



A new era for ports, viewpoint from the South

Massimo DEANDREIS

General Manager – SRM

Linked to Intesa Sanpaolo Banking Group

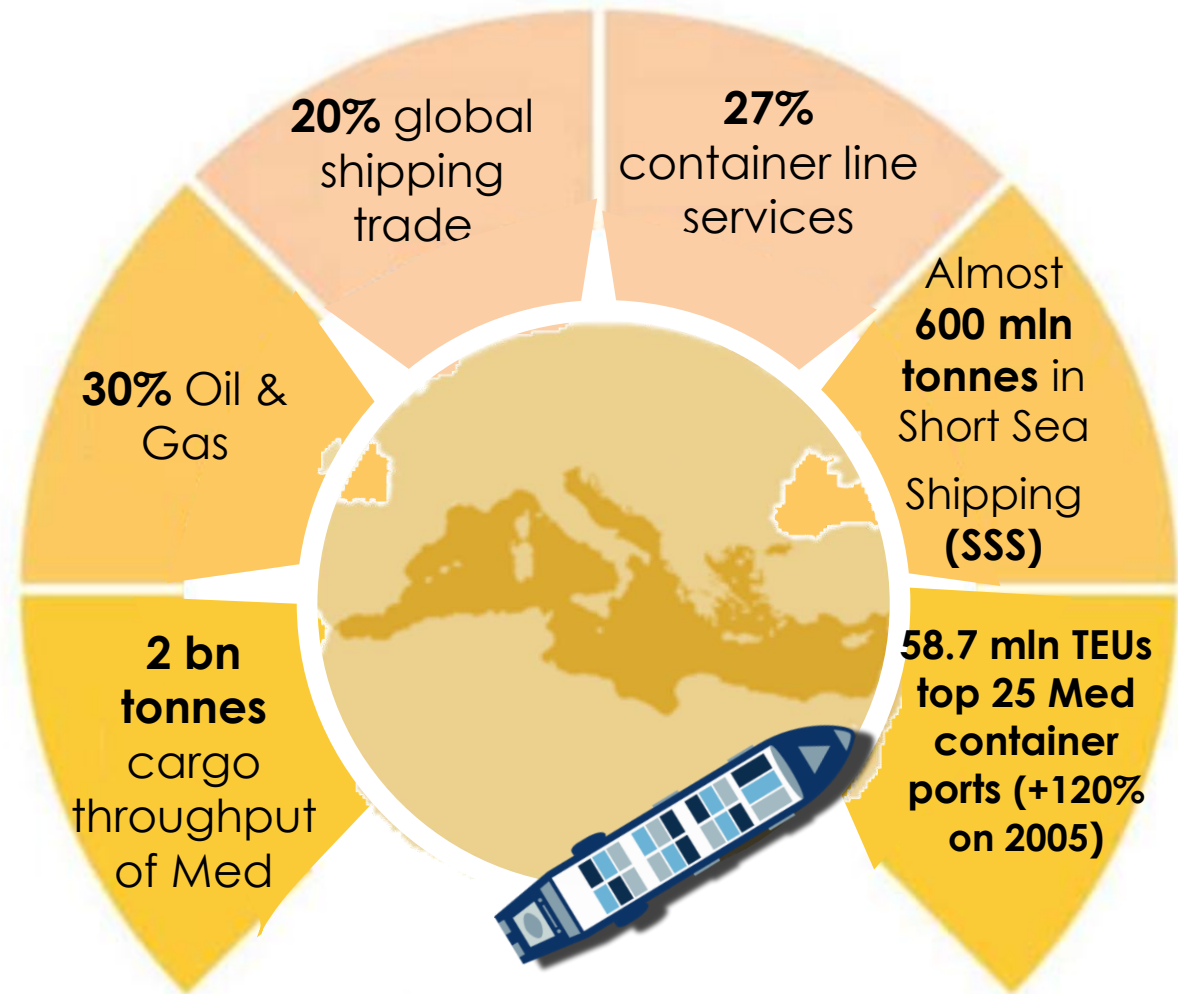
Bremen, 1st June 2023

The growing relevance of the Mediterranean in global maritime economy

Mediterranean at the centre of Global trade

Mediterranean the most important route between East and West

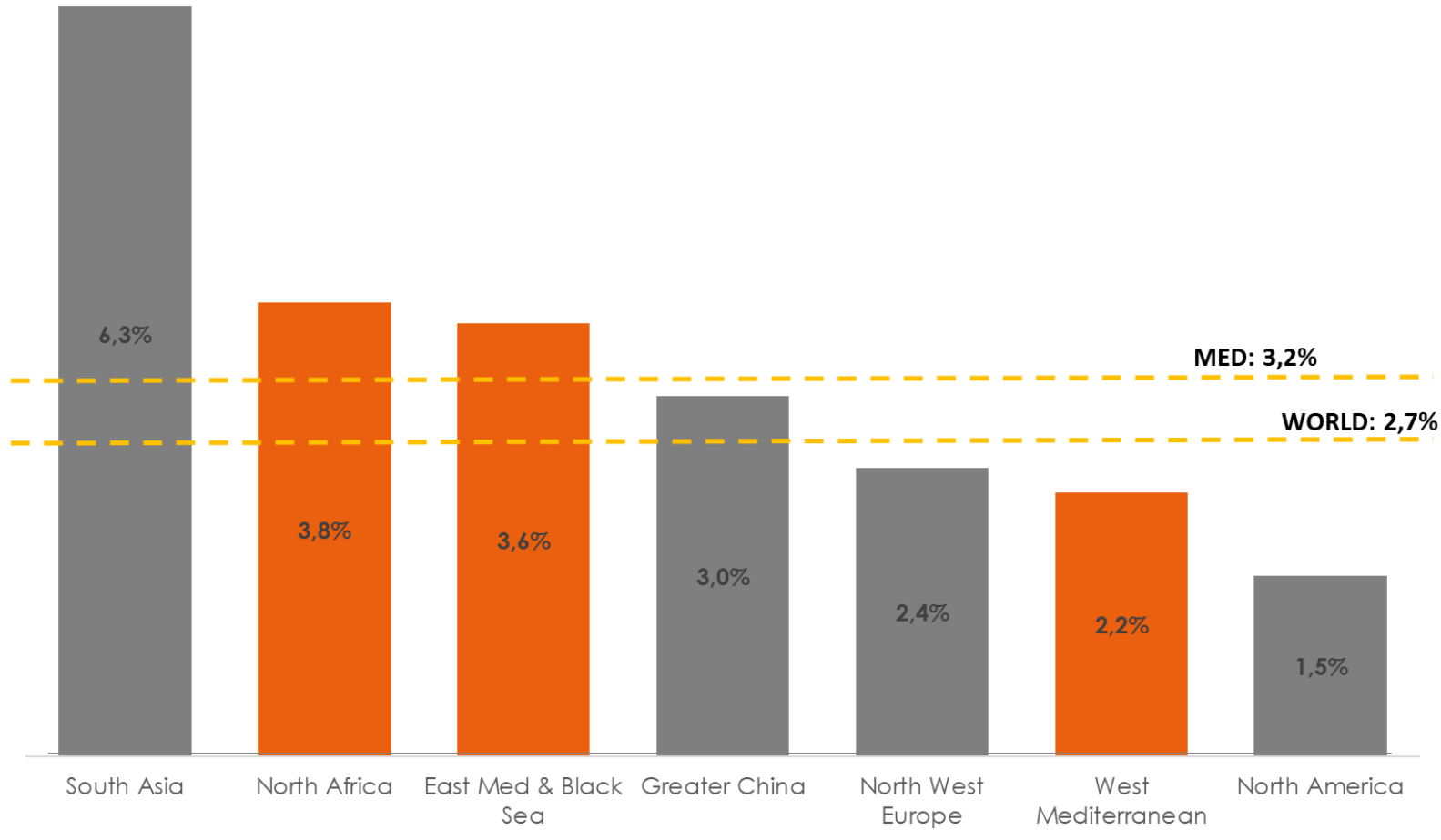
Green Transition emerging initiatives in the Mediterranean Ports



Source: SRM on various data

Forecast on container traffic.... Mediterranean over the World average

Compound annual growth rate (CAGR) 2022-2027 of container traffic



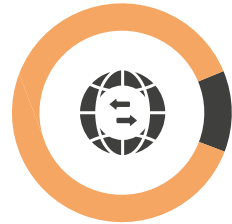
- Over the next 5 years, the Mediterranean area is expected to grow faster than the world average and than China and North America.
- The Mediterranean area (with an average annual growth rate of 3.2%) will rank 2nd in the world by intensity of development.

Source: SRM su Drewry

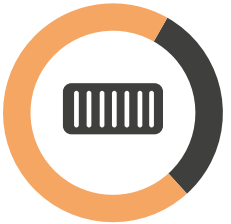
The pivotal role of the Suez Canal for the Mediterranean...

The Suez Canal is a **significant route for energy, commodities, consumer goods and componentry** from Asia and the Middle East to Europe

Trade



12%
of global trade

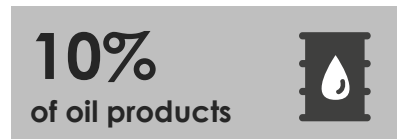


30%
of international shipping container volume

Energy and raw materials



5%
of world's crude oil



10%
of oil products



8%
of LNG



14.6%
of world cereal imports



14.5%
of world fertilizers imports

Source: SRM on Suez Canal Authority

The future of the Suez Canal is being reshaped

Several projects in Egyptian ports will strengthen the strategic value of the Canal

i.e. the Suez Canal Container Terminal in Port Said is to be expanded with a \$500 million investment. Target capacity will reach 6 million TEUs.

Project to enlarge the southern entrance

3 billion Egyptian pounds (\$191 million) completion by June 2023

The SCA is working on changing the Suez Canal into a green maritime shipping canal by 2030

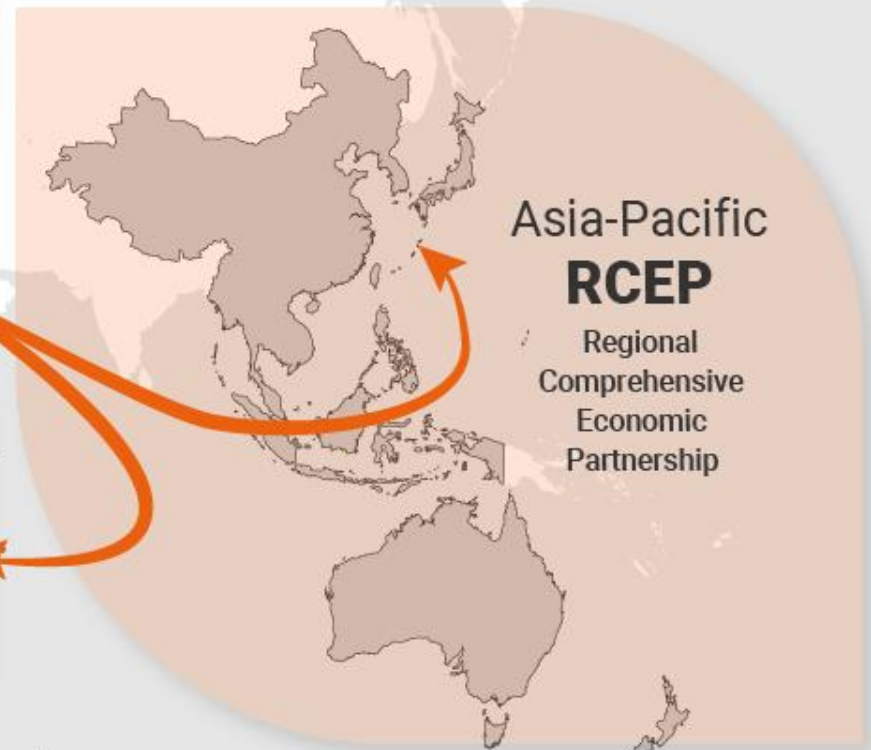
Suez and the Mediterranean matching point of 4 macro regions

Transits (2022)

23,583 ships

+15% on 2021

+42% over the last 10 years



The Suez Canal Zone is a global free trade area located along the banks of the Canal.

461 km²
the area of the SCZone

4
industrial zones

6
maritime ports

In this scenario the role of the *Mediterranean* ports is changing...

... Ports are growing their role for:

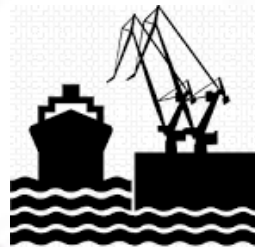
- **Intra regional trade:** global routes are still important but RoRo and SSS are growing following regionalization process



- **Logistics for global value chains** the example of the **automotive sector**



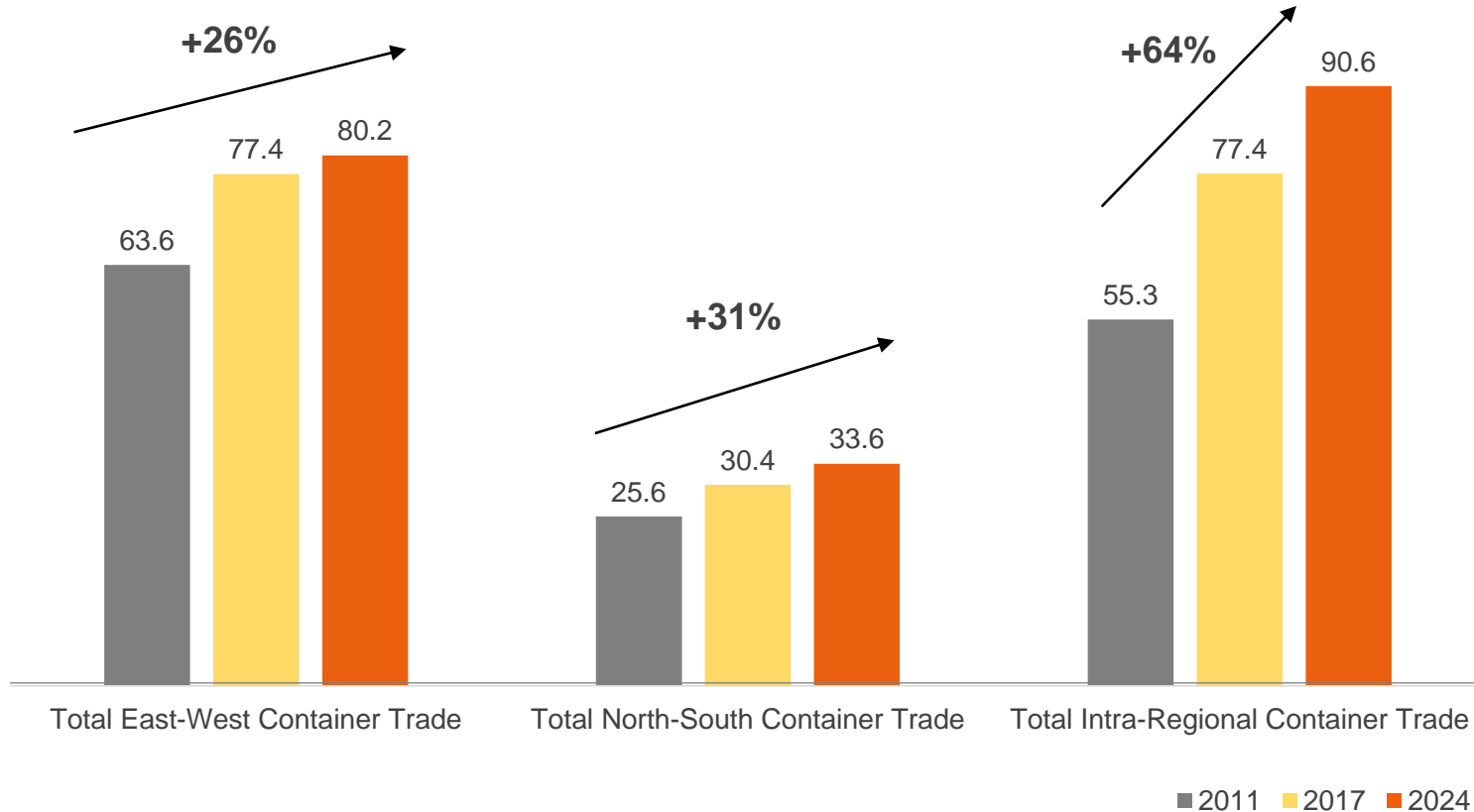
- **Supporting Green energy production** and shipping transition





The regionalization of globalization is going ahead

Global Maritime traffic by region– 2011-24 - MTEUs



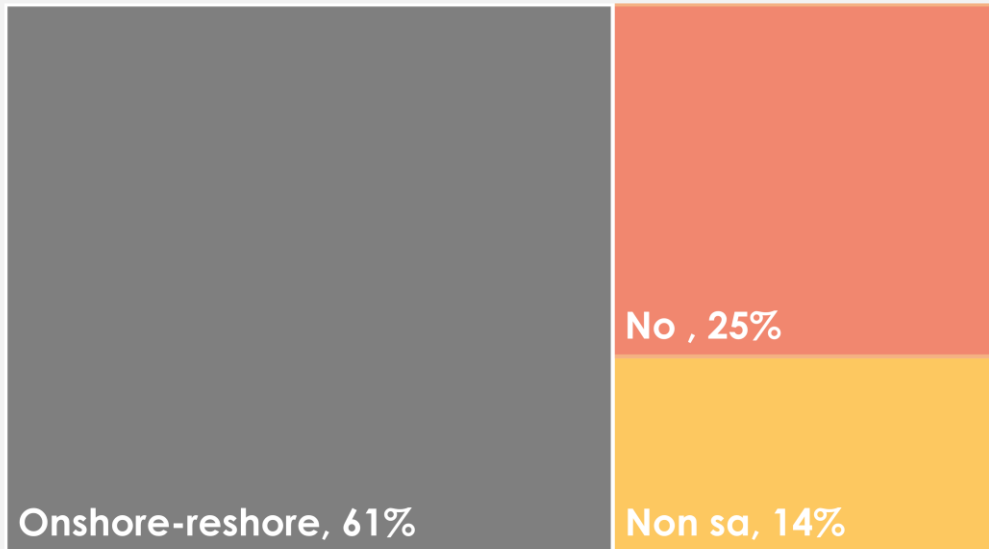
Source: SRM on Clarksons

- Intra-regional routes are the busiest:**
 Intra-regional TEUs traffic routes exceeded the volumes of East-West routes. This is a clear **effect of reshoring**.
- Intra-regional routes have been growing** more than other routes (2011-2024: +64% vs. 26% of East-West and 31% of North-South container trade).



Reshoring-nearshoring-friendshoring are growing

%onshore – reshore EU-USA



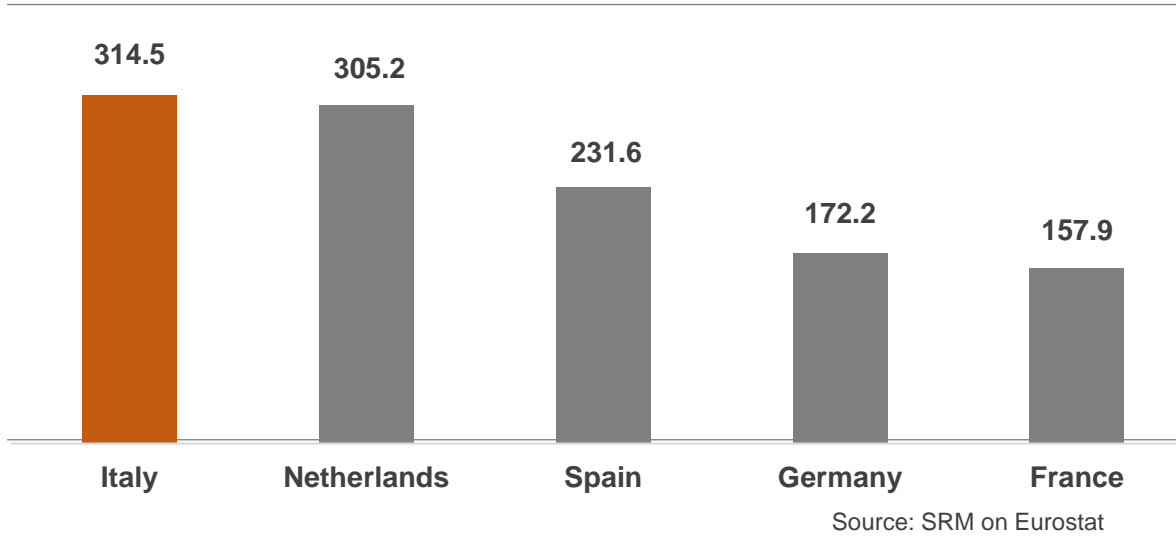
Source: SRM su Buck Consultant International

- Over **60% of European and US manufacturing will take part of Asian production back to Europe and the US.** This is the so-called Reshoring phenomenon.
- **Automotive, semiconductor, medical and aerospace** are the most active sectors in **reshoring**.
- In the regionalization and nearshoring processes involving the Mediterranean, **ports and maritime infrastructures play a key role in promoting North-South connectivity** and providing the backbone of regional integration

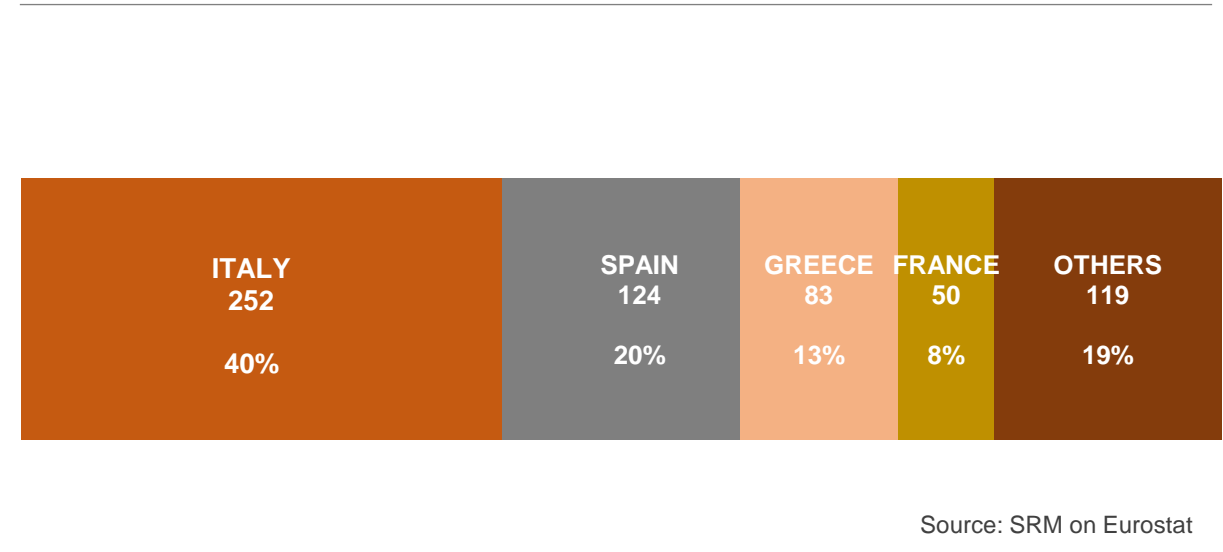


Short Sea Shipping strategic for the Med area

Goods handled in SSS in Europe - MIn tonnes



Goods handled in SSS in the Med area - MIn tonnes and % in total



Italy is leader in the EU for short routes, a more functional mode for achieving **sustainability** goals and implementing **regional supply chains**.



A virtuous example of a foreign free zone: the strategic role of Tanger Med in the automotive supply chain



Tanger Med accounts for more than 50% of Moroccan export and nearly 97% of trucks exports.

Main countries of **destination of truck EXPORT** are: **France**, Spain, Romania, Italy and Bulgaria.

Linked to 180 ports and 70 countries, its **container throughput** is mainly with Africa (36%) and Europe (35%)

**Tanger Med:
1st port in the Med**

Companies: 1,200
Employees: 100,000
Turnover: \$9.2 bn



Algeria is also focusing on the development of the automotive sector



Algeria is also focusing on the development of the automotive sector.



Carmaker **Stellantis** will spend more than **€200 million** (\$213.32 million) to manufacture four of six **Fiat models in Algeria.**



Construction of the plant will be completed by August 2023 with production of the first Fiat 500 expected by the end of the year.



By 2026 the plant will have created **nearly 2,000 local jobs** reaching a production **capacity of 90,000 vehicles a year**

This agreement will help **develop trade between Algeria and the countries of the northern shore of the Mediterranean**, with an increase in **short-sea shipping**, and **logistics** will play a decisive role in developing the area's potential.



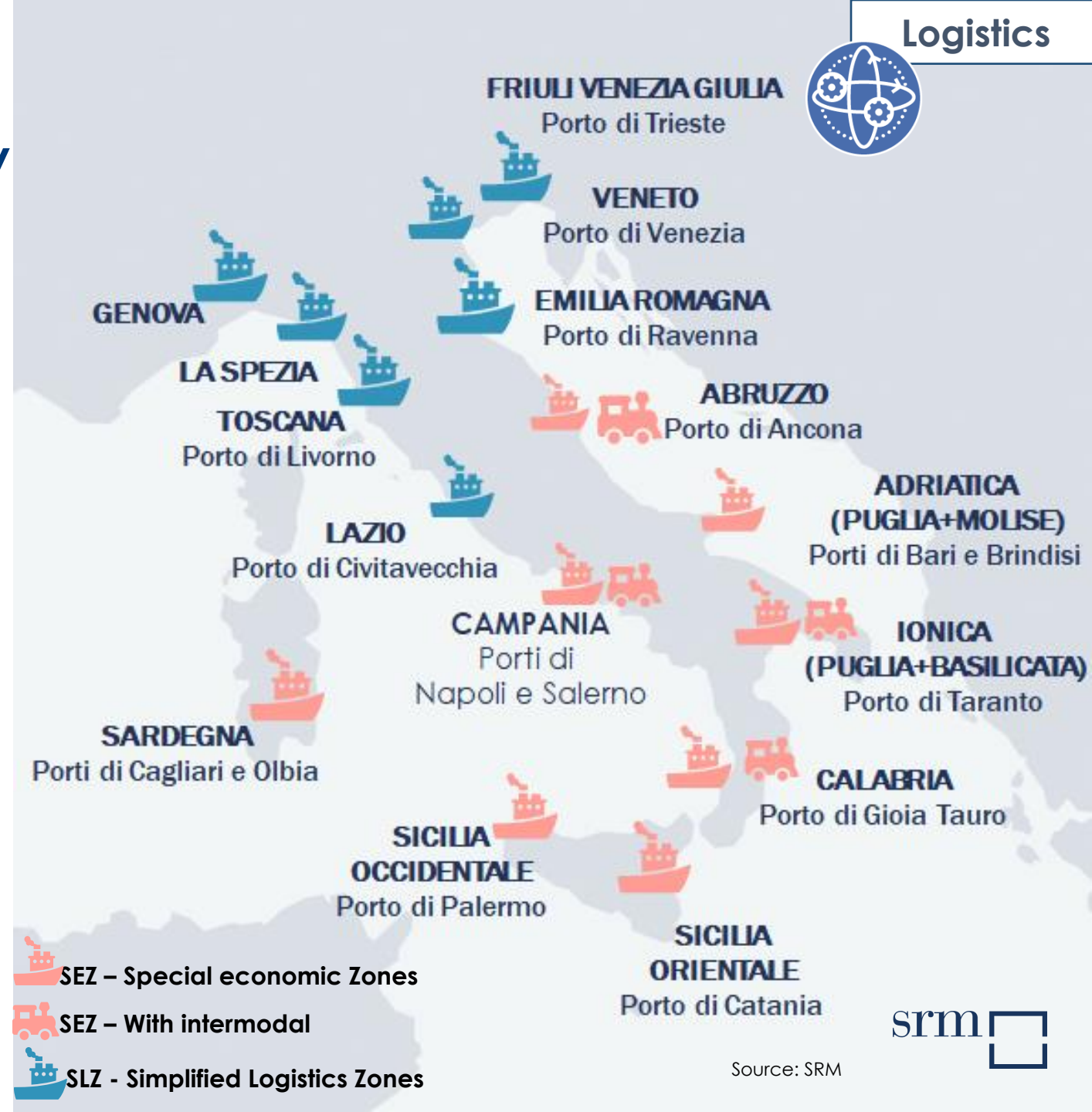
Special Economic Zones: An important tool to foster reshoring, logistics efficiency and sustainability

Similarly to the **top Mediterranean ports which have Free Zones**, e.g. Tanger Med in Morocco, and the Suez Canal Free Zone in Egypt, **Italy also** has Special Economic Zones and Simplified Logistics Zones.

In **Italy** the NRRP (National Recovery and Resilience Plan) allocated **€630 million worth of investment to SEZs**.

Over a **quarter of SEZ funds (162 mln)** are available for intermodal transport.

The SEZs could facilitate sustainability through the **intermodal transport** driver.





The shipping transition...in the alternative fuels

Global carbon dioxide (CO₂) emissions :2.15%

Green ships



Alternative Fuels

5.4%
fleet on the water in tonnage (GT)

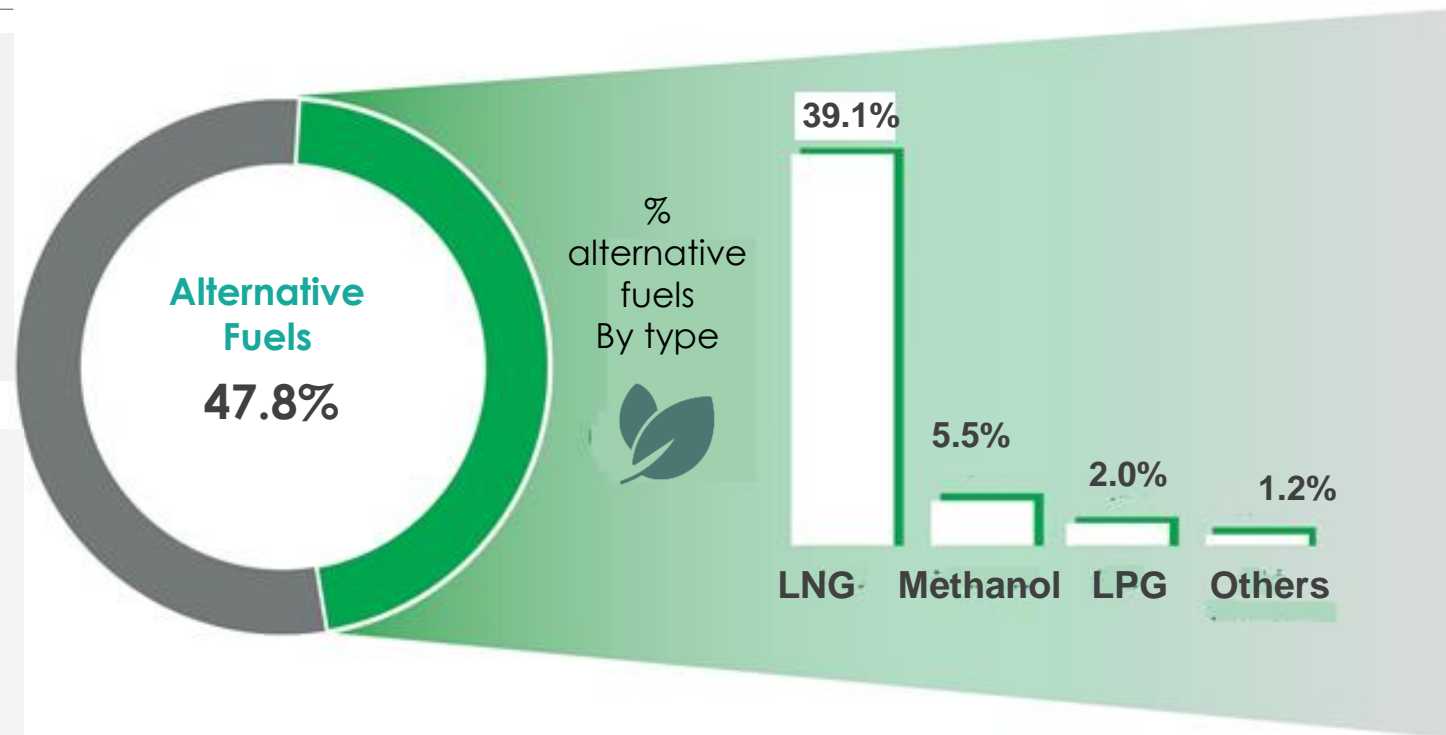
47.8%
orderbook in tonnage (GT)



LNG Bunkering Ports

Green' port infrastructure is continuing to expand:
currently 165 active LNG bunkering ports
(and **96 planned** facilities)

Of the total orderbook,
39.1% of tonnage is set to use **LNG**



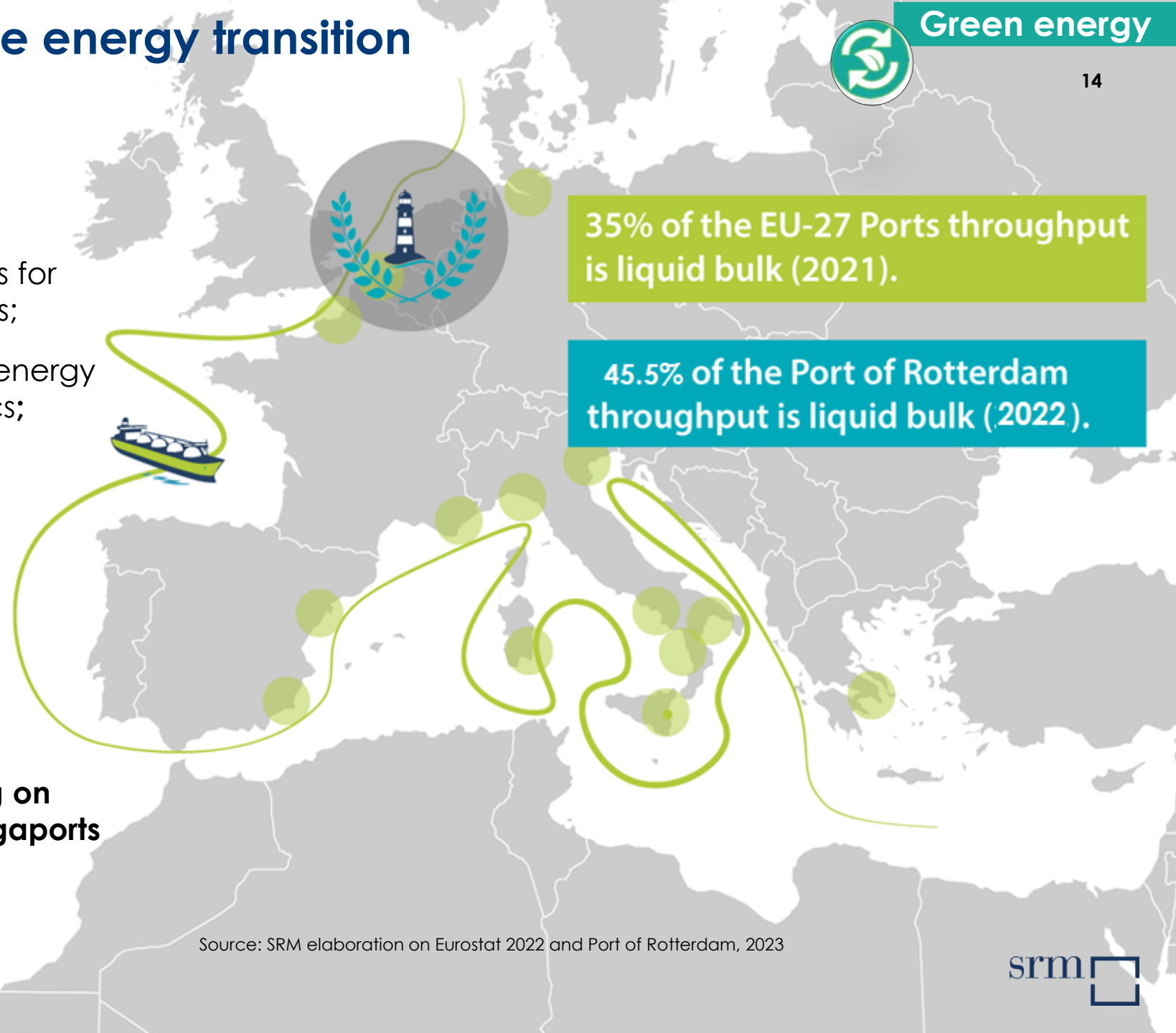
Source: SRM on Clarksons

Ports play a pivotal role in the energy transition



Ports are

- **crucial infrastructure for regulating the functioning of the energy market:** they take on the role of primary locations for production, storage and trade of oil&gas;
- **energy communities:** they facilitate the energy transition process of shipping and logistics;
- **energy gateways:** refineries are access points to hydrocarbon transportation infrastructure and are usually located near ports;
- **entrance points of oil & gas pipelines** flowing into Southern Italy;
- **close to energy-intensive industries;**
- **champions of sustainability and focusing on hydrogen, as with several European megaports (i.e. Rotterdam, Antwerp, Hamburg, and Valencia).** There is also activity in Italy.

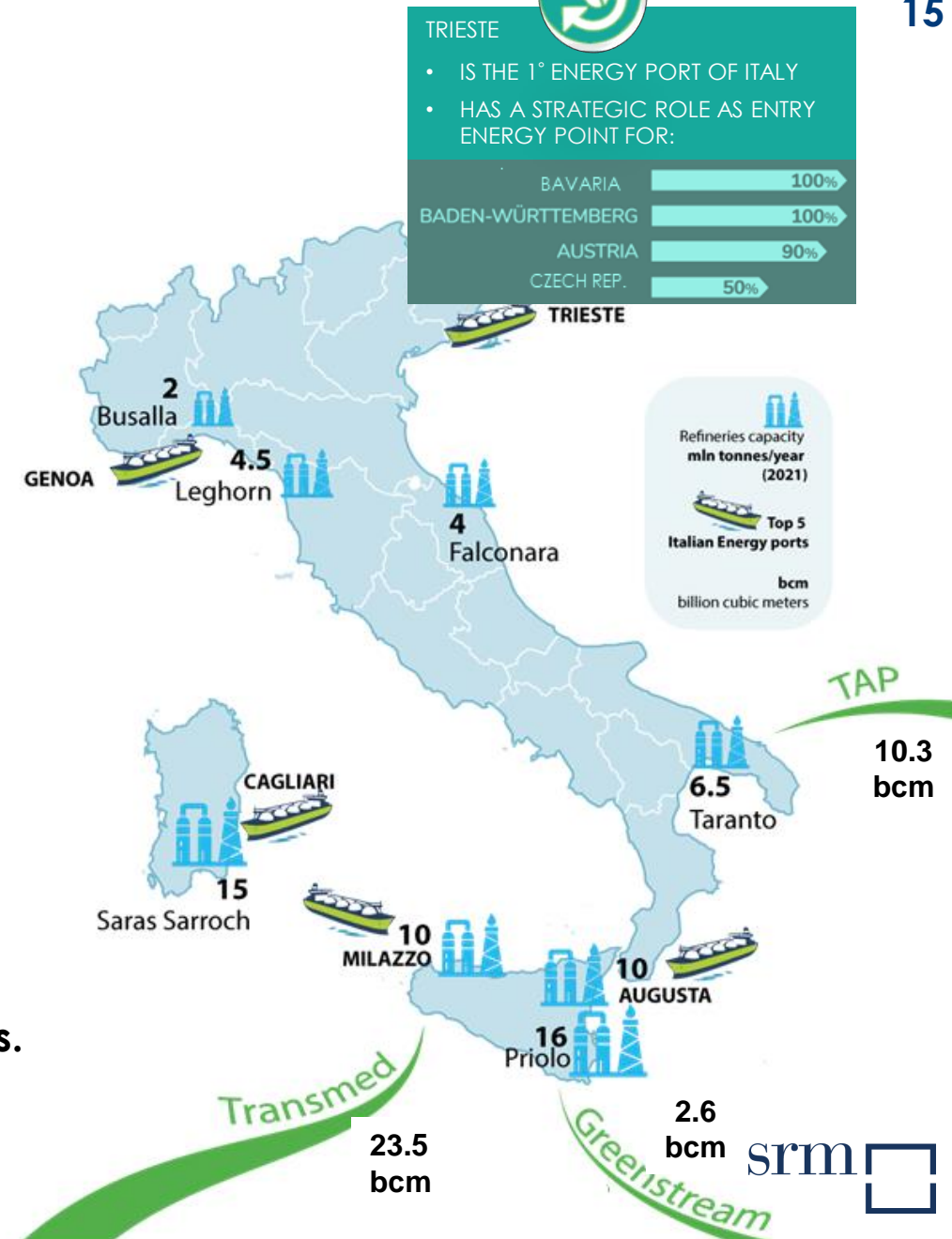


Source: SRM elaboration on Eurostat 2022 and Port of Rotterdam, 2023



Ports are not only logistics nodes ... but also strategic energy hubs

- The Italian port system has an important energy characterization: **34% of ports throughput is liquid bulk** (over 169 million tons in 2022).
- The top 5 Italian Energy ports concentrate around **70% of energy traffic** and are: Trieste, Cagliari, Augusta, Milazzo and Genoa. Three are Southern ports.
- The greatest **refining capacity** is **concentrated** in the **Southern ports**.
- Italy is a **gateway for new energy flows from North Africa and the Caspian area to Europe** with **85% of gas imports in 2022 (Jan-Dec) via pipeline**. **63% of the gas imported via pipeline arrives in the South**.
- **Network interconnections with the EU are key to a low-carbon future (renewables and hydrogen)**. They are real challenges to capitalize on **renewables produced in MENA countries**.



- ❑ The economic scenario is transforming
 - ❑ The role of the Mediterranean ports is changing
 - **Intra regional trade:** global routes are still important but Ro-Ro and SSS are growing following the regionalization process;
 - **Logistics over global value** chains ... the example of **automotive**;
 - **Supporting Green energy production** and shipping transition.
 - ❑ The role of **Free Zones** is taking hold in the Mediterranean also for their relationship with ports.
- ❑ **Italian ports** are following this evolution. The PNRR makes 9.2 billion euros available to ports to improve infrastructure and make it more sustainable
 - ❑ The ports of **Genoa and Trieste represent entry points** to Continental Europe. Mezzogiorno ports aim to be energy hubs and **energy entry points to the EU27**



Thank you for your attention

sr-m.it

