



STUDI PER LA GESTIONE
DELL'ECONOMIA
E DELLE AZIENDE

Forum of the Adriatic and Ionian Chambers of Commerce

SEA TRAFFIC OBSERVATORY - 2012 REPORT

**PORTS OF THE ADRIATIC AND IONIAN SEAS. TEN YEARS OF
SEA TRAFFIC AND EUROPEAN POLICIES**

Ida Simonella

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1. Objectives and methodology.

The introductory speech of the Workgroup for transport focused this year on the usual current analysis of sea traffic¹ and took stock of 10 years *short sea shipping* in the Adriatic and Ionian Seas and long-distance traffic in the goods sector.

The recent review of European policies in the fields of infrastructures and transport, proposed by the European Union, has furthermore enabled to make further reflections on the central importance of these issues *vis-à-vis* the European decisions on the Adriatic-Ionian basin.

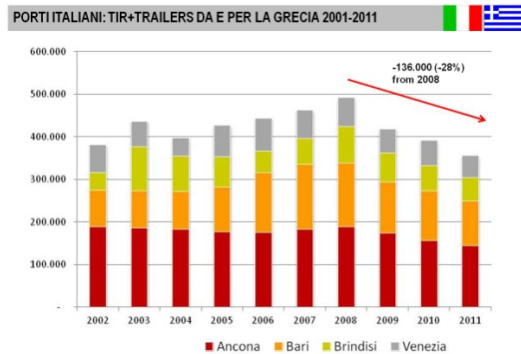
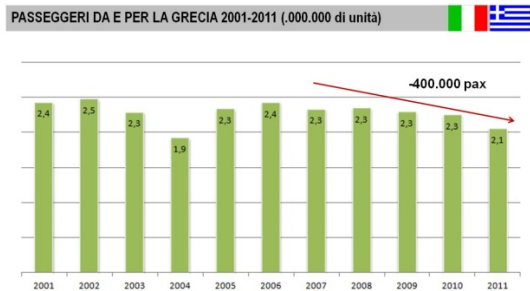
2. Short sea shipping traffic

Passenger traffic on international connections has been basically stable over the decade. Over the last 6-7 years the flow of passengers as a whole has been stable, with about 7 million passengers every year, although further reductions were registered in the last few years.

Ancona, which registered over 1.4 million passengers as whole in 2011, is still the leading port, closely followed by the port of Bari. Both ports registered a reduction in traffic in the year concerned of -7% and -2% respectively.

The widespread reduction in traffic is mainly due to the crisis of the Greek market, which has worsened since 2008. This market is by far the most important one for Adriatic ports and its reduction is bringing about visible effects. Along that route, Italian Adriatic ports have lost about 400,000 passengers since 2007-2008, i.e. 17% of their market. In just three years HGVs and trailers traffic has fallen by 28% from 492,000 to 355,000 vehicles. The impact has been stronger than in the case of passengers' traffic, because it is closely connected to the Greek economy and the reduction of international trade with the other markets of the European Union.

¹ The following ports were monitored: Trieste, Venice, Ravenna, Ancona, Bari, Brindisi and Taranto for Italy; Koper for Slovenia; Rijeka, Split, Zadar, Ploce and Dubrovnik for Croatia; Durrës for Albania; Bar for Serbia-Montenegro; Igoumenitsa and Patras for Greece.



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

Ancona is still the leading port in connections with Greece, with a market share of 47% in passenger traffic and 40% in HGVs traffic. As for Greek ports, a significant reduction was registered last year both by Patras (-15%) and Igoumenitsa (-6%). Over the last ten years a general decline in traffic was registered by Patras, while Igoumenitsa has gradually reinforced its position.

The other markets in the basin, in particular Albania and Croatia, have registered a relatively good level of development in recent years, however that do not generate traffic volumes such that they can replace the Greek market, in particular when it comes to HGVs and trailers.

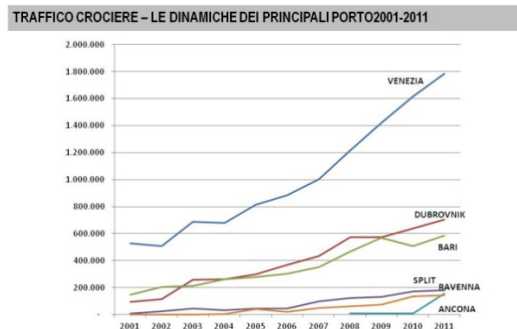
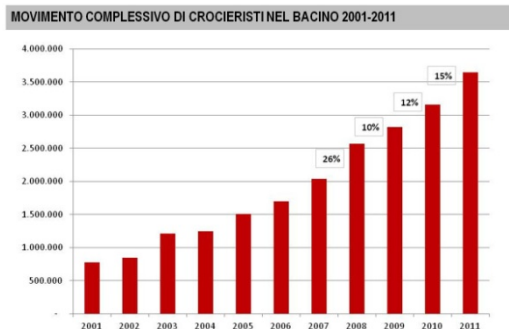
In 2012 traffic from and to Croatia increased by 11%, reaching 633,000 units. Since 2008 passengers from and to Croatia increased by 129,000 people, i.e. over one quarter of the market. Along this route, Ancona has maintained its leading position with a market share of 62%.

Over the last twelve months traffic from and to Albania has remained stable over the last twelve month when it comes to passengers, while goods traffic has declined. Since 2008 the HGVs and trailers travelling along this route have diminished by 6,800 vehicles from a total of about 76,000 vehicles to 71,000 in 2011. Almost all vehicles travel through the Apulian ports of Bari and Brindisi, which have also maintained a passenger market share of 96%.

Traffic from and to Montenegro, which registered a total of about 50,000 passengers, is more limited and has furthermore undergone a decline in recent years. Similarly, also HGVs and trailers traffic has dropped to one third of its initial value in ten years, from 9,000 vehicles in 2001 to less than 3,000 vehicles in 2011.

3. The cruise market

The cruise market has experienced a different situation, with a 15% increase registered in 2011 in the Adriatic. This market segment attracts not only European passengers, but also tourists from all over the world and the Adriatic with its ports and tourist places has carved out an increasingly important role among Mediterranean tourist destinations.



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

Overall passenger movements went from 600,000 tourists in 2001 to 2.6 million tourists in 2011. The port of Venice is leader with about 1.8 million passengers, followed by Dubrovnik and Bari. However, thanks to the growth rate of the sector and the policies implemented by some cruise companies other ports have appeared on this market and registered equally significant numbers, i.e. Split, Ancona and recently also Ravenna and Trieste.

4. Goods traffic

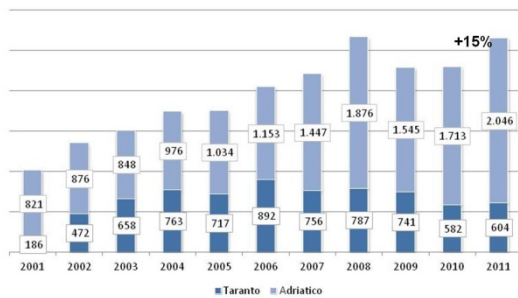
As for the goods market, the Adriatic-Ionian basin has features and trends, which differ depending from the sector.

As for liquid bulk goods, the port of Trieste is one of the most important European reference ports in this field. In Traffic in this sector in terms of total number of tons have been quite stable, with increases and decreases being slightly linked to the economic situation.

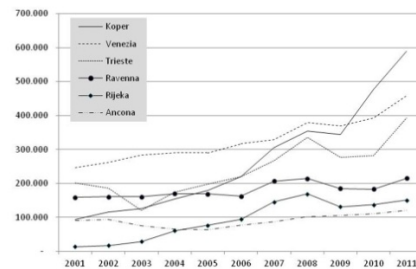
The trend characterizing the dry bulk goods traffic is more structural. About 2/3 of Italy's dry bulk goods are handled in the Italian ports of the Adriatic. The drop of the market following the 2008 economic downturn has not yet been fully recovered by Adriatic ports in spite of the recovery registered in the last two years. Furthermore, the Ravenna and Venice ports handle at least 30% dry goods less than 10 years ago. The port of Koper marked a countertrend and has become one of the most important ports of the area, registering a continuous growth in the last decade.

The container segment registered a significant growth between 2001 and 2011. In the first five years of the period a major contribution to this growth was also provided by the takeoff of the port of Taranto as a transshipment. port. The trends registered by Adriatic ports in the second five years of the period have been more marked with an increase from about 1 million to 2 million TEUs. Koper remains the most symbolic example of development. At the beginning of this century the port of Koper handled about 100,000 TEUs every year, while today it ranks first with almost 600,000 TEUs handled.

CONTAINER AREA A-I – Totale movimentazioni – (.000 teus)



CONTAINER AREA A-I – Trend in the main ports 2001 - 2011



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

Basic problems still persist in the area. The 2 million TEUs refer to at least 7 ports and aspects like excessive fragmentation in supply and the fierce competition between ports pose a limit to development and the ability to negotiate with few major navigation companies.

In spite of the current crisis, a number of fundamental aspects should be taking into account when taking stock of the decade.

- *Short sea shipping traffic* in the Adriatic remain a fundamental element for the communication routes of European Union countries, in particular between Greece and Central and Northern Europe, as they provide a substantial contribution to the integration of people and goods.
- Italian Adriatic ports are real gateways to countries bordering with the EU. The development of traffic with Croatia, Albania and Montenegro, led by the ports of the central-southern part of the Adriatic (Ancona, Bari and Brindisi), and the strengthening of traffic between Turkey and the port of Trieste have highlighted the growing importance of these ports for the stabilization of economic relations with neighbouring countries.
- As for goods traffic, it is necessary to face the crisis of the bulk goods market, as well as to provide better answers to the development prospects of container traffic, which has to deal with some limitations linked to the lack of policies in the system in spite of its growth over the years.

5. European policies in the fields of transport and infrastructures: recent reviews

In the 2001-2011 ten-year period a general review of infrastructural priorities of the European Union in the fields of transport and infrastructures was undertaken. Until

2009-2010 priorities concerned the 30 priority projects defined after the Van Miert report (2004).

In 2009 the European Union embarked on a progressive path towards the “modernization” of the transport infrastructural policy to better target its resources towards the implementation of strategic projects with high added value at a European level and to eliminate critical bottlenecks, in particular in crossborder areas and intermodal nodes (i.e. cities, ports and logistic platforms).

According to the European Commission, the European TEN-T policy should basically favour the creation of an integrated European transport system that makes it possible to better face environmental issues and problems arising from climate change.

The entire TEN system has set itself a number of objectives:

- eliminating bottlenecks;
- modernizing infrastructures;
- streamlining crossborder operations for the transport of passengers and companies, thereby promoting their mobility;
- improving connections between different modes of transport;
- promoting EU objectives in the field of climate change through the reduction of CO₂ emissions from transport.

As early as in 2009, in its Green Paper on the future development of the TEN-T network the Commission had stressed again its strong attention to environmental problems and developed a new methodological approach in identifying structures and projects that can be included among European priorities.

Since then, the approach to be used has been described as being based on a two-level structure: an upper structure, i.e. the so-called “*core network*”, and a lower structure, i.e. the “*comprehensive network*”.

The *core network* is made up of highly important nodes and connections within the European Union and is considered the Union's main network. It covers all modes of transport, both the ones inside the EU and those that provide for better connections with neighbouring countries and other parts of the world. The system of infrastructures making up the *comprehensive network* has the task to guarantee accessibility to the *core network*, nourishing its flow of traffic and decisively contributing to the European Union internal cohesion.

The planning of the central network has taken place following specific steps,

- 1) identifying the main nodes that make up the general backbone of the network. These are first and foremost relevant urban nodes, e.g. Member States capitals, as well as other cities or conglomerates that are important at a supraregional level from an administrative, economic social, cultural and transport point of view.

In Italy, the following cities were identified: Rome, Bologna, Genoa, Milan, Naples, Turin, Venice, and Palermo. As for Greece, the cities of Athens and Thessaloniki were identified, while the city of Ljubljana was selected for Slovenia.

Gateway (entrance) ports were then identified. These are ports and airports, which are intercontinental hubs linking the EU with the rest of the world and the most important ports for internal waterways and goods terminals.

The following are the airports of the Adriatic-Ionian basin making up the network:

- Italy: Milan-Linate, Milan-Malpensa and Rome-Fiumicino,
- Greece: Athens,
- Slovenia: Ljubljana.

Finally, the following are the sea ports belonging to the core network:

- Italy: **Ancona**, Bari, Genoa, Gioia Tauro, La Spezia, Livorno, Naples, Ravenna, Taranto, Trieste, Venice,
- Greece: Igoumenitsa, Patras, Piraeus and Thessaloniki,
- Slovenia: Koper.

- 2) connecting the most important nodes and selecting intermediate nodes to be included in the network (the so-called *comprehensive network*), i.e. cities, airports, goods terminals of minor size or importance, which are yet at the service of the core network. Several dry ports are present along the Adriatic backbone of the basin and the network includes a number of minor ports of the Ionian Greek Area.

Based on the proposals of the Commission, the *core network* is expected to be finalized by 2030. The same financing proposals by the Commission for the 2014-2020 period have targeted transport resources to *core network*, while the projects related to the *comprehensive network*, which should be finalized by 2050, are expected to be financed mainly by the Member States, in some cases with the possibility of using funds from the EU transport policy and regional policy.

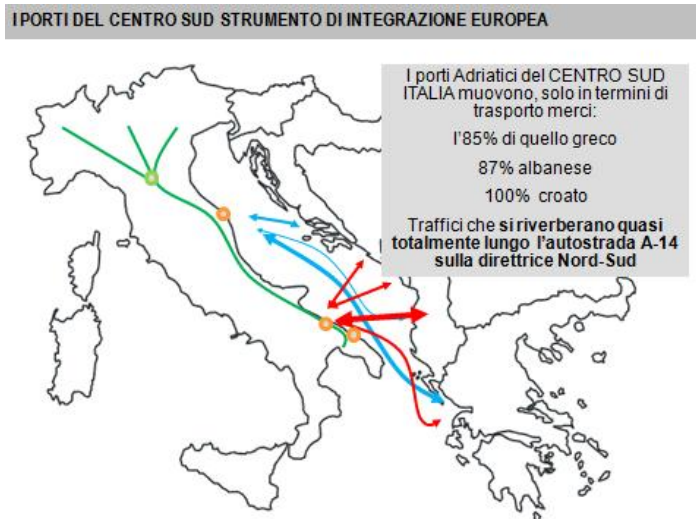
6. The Corridor Approach and the Adriatic-Baltic Corridor

In implementing the core network the Commission has proposed a corridor based approach, with 10 corridors identified. They concern no less than three modes of transport, three Member States and two crossborder sections.

The priority projects foreseen in 2004 will be largely included in these corridors.

At least three corridors will concern the Adriatic-Ionian area:

- 1) Mediterranean Corridor (no. 3) - The old Corridor no. V and the Lyon-Budapest railway project extending from the port of Algeciras in Spain to Hungary and the border with Ukraine, through Turin-Venice, Trieste in Italy and Koper and Ljubljana in Slovenia.
- 2) Helsinki – La Valletta Corridor (no. 5) - This is the extension of the old Corridor no. I and the Berlin-Palermo projects, which stretches north up to Finland and south to Malta. As for Italy, the Naples-Bari railway connection has been included in the core network, although this hypothesis is still being investigated.
- 3) **Baltic Adriatic Corridor (no. 1)** - This is the extension of the original no. 23 railway project going from Gdańsk in Poland to Graz in Austria. Today the Corridor has been extended and stretches to Helsinki to the north and Trieste, Venice and Ravenna in Italy to the south. The extension of project no. 23 has been pushed by many sides and come from several territories. 14 regions from 4 European countries had



officially expressed their commitment to support the Adriatic-Baltic Corridor in a "letter of intentions" signed on 12th October 2006 by the Transport Ministers of the countries concerned. Signatory regions in Italy included Friuli Venetia Giulia, Veneto and Emilia Romagna and it was thanks to their commitment that the Italian Adriatic regions might still be involved.

Italy is also touched by the Gena-Rotterdam Corridor no. 6, while Corridor no. 4 from Hamburg to the Piraeus and Cyprus directly concerns Greece.

To sum up, based on the railway system of European interest the entire Adriatic railway backbone from the Marche Region to Apulia runs the risk of being marginalized.

This scenario evidently clashes with a series of objective elements and transparent market criteria, based on which the entire Adriatic backbone should have been included in the very core of EU policies:

- 1) as already seen, Adriatic ports, and specifically the ones in the centre and south of the basin, are essential tools for the integration between the countries of the EU and their neighbouring countries.



It is through these ports along the Adriatic backbone of the motorway that passengers and above goods can travel and reach their final destination markets.

It is furthermore worth mentioning that the most important port in terms of total number of movements, i.e. Ancona, is the only one among the Italian ports of the European core network that is not connected to any corridor

and this strongly limits its potential.

- 2) The Adriatic railway network is the only high-capacity backbone from north to south. It has been classified by the company managing the Italian railway manager as a **speed line** and today it is also a **high capacity line**. In 2012 the bottleneck represented by the Cattolica Tunnel will be eliminated. From that moment on, there will be no other limitations for the transit of swap bodies and wagons, as has happened so far and which still persist along the entire Tyrrhenian backbone.
- 3) Over the last few years, intermodal traffic capacity has been developed in the nodes of the core and comprehensive networks in particular (railway track doubling, building of terminals, optimization of last mile railway management), so as to start economically sustainable railway-sea intermodal services that can help diverge a large number of heavy vehicles from the roads.

The elimination of a long part of the Adriatic backbone from the project appears therefore to be far away from being logical and not to comply with any objective criteria. As a matter of fact, thanks above all to its system of ports the Adriatic backbone might be well included in the logic of corridors and thus contribute to European integration by combining sea highways with railway transport solutions able to create a sustainable transport network in Europe.

The EU Council of Transport ministers meeting in Luxembourg has recently approved the extension of the Helsinki-La Valletta corridor to include the Ancona-Florence and Livorno-La Spezia routes. This way, Ancona would be connected to Corridor no. 5 through Bologna, thus connecting also with the Adriatic-Baltic Corridor. Everything still has to be done for the extension to the south of the same corridor, instead.

Being part of a European Corridor today means being able to obtain the attention of major international business players, shipping companies, terminal handling companies, logistic players and manufacturing companies, which generally establish synergies, priorities and investments in an area only if that area is considered to have high market or traffic potential. Being out of a Corridor, conversely, means playing a secondary role, if not a marginal one. And this does not correspond to reality, as previously shown.