



Italy: Port Infrastructure/The Ligurian Port System

Maria Calabria/Elisa Martucci
February 09

Summary

Italy has a diverse port system with facilities that range from major dock installations to terminals, recreational harbors, fishing ports, wharfs and marinas. International market demand, domestic regulations and the implementation the ISPS code has driven market demand upwards creating concrete opportunities for U.S. companies operating in the security industry, port development, marina management and other related services. There are E.U. and Italian Government funds available for most of these sectors.

This report focuses on the Ligurian port system located in the Northwestern Region.

Italian Port Structure

With more than 8,000 miles of coastline and its strategic geographic position, Italy plays a fundamental role in the Mediterranean web of ports. More than 80 million passengers pass through Italian ports every year. The internal traffic is quite stable, while the international traffic is continuously growing at an annual rate of about ten percent.

Most projects regarding Italian port structure fit within the general framework of European development programs. There are currently two distinct but closely related development programs designed and financed by the E.U. that will influence all projects regarding port infrastructure in Italy: the "Trans-European Transport Networks" (TEN-T) and the "Motorways of the Sea". TEN-T is a major European development program. Its estimated overall cost is around 600 billion Euros. Its goal is to create a consistent and integrated transportation network throughout the European Union. The "Motorways of the Sea" project is aimed at creating a commercially efficient sea-based transportation network to relieve the overloaded European road system. The main idea, as stated by the E.U., is to introduce new intermodal maritime-based logistics chains in Europe, which should bring about a structural change in the European transport organization by 2010. The "Motorways of the Sea" project is part of the TEN-T program.

Italy's legislation for port management is based on law 84/1994 which divides the ports into two separate groups. The first group comprises military defense ports, while the second group is made up of commercial ports of international, national or regional and interregional interest. This law has also created 24 Port Authorities, each with a certain degree of financial autonomy. They manage all port activities and elaborate the port development plans. A triennial development plan (P.O.T.) is submitted by each of the 24 port authorities to the Italian Ministry of Infrastructure and Transportation.

The Italian port system can be easily divided into three parts:

- **The Northeast Region (Adriatic Sea):** many ports situated in this area are well-known tourist ports. They handle a very intense passenger flux between Western Europe and the Eastern shore of the Mediterranean Sea. This area includes several significant ports, such as Venice, Trieste and Ancona.

- **The Northwestern Region:** ports situated in this region are fully integrated into the Southwestern European ports network. Valencia, Barcelona, Marseille, Genoa and La Spezia form together a very important transnational sub-network of integrated port structures, fundamental for the economy of Southwestern Europe and its commercial exchanges, especially with the rest of the E.U.
- **The Southern Region:** ports situated in this area are at a very valuable strategic position, right in the middle of the main route linking Gibraltar to Suez. They are particularly suited to perform transshipment operations. The growth and specialization of ports such as Gioia Tauro and Taranto are excellent examples of the potential of port structures situated in this area.

Ligurian Ports

The Ligurian coastline in northwest Italy hosts the three ports of Genoa (a CSI port), Savona and La Spezia that are among the most important Italian port systems and one of the most important in the Mediterranean Sea.

Following to the 1994 port reform law, the Port Authorities of Genoa, La Spezia and Savona were assigned to manage the ports, and they are now fully aware, together with the Regional Administration, that they must join forces and act as a single port-logistics system in order to effectively satisfy market demand and offer efficient services for goods transport. With this objective in mind, a constant cooperation in ports planning, railway transport, links with the hinterland and international promotion activities is necessary. The Ligurian Ports have become over the last several years a point of reference for the main international ports management companies and for the world's most important ship-owners groups. Thanks to the strengthening of the port infrastructures and the liberalization of the Italian railway service, logistics have developed as well, allowing the Ligurian Port Authorities to efficiently link the ports with the inland markets through dedicated railway services.

Because of their geographical proximity to the heart of Europe, modern equipment and efficient transport services, the Ligurian Ports are able to serve an inland area from Northern France to Eastern Europe, allowing this network to remain competitive with other European ports, which was quite difficult to imagine just a few years ago.

Port development joins environmental responsibility: in 2005 the Ligurian Port Authorities obtained the important UNI EN ISO 14001 certification, a first in Italy, proving the efficiency of the environmental policies applied.

The growth of commercial trade between the European Community and Far Eastern countries has led to significant development in seaborne transport through the Suez Canal, for which the Mediterranean ports are called on to act as the southern gateway to European markets.

In this scenario, the ports of Savona, Genoa and La Spezia enjoy a privileged position with respect to the routes crossing the Mediterranean. In fact, one of Europe's richest and most productive areas,



encompassing North Italy, Switzerland, Austria and Southern Germany, is located within a radius of 500 km from the Ligurian ports, which therefore become that area's window overlooking the sea. The Ligurian ports are connected to Europe by means of efficient railway and motorway corridors, the main backbones of the Trans-European Transport Network: these include the Genoa-Rotterdam Corridor to Switzerland and Central Europe in addition to the Tyrrhenian-Brennero Corridor towards Austria, Germany and the East European nations.

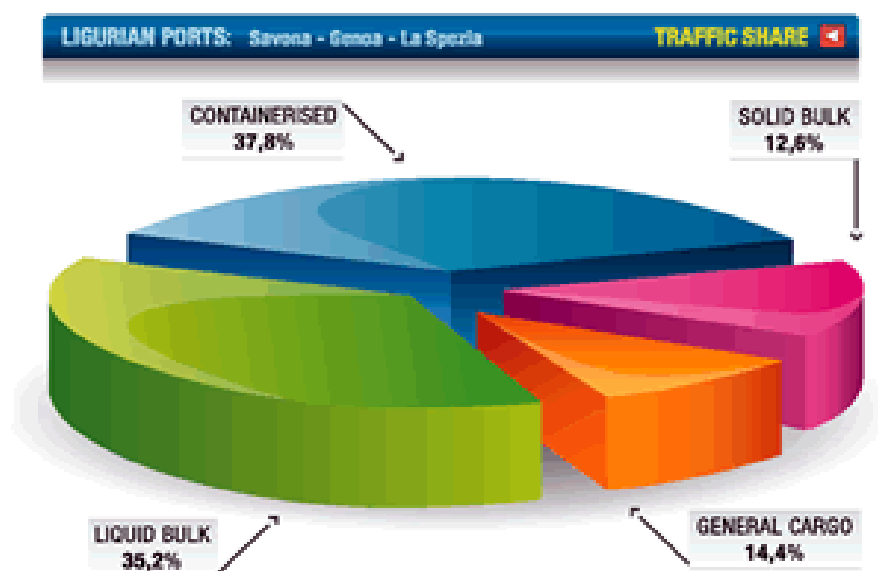
To the north of Liguria lies the Po Valley, a vast area extending over the Italian regions of Piedmont, Lombardy, Veneto and Emilia Romagna. This area, which has traditionally been the center of the Italian and European economic system, has deep-rooted traditions in the industrial and transport sectors. This macro-region includes the Milano Malpensa airport, a European cargo and passenger hub, as well as various intermodal and logistics centers on the transport routes between the Ligurian ports and the hinterland capable of providing all the necessary cargo services along the distribution path to markets.

The Ligurian Port Authorities are actively involved in promoting increasingly greater integration between the Ligurian ports and the hinterland. In particular, the railway transport system is the key element in guaranteeing integration among the various network nodes: ports, logistics areas, markets.

To guarantee an efficient railway service, the Ligurian Ports have set two objectives:

- to increase penetration into European markets, creating links with the new Swiss tunnels of Lotschberg and Gottardo, and with the Brennero Pass, through the construction of new large infrastructures (the Genoese Third Mountain Route and the Pontremolese in La Spezia);
- to take full advantage of the many opportunities offered by the existing railway infrastructures with untapped potential in terms of capacity, through more flexible railway service management that complies with industrial concepts and costs, creating shuttle connections between the ports and the hinterland using dedicated locomotives.

Genoa, Savona, La Spezia: Port Traffic



The joint organization of promotion activities on the part of the Ligurian ports stems from the perception of a port system which, in addition to the provision of the full range of high quality services, can offer three seaports strategically located within a 150 km range.

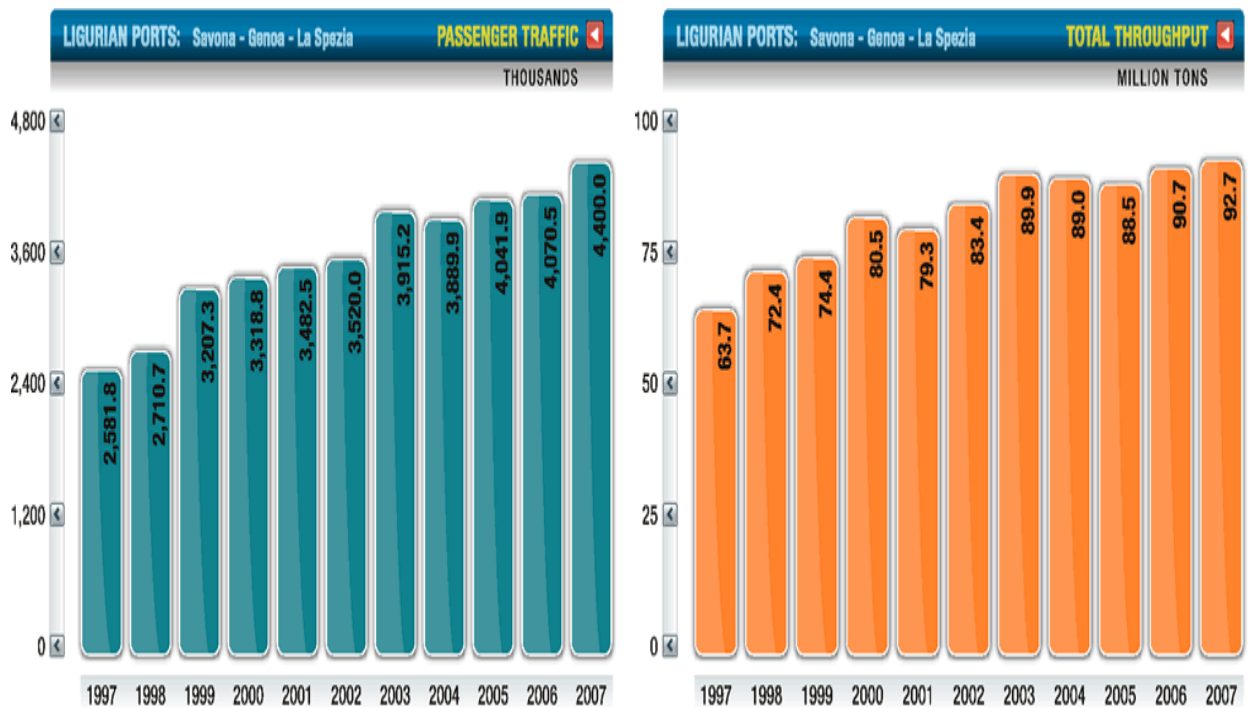
Historically, the Liguria Region benefits from its natural geographic position as the logical

Southern European gateway for cargo moving to/from the major consumer and industrial centers in Northern Italy, Switzerland, Southern Germany, Austria and Eastern France.

In fact, the Italian law of port reform 84/94, which prescribes “port promotion” as one of the key activities of the newly established Port Authorities, accelerated the process of integration between the three ports. In 1998 the “Ligurian Ports” alliance was formed to foster its image worldwide as the Mediterranean’s premier maritime hub equipped to satisfy all customer requirements.

Today the Ports of Savona, Genoa and La Spezia offer over 50 terminals that are operated by private port management companies and are equipped to handle all classes of ships that cater to the full range of commodity sectors (containers, general cargo, perishable goods, steel, forest products, solid and liquid bulk, petroleum products, cruise and ferry passengers). In addition, the ports guarantee an extensive selection of vital back-up services, from ship maintenance and repair to ship provisions, telecommunications and data processing.

To date, in terms of total throughput, the three ports handle approximately 93 million tons per annum, while container traffic has now risen to over 3.3 million teus. In addition, with a 4.4 million passenger count, the Ligurian ports rank as a major tourist destination in the Mediterranean basin.



The Port of Genoa

The Port of Genoa has always been a center of economic and industrial affairs, and its importance reaches far beyond the regional borders of Liguria. It can accommodate any type and size of ship and handle any type of dry and liquid cargo through its 13 connected terminals.

Passenger & Commercial Traffic for the port of Genoa 2003-2008

	2003	2004	2005	2006	2007	2008
Passengers	2,734,281	2,727,502	2,642,182	2,638,314	2,702,999	2,715,007
Cruise Passengers	615,800	287,863	395,797	475,134	520,197	547,905
TOTAL passenger traffic	3,350,081	3,015,365	3,037,979	3,113,448	3,223,196	3,262,912
General Cargo*	53,713,479	57,032,730	56,455,527	56,323,263	58,650,389	56,000,000***
Containers* *	1,605,946	1,628,594	1,624,964	1,657,113	1,855,026	1,766,605

*quantity in tons **quantity in TEUs ***2008 estimate

Source: Genoa Port Authority

Passenger traffic was fairly stable between 2006 and 2008 after a drastic decrease in 2004 the closing of the Costa Crociere cruise terminal. Commercial traffic grew in 2007 but saw a substantial decrease last year due mainly to the economic crisis that has caused and is causing a substantial drop in demand for certain raw materials and commodities.

According to the Port Authority, Genoa's port handles most of the agricultural and industrial products of northern Italy and much of central Europe. Many different types of goods pass through the Port of Genoa, and it has enjoyed an estimated annual increase of 33% in container traffic.

To guarantee a perfect functionality of the Port, the main objective of the P.O.T. (Operational Triennial Plan) for the period 2006-2008 was to develop the whole port area through the construction of new infrastructure and the improvement of some of the available services. The projects mentioned in the P.O.T. were divided into four different sections: infrastructure projects, marketing and communication projects, projects for the integration of the Port with the city of Genoa and organizational projects.

All these projects, especially the so-called "organizational projects", may represent opportunities for American companies. They include a number of projects at the managerial level, including the elaboration of new safety and security strategies for the port and the creation of environmental-friendly regulations.

The Italian government will be investing in a number of different projects. According to the Port Authority, the port of Genoa is also attracting private investors. A sum of about 151 million dollars (127 million Euros) will be spent by private investors in the following years. Both public and private investments represent a great opportunity for American firms. Public investments are aimed at developing the port at large, while the private money is generally used to boost container traffic. Over the years, resources obligated by the Italian Government destined for port authorities have seen a contraction (1.1 billion Euro in 2004 versus 276 million Euro in 2006). A Censis (social study and research institute) report published last year indicates that port authorities in general, however, are investing sums relatively larger than these public monies due in large part to the authorities' ability to attract private investors. It is also important to note that, effective 2006, port authorities receive port taxes in their entirety whereas in the past only 50 percent of these revenues were retained.

The Port of Savona

Over the last decade the port of Savona has achieved extraordinary results, thanks to the strong commitment of the whole port community. Between 1996 and 2007, in addition to significantly developing its overall handling operations, with an increase of nearly 3 million tons (+22%), the make-up of traffic changed, with strong growth in the greater added value sector, meaning general cargo, which increased by more than two million tons owing to the development of containerized traffic.

Another significant fact involves the development of the passenger sector (1996 - beginning of cruise activities; 1998 - the Vado Ligure ferry terminal goes into service; 2004 - the Palacrociere cruise terminal becomes fully operational). With more than 761,000 passengers transiting in 2007, the terminal, thanks to the construction of a third berth and the expansion of reception facilities, is expected to handle around one million passengers per year.

Passenger & Commercial Traffic for the port of Savona 2003-2007

	2003	2004	2005	2006	2007
Passengers	329,359	303,465	314,621	302,954	314,310
Cruise Passengers	195,303	530,057	632,895	592,038	761,002
TOTAL passenger traffic	524,662	833,522	947,516	894,992	1,075,312
General Cargo*	13,413	14,362	16,155	16,502	16,051
Containers**	53,543	83,891	219,760	231,489	242,720

*quantity in tons **quantity in TEUs

Source: Savona Port Authority

Today, based on these figures, the port is among the top ten in Italy in terms of global traffic volume: in particular, Savona-Vado is 4th in the cruise sector (1,075,000 pax) and 10th in the container sector (242,000 teu).

Combined public and private investments were utilized to develop complex activity programs, while the new Master Plan elaborated by the Port Authority is designed to increase port traffic and improve the waterfront's urban, tourism and environmental features.

In addition to the initiatives in the Savona area, such as concentrating merchant activities in the areas farthest from the city around the Deep-Water Basin, port development is being concentrated off the coast of Vado. In particular, plans call for the construction of a container terminal platform with a capacity of about 600,000 teu per year. This area, with a depth of from 15 m to more than 20, is the ideal site to berth container carriers with a capacity of more than 10,000 teu, a unique feature in the North Tyrrhenian. The project is implemented through a project financing procedure, started in 2005 with the publication of an international tender for the design, development and management of the terminal. The tender was assigned in May 2007 to a consortium guided by the Danish Group A.P. Moeller Maersk. Project development began in 2008 and the new terminal will be fully operational in 2012.

To introduce Savona's system into the competitive international scenario, the Port Authority has also defined a specific plan of action to create an effective railway link between the port and the hinterland (independently operate the trains from the port by utilizing 4 electric locomotives specifically purchased) and to integrate the port with the industrial areas between Liguria and Piedmont, where logistics, handling and distribution activities can also be carried out.

The Port of La Spezia

The Port of La Spezia was a forerunner in the creation of private terminals, practicing the criteria of economy and efficiency. Despite a layout which cannot accommodate all demands of the market, in 2006 the port reached a throughput of 19.4 million tons, handling 1,187,040 teu. In 2007 more than 100,000 passengers transited in the Port of La Spezia.

Passenger & Commercial Traffic for the port of La Spezia 2003-2007

	2003	2004	2005	2006	2007
Cruise Passengers	40,452	41,036	37,000	62,088	106,160
General Cargo*	19,793,224	18,434,755	17,162,478	19,292,052	19,415,587
Containers**	1,006,641	1,040,438	1,024,455	1,136,664	1,187,040

*quantity in tons **quantity in TEUs

Source: La Spezia Port Authority

Thanks to its direct link with the Tyrrhenian-Brenner and coastal motorways, the port occupies a strategic position among the industrial areas of northern Italy. Located on the coast between Genoa and Leghorn, the port of La Spezia serves the markets of the Padana Valley, Switzerland, Austria and Bavaria.

Because of the high utilization of rail transport, the port of La Spezia ranks among the top three European ports with respect to the use of intermodal technology: in 2007 32% of the traffic was moved by rail for a total of more than 315,000 teu. La Spezia is linked with over 200 ports all over the world, with weekly lines to Asia, North and South America, Europe, Africa and Middle East.

Inside a 150 hectares bay, protected from a 1,300 meters seawall which allows easy operation in all weather conditions, the Port of La Spezia has over 5 km of quays and 575,000 sqm available areas with 17,000 meters of rail trucks, 3,500 meters of roads and draughts up to 14 meters. The crane lifting capacities of the terminals are up to 100 tons and serve 13,000 sqm of warehousing facilities. Pilots, mooring and towage operations ensure ship movements 24 hours a day every day of the year. The Port of La Spezia consists of two container terminals, three multipurpose terminals, one coal terminal, two oil products terminals, one LGP terminal, one grain terminal, one solid bulk terminal and 2 cement terminals.

Thanks to the provisions of the new Master Plan, now definitively approved, the Port of La Spezia will be able to optimize its potential. Not only will container traffic infrastructures be strengthened, but also port facilities for passenger traffic will be developed, taking advantage of the big growth of this sector in the Mediterranean.

Intermodal transport will be increased in order to handle by rail 50% of the container traffic by strengthening the rail terminal of S. Stefano Magra. At the same time, the rationalization of the shipbuilding sector will be carried out in order to increase its international competitiveness. The new Master Plan foresees projects to improve yachting facilities as well, by offering new and more valuable services for boat tourism in the Gulf, while particular attention will be devoted to traditional activities (mussel and fish farming).

Best Prospects

Port development projects represent an excellent opportunity for American investors. American know-how in port management and marketing is well known worldwide for its excellence. Both the European Union and the Italian Government are eager to develop the Italian port infrastructure. Moreover, there are also several private investment programs. All these projects may represent opportunities for American companies in different fields.

Port security is another potential opportunity for American firms. After 9/11 and all the E.U. directives setting higher security standards, security became a prime concern that has boosted demand. Many ports have already enhanced their security standards to meet ISPS requirements, but there is still room for improvement. EU maritime policy is now placing much attention on several areas including safety and security, and Italian ports will be expected to respect these policies. New opportunities should continue to arise also in the supply chain and rail security areas particularly in light of the growing importance of intermodal transport.

Market Entry

There are very few trade barriers and limitations to the importation of U.S. goods and services. The key to successfully export to Italy is gaining market acceptance.

U.S. companies interested in the Italian market need a competent local agent, unless they plan to open their own branch office or subsidiary. All companies must be able to provide technical assistance and should be well acquainted with local and European political dynamics, key decision makers and business customs.

American companies operating in Italy have found it very advantageous to find an Italian distributor or agent who knows the market and the business. It is important to get legal advice when appointing an agent or distributor. There are different laws governing both of these activities. Setting up an office in Italy allows closer contact with customers and is therefore recommended even if not indispensable.

A list of Italian distributors and agents can be obtained through the U.S. Department of Commerce's U.S. Export Assistance Centers. U.S. Commercial Service offices in Italy can provide lists of reputable English-speaking attorneys, notaries, American legal and tax consultants, and official translators operating in their respective Consular District.

Market Issues & Obstacles

Many goods imported into Italy are subject to customs duties and VAT (Value Added Tax – *IVA, Imposta sul Valore Aggiunto*). The VAT maximum rate is now fixed at 20% according to the European Union legislation. In Italy most goods are subject to 20% VAT. The tax is usually payable to the Italian government by the importer at the time of importation.

Further information can be reached at "Agenzia delle Dogane" (www.agenziadogane.it).

Resources & Key Contacts

ASSOPORTI

Corso Rinascimento 24

00186 – Rome – Italy

Tel: +39 06 68 76 193

Fax: +39 06 68 76 550

E-mail: assoporti@tin.it

Autorita' Portuale della Spezia

www.portolaspezia.it

Autorita' Portuale di Genova

www.porto.genova.it

Autorita' Portuale di Savona

<http://www.porto.sv.it/>

CONFITARMA

www.confitarma.it

Porti Liguri

www.ligurianports.it

UCINA

www.ucina.net

For More Information

The U.S. Commercial Service in Rome/Italy can be contacted via e-mail at: Maria.Calabria@mail.doc.gov ; Phone: +39 06 4674 2427/2382; Fax: +39 06 4674 2113 or visit our website: www.buyusa.gov/italy/en.

The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/>.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

International copyright, U.S. Department of Commerce, 2006. All rights reserved outside of the United States.