

SHIPPING REVIEW



INTRODUCTION

Italy's location in the heart of the Mediterranean provides access to European & Middle Eastern markets. With 7,375km of coastline and well established trade links, the maritime sector is vital to the Italian economy. The Ministry of Infrastructure & Transport is responsible for Italian maritime affairs and implementing national transport plans.

Assoporti, the Italian Sea Ports Association represents more than 30 Italian ports. Assoporti provides strategic information on maritime policies to the Ministry and the European Union. Italy has the fourth largest GDP in Europe. Ireland has 2 shortsea connections with Italy.

TRAFFIC

Shortsea Links

There are currently two operators providing services from Ireland to the Italian ports of Salerno, Palermo and Savona. Grace Church (Jenkinson Agencies) provide a link to Italy via its North Europe to Mediterrean loop service and in 2008 increased the frequency of their lo/lo service from Dublin to the Italian port of Salerno. There are now three separate services every 10 days. The weekly capacity on the route has been increased from 1,470 TEU to 2,762 TEU. Grimaldi operate the only ro/ro service between Ireland and Italy, calling at Palermo, Salerno and Savona on their once weekly Euro-Med service.

PORTS

The Port of Salerno

Situated in the south of the country, the Port of Salerno allows market access to Rome, Bari & Naples through direct links with rail and road networks. It is equipped with 5 ship to shore cranes, has a total quay length of 890m and a depth of 11.5m. The port also has facilities for passengers and ro/ro cargo, mainly handling Grimaldi's auto trade.

The port has established itself as a vibrant regional container port, privately operated by Salerno Container Terminal, which in turn is owned by Galozzi Group with Contship Italia as a minority partner.

The Port of Palermo

Located on the Italian island of Sicily, the port of Palermo is well connected to the motorway system providing links to Messina, Catania, Trapani and Agrigento, and the mainland. The quays of Quattroventi, Puntone, Piave and Sannuzzo are directly connected to the railway system. The port has 6 berths for larger conventional vessels, and 8 berths for medium conventional vessels. The container terminal, capable of handling deepsea vessels and feeder vessels, is located at the northern end of the port with a total length of 400m and a depth of 14m. Principal exports include citrus fruit, oil and wine. The port also handles large volumes of cruise and passenger traffic.

In 2008 Palermo handled 6.8 million tonnes of bulk traffic, an increase of 2.6%, and 31,767 TEU up 3% on 2007. Dry bulk volumes decreased dramatically, reporting 45% drop in volumes; however there has been some sign of recovery with an increase of 9% between the January - March period 2009 on the same period in 2008.¹

The Port of Savona - Vado

Situated in the Gulf of Genoa approximately 35km west of Genoa, the Port of Savona has facilities to handle general cargo, passenger, liquid & dry bulk with cargoes including oil products, coal, cereals and vehicles. The port has one of the main import/export terminals for new cars in Italy. The volume of goods handled in Savona fell from 16 million tonnes in 2007 to 15 million tonnes in 2008. Container volumes increased from 242,720 TEU in 2007 to 252,837 TEU in 2008².

Investment in Infrastructure

There have been high levels of investment in infrastructure at the port of Savona-Vado. The port has major plans for redevelopment which includes concentrating cargo activities in the port area farthest from the town, where land reclamation outside the current port breakwater of 80,000 m² surface where deep water berths will be constructed. Furthermore, the Port Authority has launched a broad investment programme for the re-organisation and development of the existing dry bulk facilities, both in the basin of Savona and Vado Ligure.³

Operator	Lo/lo or Ro/ro	Capacity	Route
Grace Chrucl (Jenkinson Agencies)	Lo/lo	2700	- Dublin - Liverpool - Leixoes - Castellon
		3x900TEU	- Salerno - Piraeus - Limassol - Alexandria
			- Beirut - Ashdod - Haifa - Mersin
Grimaldi Euro-Med	Ro/ro		- Esbjerg - Wallhamn - Antwerp - Southampton
			- Civitavecchia - Salerno - Malta - Piraeus
			- Izmir - Ashdod - Limassol - Alexandria
			- Palermo - Salerno - Savona - Setubal - Bristol

¹ www.autport.pa.it

² www.porto.sv.it/Il-Porto-1/Statistiche/stat2008.htm_cvt.htm

³ www.porto.sv.it/english/Autorit-P/Progetti/lfuturo_uk.htm_cvt.htm

At the beginning of October 2008, the presidents of the port authorities of Genoa, La Spezia and Savona signed an agreement that will seek to rationalise port development across the region and promote facilities on offer, both nationally and internationally. The association will cooperate on a number of matters including financial & infrastructural planning, and the coordination of regional port plans.

Much of the current infrastructural projects in Italian ports focus on developing the already well established cruise sector. Both Costa Crociere and MSC have invested in new building programmes to take advantage of this growing sector. In 2003, the new Palacrociere Savona cruise terminal was opened, replacing the old facility built in 1996. It was co-financed by the Savona Port Authority and Costa Cruises. In 2008 the terminal handled 760,000 passengers and Costa decided to expand the facility to cater for this demand.

In November 2008 the port of Savona opened its third cruise berth; the principal operator at this berth being Costa Crociere for whom the port is their major Mediterranean hub. The new berth will be able to handle three cruise ships and 8,000 passengers at any one time. Costa Crociere's new terminal extension at the Palacrociere facility is due to be completed in 2010 at a cost of €10 million.

At the port of Salerno, there are plans to link the port more directly to the nearby north-south motorway with funding of €110 million for the project. Plans are also underway to rebuild the quay walls and dredge from the current 11.5m to 16m which would allow the port to handle vessels greater than 4,000TEU's and an extension of the berth to 500m from the current 380m.

Trade

The Italian economy has been increasingly affected by the global financial crisis with GDP growth falling to minus 0.6% in 2008. Due to a strong reliance on exports, the Italian economy is expected to contract by 2.1% through 2009 as the global demand for exports drops.⁴ Although in recent years Italy has endured economic stagnation and political instability, Italy is the fourth largest economy in Europe and the seventh largest in the world.

As Ireland's eighth largest export and import market, Italy is an important trade partner. In 2008, total trade between the two countries was valued at just under €4.5 billion, decreasing 5% compared to 2007. Ireland's export trade to Italy peaked in 2004, while import trade peaked in 2006, with both exports and imports experiencing an overall decline since. In 2008, the total value of exports from Ireland to Italy amounted to €3 billion, while the total value of imports was €1.3 billion.

From the statistics it is clear that the value of Ireland's export market is far higher than the import market. There are several reasons for this, most obviously, Italian demand for Irish commodities such as chemicals, pharmaceutical products and electronic equipment is far greater than the Irish demand for typical Italian exports. By value, the largest commodities

exported to Italy were medical/pharmaceutical products and organic chemicals, both worth just over €625 million or approximately 20% of the total export trade between Ireland and Italy. In terms of volume, petroleum and coal were the top two exports, followed by pharmaceuticals. Italy is a top destination for Irish pharmaceuticals due to Italy's claim on the title of the fourth largest pharmaceutical production base and as holder of the third biggest market value in Europe.

The main imports in terms of value in 2008 were non-specified transactions and commodities, organic chemicals and general industrial machinery, worth €150 million (11% share), €120 million (9% share) and €98 million (7% share) respectively. By volume, the largest commodities were non-metallic mineral manufactures, amounting to just over 95,000 tonnes, and metalliferous ores and scrap at 86,439 tonnes. Other main imports, by volume from Italy are machinery and road vehicles. As Italy is one of the leading car manufacturing bases in Europe this is not surprising. The principal cargo of Grimaldi, the only ro/ro shipping service between Ireland and Italy, is road vehicles.

Business Links

There are strong business ties between Ireland and Italy. The majority of Italian companies are family controlled small to medium enterprises, putting a high value on personal relationship building with Irish companies. Italy ranks highly in terms of freedom for business, trade, investment and labour. Despite high levels of competition from emerging Asian economies, SMEs continue to thrive in manufacturing and design, most notably in the northern regions of the country. Tourism and services are also important sectors in Italy.

Italy and the Republic of Ireland have an enduring history of good political relations, both sharing a common policy regarding membership of European Institutions and key Multilateral Organizations. Enterprise Ireland has Italian offices in Milan which offer services to Irish companies who wish to expand their business in the Italian market. The Italian embassy in Dublin provides information for investors on doing business in Ireland and Italy and the Italian Institute for Foreign Trade is a government agency which promotes trade and industrial co-operation between Italian and foreign companies.

AGENCY DETAILS

Italian Shortsea Promotion Centre
www.shortsea.it

Italian National Statistics Institute
www.istat.it

Ital Trade
www.italtrade.com

Embassy of Italy in Dublin
www.Italian-embassy.org

Irish embassy in Italy
www.ambasciata-irlanda.it

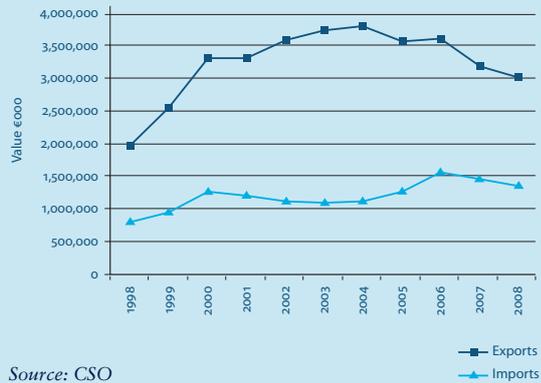
⁴ IMF 2008 Article IV Consultation with Italy, available at: <http://www.imf.org/external/np/sec/pn/2009/pn0916.htm> (accessed 29/07/09)

Total Value of Trade Between Ireland and Italy

Year	Exports value (€000)	% Change	Imports value (€000)	% Change
1998	1,937,077		768,234	
1999	2,532,038	30.71%	927,037	20.67%
2000	3,316,836	30.99%	1,253,067	35.17%
2001	3,309,074	-0.23%	1,185,326	-5.41%
2002	3,597,075	8.70%	1,098,562	-7.32%
2003	3,748,575	4.21%	1,071,972	-2.42%
2004	3,805,970	1.53%	1,098,069	2.43%
2005	3,561,880	-6.41%	1,259,535	14.70%
2006	3,613,235	1.44%	1,563,399	24.13%
2007	3,175,849	-12.11%	1,448,090	-7.38%
2008	3,012,035	-5.16%	1,339,491	-7.50%

Source: CSO

Value of Trade Between Ireland and Italy 1998-2008



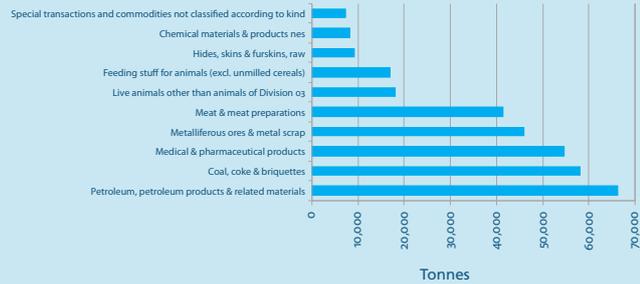
Source: CSO

Value of Commodities Exported to Italy 2008



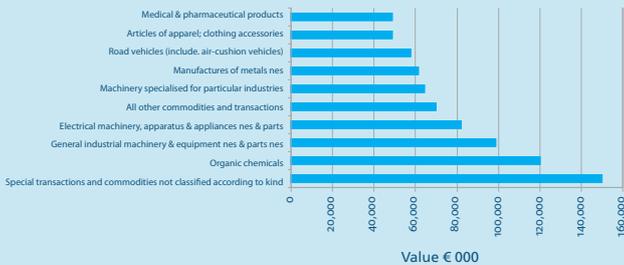
Source: CSO

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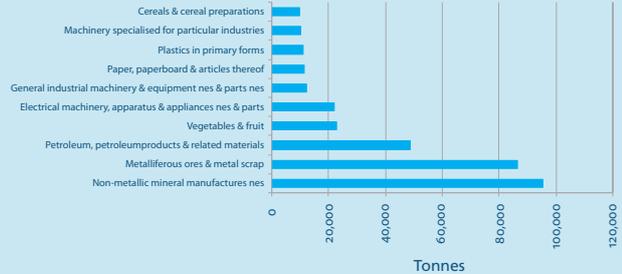
Source: CSO

Value of Commodities Imported from Italy 2008



Source: CSO

Volume of Commodities Imported from Italy 2008



Source: CSO