Forum of the Chambers of Commerce of the Adriatic and Ionian Area

SEA TRAFFIC OBSERVATORY

2009 REPORT

by Ida Simonella

1. OBJECTIVES AND METHODOLOGY.

Since 2002, the Forum of the Chambers of Commerce of the Adriatic-Ionian has promoted and sponsored the sea traffic Observatory in the basin, coordinated by Istao, the Adriano Olivetti Study Institute for the Economy and Businesses of Ancona. At the annual AIC Forum meeting every year, the data concerning sea traffic trends in the major ports of the area is presented. This year 17[1] ports are monitored and the results give a view of the sea traffic trends in 2009, a year marked by the international recession.

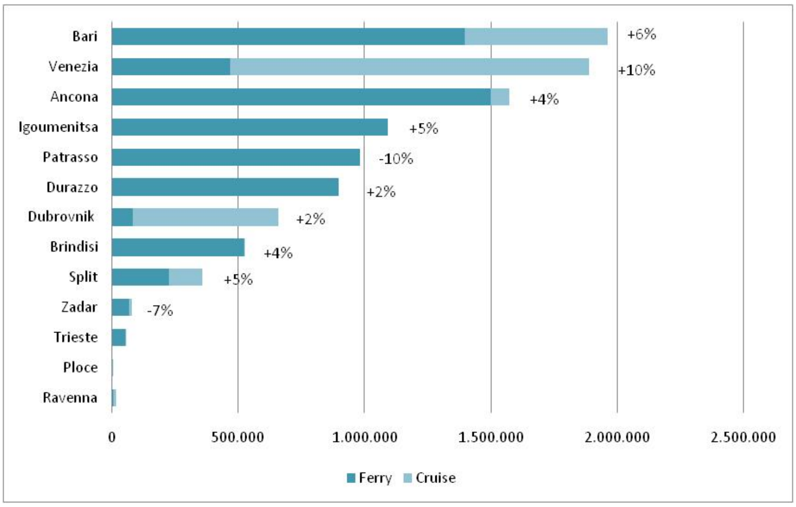
This year, the statistical analysis has been flanked by a report on the progress of traffic and initiatives linked to rail-sea intermodality. The theme of sustainability and protection of the environment, which is transversal to all of the AIC Forum's work, is tackled in the workgroup for transports with a close eye on the potential for the development of rail traffic entering and leaving the ports. As is widely know, this is one of the many environmental aspects that concern ports, and yet this is also a decisive factor in guaranteeing the competitiveness of the ports themselves.

2. SEA TRAFFIC AS OF 2009

Passenger traffic. 2009, with regard to passenger traffic on international connections, has not been so bad, for the ports in the Adriatic-Ionian basin. Almost all the ports have registered an increase in traffic. Amongst the larger ones, the only exception was the port of Patras, which registered a reduction of 10%.

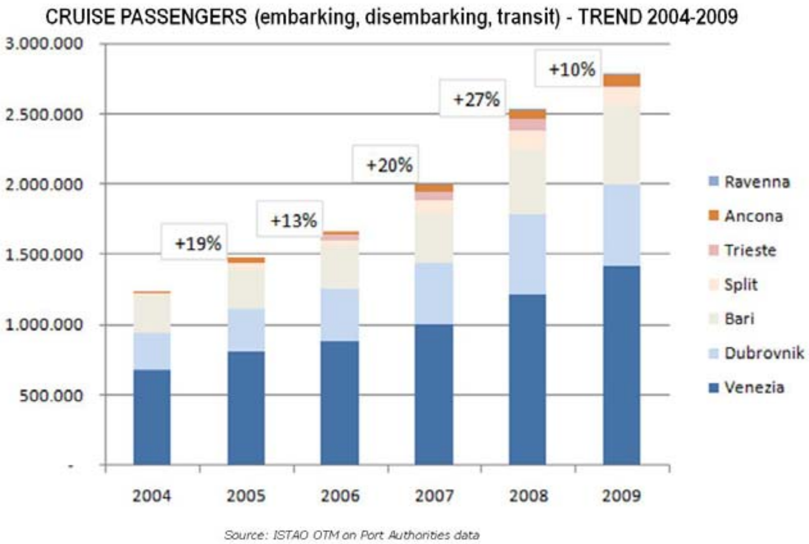
Bari is confirmed as the leading port in the basin and has nearly reached two million passengers, followed by the port of Venice, with about 1.8 million passengers. Once again, as already highlighted last year, the ports which show the greatest growth are those with a strong element of cruises.

ADRIATIC AND IONIAN PORTS – INTERNATIONAL PASSENGER MOVEMENTS - 2009



Venice and Bari have registered an increase in their cruise traffic (between passengers embarking, disembarking and in transit) of 17% and 22% respectively. Cruise traffic just in the Adriatic basin, in a year considered terrible for consumer stagnation in many sectors, has grown by 10%. This is a very important fact if you consider that in 2009 the cruise market in Italy and the Mediterranean remained essentially stable with respect to the previous year.

In the last five years the cruise element of the basin, on the other hand, has increased by 124%. What is even more significant is that the growth has occurred in traditionally strong ports like Venice, but also in new ports and new commercial markets. This has allowed opportunities for development to be spread with a more capillary action to the individual regions.



CRUISE PASSENGERS (embarking, disembarking, transit) - TREND 2001- 2009

PORTS		2004	2005	2006	2007	2008	2009
Venice		677.990	815.153	885.664	1.003.529	1.215.088	1.420.980
	Var %	-2%	20%	9%	13%	21%	17%
Dubrovnik		260.801	297.466	367.321	435.486	571.328	573.742
	Var %	0%	14%	23%	19%	31%	0%
Bari		262.888	277.979	303.388	351.897	465.739	567.885
	Var %	23%	6%	9%	16%	32%	22%
Split		34.134	47.315	46.999	99.281	124.871	131.833
	Var %	-26%	39%	-1%	111%	26%	+6%
Trieste				40.286	54.755	87.740	6.433
	Var %				36%	60%	-93%
Ancona		4.949	39.638	18.916	48.652	61.423	75.445
	Var %	1523%	701%	-52%	157%	26%	23%
Ravenna						8.867	10.328
	Var %						16%

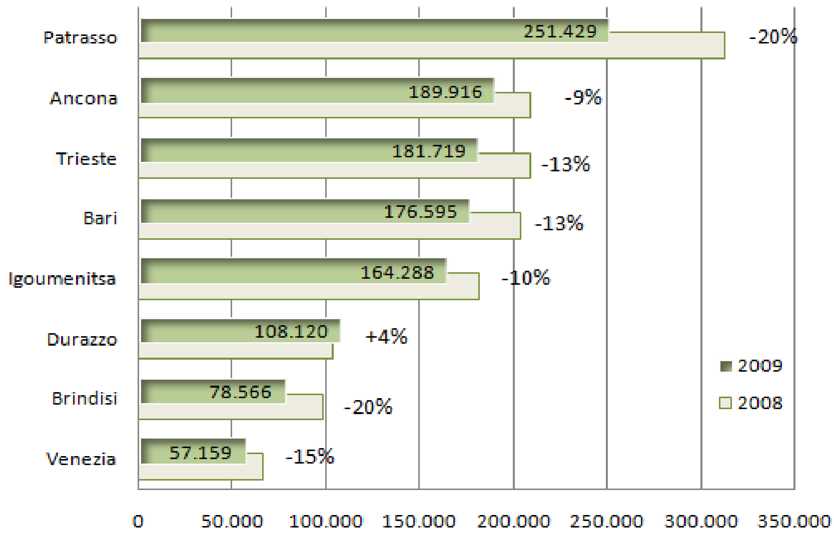
Source: ISTAO OTM on Port Authorities data

Regarding ferry traffic the situation is, on the other hand, much more stagnant:

- The overall movement of Italian ports from and to Greek ports has fallen by 2.3%. The drop is clear for Bari (-14%) and Venice (-8%). Brindisi (+8%) and particularly Ancona (+5%) have increased. Over the years the Marche port has been confirmed as having a competitive advantage (49% of the market share) in links with Igoumenitsa and Patras represented above all by journey return times.
- The Croatian market has held its position well (+0.1 compared with 2009), unlike what happened in 2009 (-5.2% compared with 2008). Even in this market Ancona maintains its leadership with a market share of 60%.
- A distinct increase has been registered in traffic from and to Albania (+12%). Bari, alone, handles more than ¾ of the overall traffic.
- A drastic reduction in the flow of passengers with Montenegro: this was already a limited market which, in 2009, showed a fall of 17%.

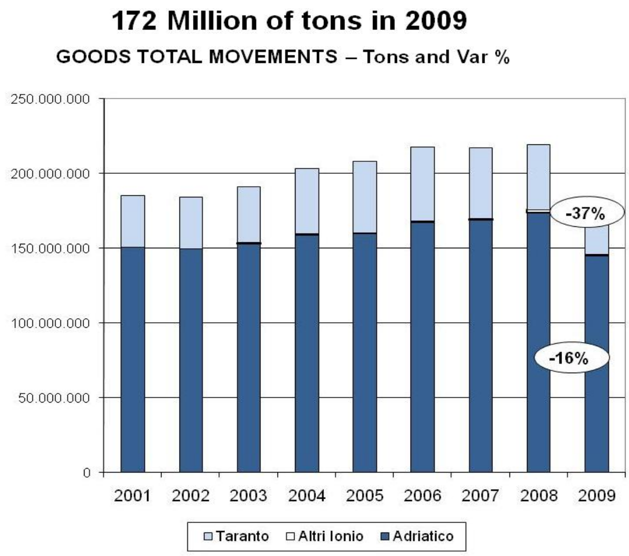
HGV-trailer movement. The economic crisis has made itself felt with regard to goods, which travel in trucks and trailers. All the ports in the basin show a sudden decline, even if the relative positions remain the same with respect to the previous year. The only port with an inverse trend as against the others is Durres, which has registered a 4% increase in traffic: the dynamism of the Albanian market had already been noted in its passenger traffic.

HGVS AND TRAILERS IN THE PORTS OF THE ADRIATIC-IONIAN AREA



Source: Processing by the Sea Traffic Observatory of Port Authority data

But the fall in all the other markets has been drastic. Taking into account the traffic entering and leaving Italian Adriatic ports it emerges that the traffic of heavy goods vehicles from and to Greece has shrunk by 14.6%, that from and to Croatia by 18%, that from and to Montenegro by 26%.

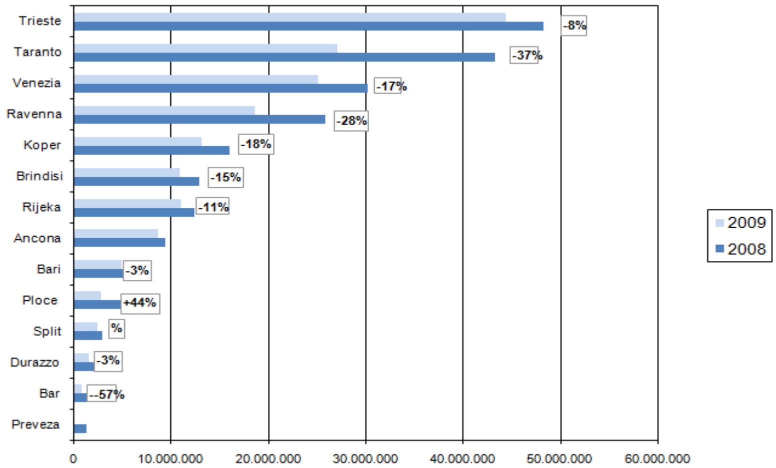


Goods traffic The fall in goods traffic appears really extraordinary. The overall movement of goods has reduced by 21% in the whole basin, going from 219 million tonnes in 2008 to 172 million tonnes in 2009. In just one year we have returned to levels of traffic lower than those of ten years ago.

In the Adriatic the fall has been more restrained (-16%) with respect to the results in the Ionian; all of this is attributable to the port of Taranto which in one year lost 16 million tonnes of goods, equal to 37% of the total traffic. The crisis in the nearby steelworks at Ilva explains a large part of the slump.

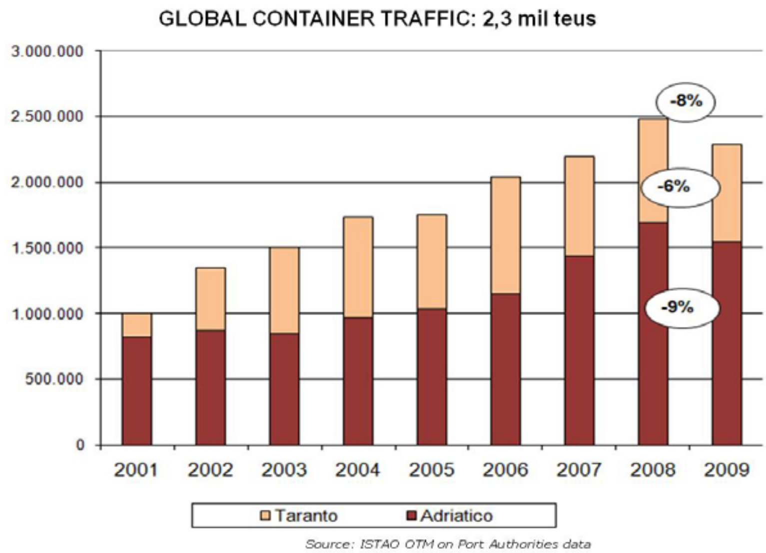
But also in other ports, traditionally strong in terms of dry goods, the crisis has hit heavily: Venice with -17% and Ravenna (-28%) are further, extraordinary examples. Except for the port of Ploce, all the ports however show negative variations.

ADRIATIC-IONIAN PORTS – TOTAL GOODS MOVEMENT (TONNES)



Source: Processing by the Sea Traffic Observatory of Port Authority data

The fall in demand and GDP of the countries in the basin has brought about a noticeable fall also in container traffic. The average fall of 8% is, however, considered a good result having taken into account that the largest ports in the world have lost on average 15% of their traffic and on a worldwide scale container traffic has reduced by about 10-12%.

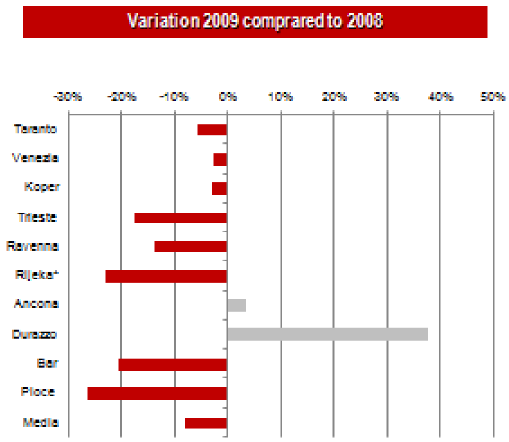


Of the large ports, the ones which have shown the most significant falls are Rijeka, Trieste and Ravenna. The fall in Koper has been limited and also in Venice which remains the port leader in the Adriatic. Amongst the smaller ports, the performances of Durres and Ancona were good.

CONTAINER TRAFFIC TREND

CONTAINER TRAFFIC TEU IN THE MAIN ADRIATIC AND IONIAN PORTS

PORTS	Teu 2009
Taranto	741.428
Venice	369.474
Koper	343.165
Trieste	276.957
Ravenna	185.022
Rijeka	130.070
Ancona	105.503
Durres	68.780
Bar	34.692
Ploce	25.931



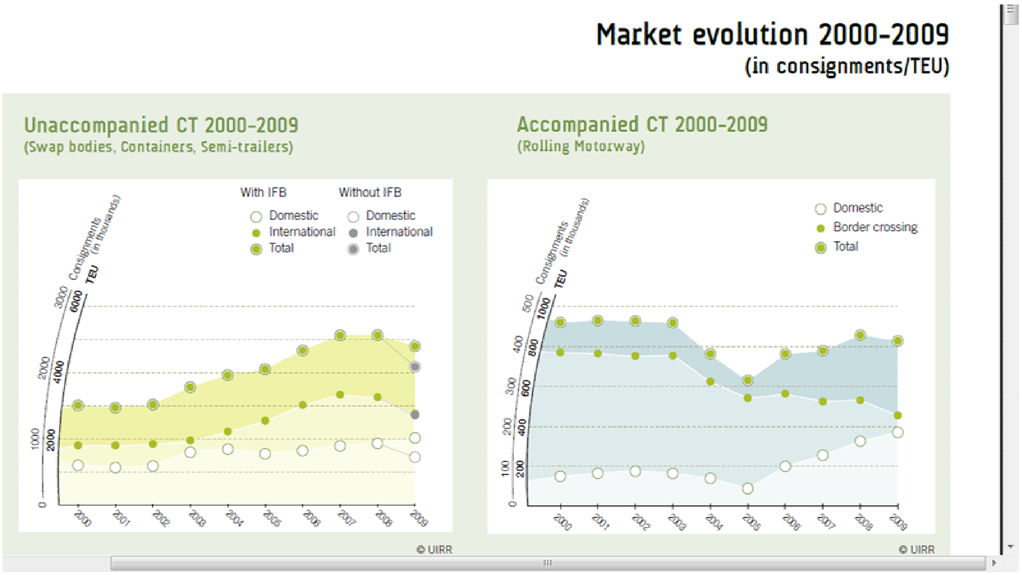
Source: ISTAO OTM on Port Authorities data

3. PORTS AND RAIL-SEA INTERMODALITY

One of the historical gaps in the Mediterranean ports and in particular the Adriatic ones is the lack of land links via rail from and to the ports. On the contrary, North European ports have historically based part of their competitiveness on the frequency of rail links able to link the ports directly with inland terminals and, generally, large consumer areas.

Today, the real costs of rail haulage are difficult to compare with road haulage costs for a number of reasons. One reason that stands out is the high terminal costs upon entry and exit, to which taxes relating specifically to road transport are often added.

In periods of economic crises the data then tends to worsen since entire lines and links disappear. In 2009 alone the combined land traffic in Europe, just to give a comparison, reduced on average by 17%.



Source: UIRR – International Union of Combined Road-Railway Transport Companies

Much is being done to try to stimulate this means of transport (regional incentives, infrastructural investments, European support programmes etc...) and above all to remedy the delays of our ports. Consideration is also being given to the fact that the railway constitutes the manner of transport, which causes least pollution when compared with road, air and perhaps even sea.

The Observatory wanted to monitor the situation with the Adriatic-Ionian ports specifically in relation to the current development of rail-sea intermodality and future prospects, which spring from an analysis of the programmes of investment in that direction.

There are few ports, which provide frequent rail services that are sufficient to absorb a significant amount of traffic. Many ports do not have this type of service, sometimes because they are much more passenger-orientated (Igoumenitsa, Patras, partly Bari), more often because they do not have suitable infrastructures or services.

	Rail traffic - Container (in .000 teus)**			
	2008	% tot. TEUs	2009	% tot. TEUs
Trieste	107.645	32	85.749	31
Rijeka	40.402	24	32.518	25
Ravenna	39.891	19	29.974	16
Taranto	40.906	5	7.414	1
Ploce	18.989	54	11.431	43
Ancona	16.863	14	35	0
Bar	433	2	314	1

Source: Istao, Processing by the Sea Traffic Observatory of Port Authority data

The port with the most capillary and internationalised services is undoubtedly Trieste. Almost a third of container traffic moves via rail and as well as national links there are also links with Germany, Austria, Hungary, the Czech Republic for a total number of 50 trains a week, equal to about 10 trains per day.

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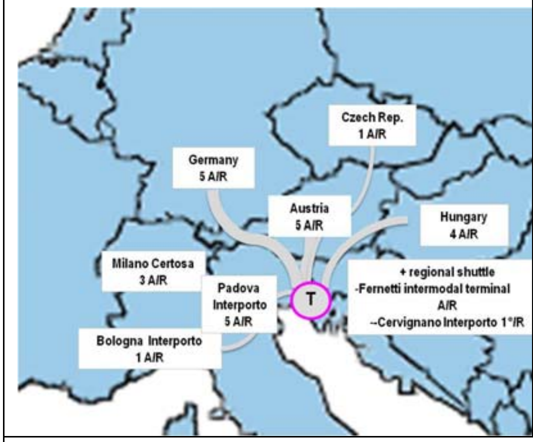
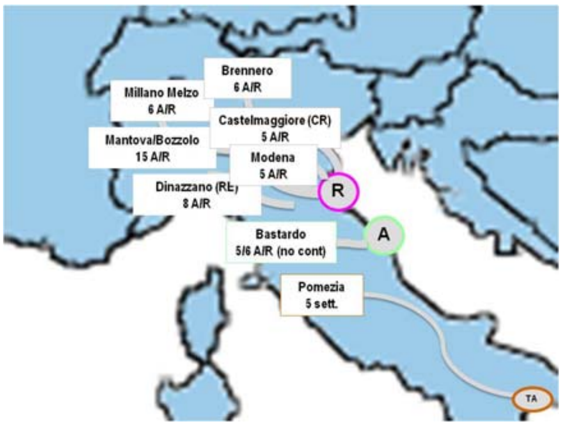
<tr><td>Trieste port</td><td>Ravenna port – Ancona port – Taranto port</td></tr>
<tr><td>
</td><td>
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<tr><td colspan="2">Source: Istao, Processing by the Sea Traffic Observatory of Port Authority data</td></tr>
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There are also frequent rail links from and to the port of Ravenna, even if they are almost all for Italian destinations. The port of Venice (for which we do not have current information) has for the moment only one link with unit trains, but is announcing others from the summer of 2010.

Taranto has a daily link (5 times a week) with Pomezia, an industrial area behind Rome.

On the eastern front there are links both from Koper and from Rijeka. 25% of container traffic arrives at Rijeka via rail. Ploce has various links with Bosnia Herzegovina, and Bar with Belgrade and Novi Sad.

There are few ports, which have areas available behind the ports apart from Trieste (with Fernetti terminal and Cervignano) and Rijeka with its Skrijevo terminal.

All ports, at least those which move goods on a massive scale, believe that intermodal transport will grow in future and there are many initiatives aimed at producing this result.

A large number of the initiatives planned by Port Authorities are aimed at developing the infrastructural capacity of the ports, creating platforms able to handle intermodal traffic, or increasing the number of tracks or creating smoother links with the national network.

Trieste is also acting on the aspect of services with shares in the railway companies which guarantee the link; Ravenna is all set to supply direct contributions to limit the costs of creating terminals.

	Internal Railways Equipment planned by Port Authorities

Trieste	*1) Infrastructure: Three years budget plan has allocated 700 mil € for maintenances and new buildings. New RPR schedules 2 billion € for new maritime and Processing by the Sea Traffic Observatory of Port Authority data infrastructures.* *2) Services: the local Port Authority owns a Shunting company and is among the owners of Alpe Adria.*
Ravenna	*1) 2 billions € investments to railways' links strengthening with 2 new tracks (Canale Candiano).* *2) The local Port Authority has planned to support Handling services which use railway for boarding and landing operations in Ravenna (2010-2012).*
Ancona	*1) Former Scalo Marotti.* *2) Second tracks and new route in the port area.*
Taranto	*1) Tracks are connected with the national network.* *2) Logistic structure in the port area (logistic dock, enlargement of the 4th pier, new dock, piers' link)*
Rijeka	*To increase number of containers transported by train, planning and in near future construction of loading-unloading railway stations for both container terminals is already under progress.*

Even on the environmental front in general some initiatives are reported, amongst which is the "green roofs" project of Trieste, the environmentally certified programme of the port of Ravenna, the attention to the contents of the emissions of the port of Rijeka.

	Initiatives in the framework of environmental sustainability
Trieste	"Green roofs" for photovoltaic panels. New solutions for energetic saving. ICT projects to increase effectiveness of port operations, to reduce their timing and to use infrastructures more efficiently.
Ravenna	It is part of the project "Protocol for the improvement of air quality in the dock's area" for the control of particulate emissions and strengthening of the monitoring activities. Certification of environmental quality ISO 14001 and EMAS. Adhesion to the national project "Evaluation of dock's electrification sustainability" promoted by the Italian Ministry of the environment. Crossborder cooperation project Italia-Slovenia 2007-2013 with the project called "Safeport - Port and industrial and environmental risk management".
Rijeka	Since that container terminals are situated in the vicinity of residential area, "cool ironing", "carbon neutral goods yard" or others like electrically driven yard equipment is of Port Authority's prime concern. It is operator's obligation to employ state-of-the-art equipment with low carbon emission.

4. CONCLUSIONS

The trend of sea traffic in the Adriatic-Ionian area shows a good and unexpected hold on passenger traffic (SSS), especially in the Albanian and Croatian markets. Reduction has been moderate in Greece where, moreover, the leadership position enjoyed by Ancona is strengthened. The dynamism of cruise traffic has been exceptional and continues to grow in numbers and destinations in the Adriatic.

On the other hand, there has been a large reduction in goods traffic in general, plus that in containers. Such low volumes have not been seen in the basin for ten years.

Rail-sea intermodality services appear to be limited, in fact to just a few ports. In Italy, especially in Trieste, the only place with a truly international leaning is Ravenna. However there are many initiatives, which aim to strengthen this means of transport (even in Apulia and from the port of Venice, which has announced international unit trains).

In this sense public support is showing itself to be fundamental: it is no coincidence that the only regions in which intermodal transport has taken off are those which support rail transport in various ways, i.e. Friuli Venezia Giulia and Emilia Romagna.

Nevertheless, the ability to serve internal consumer and production markets, far from the port, is becoming an ever more strategic factor for the ports, even those on the Adriatic. **Rail intermodality is becoming a basic means for this to happen, as in the past happened in Northern Europe.**

The competitiveness of the Adriatic and Ionian basin will increasingly measure itself on its ability to offer services with high added value, and door to door links, rather than on the size of our terminals or even on the prices of port services.

Competition in the Mediterranean is becoming increasingly more driven. If the Italian ports and those of the Adriatic in general previously wanted to compete with Spanish ports and then with the Black Sea system, the new competitive frontiers will be represented by North Africa and by the hordes of new ports which have opened up or which are getting ready to open in a basin which includes 280 million people, GDP rates of development (except for 2009) of 4-5%, low cost labour, ability to attract international investment.

And even the worldwide scenario is extremely dynamic: competing with the Mediterranean there will be, at least for some periods of the year, the Arctic routes, the routes which from 2014 the Panama Canal will be able to start after widening, the trans-Asiatic rail links already announced in China.

A policy for the support and development of intermodal traffic does not only represent an opportunity to begin environmentally sustainable initiatives, but also to re-launch the competitiveness of European ports in the whole Mediterranean.