

THE NEW MARITIME SILK ROAD: NAVIGATION AND SECURITY IN THE TECHNOLOGICAL ERA

The new maritime silk road is the current denomination of the main world trade route that link the Chinese ports to the Mediterranean and Northern European terminals, with an average of 20 million TEUs shipped every year, before the impact of the COVID pandemic and the consequent route imbalance that is still hampering the trade flows.

The Asia-Europe route is one of the backbones of globalization, the most prominent economic and social process after the end of the Cold war.

Globalization gave an impressive acceleration to the integration of the world economy, being based on the principles of the free trade of goods, capitals and, partially persons, and on the reduction of the shipments and transport costs, made possible by the technical improvement and digitalisation of transport and trade.

The trade flows have grown steadily until the financial and economic crisis of 2008. Against the expectations, after that event the trade trend halved, as recently noticed by the Bruegel think tank in its paper *From globalization to deglobalization: Zooming into trade*.

The global financial crisis therefore seems to have been a turning point in the globalization, passing from a free, fast growing, market-led process that was setting the frame for the political agenda, to a more mature economic process more influenced by the policy framework, as shown by the progressive increase of the US-China trade war and several other protectionist waves.

It is not by chance that the Belt and Road Initiative came out on the initiative of the General Secretary of the Chinese Communist Party Xi Jinping in 2013 as Chinese-led global partnership for an infrastructure development strategy. Basically, one of the goal of the strategy is to secure and ensure influence on the infrastructures and the sea routes that support the main trade routes of China abroad.

Some of the examples on the Eu territory are the management of the port of Piraeus, in Greece, as direct consequence of the Greek default; the building of the Budapest-Belgrade high speed railways line as part of a Government->Government agreement; the launching of the EU-China platform with a specific focus on infrastructures, progressively slowed down for the lack of mutual trust and substituted by national initiatives of cooperation. The focus is not only on the infrastructures of the old continent: China's biggest port operator, China Merchants Group, agreed a deal with Djibouti to turn its port into a regional hub with a \$3billions expansion. Since 2017 China has a military base in this country strategically located at the entrance of the Red sea, Bab el Mandeb strait; the dual use capacity of this infrastructure is self evident.

The control of the straits to access the Mediterranean sea remains a key aspect for the security and the control of the transport routes. The Belt and Road initiative has given a new centrality to the

Mediterranean sea routes; moreover as recently recognized by the ESPO (the European Seaports Association) vice-President Zeno d'Agostino, the transformation of Piraeus in a hub managed by COSCO has given strength to the Mediterranean ports in the competition with the Northern range destinations. If this is a positive aspect for the Italian and South European ports, it is also essential to ensure that the EU ports and container terminals remain fully compliant with the rules on security and Customs controls posed by the common legislation.

Another key element to be taken into account in the discussion of today is the role of the Asia-Europe to support the development of mega container ships and the concentration of the shipping lines. They are direct consequences of the constant efforts to reduce transport costs, optimize the freight flows and provide seamless multimodal transport. Some data could help to have a better perception of the trend:

Out of the 10 largest container shipping companies, 4 are European (and they are all in the top 5: Maersk, MSC, CMA-CGM, Hapag-Lloyd) and 1 Chinese (COSCO, the third biggest company). The other are Taiwanese, Korean and Israeli. Only the company ONE, as Japanese, is located outside the geographical area of the Silk route. Moreover, 8 of these companies are part of the 3 alliances (2M, Ocean Alliance and THE Alliance) to coordinate the distribution of the container capacity.

The Asia-Europe route has seen the deployment of the world biggest container ships, a trend of the last decade that brought to the doubling of the ship capacity in 10 years from 11.000 to the current 24.000 TEUs, posing significant challenges also to port in terms of organisation and adaptation of infrastructures.

But size of ships, merging and alliances were not enough to ensure the control of the complex logistics chains: the biggest companies are also controlling terminals, as COSCO at Piraeus. The maps clearly show a worldwide distribution for the European based companies, while COSCO is very focused along the silk road.

The increased geopolitical relevance of the international trade as strategic asset to support globalization and the extreme efficiency and complexity of the contemporary logistics chain are two elements that bring attention to the factors affecting port competitiveness that we mentioned today: port governance, security issues and technology disruptions. These topics clearly emerge in the study on the Port of Koper prepared by **Mitja Grbec** and **Boris Jerman**

The challenges and the opportunities posed by the Belt and Road initiative show in my opinion the effectiveness of the principle of the Italian legislation on ports. The landlord port authority model allows the attraction of the foreign investments, but it also helps to keep the port developments and management under a national strategic framework. These aspects are also fundamental in the governance of Chinese ports, as **Federica Monti** told us this morning. They have also a strong relevance in the case of coexistence of medium size ports, as the Adriatic ports, where the public authorities promote multipurpose development, avoiding strong social and economic impact on local territories in case of external shocks. Moreover, the security costs and the technological developments can be planned and implemented for all the port operators.



Federico Franchina explored this topic by focusing on how disrupting transport processes can hardly be tackled by national policies. Also, the implementation of advanced technologies have added a new dimension to the security issues and finally altered the way transport systems and ports are considered. He clearly explained the economic, operational and technological revolution that happened in ports to embed them in value-driven chain systems. In his intervention he also highlighted that foreign investment in port operations activity is a key factor with impact on economic security.

The port security and the customs controls in particular are aspects related to the port competitiveness. Advanced technology becomes more and more important in finding the equilibrium in the trade off between efficient controls, as presented by **Igor Vio** and transit time in the logistics nodes.

In conclusion ladies and Gentlemen we can confirm that the new silk route is posing both old and new issues to policy decision makers and key economic stakeholders. Several of the geopolitical issues related to the control of the maritime routes can be found in previous historical periods, as the role of the Navies to expand the political and security framework of states by controlling the key passages in the sea routes. Also the control of strategic infrastructures and trade nodes as ports is not a completely new challenge.

The contemporary issue at stake today was well tackled by the seminar of today and is the security and control of data and information linked to the traded goods. The new set of technological solutions brought transport in the real time dimension basically thanks to their capacity to provide always updated information on goods through common and standardized data settings and languages.

It means that the providers of the info-structures have the capacity to manage, elaborate and use the data collected, transforming information in competitiveness. The new frontiers of security therefore will concern the cyber issues: data management, secure network infrastructures, resiliency of information infrastructures, just to mention the main issues at stake. Again, this challenge shows the advantage, in my opinion, of having a third party focused on the protection of general interest able to neutrally provide safe and secure data infrastructures to perform activities as customs controls and data exchange between operators.

The state and its complex and often less efficient bureaucracy will probably survive again to the globalization because they remain the only organization able to provide more and more valuable assets in the post-globalization world: trustfulness, neutrality, security.



Autorità di Sistema Portuale
del Mare Adriatico Centrale

Porti di Pesaro, Falconara Marittima, Ancona, S. Benedetto, Pescara, Ortona



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CONCLUSIONS

WEBINAR

THE IMPACT OF THE NEW MARITIME SILK ROAD ON PORT MANAGEMENT AND SECURITY IN THE ADRIATIC SEA

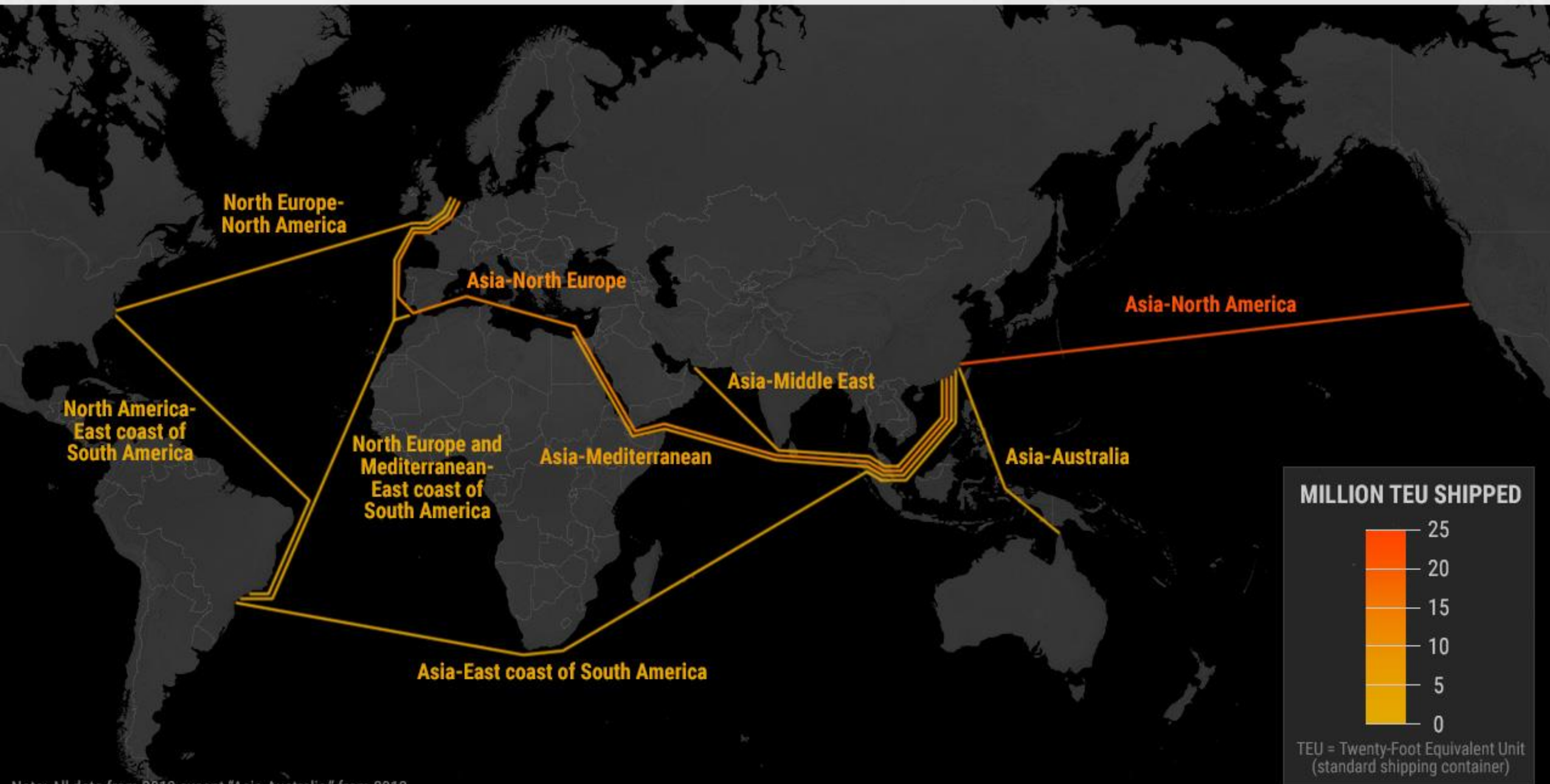
MACERATA, 21 MAY 2021 | 10H00-13H30

Matteo Paroli

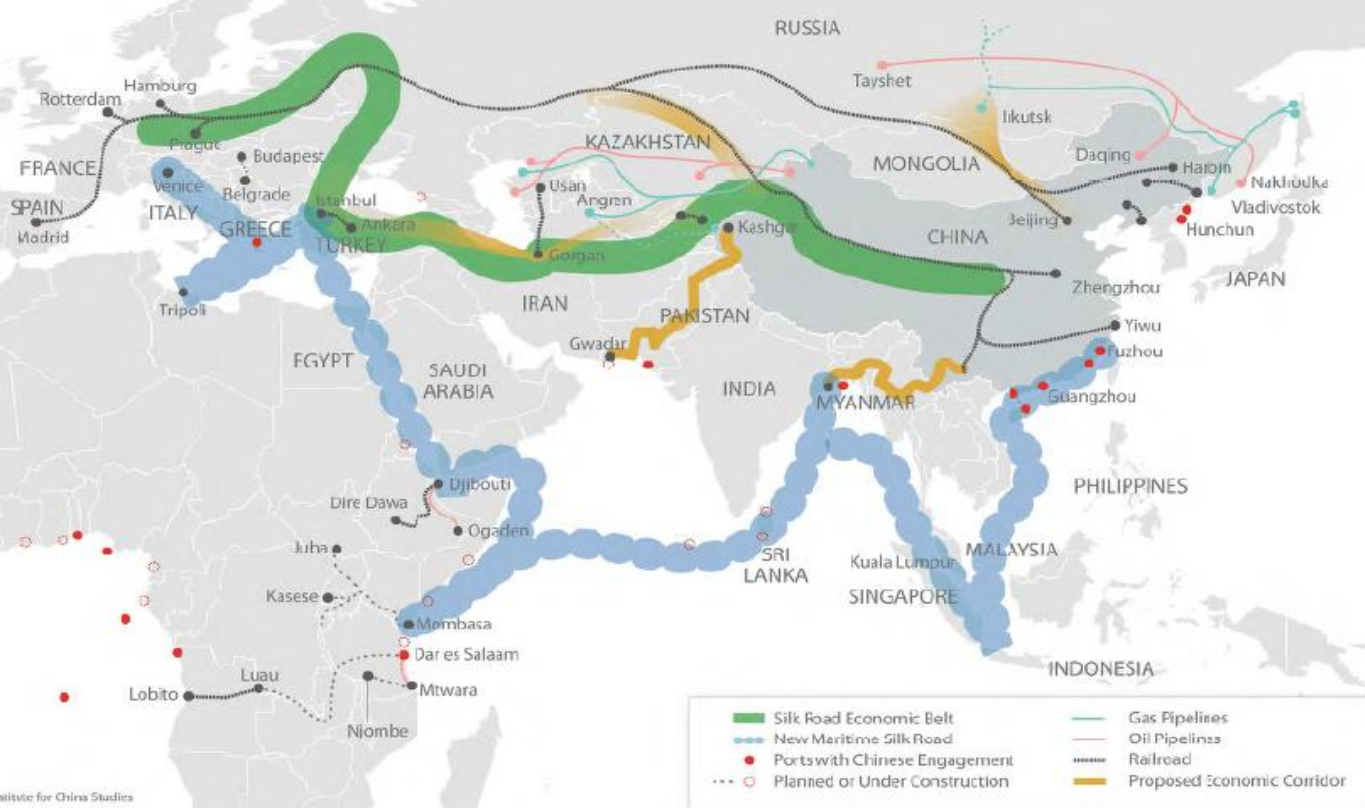
General Secretary

Central Adriatic Ports Authority

TOP CONTAINER SHIP TRADE ROUTES



Note: All data from 2013 except "Asia-Australia," from 2012
Source: World Shipping Council

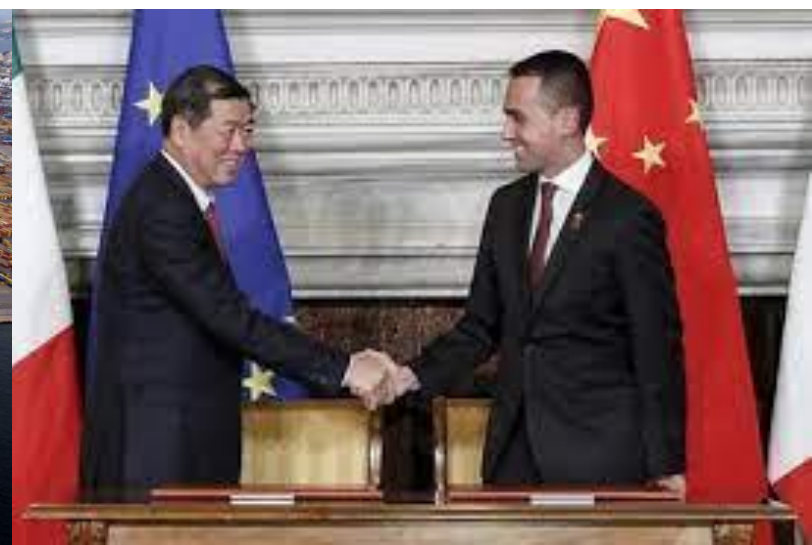


EU- China Connectivity platform



The transBalkan rail project

Bilateral agreements with EU member states



10 LARGEST CONTAINER SHIPPING COMPANIES IN THE WORLD



1 APM-MAERSK



2 MSC – MEDITERRANEAN SHIPPING COMPANY



3 COSCO – CHINA OCEAN SHIPPING COMPANY



4 CMA-CGM



5 HAPAG-LLOYD



6 ONE – OCEAN NETWORK EXPRESS



7 EVERGREEN LINE



8 HYUNDAI MERCHANT MARINE



9 YANG MING MARINE TRANSPORT



10 ZIM

Container shipping companies Main market players



2M

Capacity : 2.1 million TEU
Vessels : 185
Routes served: 44



Ocean Alliance

Capacity : 3.8 million TEU
Vessels : 330
Routes served: 38



Hapag-Lloyd

THE Alliance



YANG MING

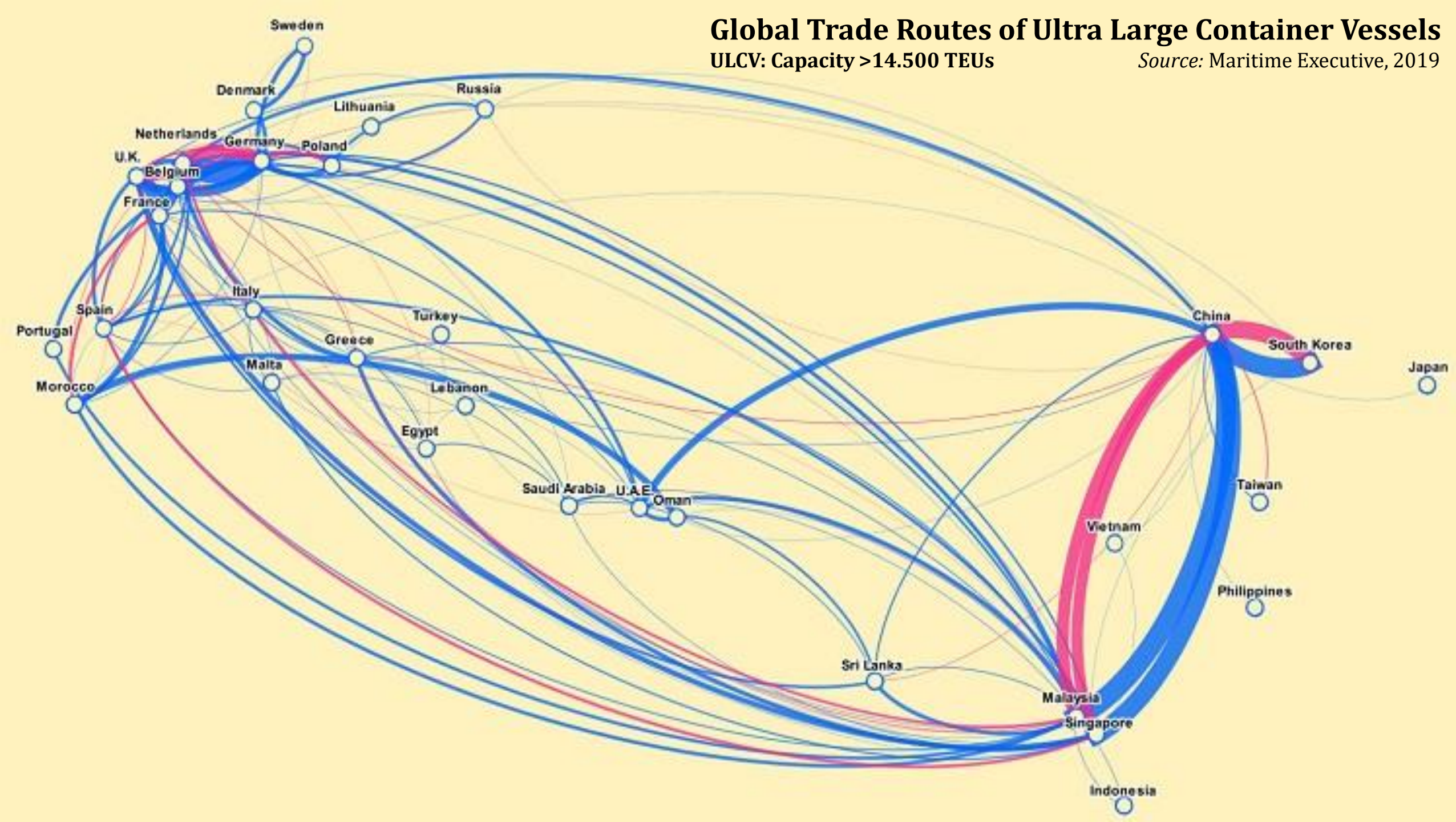
Capacity : 3.5 million TEU
Vessels : 249
Routes served: 31



Global Trade Routes of Ultra Large Container Vessels

ULCV: Capacity >14,500 TEUs

Source: Maritime Executive, 2019





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Top 4 companies terminal distribution

Global Terminal Network map



40 operating and
1 development
terminal
in 27 countries

Terminals

- > Northern Europe
- > Southern Europe & Africa
- > North America
- > Central & South America
- > Asia



ABOUT CSP BUSINESS INVESTORS SUSTAINABILITY MEDIA CAREERS CONTACTS

Greater China Terminals

Overseas Terminals



APM TERMINALS



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Conclusions

Port governance, security issues and technology disruptions as factors affecting port competitiveness.

Advanced technology becomes more and more important in finding the equilibrium in the trade off between efficient controls and transit time in the logistics nodes

The new frontiers of security: data protection, neutral networks, resiliency.



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THANK YOU

WEBINAR

**THE IMPACT OF THE NEW MARITIME SILK ROAD ON
PORT MANAGEMENT AND SECURITY IN THE ADRIATIC SEA**

MACERATA, 21 MAY 2021 | 10H00-13H30

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