGO
TRAFFIC

+500%
GROWTH OF
CONTAINER
TRAFFIC SINCE
1995

**611 mln
tonnes**
SHORT SEA
SHIPPING

In this scenario a new centrality of the Mediterranean is emerging thanks to ... *three key factors*:



The New Suez Canal:

reduction in time, no limits in ship size, logistic facilities



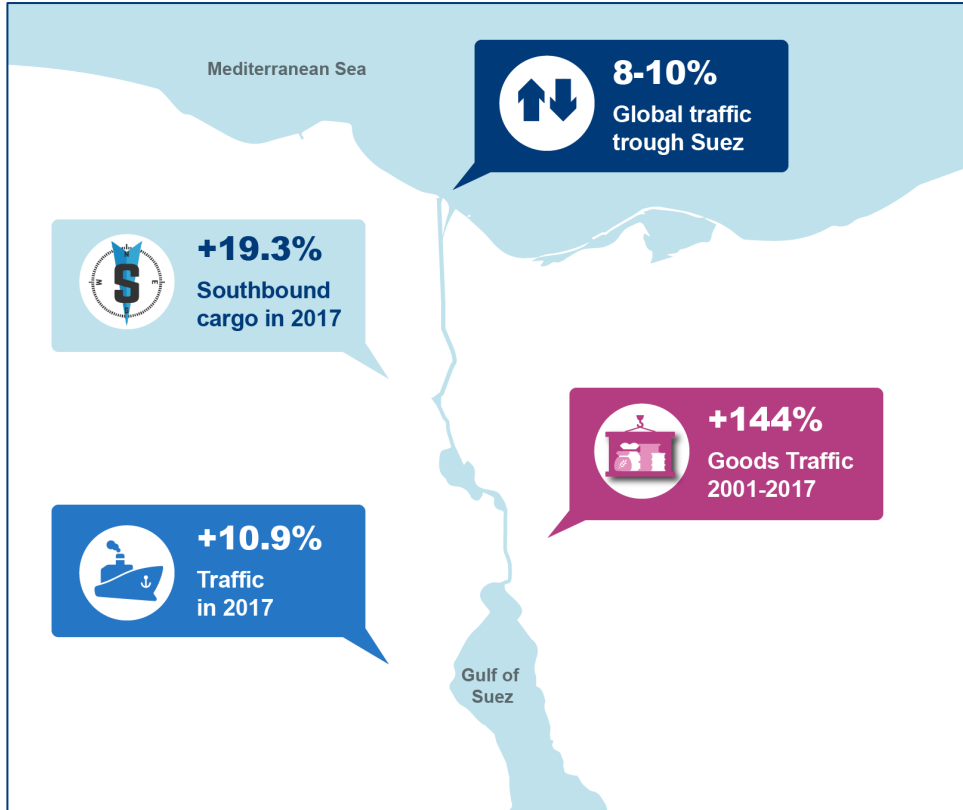
The growing role of China:

in the Mediterranean / Belt and Road Initiative



Evolutions in the shipping industry: growing ship size and mergers between carriers determine economies of scale and the need of routes with many stop where to load and download

The new Suez Canal (traffic pivot) has grown by double digit 11



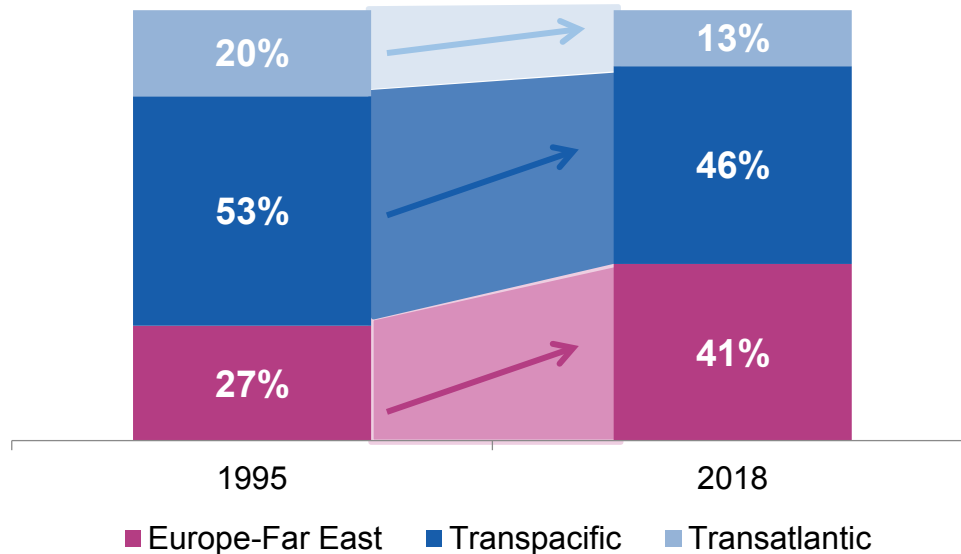
Source: SRM on Suez Canal Authority, 2018

- Transit goods account for **8-10%** of the entire globe. In 2017, **910 million tonnes of goods** and **more than 17,550 ships** passed through the Canal.
- Between 2001 and 2017 the Canal's traffic trends recorded a **144% increase** in transit goods.
- Remarkable was the growth of the Southbound cargo (**+20%**).
- In 2017 traffic increased approximately by **11%** on the previous year.
- **Between January and September the Canal's traffic trends recorded 844 million tonnes (+10.3%).**

New Centrality of the Mediterranean:

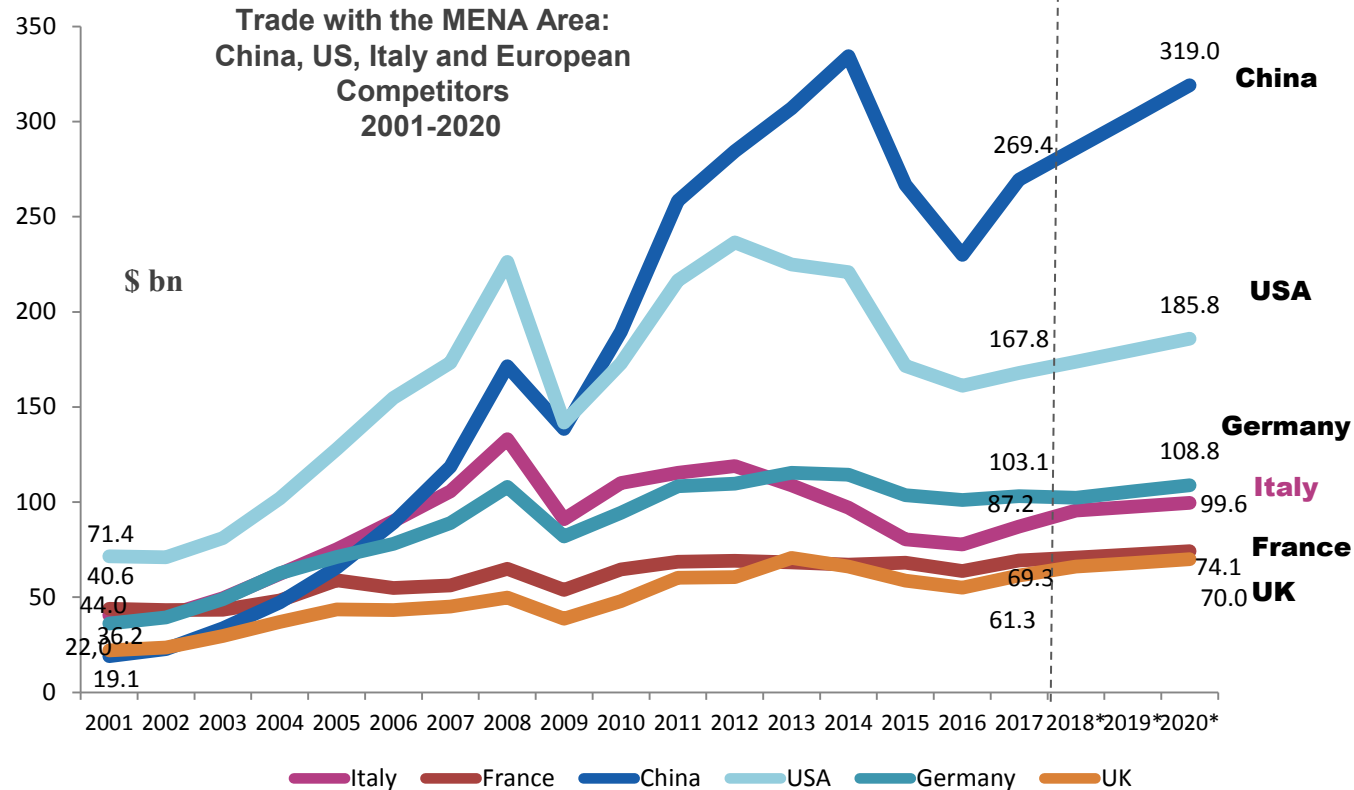
The growth of shares on the Europe-Far East Route

Estimated containerized cargo flows on major East–West container trade routes, 1995–2018 (% TEU)



- In 2018, the **Europe-Far East** and the **Transpacific** were by far the two biggest trade routes, accounting to 25 and 28 mln TEUs of traffic respectively.
- **Europe-Far East**: from 27% in 1995 to 41% in 2018.
- As a result of this growth, the **Mediterranean recovers its centrality**

A steady increase in trade relation towards the MENA area: China is the largest partner



Source: SRM on UNCTAD

- China is the largest trade partner of MENA countries (\$269.4 bn import-export).
- Italy's trade with MENA Area: \$87 bn (+70.4% on 2001). According to SRM forecast, this trade will reach \$99.6 bn in 2020.
- Italy follows Germany but shows a better performance than France and the UK.

For China the Mediterranean is a crossroads where to meet European markets, North Africa and the Middle East with an option to reach the East Coast of the US

EU's GDP

€ 15,566 bn

MENA's GDP

€ 3,591 bn

TOTAL

€ 19,157 bn

CHINA-EU TOTAL TRADE

€ 536.3 bn

CHINA-MENA TOTAL TRADE

€ 214.9 bn

TOTAL

€ 751.2 bn

% OF
CHINA'S
GDP
7.1%



The role of the BRI in the Mediterranean

15



Total value of the project:
USD 1,400/1,800 bn

Silk road Economic belt & 21st Century Maritime Silk road



Countries

between 60 and 100

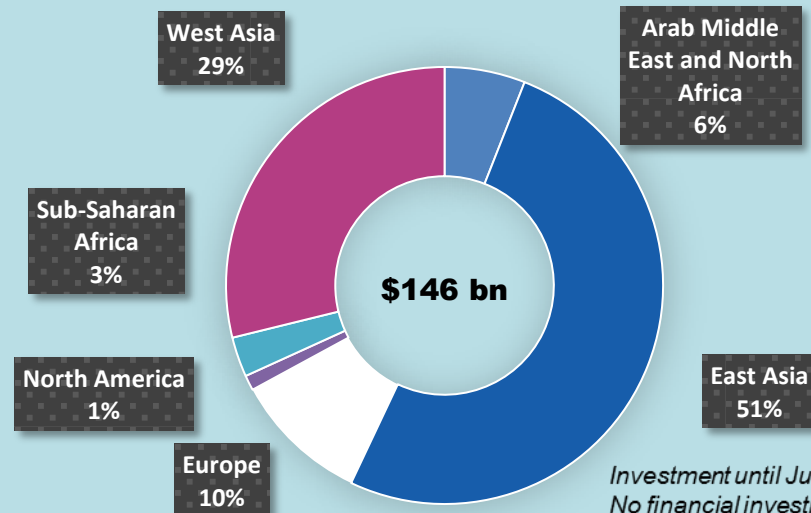


Investment projects in MENA Area

\$27 bn

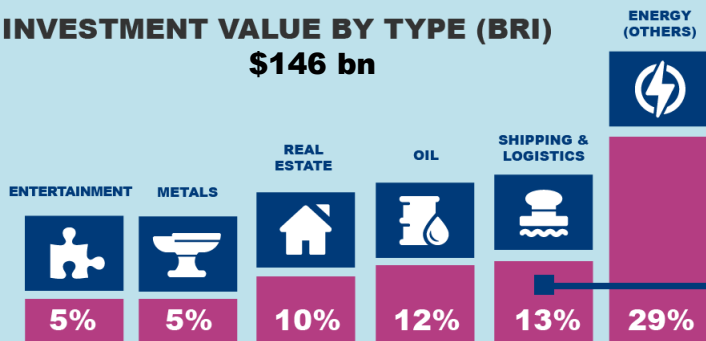
Source: SRM on China Global Investment Tracker database

INVESTMENT VALUE BY GEOGRAPHIC AREA



INVESTMENT VALUE BY TYPE (BRI)

\$146 bn

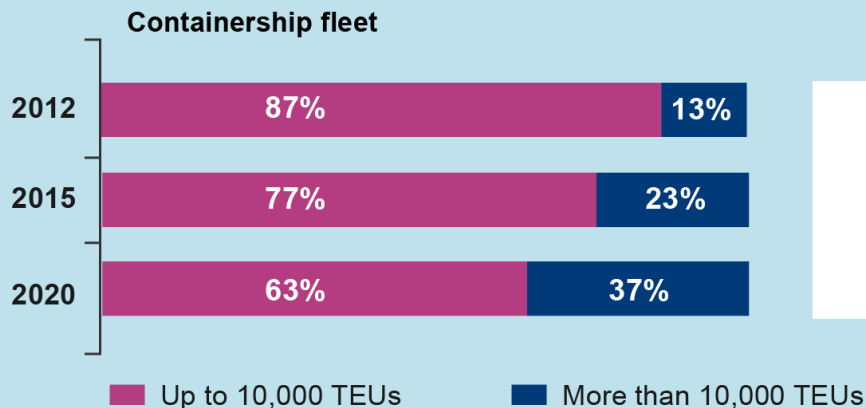
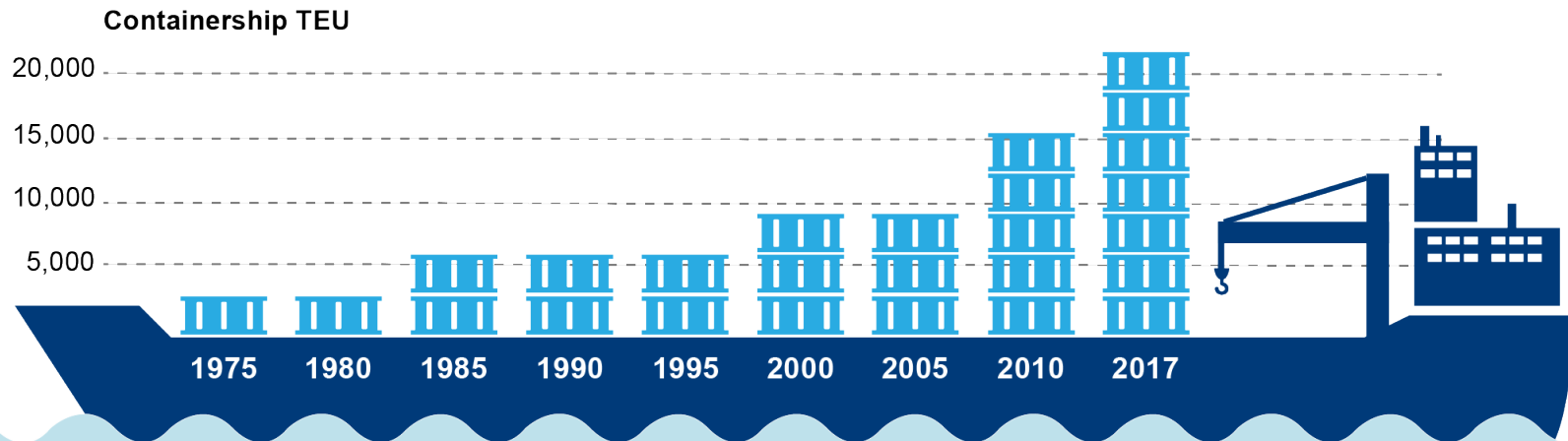


\$ 4.5 bn in 9 Mena and NR ports

Blue Economy in China accounts for 10% of its GDP

The size of ships is growing

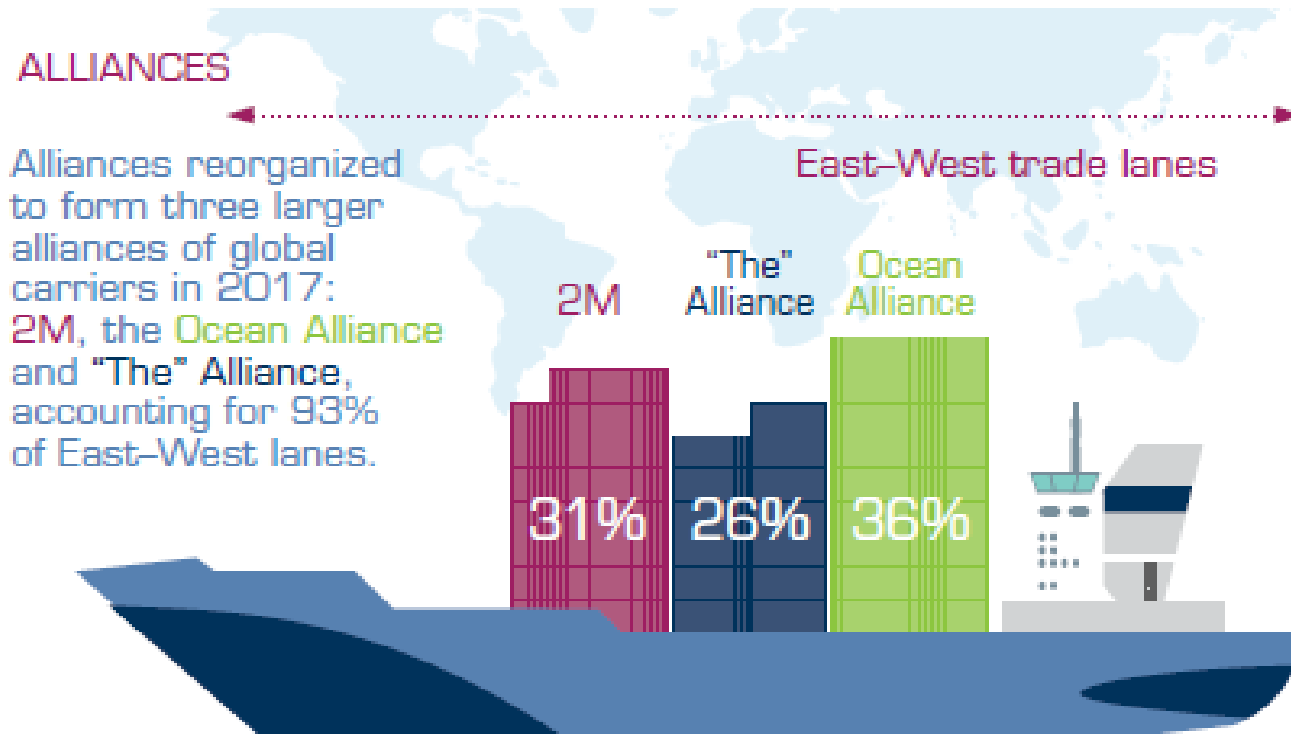
16



129 new ships
of the 10-23,000 TEU category
will be launched by 2020
(57 of which in the 18-23,000 TEU)

Source:
SRM on
IHS,
Alphaliner

The new drivers of maritime economy: the big alliances₁₇



Year 2012

Container ships – daily movement report (>13000)

Year 2017

TEU portacontainer range

- TEU < 7,000
- $7,000 \leq \text{TEU} < 13,000$
- TEU $\geq 13,000$

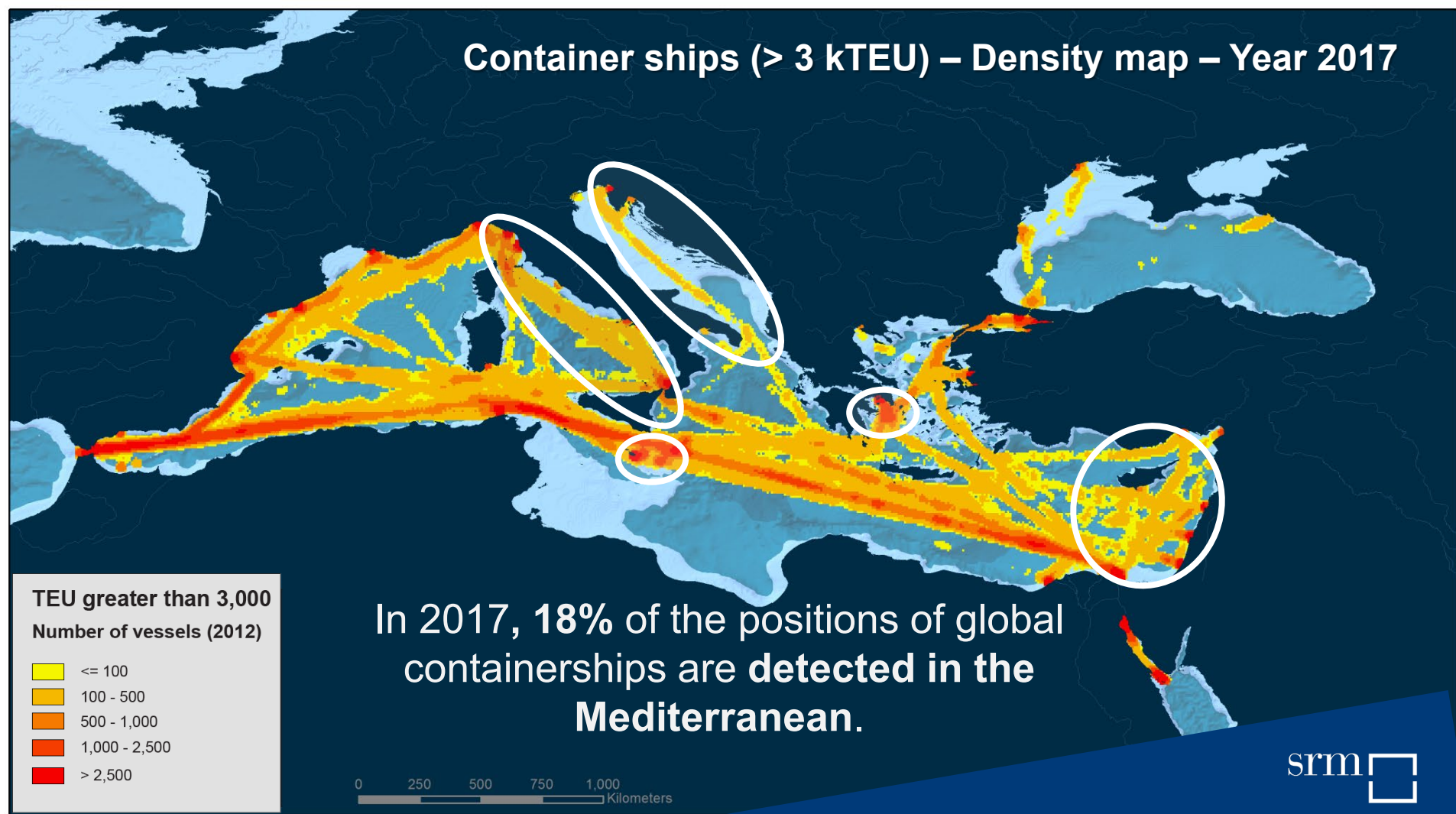
Container ships (> 3 kTEU) – Density map – Year 2012

TEU greater than 3,000
Number of vessels (2012)



0 250 500 750 1,000
Kilometers

Container ships (> 3 kTEU) – Density map – Year 2017



Italy is a pivotal country in the middle of the Mediterranean²¹

Italy as logistic and energetic bridge between Europe, Mediterranean and Asia



15 Port Network Authorities and at least 5 strategic ports



Strategic gas pipelines from North Africa and Asia



Trade leader with Med and the BRI

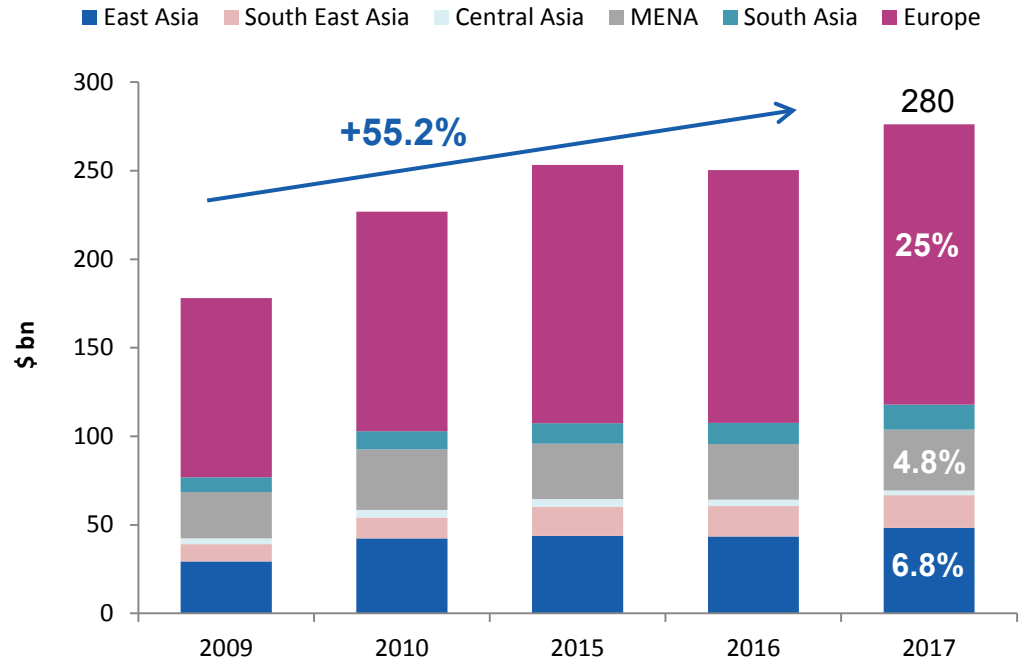
Source: SRM



The role of Italy into the Belt & Road

- **Almost 40% of Italian foreign trade is carried out with the BRI countries. In 2017 it reached \$280 bn** (about \$150 bn import and \$130 bn export).
- In particular **25% with the European area**, 6.8% with East Asia and 4.8% with countries of the MENA area.
- Between **2009 and 2017 Italian foreign trade with the BRI countries increased by 55.2%** (+6.7% recorded in the total Italian foreign trade) and export rose by 53.4% (+13.4% in total Italian export).

Import-export Italy with the BRI countries 2009-2017



Source: SRM on Unctad



looking at ports and logistics in a **Euro-Mediterranean perspective** not only in their national context;



Implementing a European and a national “golden power” for a **bilateral agreement** with China;



Improving **intermodal connections** with inland areas, which that are key factors for Italian gateway ports;



investing in **modernizing port infrastructures** at national and European level;



moving toward a new concept of ports... “**Portuality 5.0**”

What do we need? To move toward a portuality 5.0



1



INTERNATIONALISATION

- Dedicated department for the international development of the port
- Regular monitoring of routes and international trade

2



INTERMODALITY

- Dedicated department for the development of intermodal traffic
- Local transport networks
- Monitoring of local and global transport phenomena

3



TRAINING & ACADEMY

- Regular and consolidated relations with universities and Centres of Research
- Study rooms for students
- Heritage of publications and databases

4



INNOVATION & START-UP

- The Port XL model
- Support from port managers with specialised expertise and incentives

5



FREE ZONE AND TERRITORIAL MARKETING

- Plan for territorial development and attraction of investments (foreign and Italian)
- Promotional plan for the Free Zones with financial and bureaucratic incentives



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